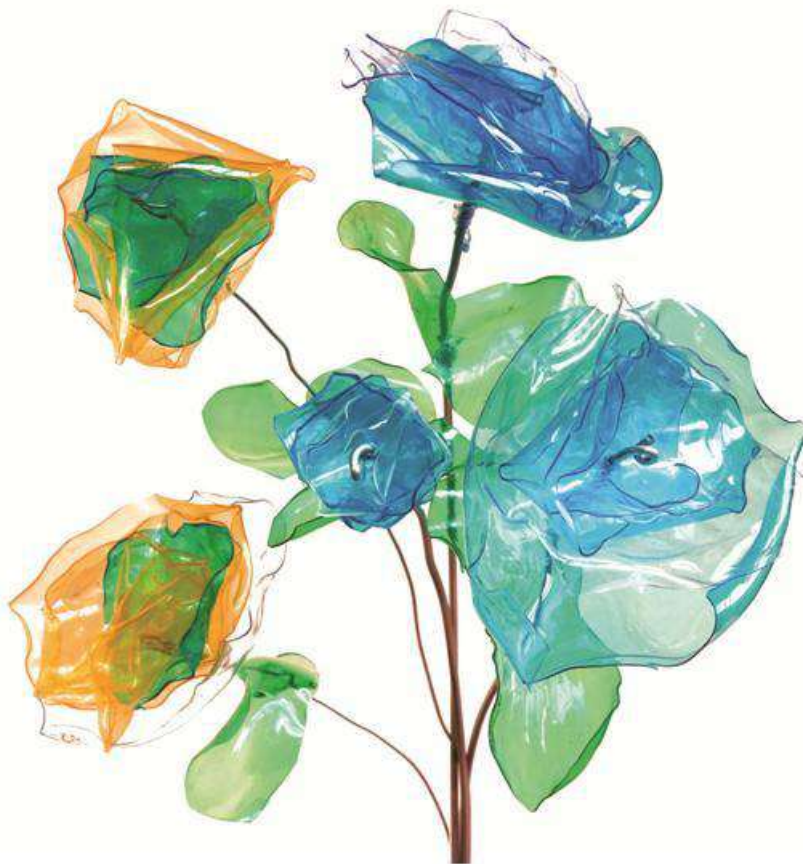


# CORPORATE RESPONSIBILITY REPORT 2018

## Telekom Albania

*Embracing Responsibility  
for a better Tomorrow*



**ÇASTE QË NA LIDHIN.**

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## A. MESSAGE FROM OUR CEO

Dear all,

On behalf of Telekom Albania, I am proud to present our new Corporate Responsibility Report, in which we transparently present and discuss our social, economic and environmental initiatives and performance.

The telecommunications sector is going through a transformational and developmental phase and needs to be able to address anticipated opportunities, such as the launch of 5G networks, use of augmented/virtual reality (AR/VR) to improve customer experience and the Internet of Things (IoT). At the same time, companies need to be mindful of the challenges over the coming years, which include the need for significant investments in terms of building infrastructure and delivering services, customers' growing anxiety about storage and sharing of personal data, as well as the need to utilize digital transformation for organizational flexibility due to the increasing competition within the sector.

At Telekom Albania, we strive to continuously improve our offering and introduce new products and services, in order to maintain high levels of customer satisfaction and loyalty. In response to these challenges, we remain fully committed to strengthen our business and systematically engage with our Stakeholders. Therefore, our Corporate Responsibility Report for 2018, which follows the Global Reporting Initiative's Sustainability Reporting Standards, constitutes the outcome of all our efforts in five main Areas of Corporate Responsibility: Strategy & Management, Customers & Suppliers, Society, Employees and Environment. Our main goal is to achieve our business objectives, while at the same time remain loyal to the principles of Corporate Responsibility that we have adopted, by evaluating our performance according to internationally recognized indicators, setting challenging new objectives and disclosing even areas where we need to intensify our efforts to improve our performance.

It is our belief that the present Report can be the basis for a further constructive dialogue for an effective Corporate Responsibility approach to benefit our Stakeholders. As part of our long-term commitment, I would like to thank all Telekom Albania's employees, who decisively contributed to its successful operation for yet another year, as we respond to our obligation to harmoniously cooperate and benefit all our Stakeholders.

Have a pleasant reading,

Dimitrios Blatsios  
Chief Executive Officer

## B. ABOUT THIS REPORT

Telekom Albania's present Corporate Responsibility Report is the thirteenth 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 (GRI) 'Sustainability Reporting Standards' (version 2016), 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 1/1/2018 – 31/12/2018 (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 2017 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 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 has been prepared in accordance with the GRI Standards: 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 'Vangjel Noti', 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

The Information and Communication Technology (ICT) sector is fundamental in today's society, as it encompasses all devices, components, applications and systems that allow people and organizations to participate in an increasingly digital world, such as mobile networks, Internet, satellite communications, as well as the more traditional landline communications, radio and television broadcast.

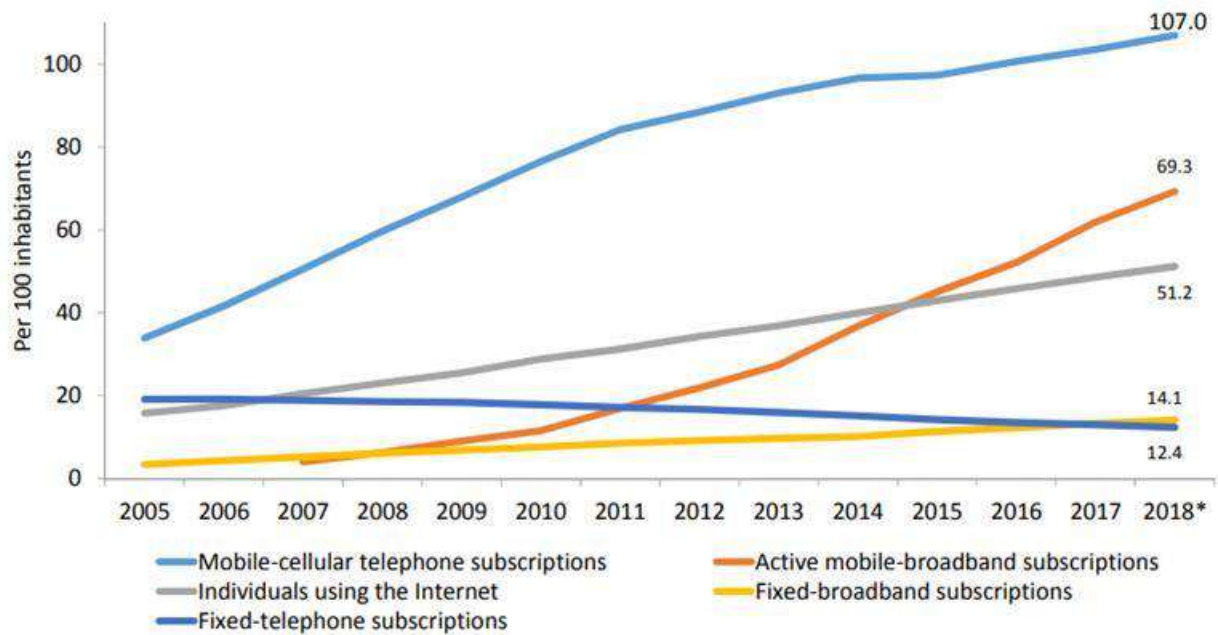
The sector has the potential to contribute to a more dynamic society and competitive economy, as individuals have the opportunity to gain access to high quality communication (despite differences in age, physical health etc.) and companies can utilize digital skills to fuel their economic growth and 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. The sector features a wide array of applications that can effectively be implemented in other industries for greater social and economic well-being, as evident by the "SMARTer 2030" report by the Global e-Sustainability Initiative (GeSI), the international strategic partnership of ICT companies and industry associations, which estimates that the adoption of ICT sector's solutions from other industries by 2030 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).

According to data from the International Telecommunication Union (ITU), the United Nations' specialized agency for ICT, all ICT access indicators show sustained growth over the last decade, with the exception of fixed telephony, which demonstrates consistent decrease in penetration rates. While fixed-telephony connections were traditionally one of the most important ways to communicate with other people, introduction and proliferation of mobile technologies and devices is the main reason for the decline in fixed-telephone penetration rates, as more and more people resign their fixed-telephone subscriptions and young people do not generally subscribe to a fixed line. Furthermore, the high cost to establish the necessary infrastructure for fixed telephony in the developing countries and least developed countries (LDCs) has made the fixed telephony either unavailable or unaffordable for large parts of their population.

As evident in the ITU's data below, it is important to note that there are more mobile subscriptions than people on the planet, which means that many people have more than one subscription (e.g. for voice or data plans) or people may have both a professional and a personal subscription. The growth in mobile subscriptions is also driven in the last years by Africa and Asia and the Pacific countries, since saturation rates have been reached in developed countries.

## Global ICT Access Indicators



Source: ITU's Measuring the Information Society Report, estimated figures for 2018

According to ITU's estimates, 51.2% of individuals (approximately 3.9 billion people) were using the Internet at the end of 2018, significantly higher compared to the 48% of global population in 2017, which translates into a Compound Annual Growth Rate (CAGR) in the 2005-2018 period of 10.8% (15.8% or approximately 1 billion people in 2005). This increase was mainly fueled by the strong growth rates in Africa, as well as Asia & Pacific region countries.

### B. The Albanian ICT sector

The ICT sector is considered to be highly important for greater economic and social development in Albania and the Albanian Government has adopted a series of Policies and initiatives to enhance the sector's footprint. At the moment, there are over 200 IT companies operating in Albania and over 8,000 IT professionals, while 10 Universities with IT-related course and subjects have approximately 500 IT graduates each year. According to the Albanian ICT Association's (AITA) data:

- The quality of national IT education steadily increases and supports the sector's future growth.
- Most of Albanian ICT companies are small and medium-sized companies.
- Specialization fields for Albanian ICT companies are software design and development, system integration and hardware distribution.
- Approximately 80% of ICT companies collaborate with international companies in the domestic market.
- ICT companies gradually expand their presence in EU markets.

In this respect, at the end of 2018, according to AKEP, the Albanian regulator in the field of electronic communications and postal service, the average monthly consumption of outgoing calls from mobile service subscribers increased by 2%, while the average monthly number of SMS sent decreased by 6%. Additionally, the average active mobile broadband user consumed approximately 2.6 GB of Internet data per month, which corresponds to approximately 26% increase compared to 2017. Furthermore, there were approximately:

- 4.1 million active SIM cards and 2.7 million active mobile service users, a decrease of 25.4% and 25.1% respectively compared to 2017.
- 2.6 million active broadband users of Internet access from mobile networks, a decrease of 20.6% compared to 2017.
- 247,000 subscribers to fixed telephone lines, a slight but steady increase compared to the 246,000 subscribers in 2017.



- 360,000 broadband subscribers with Internet access from fixed networks, an increase of 18.8% compared to 2017.
- 225,000 subscribers to fixed networks with access to integrated services (telephone / Internet / TV), an increase of 11% compared to 2017.

## 2. Telekom Albania

### A. Who we are

Telekom Albania SH.A. is a telecommunications company founded in 1995 as Albanian Mobile Communication (AMC), being the first mobile telecommunications company in Albania. The company operates in Albania and is registered under Law no. 7638/14.12.1992 “On trade companies” as amended, with its headquarters located in Tirana. In 2008, the company joined Deutsche Telekom Group (DT Group), the leading telecommunications company in Europe, and has adopted common values and principles.

### Market Performance

	2015	2016	2017	2018
Customer base (million)	1.73	1.84	1.94	1.59
Internet customers (million)	0.28	0.37	0.49	0.48
Post-paid customers (million)	0.1	0.1	0.12	0.12
Pre-paid customers (million)	1.63	1.73	1.82	1.47
Customer market share (%)	37.3	38	39.5	37.6
Population coverage (%)	99.8	99.8	99.8	99.8
Territory coverage (%)	92.5	92.5	92.5	92.7
Data traffic volume (terabytes)	NR	6,881	12,609	16,973
New/improved offers provided (number)	145	75	45	58
New services provided (number)	15	31	30	13
Shops (number)	139	152	136	129
Own shops (number)	20	18	7	3
Partner shops (number)	119	134	129	126

NR: Not Reported

### 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 2018, Deutsche Telekom Group organized the 9<sup>th</sup> Guiding Principles Day across all companies worldwide, under the motto “Five Principles – Our Attitude”. As part of the Guiding Principles Day, Telekom Albania invited employees to choose one workshop among “Collaboration”, “Active Attitude” or “Mindfulness” and encouraged them to reflect their personal approach towards changes and challenging situations through video presentations, ideas exchange and games. The event also included a dedicated message and photos from the workshops posted on the corporate Intranet.



## C. Our History

- 1996 • Albanian Mobile Communication (AMC) launches commercial operations, being the first mobile telecommunications company in Albania.
- 2000 • COSMOTE acquires 85% of AMC's share capital, through COSMO-HOLDING ALBANIA S.A., COSMOTE's 97% owned subsidiary.  
• AMC introduces the ALBAKARTA pre-paid card.
- 2002 • AMC launches ALBAKARTA roaming services.
- 2003 • AMC's network reaches 90% population coverage and 80% geographic coverage.
- 2004 • AMC launches "AMC Wireless Internet" via GPRS.
- 2005 • AMC launches MMS services.  
• AMC adopts COSMOTE corporate identity, being the first COSMOTE subsidiary to visually consolidate its position in the Group.
- 2006 • AMC introduced business programs for corporate customers, addressing both SMEs and large companies with integrated solutions.
- 2007 • AMC is the first operator to introduce EDGE technology in the Albanian mobile market.  
• AMC introduces WHAT'S UP pre-paid brand.
- 2010 • AMC adopts COSMOTE's corporate positioning and new communication campaign under the slogan "We see the world as you do".
- 2011 • AMC is the highest bidder for the second mobile telephony license in Albania.  
• AMC introduces "AMC Fix" fixed services.
- 2012 • AMC launches 3rd generation services in Albania, with the highest market data speeds (up to 48 Mbps).  
• AMC's 3G infrastructure extends to approximately 95% of Albania.  
• AMC is awarded with the Business Excellence prize for its 3G service, as well as the Partners Albania's Philanthropy 2012 prize for its continuous social contribution.
- 2015 • AMC was granted the license to offer 4G services.  
• AMC changes its branding to Telekom Albania and rebranded all company shops and assets.  
• Telekom Albania becomes the first mobile operator to launch the 4G+ service in Albania.
- 2016 • Telekom Albania introduces the mobile payment service and the One Life free healthcare program.  
• Telekom Albania is awarded with the "Best in Test" certificate during the P3 performance assessment.  
• Telekom Albania is awarded with the Superbrand award in the category "Mobile Telephony".
- 2017 • Telekom Albania is awarded with the Superbrand award.  
• Telekom Albania is awarded with the "Best in Data" certificate during the P3 performance assessment.  
• Telekom Albania is awarded as the "Best Company in Customer Service" in Europe within DT Group.  
• Telekom Albania is awarded with the "Contribution to National Level" Prize for its major contributions to support healthcare, social and environmental development in Albania.
- 2018 • Main Shareholder enters into a discussion to sell its entire stake in Telekom Albania to Albania Telecom Invest AD.

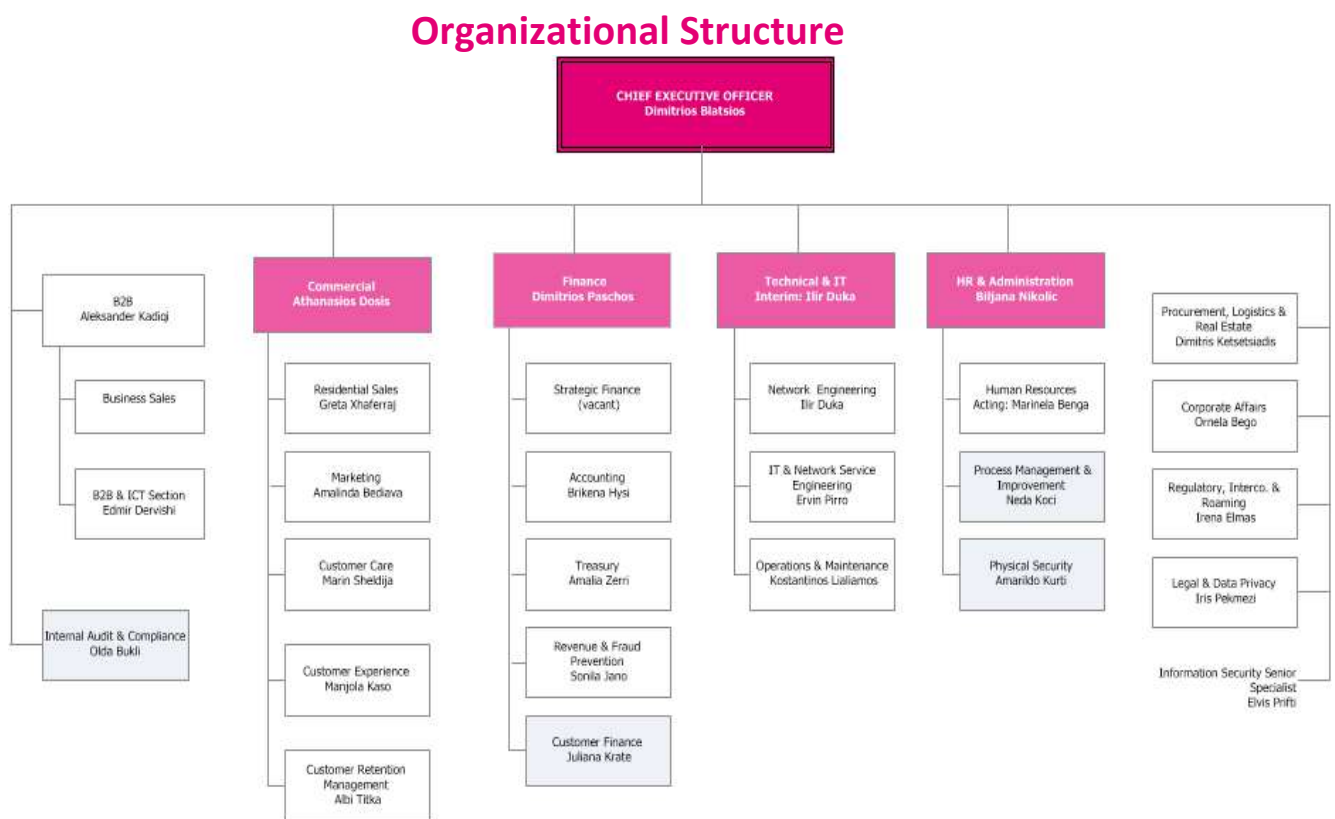
### D. Our Strategy

Our slogan “Moments that connect us” provides the basis of our philosophy to ensure an unparalleled customer experience and service and highlights our aim to have our customers connected anytime and anyplace. 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. As part of our strategic plan, our focus is to remain a financially robust company and strengthen our technologically advanced telecommunications network, in order to:

- Enhance our digital transformation.
- Strengthen our operational and commercial performance.
- Continuously offer a unique customer experience.

### E. Our Structure

The company’s organizational structure with the main functions and divisions is depicted below:



## 3. Shareholders

### A. Albania Telecom Invest AD

During 2018, our main Shareholder entered into a discussion to sell its entire stake in Telekom Albania to the Bulgarian company Albania Telecom Invest AD, which is controlled by Mr. Spas Roussev, controlling shareholder of the Bulgarian incumbent telecommunications operator Vivacom, and by Mr. Elvin Guri, an Albania-Bulgarian investor. The two sides entered into an agreement in the beginning of 2019 and the sale is expected to be completed within the first half of 2019.

### B. Deutsche Telekom Group

At the end of 2018, the majority of Telekom Albania’s share capital belonged to COSMOTE Mobile Telecommunications S.A. (which is part of Deutsche Telekom Group) as indicated in the following table:

## Shareholder Structure\*

Shareholder	Share
COSMOTE Mobile Telecommunications S.A.	99.899%
Other small shareholders (employees or former employees of Telekom Albania SH.A.)	0.101%

\*Data refer to 31/12/2018.

Deutsche Telekom Group 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 customers. DT Group employs over 215,000 employees worldwide and has approximately 178.4 million mobile customers, 27.9 million fixed-line customers and 20.2 million broadband connections.

## Worldwide Presence



## T Group Good Practice... Sustainable Finance

According to analysts from Deutsche Asset & Wealth Management and researchers from the University of Hamburg, who analyzed over 2,000 studies related to sustainable finance, companies which rely on sustainable business practices are more competitive in the long-term and investors interested in sustainability tend to focus more on long-term yields than short-term profit.

Responding to this trend, the Group:

- Has created a dedicated Socially Responsible Investment (SRI) section on its investor relations portal.
- Publishes SRI-related information in its Annual and Corporate Responsibility Reports.



- Uses a dedicated performance indicator to evaluate the rating of financial markets for its sustainability activities.
- Informs investors through dedicated conference calls, SRI roadshows (with two roadshows in France and the Netherlands within 2018) and SRI conferences, as well as response to direct queries from rating agencies, analysts and investors.

**Approximately 21% of Deutsche Telekom Group shares are held by SRI investors**

Within 2018, DT Group's net revenues reached €75.7 billion (out of which 67.8% was outside Germany) and the Group continued its strategy to invest significantly in technology applications and innovative services to its customers around the world (for further information, please visit <https://www.telekom.com>).

As a result of its strategy, market presence and long-term focus in network quality, innovation and customer service, in 2018 Deutsche Telekom Group:

- Was once again included in the Brand Finance Global 500 ranking as the most valuable telecommunications brand in Europe with a brand value of approximately \$40.2 billion (the highest brand value in its history), increased by 10.4% compared to 2017, which also represents an impressive increase of 352% compared to its re-launch in 2008. At the same time, Deutsche Telekom is the third most valuable German brand in the world after Mercedes-Benz and BMW, followed by Volkswagen and Siemens.
- Was once again listed in main sustainability indexes/ratings, such as RobecoSAM's DJSI World and DJSI Europe, STOXX Global Climate Change Leaders, STOXX Global ESG Leaders and iSTOXX 50 SD KPI, UN Global Compact 100 and FTSE4Good.
- Was included in CDP's "A list" as a Global Climate Change Leader and Supplier Change Leader for the third consecutive year as one of the leading companies regarding climate and environmental protection.
- Recorded the highest investments worldwide in its history with approximately €12.5 billion (including spectrum payments).
- Achieved the best result in Kirchhoff Consult-Mazar's "Good Company Rankings" 2018 edition, which includes a sustainability performance assessment of all DAX-30 corporations on the basis of certified publications covering the previous financial year in four categories (Employees, Environment, Society and Financial Integrity).

## 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 and specially targeted products, such as Electronic Beats for millennials.
- **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 connect with their families and friends, with preferred prices in DT Group networks.
- **Mobile phones, 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**, such as Office 365. Telekom Albania is an Office 365 Partner for Albania and offers Microsoft's Office solution and other cloud services (e.g. Skype for businesses), which can be installed in desktop PCs, notebooks, tablets and smartphones and eliminate the need for local IT infrastructure.
- **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**.
- **M2M (Machine-to-Machine) solutions**.
- **RCS Messaging**, which includes use of Rich Communication Services (RCS) features to allow interconnection with Vodafone counterparts for free-of-charge communication with only network data charges.
- **RCS Rich Call**, which allows rich call features (e.g. call video, file sharing) for all our subscribers, featuring the same charges as in RCS messaging.
- **Telekom Hotspot**, which is offered through free WiFi passes for all our subscribers in universities during spring and autumn months, as well as in the seaside during summer months.
- **MyKid Touch Watch**, the second generation of MyKid Watch for children between 4-11 years old.
- **One Family App**, which creates a family platform through a mobile application to communicate with family members, securely share personal photos with family members, as well as manage schedules and activities.
- **Other value added services**, such as the electronic bill application e-Bill, various mobile applications, Telekom Transfer, Telekom Extra Credit, Conference Call, Electronic Recharge, Talk 2 Me, HD Voice, Missed Call Identification, Lookout.

## Sales of Products

	2016	2017	2018
Total sales of products (number)	24,441	16,173	17,690
Smartphones (number)	15,809	9,435	10,741
Feature phones (number)	6,004	6,417	6,628
Fixed phones (number)	2,392	214	80
Tablets (number)	214	94	191
Netbooks (number)	22	13	50

**Sales conducted through on line channels in 2018 increased by 68% and reached approximately 11% of total sales**

Within 2018, Telekom Albania offered over several new and improved offers and services, which include the following:

- The MyPet tracker, which is a mobile device to help pet owners monitor their pets' location at all times through a mobile application, as a result of the company's efforts to further extend its services in the consumer Internet of Things (IoT) field.
- The newest Data Sharing service, which allows the Electronic Beats community members to share data from their bundle for free with other users through the My Telekom App.
- The Music Streaming service, which allows customers to listen for free a customized online radio streaming playlist provided through the My Telekom App.
- The new roaming solution with new tariffs, redesigned zones and new roaming packages, which makes roaming more attractive and improves cost control, as well as customer experience.



## 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 communications interface between the user's device (either caller or receiver) and the network are handled by our Base Stations (BTS), which are the fundamental elements of our telecommunication network and feature all the necessary signal transmission and reception systems to connect them with the network's central points (i.e. Base Station Controllers and Mobile Switching Centers).

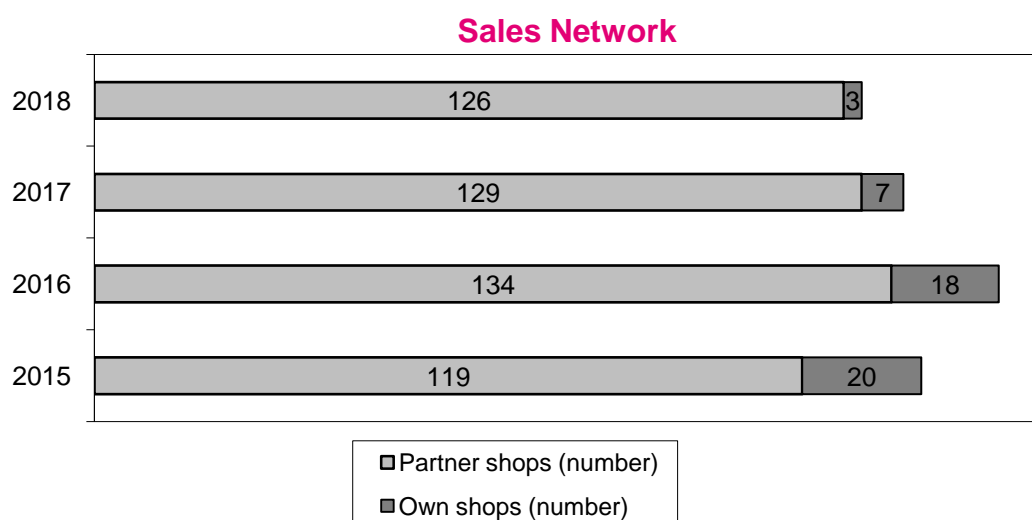
Currently, Telekom Albania has 528 sites for its 2G network and has achieved 92.1% territory coverage and 97.6% population coverage in its 3G network, compared to 88% and 96.5% respectively in 2017, as the result of being further deployed in 34 new sites, for a total of 527 sites. Additionally, the company continued to deploy its services in the 1.8 GHz and 2.6 GHz spectrum (4G) and managed to achieve 59.2% territory coverage and 86.4% population coverage, compared to 55.6% and 84.5% respectively in 2017, as the result of being further deployed in 30 new sites, for a total of 346 sites.

Telekom Albania was the first mobile operator in Albania to launch the 4G+ service in September 2015, which reaches up to 225 Mbps and enables faster Internet access and data transmission. During 2018, the service had 54.9% urban population coverage, compared to 52.4% in 2017, and is currently available to every municipality across Albania in 155 sites.

**We achieved 97.6% and 86.4% population coverage and 54.9% urban population coverage through our 3G, 4G 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 2018 included 129 shops across the country, compared to 136 in 2017, while it must be noted that we installed high security locks for mobile phones in own shops and performed 190 hours of physical security checks/inspections in own shops in 2018, the same as in 2017.



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

- Trainings, either in-class or on-the-job.
- Regular information provided through various channels, with over 167 communications prepared and sent within 2018, compared to over 182 in 2017.

### Trainings in our Sales Network

	2016	2017	2018
Total training (hours)	12,005	11,323	16,229
Induction for sales representatives and promoters (hours)	2,898	4,576	5,604
New products and services (e.g. One Life, One Family, Tring) (hours)	4,475	1,736	1,924
New platforms and features (e.g. UFT, Retail, ePOS) (hours)	1,763	2,432	3,224
Sales Techniques (hours)	2,869	1,715	3,157
Train the trainer (hours)	NR	864	480
Bonus schema and shop experience (e.g. Magenta helpers, NG ICCA) (hours)	NR	NR	1,910
Type of training			
In-class (hours)	8,919	9,384	9,698
On-the-job (hours)	3,086	1,939	6,121
Combined in-class and on-the-job (hours)	NR	NR	480

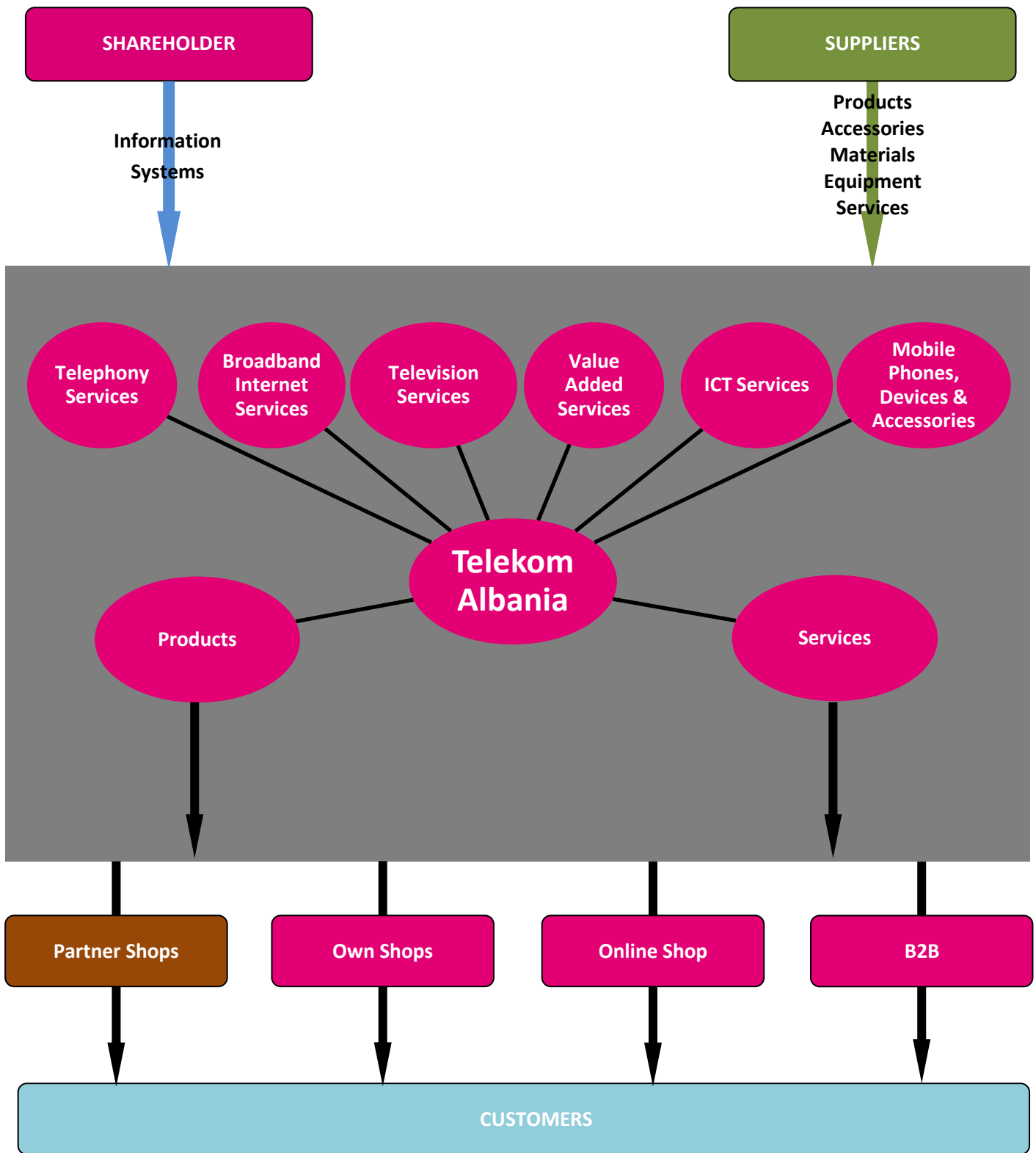
NR: Not Reported

**We increased training hours to our sales network by 43.3%**

#### D. Our Value Chain

For our operations, we utilize inputs from our Shareholder (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:

- Hellenic Business Association of Albania.

- German Association of Industry and Trade in Albania (DIHA).
- American Chamber of Commerce.
- International Chamber of Commerce Albania (ICCA).
- Foreign Investors Association of Albania (FIAA).
- Telemangement TMForum Member.

## 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. Indicatively, in the previous year Telekom Albania was awarded with:

- The **Superbrand** award for being one of the brands with the strongest impact in the Albanian market.
- The "**Contribution to National Level**" Prize by Partners Albania for the company's major contributions to support healthcare, as well as social and environmental development in Albania, such as the provision of medical equipment to various hospitals and the contribution for researches against dementia.
- The **1<sup>st</sup> Place** among mobile operators in Albania for the data performance 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 from P3 communications.

## II. OUR STRATEGY & MANAGEMENT

### *Operate responsibly for our Stakeholders*

#### Introduction and Summary

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

5 areas of Corporate Responsibility

10 Stakeholder groups

23 quantitative targets in the Report

82 GRI disclosures in the Report

“Core” option Report, according to GRI Standards

##### **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 92% of managers and directors and 85% of new hired employees on Compliance Policies.
- We trained 292 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 increased by 1.9% 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's Code of Conduct highlights our values and principles and sets the framework for our behaviour and business relationships with various Stakeholders. The Code strongly depends on the five DT Group's Guiding Principles and guides their implementation in our daily work, while stating the 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, who 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, as well as supplier commercial agreements (see Subsection III-5B).

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

### V 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).

- 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 'Vangjel Noti', 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.telekom.com.al/whistleblowing\\_eng/](https://www.telekom.com.al/whistleblowing_eng/).

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 2018, 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

### ✓ 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. 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 2018, there were no cases raised through the "Ask me!" or "Tell me!" mechanisms related to accepting or granting gifts and offers or any other benefits.

## 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 2018, we:

- Conducted classroom trainings on the main Compliance Policies (including the Code of Conduct) to 92% of Top and Middle Management members.
- Trained 85% of new hired employees on the company's Compliance Policies and the Code of Conduct, as part of their Induction Training.
- Conducted e-learning training sessions on Compliance Fundamentals to 80% of our employees.
- Conducted e-learning training sessions on Anti-Corruption to 74% of our employees, which are available to all Telekom Albania employees.



**We trained 92% of managers and directors and 85% 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
Stefi Konstantinou	Chairman	X	30/05/2018	29/05/2020
Georgios Tsonis	Vice-chairman	X	30/05/2018	29/05/2020
Pavlos Vichos	Member	X	30/05/2018	29/05/2020

**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	01/05/2018	01/05/2020
Georgios Athanasopoulos	Vice-chairman	X	01/05/2018	01/05/2020
Dimitrios Blatsios	Chief Executive Officer (CEO)	√	01/05/2018	01/05/2020
Evryviadis Sarsentis	Member	X	01/05/2018	01/05/2020
Erini Nikolaidi	Member	X	01/05/2018	01/05/2020

- 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 2018.
- 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 the Council of Supervisors, whose members are nominated by the General Shareholders Assembly. At the moment, there are no diversity factors considered for their nomination in pursuance to the Albanian Law requirements.
- 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". Within 2018:

- Our certified Internal Auditor Team assessed the proper implementation of ISO standards' requirements, within the scope of our Integrated Management System.
- We conducted the annual internal assessment of all corporate processes, premises and functions, in order to ensure compliance of the Integrated Management System with the respective legislation, as well as International Standards (namely ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007, ISO 37001:2016 and ISO 19600:2014).
- The Internal Audit Team participated in two DT Group international audit projects to further exchange knowledge and practices, as well as enhance constructive cooperation along DT Group companies.
- A mixed Team of Auditors from Telekom Albania and OTE assessed and facilitated the successful recertification of the ISO 19600:2014 and ISO 37001:2016 Standards, within the scope of the integrated Management Systems.
- The Internal Audit was utilized for the assessment of DT Group Internal Controls System.

## 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
Strategic	Long-term effects on brand and reputation or delivery of strategic corporate objectives
	Effect on brand and reputation due to negative media reports
	Impact to delivery of strategic initiatives and strategic priorities
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
Operational	Supply chain impact (i.e. negative impact on operating service level, time to market delays due to over dependency on a specific supplier, internal inefficiencies in purchasing and logistics cycles)
	IT systems' service and availability (i.e. critical IT systems failure, service unavailability)
	Conditions which affect network quality and availability (i.e. unavailable network to subscribers, low call quality)
Compliance with Legal and Regulatory Framework	Non-compliance with laws, regulations and standards
	Negative publicity and business impact due to legal and regulatory sanctions
	Risk for life
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 all Directors, managers and employees comply 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.
- Whistle-blowing Policy.
- Code of Ethics for Senior Financial Officers.
- Supplier Code of Conduct.
- Policy on Insider Trading.
- Donation Policy.
- Sponsoring Policy.
- Policy on Accepting and Granting of Benefits.
- Anti-Fraud Policy.
- Event Policy.
- Policy on Avoiding Sexual Harassment.
- Policy on Avoiding Corruption and Other Conflicts of Interest.
- Policy on Employee Relations.
- Code of Human Rights and Social Principles.

Deutsche Telekom's CMS has been certified by independent auditors in several Group companies (including Telekom Albania) in stages from 2016 through 2018, according to the German Institute of Public Auditors (Institut der Wirtschaftsprüfer) Assurance Standard 980 (IDW AssS 980). The audits were mainly focused on anti-corruption and demonstrated the CMS's effectiveness to identify corruption risks and prevent violations.

During 2018, Telekom Albania:

- Utilized the Risk Landscape and the Tool provided by DT Group Compliance Management for 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 2018, OTE Group Compliance, Enterprise Risk and Corporate Governance Committee and OTE Audit Committee approved the Compliance Risk Assessment and its Measure Plan for 2019, which has been sent to DT Group Compliance Management.
- Assessed its Compliance Management System's maturity through the respective T-Gov platform's Tool, which included gap analyses for each CMS elements (e.g. organization, compliance risk assessment, reporting, communication, policies, training, consultation, case management, integrity check), in order to determine the company's level of compliance with the respective DT Group's and Group Compliance Management's (GCM) requirements regarding proper and adequate CMS, with no findings identified during the respective assessment.

## V 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.
- An Information Security Office Representative.

### 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 Subsection 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.

- All employees have signed 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 2018, we organized the following campaigns:
  - Corruption Perception Index Campaign.
  - Compliance Guidelines for Easter.
  - Guiding Principles Day.
  - International Fraud Awareness Week.
  - Speak Up Campaign.
  - International Anti-Corruption and Human Rights Days Campaign.
  - Compliance Guidelines for Christmas and New Year.
- 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	2017	2018
Targeted employees (number)	225	124	51	348
Employees trained (number)	185	110	45	292
Participation rate (%)	82	89	88	84

It must be noted that within 2018, there were:

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

**We trained 292 employees on anti-corruption issues and procedures**

**We had no incidents of corruption**

## V Good Practice... Prohibiting Political Involvement

Telekom Albania's Code of Conduct firmly dismisses any monetary donation or granting 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 2018, no donations were made to politicians, public officials and political parties.

## 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 2018, there were no written notices regarding compliance issues by respective authorities or relevant legal cases, 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 a continuous supply of quality telecommunication services. Therefore, the company strives to ensure its business continuity, in order to secure 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, as part of the induction sessions for new hired employees and uploads on our corporate Intranet.
- 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 2018, we:

- Tested 3 Disaster Recovery plans.
- Participated in DT Group's International Crisis Exercise to ensure proper communication, information flow and cooperation in crisis situations, with the respective feedback sent to DT Group Situation centers from the local BCM Specialist.
- Organized a Business Continuity Management Internal Awareness session on the occasion of the International Awareness Week, during which we sent an information newsletter via e-mail to all employees and posted a relevant article and video on our Intranet and Lapraka facility's reception monitor.
- Organized several relevant induction training sessions for all new employees.
- Conducted evacuation drills in our facilities in Lapraka and Kashar.

## 3. Corporate Responsibility Management

### A. Utilizing appropriate organizational structures

Telekom Albania's understanding of Corporate Responsibility aims to align its business operations with its Stakeholders' needs and facilitate a homogeneous culture by its employees, as well as create value for all its Stakeholders.

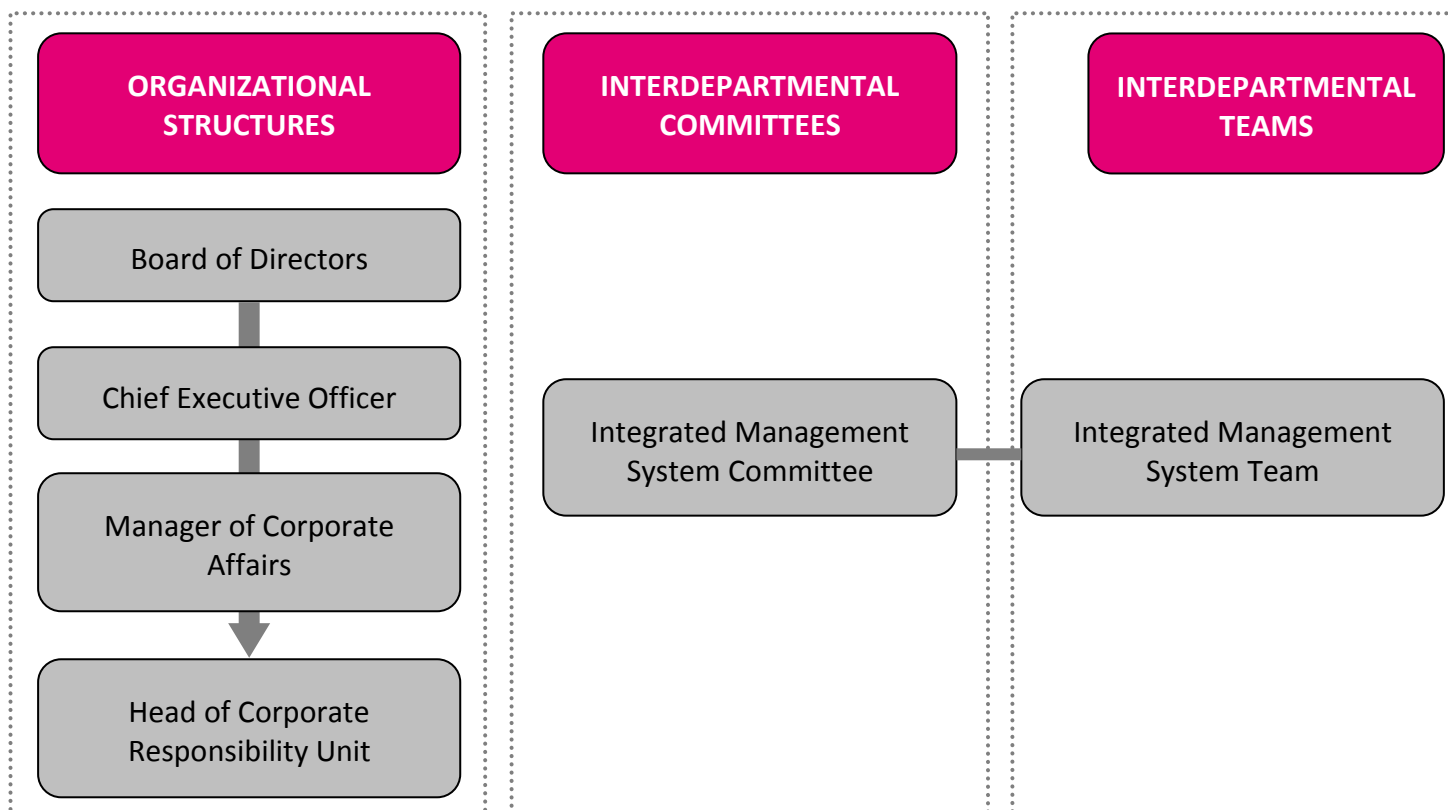


## Corporate Responsibility for Telekom Albania

“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”.

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 Department 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 and it must be noted the Corporate Affairs Department employs a dedicated BCM specialist.
- 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 the interdepartmental Integrated Management System Committee to facilitate proper implementation of issues related to quality, health and safety and environment, which are incorporated into our Integrated Management System (IMS), as well as the interdepartmental Integrated Management System Team to ensure application of our policies and coordinate operational activities.



## 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, strategic decisions and objectives.
- The Group Corporate Responsibility unit develops relevant Group-wide policies and guidelines and is also responsible to position and align Corporate Responsibility with the Group's strategy, as well as monitor all respective processes.
- The Group Corporate Responsibility Board with Heads of key Group areas advises the Group Corporate Responsibility unit, in order to ensure direct feedback from the Group's core business.
- The Corporate Responsibility managers from the different business units and national companies are responsible to implement the Group's Corporate Responsibility Strategy and collaborate closely together in the Group's international Corporate Responsibility Manager Network, with two Corporate Responsibility manager meetings organized in Vienna and Bonn during 2018.

Indicating its systematic approach to manage Corporate Responsibility issues, Deutsche Telekom participated successfully in the RobecoSAM's 2018 Corporate Sustainability Assessment (CSA) process, which uses economic, ecological and social criteria to review and assess large corporations around the world, and managed to score 82 points (out of 100 points possible) for a three-point improvement over its previous year's result.

### 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, based on ISO 9001, ISO 14001 and OHSAS 18001 respectively, in order to respond to long-term challenges. Since 2017, Telekom Albania has certified its Anti-bribery Management System and Compliance Management System according to the ISO 37001 and ISO 19600 respectively, as part of the Integrated Management System, leading to integrate management structure into one Committee, one team and one internal audit. Within 2018, we:

- Refined the programs and developed unified objectives related to the IMS.
- Were subject to external certification audits by TÜV Hellas (TÜV Nord) for ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007, as well as surveillance audits for ISO 37001:2016 and ISO 19600:2014.
- Implemented one integrated risk assessment approach for the entire IMS and one risk approach as per the ISO 31000 Risk management Standard.
- Introduced the energy intensity indicator with the use of IP data volume as a reference parameter, in order to better monitor our network's performance and identify measures to improve its efficiency for the period 2019-2022.



**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

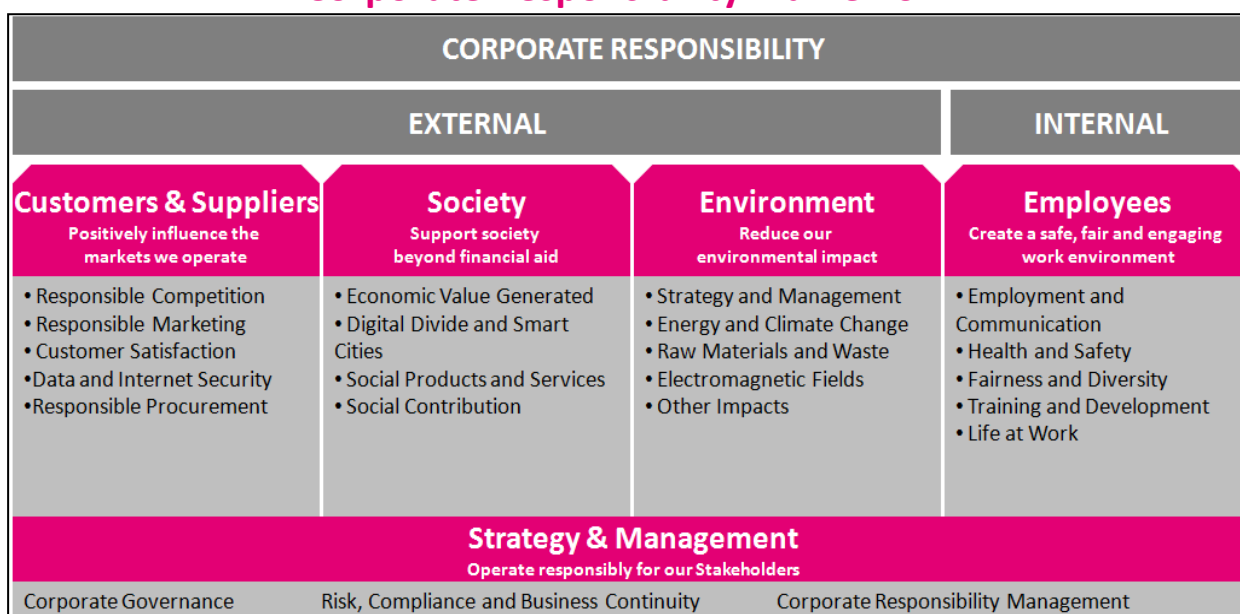
Our objective is to create a work environment, which ensures long-term career opportunities and facilitates our employees' development.

## 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



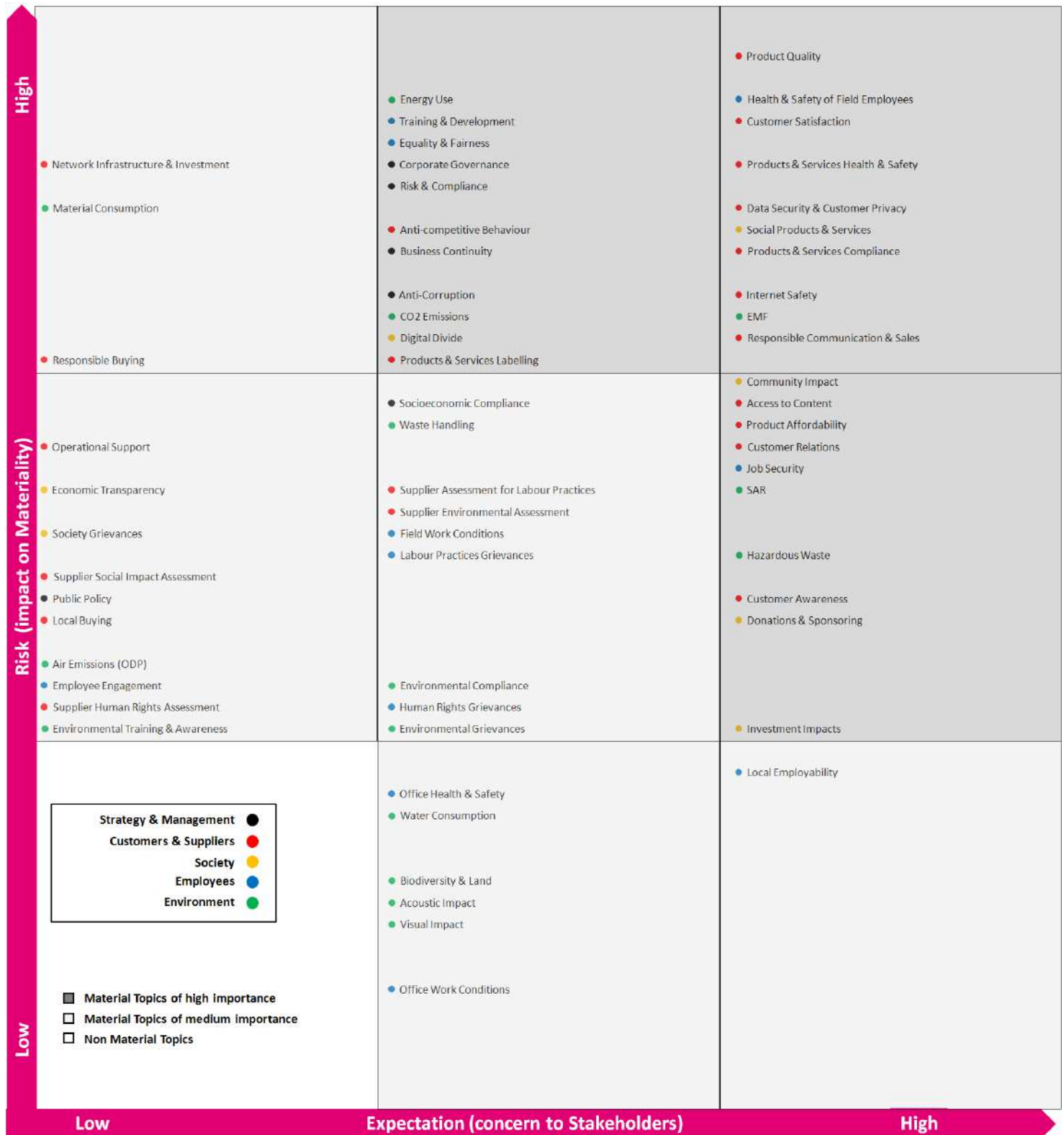
## B. Identifying Material Topics

As a result of a Materiality Analysis, the company focuses on Material Topics in each of the above Areas. In order to identify them, Telekom Albania reviewed potential topics, based on the sector's regulatory environment, current conditions and practices worldwide, as well as future trends. In total, we reviewed over 90 topics, 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 Topics for 2018 (all Topics 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.



The following table describes our Stakeholder groups, methods we apply to have a dialogue with them and their frequency, main issues of interest 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 Department 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 (frequent regional conferences)</li> <li>Customer Service Center</li> </ul>	<ul style="list-style-type: none"> <li>Data Security &amp; Customer Privacy</li> <li>Product Quality</li> </ul>	Customers & Suppliers: III-1B,2A-2C,3A-3C,4A-4C,5D Environment: VI-4A,4B

	<ul style="list-style-type: none"> <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>• 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>	
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-2C,3A-3C,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 (annual)</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>• Supplier Social Impact Assessment</li> <li>• SAR</li> </ul>	Customers & Suppliers: III-5A-5D
Employees	<ul style="list-style-type: none"> <li>• Pulse Surveys (semi-annual)</li> <li>• Trainings</li> <li>• Performance Appraisal (annual)</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>• Office Health &amp; Safety</li> <li>• Office Work Conditions</li> <li>• Human Rights Grievances</li> <li>• Environmental Training &amp; Awareness</li> </ul>	Employees: V-1B,2A,2B,3A,3B,4A-4C,5A-5C Environment: VI-5F
Government & Authorities (e.g. AKEP)	<ul style="list-style-type: none"> <li>• Consultations on regulatory framework</li> </ul>	<ul style="list-style-type: none"> <li>• Data Security &amp; Customer Privacy</li> </ul>	Customers & Suppliers: III-1B,2A-2C,4A-4C,5D



	<ul style="list-style-type: none"> <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>• 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>• Socioeconomic Compliance</li> <li>• Public Policy</li> <li>• Network Infrastructure &amp; Investment</li> <li>• Economic Transparency</li> </ul>	<p>Environment VI-4A Society: IV-1A,2B Strategy &amp; Management: II-1A-1C,2A-2E Introduction: I-4B</p>
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>	<p>Society: IV-3A,3B,4A,4B,4D Employees: V-1B Environment: VI-1C,2F,3A,3C,3D,4A,4B,5A,5B,5E</p>
Citizens	<ul style="list-style-type: none"> <li>• Social Responsibility Surveys (quarterly)</li> <li>• Website</li> <li>• Social media</li> </ul>	<ul style="list-style-type: none"> <li>• Data Security &amp; Customer Privacy</li> <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>	<p>Customers &amp; Suppliers: III-4A-4C Society: IV-2B,3A,3B Environment: VI-2A-2D,2F,3A-3C Introduction: I-4B</p>
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> </ul>	<p>Customers &amp; Suppliers: III-4A-4C,5D Society: IV-2B,4D Employees: V-3A,3B Environment: VI-1C,2A-</p>

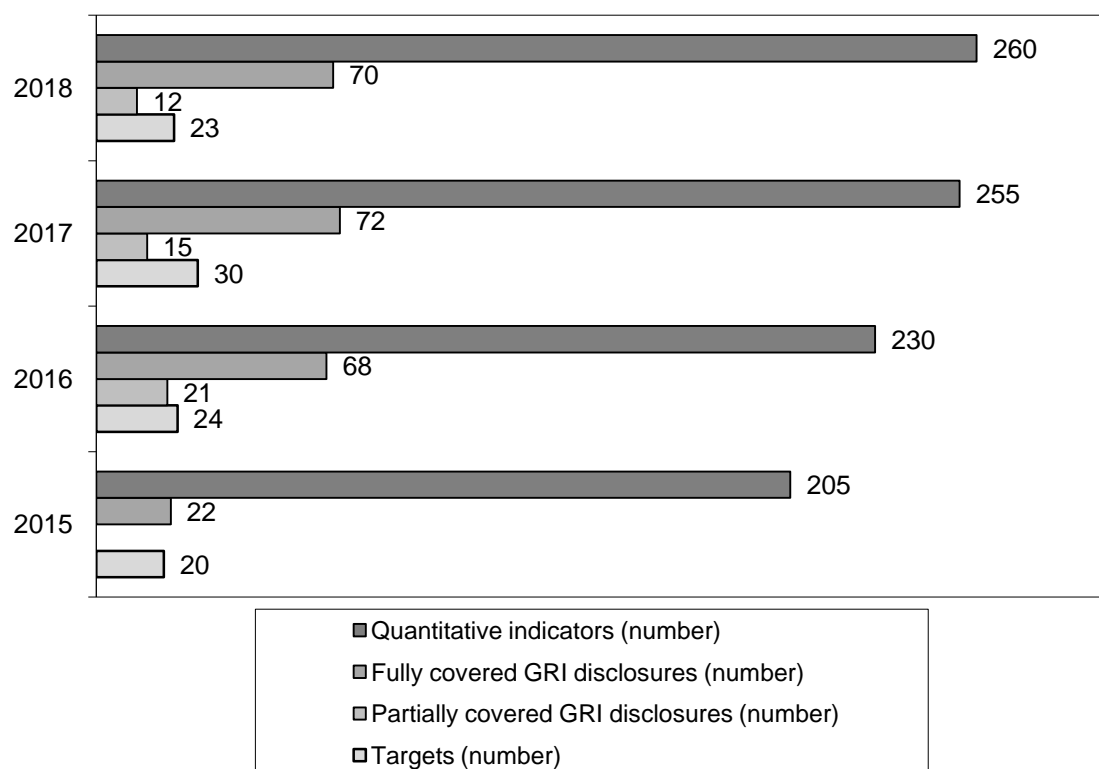


		<ul style="list-style-type: none"> <li>• Digital Divide</li> <li>• SAR</li> <li>• Labour Practices Grievances</li> <li>• Hazardous Waste</li> <li>• Energy Use</li> <li>• Waste Handling</li> <li>• Environmental Compliance</li> <li>• Environmental Grievances</li> <li>• Water Consumption</li> <li>• Biodiversity &amp; Land</li> <li>• Society Grievances</li> <li>• Human Rights Grievances</li> </ul>	2D,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 indicated in the following graph. As a result, in the last years we have gradually included more quantitative indicators and targets in our Report.

### Quantitative Data within the Corporate Responsibility Report



**We increased by 1.9% the number of quantitative indicators we make reference to within the Report**

## 5. Achievements 2018 and Targets 2019

We said	Progress	We will	By
Refine the programs and unify the objectives related to the Integrated Management System.	100%	Integrate Risk Assessment as per ISO 31000 Standard for all corporate risk assessment activities.	2019
Introduce new performance indicators related to our environmental performance.	100%		
Organize a Business Continuity Management awareness session.	100%	Organize a Business Continuity Management awareness session.	2019
Conduct two evacuation drills in our facilities in Lapraka and Kashar.	100%	Conduct two evacuation drills in our facilities in Lapraka and Kashar.	2019
Participate in the DT Group international crisis exercise.	100%		
Test and update (if necessary) our Disaster Recovery plans and strategies.	100%	Test and update (if necessary) 7 Disaster Recovery plans.	2019

## III. OUR CUSTOMERS & SUPPLIERS

*Positively influence the markets we operate*

### Introduction and Summary

#### Our Size:

1.59 million customers

99.8% population coverage

68.6% of complaints resolved within 5 days

281 suppliers

41% 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 quality index for Call Center service increased by 7.1%, compared to our base target.
- Our quality index for retail's customer experience increased by 11.2%, compared to our base target.
- Our Shop Achievement Score in the last wave of Mystery Shopping in 2018 increased by 5%, compared to the first wave in 2018.
- The number of received complaints decreased by 11.8%.
- We resolved 68.6% of complaints received within 5 days.
- We had no incidents regarding customer privacy issues or loss of personal data.
- We successfully blocked 72,274 Internet security threats and malicious URLs.
- We distributed 2,000 leaflets with information regarding safe Internet and safety in the digital world.
- We increased the percentage of local suppliers to 61%.

# 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 2018:

- There were no written notices from AKEP for non-compliance with its decisions and Telekom Albania did not file any complaints against AKEP's decisions.
- Telekom Albania was not filed with any lawsuits, recourses, appeals or other legal actions related to its operation.
- There were no fines or other non-monetary sanctions imposed by AKEP.
- Regarding a previous administrative complaint filed to AKEP from Neofone regarding an increase in international mobile termination rates as part of the interconnection contract with Telekom Albania (which has been rejected by AKEP) and a respective legal action sent to the Administrative Court of First Instance on September 2017, with a following specification on November 2017, the lawsuit was rejected. Neofone has filed an appeal through the Tirana Administrative Court of Appeal and the case is still ongoing, with no hearing date defined yet.

## 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.
- Train managers and directors on competition law and the application of the Anti-Trust Policy requirements, as part of the Annual Compliance Classroom Training.

### V Good Practice... Adhering to Fair Competition

Since 2017, the Committee of Customer Protection and AKEP have prepared a Code of Conduct related to the protection of customers as a self-regulatory initiative. The four mobile operators of Albania, including Telekom Albania, have signed the Code, which states the main principles of fair competition in the electronic communications market and aims to:

- Set ethical behaviour standards.
- Define neutral and reasonable actions.
- Promote transparency and fair competition.

Within 2018, 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 fines or other non-monetary sanctions for anti-competitive behaviour or anti-trust practices imposed by the respective authorities.
- No complaints filed by Telekom Albania for anti-competitive behaviour on behalf of other operators.
- One fine of 0.02% of the company's annual turnover for the previous financial year (approximately €14,000) imposed by the Albanian Competition Authority, due to failure to meet the obligation set by a Competition Committee's decision, for which the company requested a partial abrogation for the part of the administrative act belonging to Telekom Albania and filed a lawsuit against the Competition Authority to the First Administrative Court of Tirana regarding this fine. The Court rejected the company's request to suspend the prepaying of the fine and Telekom Albania paid the respective amount, but later decided to accept the partial abolition of the Competition Commission's decision for the part of the administrative act belonging to Telekom Albania. The Albanian Competition Authority has decided to challenge the Court's decision in front of Tirana Administrative Court of Appeal.

- Regarding related cases from previous years, Telekom Albania had filed a claim to the Commission of Consumer Protection (CCP) and AKEP related to another Albanian operator's misleading advertisement with inaccurate statements regarding higher network speeds and higher customer base, as well as a complaint to CCP, AKEP and the Competition Authority with the request to remove all advertisements found on Internet and prohibit the false and misleading statement broadcasted in any audiovisual media, for which the company also requested the Albanian Authority on Audiovisual Media's intervention to prevent its broadcasting. Following the respective CCP's administrative proceeding for the operator to provide the specific information for its statements, the case has been closed, as there are no relevant advertisements online or in any other written or visual media.

## 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 regarding communication and marketing activities as defined by the Audio Visual Media Authority, AKEP and the Competition and Consumer Protection Authority.
- Our Marketing Communications Sector reviews all promotional material (e.g. advertising messages and campaigns), as well as network communications (e.g. SMS, notifications) before publicly launching them, in order to ensure proper implementation and compliance.
- Our Legal Department reviews crucial materials and confirms their compliance with applicable laws and legislative provisions.
- We do not sell or provide any products and services which are either banned or disputed in foreign markets.

### ✓ Good Practice... Responsible Communication

According to our Code of Conduct, we consider the long-term impact of customers to our operations and we commit 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 2018, 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.
- Conditions and terms of use for our services.

### 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 and provide a variety of bundles/offers to our subscribers, taking into account market trends, dynamics and competition, in order to meet their demands and needs and provide the most competitive options in the market. For example, some of the practices are mentioned below:

**Pricing information:** Telekom Albania provides extensive pricing information about its products and services in its website and respective advertising materials, as well as through its customer service centers. These include information about pricing of products and services, tariff options and charging schemes, such as fees or prices, minimum step charge for calls and Internet data and program or offer validity. Customers can control or receive information on their use and pricing through various channels, which include:

- Short code SMS.
- USSD menu.
- IVR.
- The Telekom App.
- Our website.
- Our shops.

Furthermore, we publicly notify all changes in tariffs of services or new tariffs or their amendments at least 7 days before their implementation, which has to last at least 3 days in succession, except in cases of price reductions, where changes can be done immediately. At the same time, we notify subscribers for any modification at least 30 days before their implementation and inform them about their right to refuse the new terms and conditions and end their contract without any further penalty.

**Development of roaming services:** Telekom Albania has established agreements with 390 operators worldwide and the company's post-paid and pre-paid customers can use the roaming services in 146 countries worldwide, through 391 networks, compared to 143 countries and 377 networks in 2017. At the same time, GPRS service is available through 247 networks in 106 countries, compared to 226 networks in 104 countries in 2017.

**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/USSD.

**One Family:** We enhanced our One Family pre-paid proposition and added the MyKid device in our offering, with free-of-charge communication with the smartwatch each time the family leader activates one of the standard bundles. Since 2017, we have introduced the upgraded MyKid device (MyKid Touch) and we offer subsidized schema for One Family postpaid leader, as well as the same bundle offers for One Family pre-paid subscribers.

**Data usage:** We provide data add-ons for 2GB and 4GB at very low prices, as well as free Internet for instances such as a 1GB bonus for subscribers for each goal scored by FC Bayern München (to which DT Group is an official sponsor and has the largest organized fan-base in Albania) in a Champions League match.



### 3. Customer Satisfaction

#### Your Opinion... Brand Loyalty

According to a survey conducted to 12,120 citizens in 2018, **89%** of Telekom Albania customers would choose the company as their mobile provider, **2.3%** higher than in 2017.

#### Your Opinion... Recommendation

According to a survey conducted to 2,447 citizens in October-December 2018, **75%** of Telekom Albania customers would recommend the company to a friend, family member or colleague.

#### Your Opinion... First Choice

According to a survey conducted to 2,447 citizens in October-December 2018, **93%** of Telekom Albania customers would consider the company as their first choice to further extend their cooperation (e.g. for more products and services) or start any new cooperation.

#### Your Opinion... Preferred Provider

According to a survey conducted to 12,120 citizens in 2018, Telekom Albania is the most preferred provider for **57%** of non-owners of mobile services who intent to select a mobile provider.

#### A. Aiming for customer satisfaction

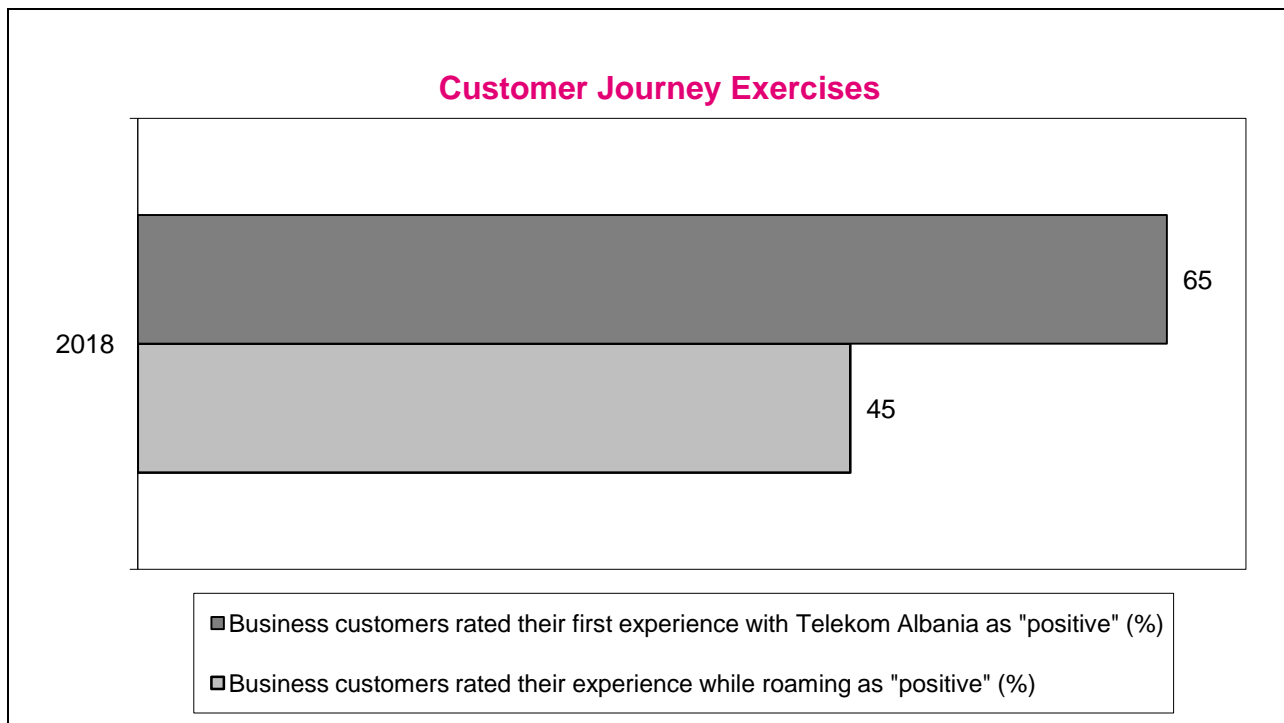
Our “Moments that connect us” slogan stands out for what our customers mean to us. Therefore, we consider our customers’ satisfaction a strategic growth element and focus our efforts on three main categories:

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

#### Good Practice... Customer Experience

Customer Experience refers to the interactions between a customer and an organization throughout their business relationship. Recognizing its importance and impact on customer satisfaction and loyalty, we have introduced the Customer Journey concept since 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 have:

- Defined new products with mandatory Customer Journey requirements.
- Introduced Customer Journey as part of the product development stage.
- Conducted Customer Journey exercises for new activations and business roaming in 2018, during which we interviewed 1,100 business customers about their first experience with Telekom Albania, as well as 750 business customers about their experience while roaming.



## ✓ Good Practice... Corporate Website

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

- 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.
- A product bundling option, where customers can purchase a premium product and get free accessories or another discounted device.
- A promo code for different promotional campaigns.

## ✓ Good Practice... My Telekom App

Telekom Albania has launched the fully functional self-care My Telekom App for Android and iOS users, who can:

- Check their account anytime, anywhere (e.g. remaining units, active packages, tariff plans, balance and extra costs, billing information).
- Recharge and add an amount to any pre-paid account through credit or debit card.
- Activate the bundle that fits their needs.
- Check their personalized offer category for dedicated offers.
- Check their unpaid bills and use credit or debit card to pay either their own bill or someone else's bill.

- Utilize the SMS parking service to place their number plate and parking zone and pay their public parking ticket (see Subsection IV-2C).
- Send a message or call directly our customer support or request a callback through the Help & Support section, which also includes a Frequently Asked Questions section (FAQ) available to all customers.
- Share their data with friends, which is available to pre-paid customers.
- Benefit from dedicated gifts and various surprises each day.
- Activate or deactivate any service they need or don't need.

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).
- The monthly quantitative KAM ICCA survey and Web ICCA survey (without however conducting the respective survey in 2018), which assess our customers' experience from additional touchpoints.

Furthermore, Telekom Albania was the first company in the telecommunications industry in Albania to utilize an automated Facebook ChatBot to enhance its self-service approach to customers and has allowed all self-service actions required by customers to be performed through its My Telekom App.

## Customer Satisfaction

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18
TRI*M Survey for residential customers*								
Telekom Albania results (index)	-	100	91.4	90.0	102.8	91.4	-	92.8
Average competitor results (index)	-	100	96.9	101.5	101.5	101.5	-	96.9
TRI*M Survey for business customers**								
Telekom Albania results (index)	100	-	77.1	-	100	-	95.6	-
Average competitor results (index)	100	-	91.2	-	100	-	95.6	-

\*Q2'17 results have been used as base results (i.e. 100) for Telekom Albania and competitors.

\*\*Q1'17 results have been used as base results (i.e. 100) for Telekom Albania and competitors.

## Indicative TRI\*M Survey Results

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18
<b>Residential customers*</b>								
Feeling of being in good hands								
Telekom Albania results (index)	-	100	-	98.3	-	107.6	-	109.0
Average competitor results (index)	-	100	-	99.7	-	111.9	-	111
Stability of connection during calls								
Telekom Albania results (index)	-	100	-	99.2	-	101.9	-	102.5
Average competitor results (index)	-	100	-	101.9	-	104.0	-	102.4
Stability of mobile Internet								
Telekom Albania results (index)	-	100	-	98.4	-	98.4	-	102.9

Average competitor results (index)	-	100	-	96.3	-	101.5	-	103.0
Value for money mobile services								
Telekom Albania results (index)	-	100	92.1	92.1	100.6	93.1	103.6	89.5
Average competitor results (index)	-	2.95	91.8	91.8	99.6	98.6	111.8	89.8
Information about services and prices								
Telekom Albania results (index)	-	100	-	94.6	-	109.3	-	98.6
Average competitor results (index)	-	100	-	97.1	-	109.1	-	96.8
<b>Business customers</b>								
Feeling of being in good hands								
Telekom Albania results (index)	100	-	92.6	-	97.0	-	97.3	-
Average competitor results (index)	100	-	96.4	-	97.9	-	97.3	-
Innovative solutions								
Telekom Albania results (index)	100	-	98.2	-	98.5	-	99.7	-
Average competitor results (index)	100	-	100.6	-	96.6	-	100.3	-
Value for money mobile services								
Telekom Albania results (index)	100	-	98.1	-	101.6	-	100	-
Average competitor results (index)	100	-	94.5	-	97.1	-	93.5	-
Information about services and prices								
Telekom Albania results (index)	100	-	102.3	-	106.8	-	103.3	-
Average competitor results (index)	100	-	92.9	-	95.4	-	91.1	-
Technical problem handling								
Telekom Albania results (index)	100	-	104.4	-	111.0	-	-	-
Average competitor results (index)	100	-	86.8	-	98.5	-	-	-

\*Q2'17 results have been used as base results (i.e. 100) for Telekom Albania and competitors.

\*\*Q1'17 results have been used as base results (i.e. 100) for Telekom Albania and competitors.

Among others, the survey indicated:

- The impact of pricing in customers evaluating telecommunication companies.
- The temporary effect of short-term offers to overall customer loyalty.
- The stable overall loyalty level of Telekom Albania's customers.
- The small effect of postpaid customers segment within overall market loyalty, as pre-paid is the preferred mobile service used in Albania.
- The increased importance of Internet speed and stability to increase customer loyalty.
- Customers' overall favorable perception in terms of:
  - Information about services and prices (from residential and business customers).
  - Understandability of invoices (from residential customers).
  - Experience from shops (from residential and business customers).
  - Delivering what was promised (from business customers).
  - Technical problem handling (from business customers).
- The importance of providing a broad range of handsets and services.
- The high importance of innovativeness and reliability for business customer loyalty, who emphasize mobile services (mainly on prices and all network related aspects).
- The importance of providing the right balance of prices, offers and network quality to business customers.

## Customer Satisfaction

	Retail*	Call Center*	IVR*	KAM ICCA (business)**
Telekom Albania ICCA results (index)				
January 2018	105.7	104.8	102.9	100
February 2018	103.6	96.3	107.3	90.5
March 2018	107.4	100.1	108.8	94.1

April 2018	104.9	100.7	105.4	87.6
May 2018	110.2	102.3	100.1	95.8
June 2018	115.6	100.9	100.4	85.2
July 2018	108.9	103.3	101.5	94.6
August 2018	110.4	100.9	102.9	98.8
September 2018	104.9	100.9	108.8	92.9
October 2018	103.7	102.5	102.9	93.5
November 2018	107.5	105.6	108.8	82.8
December 2018	111.2	107.1	105.9	95.8

\*Target set in January 2018 has been used as base result (i.e. 100).

\*\*January 2018 result has been used as base result (i.e. 100).

## Comparable Customer Satisfaction per Touchpoint

	NG ICCA Survey		
	Difference Q4 2018 – Q4 2017 for Telekom Albania	Difference Q4 2018 – Q4 2017 for average of EU based DT Group companies*	Difference between Telekom Albania's Q4 2018 results and average of EU based DT Group companies**
Call Center	+3.0%	+1.4%	-6.1%
Shops	+2.8%	+1.9%	+8.8%
Self-service	+1.3%	+3.9%	-10.5%

\*Includes DT Group companies in Greece, Croatia, Hungary, Montenegro, FYROM, Romania, Slovakia, Albania, Austria, Czech Republic, Netherlands and Poland.

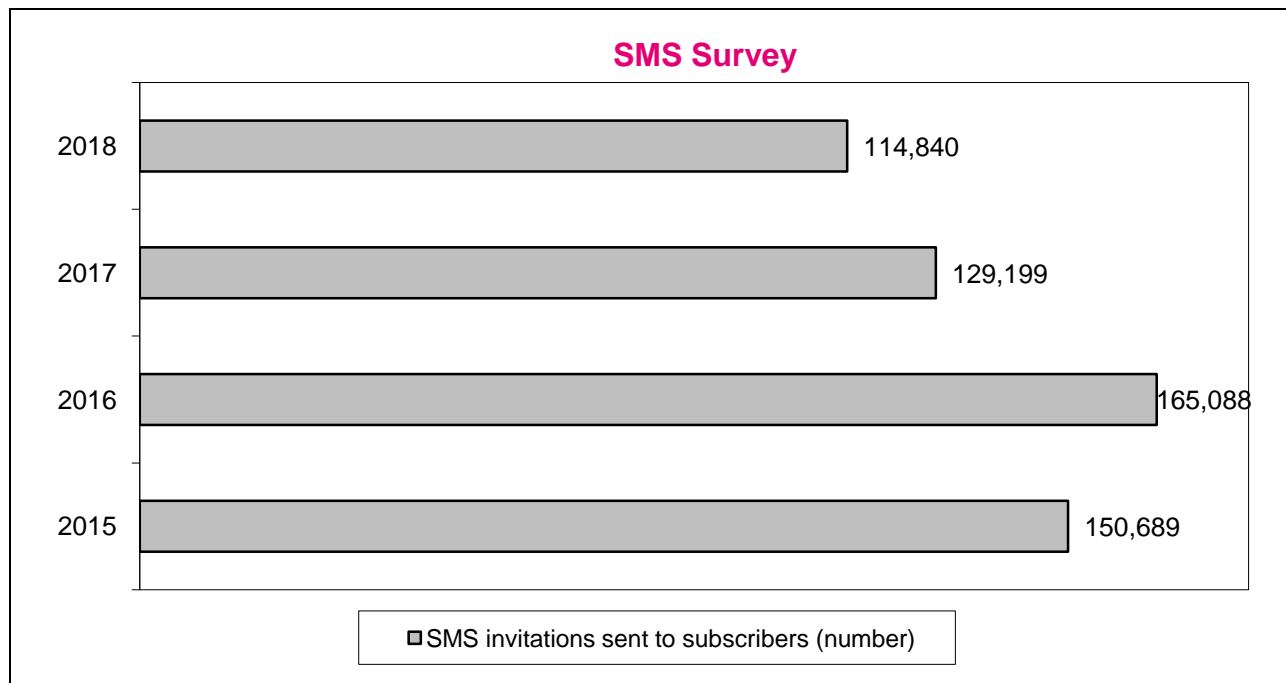
\*\* Results of EU based DT Group companies have been used as base result (i.e. 100).

**Our quality index for Call Center service increased by 7.1%, compared to our base target**

**Our quality index for retail's customer experience increased by 11.2%, compared to our base target**

## V Good Practice... SMS Survey

Since 2012, we measure customer satisfaction from three main contact points (call center, self-service and shops) through a customer satisfaction survey via SMS, following the respective practice from DT Group. Every day, randomly selected subscribers receive an SMS to 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. Based on the survey results, which we utilize to continuously monitor and assess the level of service quality, analyse customers' needs and identify areas for improvement.



## B. Monitoring sales network's performance

A critical aspect of providing quality products and services to our customers is to monitor the respective performance of our sales network due to their significant contribution to overall customer satisfaction. Within this context, we regularly perform a "Mystery Shopping" survey and monitor our Shop Achievement Score, as derived from individual performance in 5 dimensions:

- Time of Service.
- Sales and Services.
- Customer Care.
- Professionalism.
- Shop Environment.

According to the last wave survey results for 2018, "Time of Service" achieved the highest score compared to the other dimensions, followed by "Customer Care", "Shop Environment" and "Professionalism" with only minor differences. On the other hand, "Sales and Services" was identified as an area for further improvement due to its lower score, despite the 8.9% increase compared to the first wave of the survey in 2018.

**Our Shop Achievement Score in the last wave of Mystery Shopping in 2018 increased by 5%, compared to the first wave in 2018**

## C. Ensuring service reliability

Our ability to offer reliable and uninterrupted services is an important parameter of customer satisfaction, which we consider one of our main obligations. Indicating our efforts to ensure service reliability, we have replaced 80% of total old MW links (microwave links) with new IP MW links and deployed successfully IP Multimedia Subsystem (IMS) core technology to support launch of VoLTE (Voice over Long-Term Evolution).

## Network Reliability

	2015	2016	2017	2018
Network availability				
2G (%)	99.86	99.77	99.68	99.7
3G (%)	99.89	99.92	99.97	100
4G (%)	99.98	99.98	99.84	99.9
4G+ (%)	NR	NR	NR	NR
Call success rate				
2G (%)	99.88	99.84	99.89	99.9
3G (%)	99.46	99.44	99.65	99.7
4G (%)	99.01	99.83	99.75	99.87
4G+ (%)	99.01	99.83	99.75	99.87
Drop call rate				
2G (%)	0.97	0.82	0.73	0.8
3G (%)	0.33	0.34	0.29	0.25
Data drop rate				
4G (%)	0.21	0.17	0.17	0.2
4G+ (%)	0.21	0.17	0.17	0.2

NR: Not Reported



## T Group Good Practice... European Aviation Network

Within 2018, DT Group completed the final technological milestone of the pioneering and innovative European Aviation Network (EAN), the world's first integrated S-band satellite and complementary LTE-based terrestrial network built for Europe, in collaboration with Inmarsat and Nokia. The first ever Europe-wide integrated LTE network features approximately 300 BTS in all 28 EU member countries, as well as Switzerland and Norway, offers seamless connectivity and a high bandwidth service (currently over 75 Mbit/s connection speed to the aircraft) to aviation passengers to use social media, share pictures and stream various content over land and water, as aviation airlines using the service do not share network capacity with any non-aviation customers. The service is operational with commercial airlines, which have installed the related small and light-weight EAN equipment on various aircrafts.





## D. Monitoring our performance

To improve customer service, we:

- Have adopted unified procedures and practices to manage customer complaints.
- Implement tailor-made negotiation strategies and effective communication methods.
- Manage customers with a fixed and mobile connection from a separate team, in order to receive a single, integrated service.
- Have established personalized service with increased telephone communication.
- Seek to increase First Contact Resolution.
- Seek to further utilize digital channels (e.g. chat).

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 2018:

- We received over 2,141,000 customer requests, with approximately 68.7% of those being automated answered via our IVR system.
- We received 3,238 complaints (e.g. post-invoicing, contractual relationship), compared to 3,672 in 2017, out of which 68.6% were resolved within 5 days, compared to 88% in 2017 (as in many cases the time to resolve them is influenced by the need to wait for the bill cycle ending), without any of them resulting in a fine or other non-monetary sanction.
- The average time to resolve complaints was 5.5 days, compared to 3 days in 2017.

In 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	2017	2018
<b>Customer requests received</b>				
IVR (number)	NR	NR	1,916,782	1,470,291
Facebook (number)	NR	NR	31,547	42,636
Chatbot (number)	NR	NR	4,859	6,839
My T application (number)	NR	NR	4,646	29,523
Website (number)	NR	NR	1,586	2,372
Call center agents (number)	NR	NR	798,257	589,390
<b>Complaints received</b>				
By e-mail				
Complaints (number)	3,353	3,925	2,311	2,071
Complaints resolved within 5 days (number)	2,836	3,812	2,034	1,531
Average days to resolve (days)	3.8	1.2	3	5
In written				
Complaints (number)	1,285	1,428	778	570
Complaints resolved within 5 days (number)	956	1,165	685	312
Average days to resolve (days)	3.1	2.6	3	7
Through Siebel and Protocol				
Complaints (number)	3,814	318	583	597
Complaints resolved within 5 days (number)	3,700	302	513	378
Average days to resolve (days)	1.3	2.5	3	6

Complaints category				
Product and services (number)	NR	1,818	666	580
Cost of products and services* (number)	NR	1,778	1,732	1,778
Policies and procedures** (number)	NR	2,001	1,235	812
Product and service reliability*** (number)	NR	74	39	68

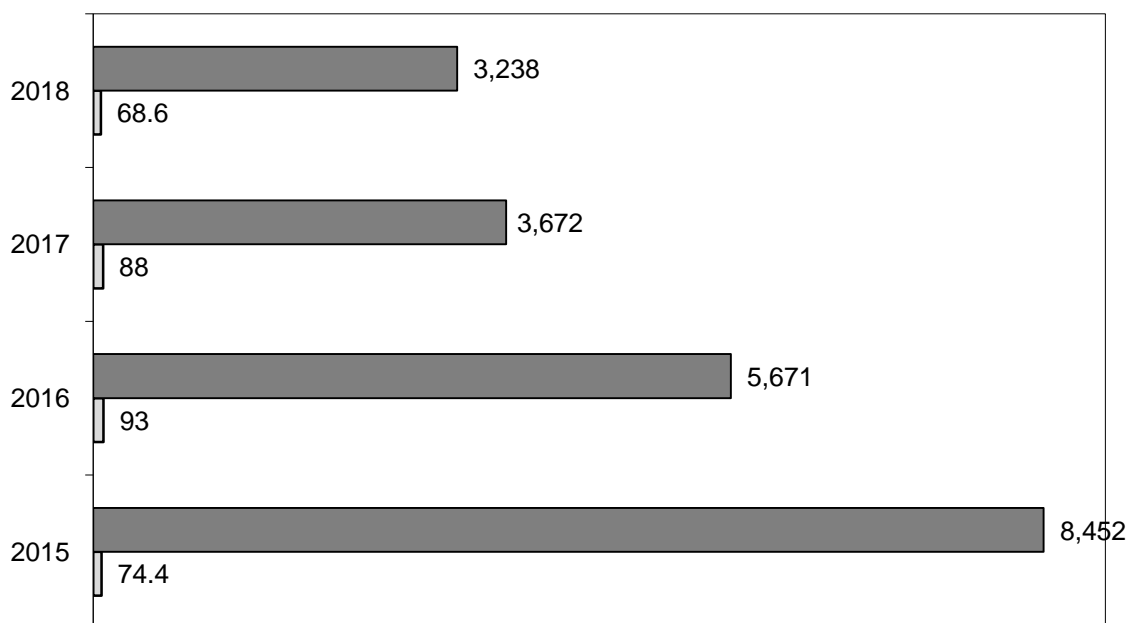
\*Includes billing and charging complaints, i.e. tariffs charging (voice, messages, national and international) and roaming charging.

\*\*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



■ Complaints received by customers (number)  
 □ Complaints resolved within 5 days (%)

**The number of received complaints decreased by 11.8%**

**We resolved 68.6% of complaints received within 5 days**

## 4. Data and Internet Security

### A. Protecting personal data

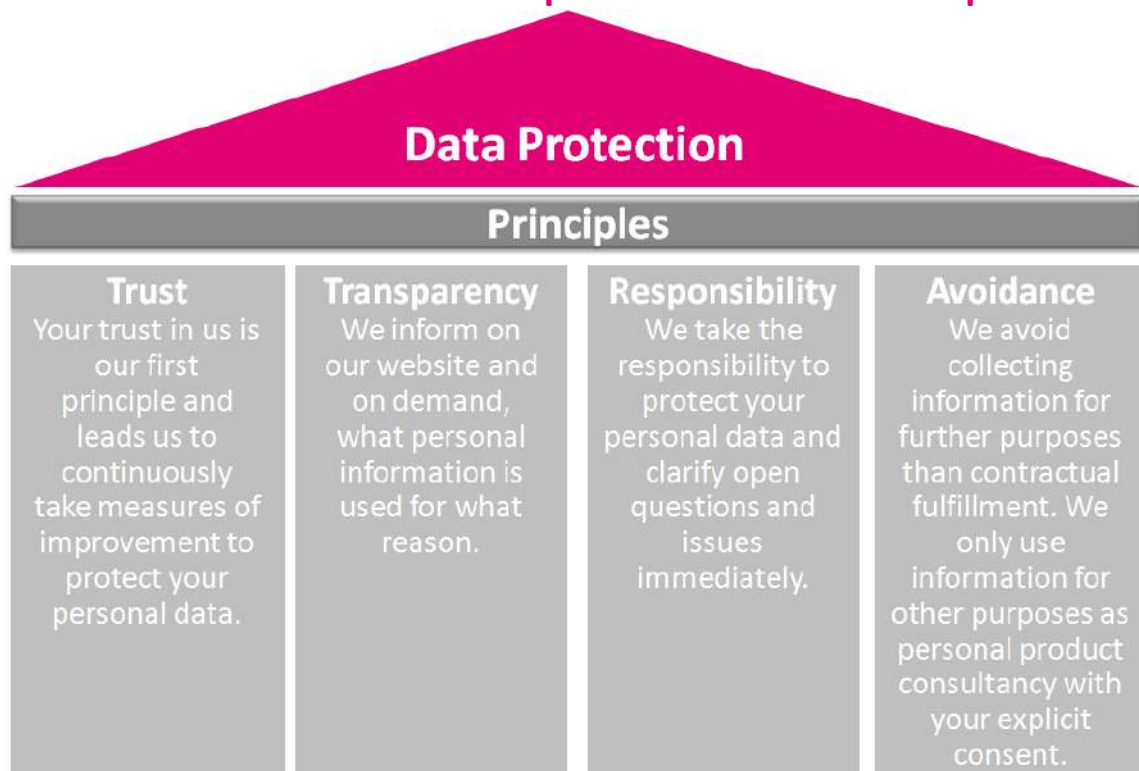
Security of personal data and communication content is not only an important commercial issue, but also a legal and ethical obligation. Therefore, we:

- 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 the DT Group Data Protection Principles and national legal requirements concerning personal data security, including handling of requests by the competent judicial, prosecutorial and police authorities to lift customer confidentiality and disclosure, with data traffic records for 4,929 telephone numbers and subscriber master data for 3,114 cases requested within 2018. This information is communicated to DT Group Security Governance and is included in the Group's International Transparency Report.
- Require personal consent to collect, process and use any personal data only for their designated purpose.
- 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 adopted and introduced the DT Group Binding Corporate Rules Privacy Policy and 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 introduced our Customer Privacy Code, which specifically describes:
  - The type of customer information collected.
  - The methods to collect customer information.
  - The use of customer information.
  - Disclosure of customer information.
  - Storage and protection of customer information.
  - The methods for customers to update their information and select how to be contacted.
  - Communication of policy changes and updates, as well as contact information for questions or comments about our privacy practices.
- Comply with AKEP's Information Security Regulation in all internal policies on information security.
- 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 2018.
- Handle and perform various audits related to information security, with one external audit conducted during 2018.
- Have included a dedicated Privacy Awareness section in our Induction Program and inform our employees on information security and data privacy, through Information Security Awareness Sessions we organize every year. Within 2018, we organized respective sessions for our new employees, as part of their Induction training.
- Have introduced and implement technical solutions for system and network devices security and security vulnerabilities scanning (such as secure web file transfer solution, data leakage protection

for virtual desktop workstations, hard drive encryption for corporate laptops and new version of data classification portal launched within 2018), as well as protect the users' e-mail from spam mails and other Internet malwares that are delivered via e-mail.

- Organized a data privacy audit for our employees in collaboration with DT Group's Data Privacy Department, through a randomly selected representative employee sample with anonymized personal data.
- Supported all our departments with the necessary information and advised our employees about changes related to data protection due to introduction of the General Data Protection Regulation (GDPR – EU Regulation 2016/679), despite the fact that GDPR is not currently part of the Albanian legislation, since Albania is not a European Union member state.

## 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 Awareness Survey

DT Group implements the annual employee Online Awareness Survey to measure its employees' data privacy and security awareness 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.

The survey assesses the following topics:

- Security Awareness.
- Security Competence.
- Security Behaviour.
- Security Competence.

Based on the 2018 Information Security survey with the participation of all DT Group Business Units, Telekom Albania was ranked 1<sup>st</sup> in the Participation Index and 2<sup>nd</sup> in the Security Awareness Index.

In 2018, there were:

- 15 incidents regarding Internet mail spams reported to Information Security Office.
- 1,592 actions blocked to prevent data leakage from our Data Leakage Prevention System.
- No cyber threats investigation cases related to discovered threads and bugs that can affect technical systems and services.
- 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 imposed by respective authorities.

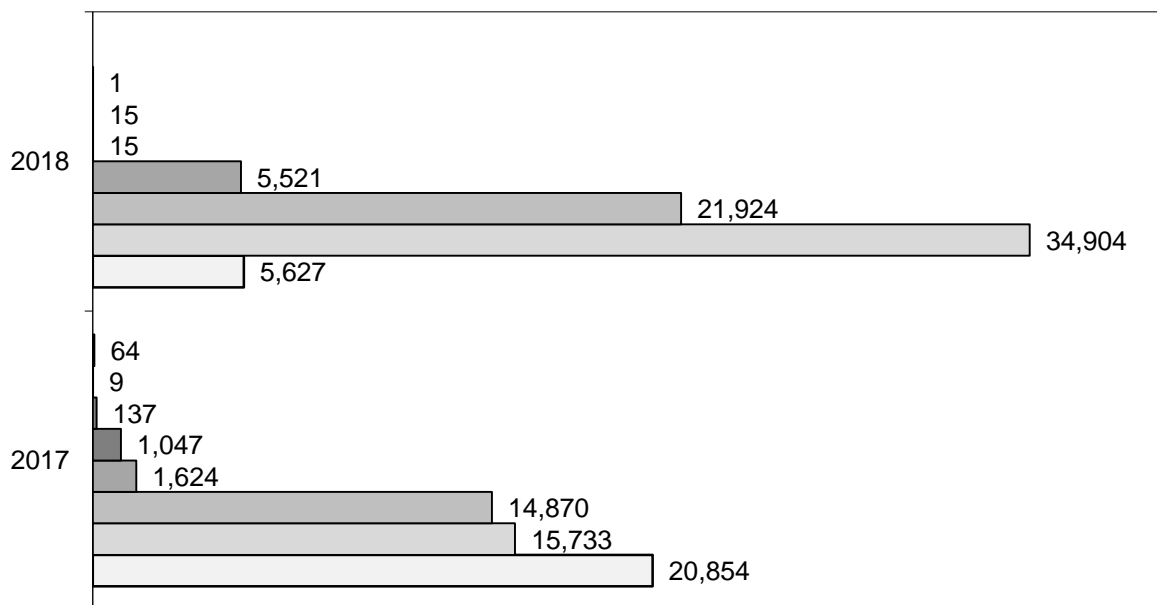
**We had no incidents regarding customer privacy issues or loss of personal data**

## B. Upholding Internet security

As the issues of safe Internet use and information security are among our top priorities, we have included respective advices and practices on our website (<https://www.telekom.com.al/suport/faq/details/si-t-lundroni-t-sigurt-online/amcbusiness1026>) 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.
- Mobile phones and security.

### Blocked Internet Security Threats



- Security bot networks (number)
- Security spyware (number)
- Security phishing and other frauds (number)
- Information Technology web and email spam (number)
- Information Technology hacking (number)
- Security malicious websites (number)
- Security compromised websites (number)
- Information Technology proxy avoidance (number)

**We successfully blocked 72,274 Internet security threats and malicious 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 for “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.
- Cooperate with the Ministry for Technology and Information and ALO 116 (National Line of Child Consultancy), a joint initiative of UNICEF Albania and the Children’s Rights Center in Albania, which offers social advice and support to children and people all over Albania and reports related incidents to the responsible authorities.
- Have prepared printed materials for children, parents and teachers to highlight safety in the digital world and the risks associated with Internet.
- Conduct awareness campaigns regarding Internet dangers, with relevant information posted on our website in 2018, as part of the respective campaign scheduled to be implemented in 2019.
- Have published a set of Guidelines related to Information Security and Privacy on our website.
- Do not offer any adult, chatting or horoscope services.



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**We distributed 2,000 leaflets with information regarding safe Internet and safety in the digital world**

As a result, within 2018 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.

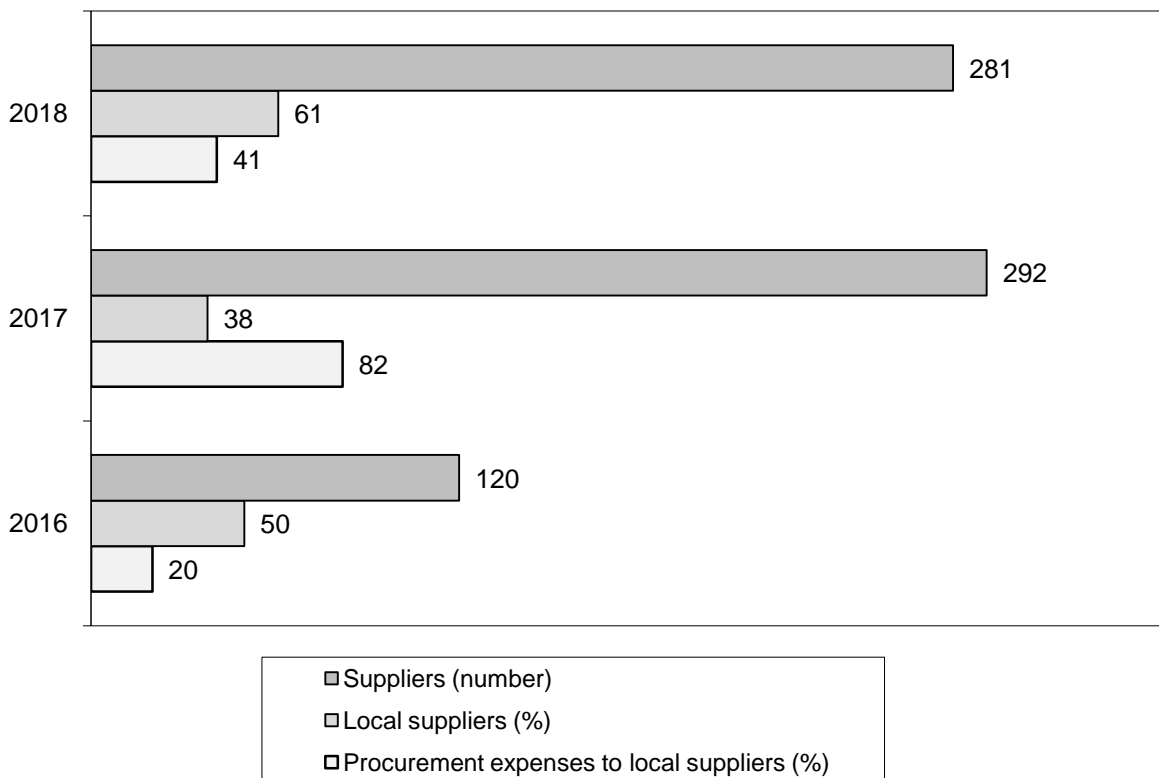
## 5. Responsible Procurement

### A. Supporting suppliers

During 2018, Telekom Albania cooperated with 281 suppliers, out of whom 61% 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 2018, the percentage of procurement expenses allocated to local suppliers reached 41%.



## Suppliers and Procurement



**We increased the percentage of local suppliers to 61%**

### 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 Code of Human Rights and Social Principles, which includes internationally recognized employee and human rights, as well as ethical, social and environmental corporate governance standards, and 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 and in all commercial agreements regulated through a contract to sign and explicitly declare that they accept and agree to adhere to the Supplier Code of Conduct, which is published on the corporate website at <https://www.telekom.com.al/company/compliance/>. The Code was also sent via e-mail to local suppliers included in the annual Supplier Evaluation process for 2018, who were requested to sign the "Acceptance Form with the Supplier Code of Conduct" and state their acknowledgement and acceptance of requirements included. At the moment, suppliers who do not provide their feedback

regarding the Supplier Code of Conduct receive only lower overall evaluation score, without suppliers being rejected in case the overall performance of provided products or services is considered satisfactory.

- Have adopted Integrity Checks to consider prior to initiate collaboration with all 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 and other parties.
- 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

### ✓ 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 developed a Global Procurement Policy with its sustainable procurement principles and has launched a buyer handbook with the relevant criteria to consider throughout the procurement process.
- Has appointed the Heads of the Corporate Responsibility and Procurement units responsible to implement sustainable procurement practices (including the implementation of the Global Compact principles for human rights and labour standards), who report to the Chief Human Resources Officer and Chief Financial Officer respectively and escalate decisions in severe cases to the Group's Board of Management.
- Has created the Sustainable Procurement Working Group to support international procurement units to meet the Group's responsible procurement requirements.
- Has made the Supplier Code of Conduct integral part of all supplier agreements.
- Has launched an information system specifically for strategic or high-risk suppliers to indicate their practices on Corporate Responsibility issues and conducts relevant on-site audits to high-risk suppliers, which also extent to their suppliers as well, with 117 audits conducted in 2018, out of which 29 at direct suppliers and 88 at indirect suppliers.
- Utilizes information and audit findings to classify and rate suppliers, according to Corporate Responsibility criteria.
- Has launched the Supplier Development Program to collaborate with suppliers to develop solutions and introduce improvements related to environmental protection, working hours and employee health and safety.
- Requires from suppliers to use any raw materials (e.g. metals) and other resources from countries that engage in conflicts and/or civil wars.
- Supports the Responsible Minerals Initiative which helps companies make informed choices about responsibly sourced minerals in their supply chains.
- Conducted three workshops on sustainability issues with smartphone manufacturers and participated in a dialogue event on sustainability in supply chains organized by the Joint Audit Cooperation.
- Is open to receive reports from employees along its supply chain regarding any human rights issues, concerns or complaints they may have, through a dedicated e-mail address or an anonymous whistle-blower mechanism.
- Has launched an e-learning training course to inform suppliers about its sustainability and compliance requirements and the "Sustainability in Procurement" e-learning tool to inform employees about information and activities related to sustainable procurement.

As a result of the above practices, the Group:

- Was awarded an "A" rating by CDP and was included on its Supplier Engagement Leader Board in 2018, which assesses the integration level of climate protection into their supply chains.
- Retained the Gold status at EcoVadis collaborative platform for global sustainable procurements, which provides sustainability ratings based on 21 criteria across four themes (Environment, Labor and Human Rights, Ethics and Sustainable Procurement).

**Approximately 81% of Deutsche Telekom Group procurement volume has been reviewed according to sustainability criteria**

## C. Monitoring suppliers

Since 2010, the annual Supplier Evaluation Process is conducted at OTE Group level for all OTE Group companies (including Telekom Albania in 2018) 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 2018, 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 of over €20,000.

The 2018 Supplier Performance Evaluation process was conducted to 17 global suppliers and 68 local suppliers, compared to 25 and 62 suppliers respectively in 2017, 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 respective core business values and principles.

The five criteria categories used for the 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%

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

	2016	2017	2018
Suppliers to be excluded – suppliers should be excluded from the Group Suppliers' list (%)	0	0	0
Suppliers under supervision – suppliers should be under supervision and chosen only in special cases, following approval from the responsible Director and CEO (%)	0	2.6	0
Conditional suppliers – suppliers do not fulfill a considerable number of Telekom Albania's requirements (%)	9.7	9.2	2
Approved suppliers – suppliers satisfactorily fulfill Telekom Albania's requirements, weak points are noticed (%)	87	85.5	78
Reliable suppliers – suppliers fulfill Telekom Albania's standards and could also become a Partner (%)	3.2	2.6	10

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 suppliers were rated as “excluded” or “under supervision” within 2018.
- There were no new potential suppliers with whom we did not initiate collaboration during 2018 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 40 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, health and safety, 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 social impacts, 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:

- Equipment sold in Telekom Albania sales network:
  - Carries the statutory CE labeling, which is mandatory in the European Union.
  - Complies with the applicable European regulations, i.e. the Radio Equipment Directive (RED), the Restriction of Hazardous Substances (RoHS) Directive and the EU packaging and packaging waste legislation.
  - Complies with the national legislation regarding WEEE and waste packaging materials.
- All equipment and products sold include detailed installation instructions in their packaging and we have included technical specifications and instructions for the equipment's safe use and installation in our website.
- Telekom Albania inquires suppliers about data regarding SAR levels of mobile devices, data which are made available to our customers.
- Mobile phones sold comply with the internationally acceptable SAR levels (Specific Absorption Rate).
- Mobile phones' SAR levels are included in the product manual or user guide for each device.

## 6. Achievements 2018 and Targets 2019

We said	Progress	We will	By
Have at least 80% of procurement volume reviewed according to sustainability criteria by 2020 (Group-wide target).	100%	Have at least 80% of procurement volume reviewed according to sustainability criteria.	2019
Handle 95% of complaints related to customer service in less than 5 days.	75%		
Launch VoLTE (Voice over Long-Term Evolution).	100%		
Distribute print materials on safe Internet throughout our own shops.	100%	Distribute leaflets on safe Internet in our shops.	2019
Organize and implement awareness campaigns in schools regarding safe Internet and risks of the digital world.	25%	Implement an awareness campaign regarding safe Internet and risks of the digital world.	2019
Launch our new Supplier Code of Conduct.	100%		

## IV. OUR SOCIETY

### *Support society beyond financial aid*

#### Introduction and Summary

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

€69 million turnover

€85.8 million economic value distributed

€68,603 social contribution

238,621 people supported through our social contribution activities

23 organizations supported through social contribution activities

##### **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 contributed over €7.8 million to the Albanian State for taxes, insurance contributions and regulatory fees.
- We distributed over €85 million in economic value: €6.5 million to employees, €4.9 million for taxes, €63.4 million to suppliers, €0.1 million to society and €10.9 million for investments.
- We increased seven times the number of people supported through our social support activities.
- The total time allocated to social contribution activities reached 4,020 work hours.
- We provided internships to 130 students in the last four years.
- The total time allocated to volunteering activities reached 40 work 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 2015-2018, while no financial assistance was received from the Albanian State (e.g. government financial subsidies, state aid, special tax relief or other government financial payments).

### Financial Results

	2015	2016	2017*	2018*
Total revenues (million €)	82.6	77.2	68.1	69
Earnings before interest, taxes, depreciation and amortization (EBITDA) (million €)	20.6	16.1	8.7	11.9
Capital expenditures (including spectrum payments) (million €)	NR	16.2	15.7	9.3
Net profits (million €)	NR	0.03	(4.9)	(10.0)
Corporate taxes (million €)	NR	1	4.1	0
Total taxes (including VAT) (million €)	NR	2.1	6.6	4.9
Payments to suppliers (million €)	NR	79.2	85.5	63.4
Cost of employees (including salaries, benefits and insurance payments) (million €)	NR	6.7	6.6	6.5
Investments (million €)	NR	12.6	8.7	10.9

\*Adjusted values for 2017 and 2018, excluding Special Factors.

NR: Not Reported

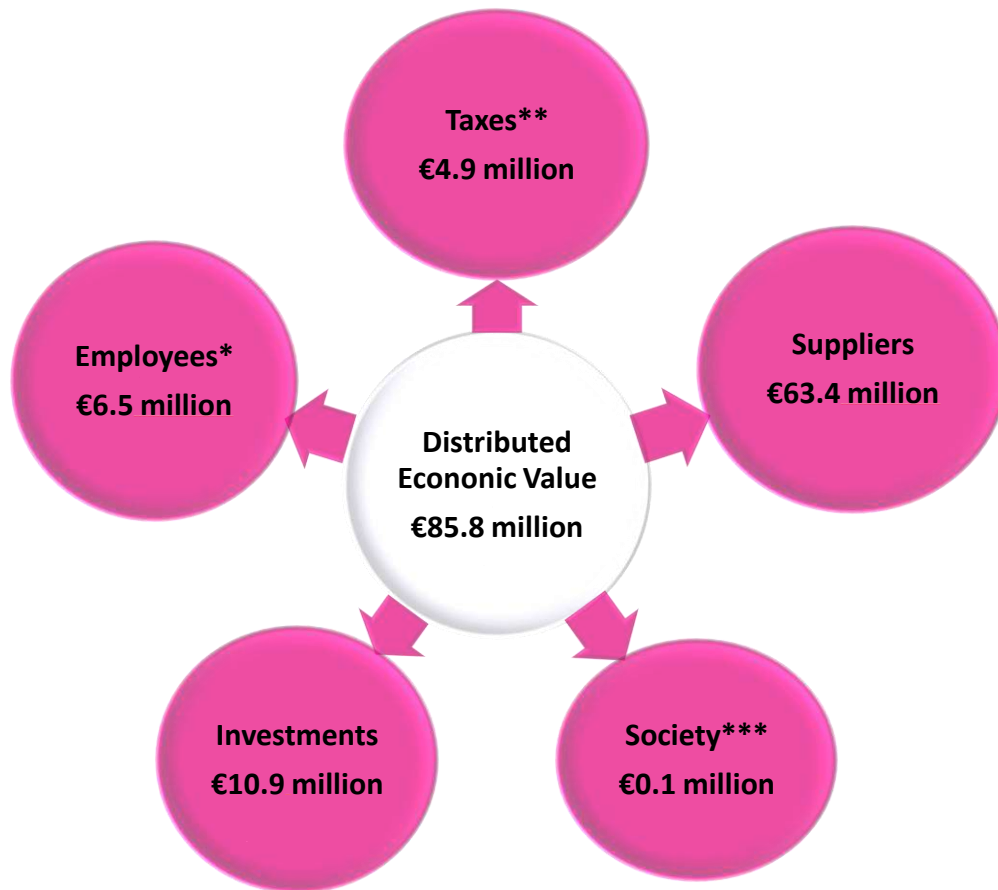
### Contribution to the Albanian State

	2017	2018
Direct taxes (excl. payroll tax on employee salaries) (thousand €)	856.1	861.1
VAT (thousand €)	2,279.2	3,235.3
Income tax paid (thousand €)	3,330	770.5
Indirect taxes (excl. mobile and pay-TV fee) (thousand €)	148.3	55.7
Property taxes (for the company's properties) (thousand €)	25.5	16.8
Fees to telecommunications regulatory authorities (thousand €)	1,642.1	1,948.3
Insurance contributions (thousand €)	1,004.8	920.6
<b>TOTAL TAXES, INSURANCE CONTRIBUTIONS AND REGULATORY FEES (thousand €)</b>	<b>9,286</b>	<b>7,808.3</b>

**We contributed over €7.8 million to the Albanian State for taxes, insurance contributions and regulatory fees**

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.

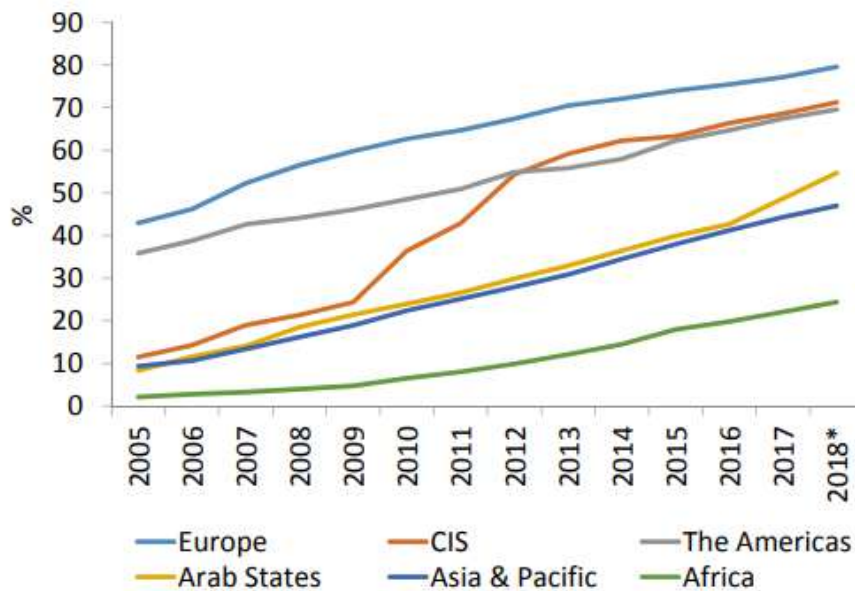
**We distributed over €85 million in economic value: €6.5 million to employees, €4.9 million for taxes, €63.4 million to suppliers, €0.1 million to society and €10.9 million for investments**

## 2. Digital Divide and Smart Cities

### A. Understanding the digital divide

Despite the large proliferation of information and technology services, around half of global population does not use the Internet. The percentage of population using the Internet in developed countries reached 80.9% in 2018, while in developing countries and LDCs (least developed countries) the respective percentages were 45.3% and 19.5%, which however represents an impressive increase from 7.7% and 0.8% respectively in 2005. The inequality in penetration rates is also evident from a regional perspective, as European countries feature the smaller percentage of non-Internet users, followed by the CIS countries (the former Soviet Union countries, which have made a giant leap in the last few years) and the Americas, while the highest percentage is found in Africa.

### Percentage of Individuals using the Internet by Region

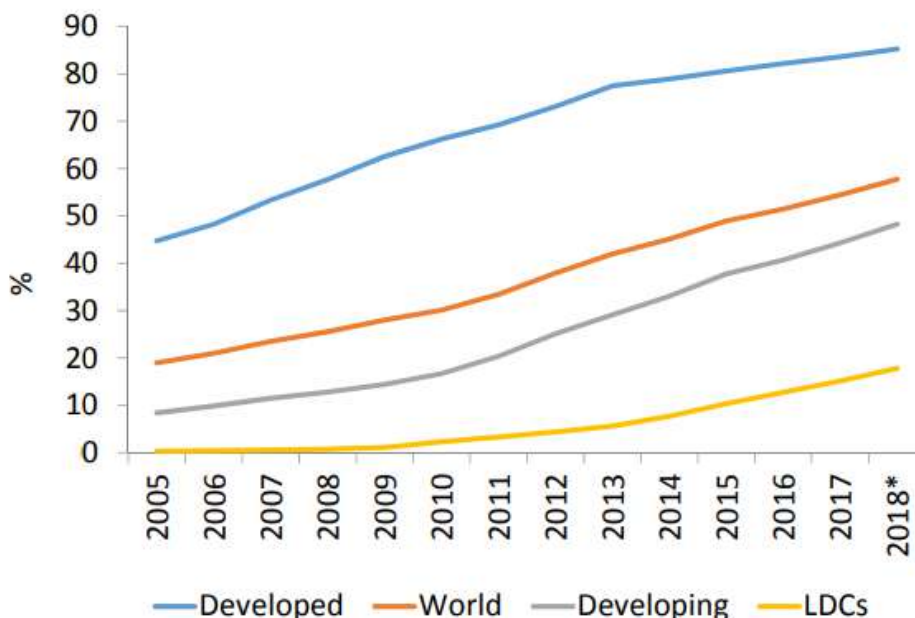


Source: ITU’s Measuring the Information Society Report, estimated figures for 2018

Currently, there are approximately twice as many active mobile-broadband subscriptions per 100 inhabitants in developed countries compared to developing countries and almost four times as many compared to LDCs (least developed countries). The respective divide is even greater in the fixed-broadband subscriptions, with 32.7 subscriptions per 100 inhabitants in developed countries, compared to 10.4 subscriptions per 100 inhabitants in developing countries and 1.4 one subscription per 100 inhabitants in LDCs.

Another highly representative indicator of the digital divide’s extent is the fact that approximately 85% of households in Europe have Internet access, while the respective figure for households in Africa is approximately 21%, with a global average of 57.8% (85.3% in developed countries, 49.5% in developing countries and 17.8% in LDCs).

### Percentage of Households with Internet Access at Home



Source: ITU’s Measuring the Information Society Report, estimated figures for 2018

Despite the continuous efforts to bridge the digital divide, Albania faces corresponding challenges to provide modern ICT services to a wider population, since approximately 0.1% of exports are high-technology exports, compared to the world average of 16.5% (data refer to 2017), and the country's overall unemployment rate reached 15.1% in 2018, with an unemployment rate of women and men between 15-24 years old of 30% and 34.1% respectively, based on World Bank's data for 2018. This is generally evident by the respective communications and Internet penetration rates for Albania, as according to ITU's ICT Indicators in 2017, there were:

- Approximately 8.4 fixed-telephone subscriptions per 100 inhabitants, while the respective average for European countries was 35.8.
- Approximately 123.7 mobile-telephone subscriptions per 100 inhabitants, while the respective average for European countries was 120.4.
- Approximately 10.4 fixed-broadband subscriptions per 100 inhabitants, while the respective average for European countries was 30.3.
- Approximately 59.3 active mobile-broadband subscriptions per 100 inhabitants, while the respective average for European countries was 85.9.
- 71.8% of individuals use the Internet (compared to 66.4% in 2016), while the respective average for European countries was 77.2%.
- 21.8% of households have a computer and 29.4% of households have Internet access at home (data refer to 2016), while the averages for European countries were 77.3% and 79.1% respectively.

## 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, even in the country's remote areas. Telekom Albania strives to connect people all over the country and 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 approximately 1.6 million subscribers, who expect to remain connected at all times, and offers 92.1% territory coverage and 97.6% population coverage in its 3G network, compared to 88% and 96.5% respectively in 2017, as well as 86.4% and 54.9% population coverage in its 4G and 4G+ networks respectively, compared to 84.5% and 52.2% population coverage respectively in 2017.

## 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, while at the same time reduce CO<sub>2</sub> emissions and contribute towards environmental protection. As Deutsche Telekom Group aims to become the leading provider of smart city solutions in Europe, the Group is actively involved in various smart city projects, as it has already equipped 18 European cities in 10 countries (such as Germany, Croatia, Romania and Spain) with digital solutions, such as include smart parking solutions, smart electric vehicle charging, traffic and passenger management systems, smart waste management, smart lighting, smart metering and smart public safety solutions.

Within this context, Telekom Albania has launched the following projects since 2017:

- The SMS parking service in Tirana, which allows citizens to pay for parking lots in specific city areas via SMS. Users can send their license plates to a short code and receive an hourly ticket and renew it without going back to the parking lot and pay in cash, which reduces the need for print tickets and benefits citizens' daily lives. The service is synchronized with the Tirana Municipality and allows cross-checking and archive reports and Telekom Albania plans to extend the SMS parking to other cities.
- Electrical power supply for vehicles through a new EV charging system for everyone who owns an electric car. Telekom Albania has provided the EV charging station for public usage at the underground parking of Scanderbeg Square and people can charge their cars free-of-charge. Telekom Albania has also provided two electric vehicle chargers in the city centre, in collaboration with the Municipality of Tirana.

## 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:** This smartwatch is specially designed for children between 4 and 12 years old and is equipped with a SIM card, a GPS receiver and an accelerometer, which allow parents to:

- Control and limit the individuals that can call the child.
- Control the calls and SMS received or originated by the child.
- Locate their child and access a detailed record of the child's location in the past month.
- Monitor various activities, such as sleep and exercise activities.
- Be notified in case of emergency situations and every time the child enters or leaves a designated safe area.

**E-Di application:** This cloud-based application (<https://edi.telekom.com.al/family-safety/#/>) allows parents to:

- Create closed groups of family members, such as children and parents.
- Use GPS to assign safe areas and receive notifications when children walk outside these designated areas.
- Locate children and elderly family members in real time.
- Send alarms, notifications and messages to group members.

### 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 2018, we offered services to facilitate communication of citizens through short codes to provide support for various good causes, namely through:

- The "You are a Sunflower" initiative, where Android and iOS users could send a SMS to 55777 and receive a link to download the "You Are a Sunflower" mobile game, whose proceedings would be allocated to renovate a hospital in Albania.

- The 0800 9191 short number, which is available 24 hours a day, 7 days a week, by the State Police for all citizens to report any case of violence.

## 4. Social Contribution

### A. Supporting society

#### Your Opinion... Importance of Society Support

According to a survey conducted to 952 citizens in October-December 2018, **82%** of participants believe it is important for Albanian mobile operators to actively support community initiatives.

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

According to a survey conducted to 952 citizens in October-December 2018, **70%** of participants have heard, saw or noticed a Telekom Albania societal support activity (e.g. sport, festivals, cultural/social events) through various means, excluding television programs.

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

According to a survey conducted to 952 citizens in October-December 2018, **74%** of participants believe Telekom Albania is committed to support initiatives and organizations, in order to facilitate society development.

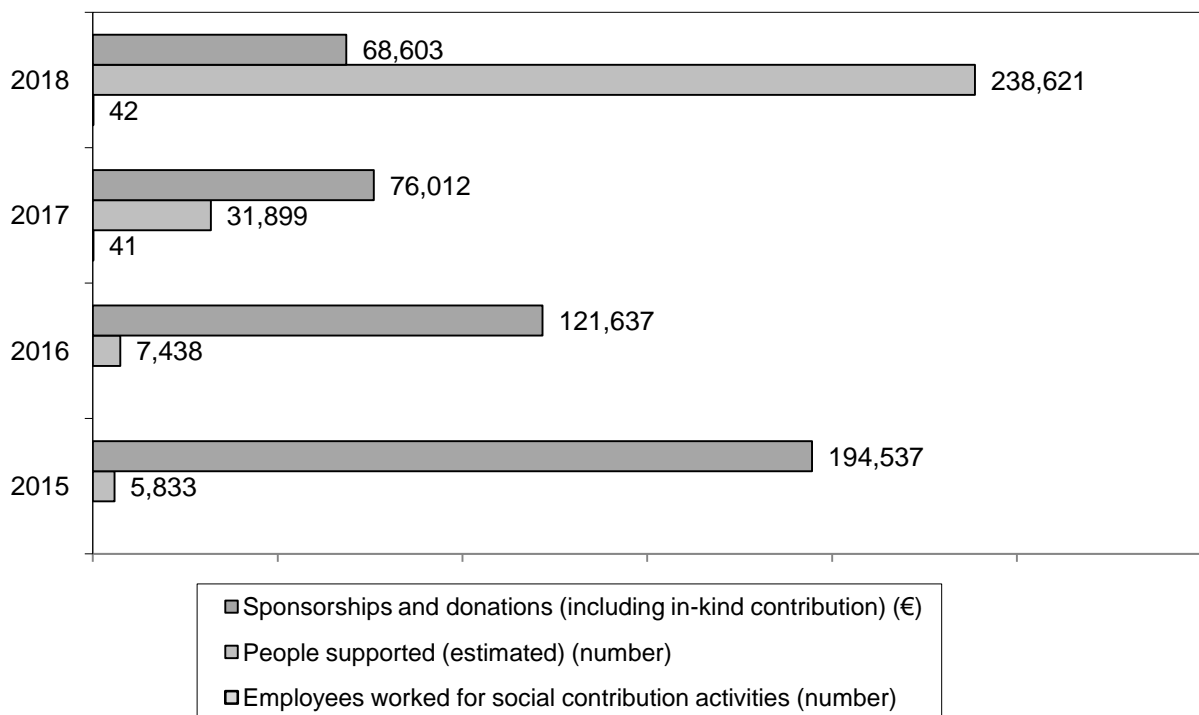
#### Your Opinion... Societal Support Activities

According to a survey conducted to 952 citizens in October-December 2018, **34%** of participants believe Telekom Albania is the most active company in Albania regarding societal support activities.

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

- Low Carbon Society (i.e. environmental protection).
- Technology for people with no access (e.g. vulnerable social groups, people with special needs).
- Work-life balance.

## Social Contribution



**We increased seven times the number of people supported through our social support activities**

**The total time allocated to social contribution activities reached 4,020 work hours**

### Low Carbon Society

**Green Ideas:** Telekom Albania supported the winner of the “Green Ideas” competition organized by the non-profit organization “Partners Albania, Center for Change and Conflict Management” for the seventh time, which aims to identify, select and support innovative ideas to promote environmentally friendly infrastructure and develop sustainable tourism in rural areas. In 2018, the organization “Vjosa Explorer Association” was awarded with the winning Green Idea for its project to utilize the natural resources in the Permet district and construct four green paths, with defined hiking paths throughout the main attractions (e.g. national park, thermal waters, canyons), in order to increase the local tourist offering, improve visitors’ experience, increase the quality of their stay and contribute to reduce the seasonality of tourism activity.





**Environmental education:** Telekom Albania organized environmental education activities in the Park on the Artificial Lake of Tirana for children on the occasion of the World Environment Day, during which approximately 100 children between 3-10 years old participated in various fun games to increase knowledge about nature and environment, the importance of recycling and green transportation.

### Technology for People with no Access

**Children with autism:** Telekom Albania supported the Dominick Scaglione Foundation for the Parenting Meeting Conference, which was the first conference completely focused on children with autism in Albania and their integration in the country's educational and health system. During the conference, parents shared stories with their autistic children, which were collected and published in a booklet, in order to highlight the daily challenges of these families.

**Donation of medical equipment:** Telekom Albania donated necessary equipment (e.g. therapeutic beds) to cure specific diseases to the "Shefqet Ndroqi" Hospital, which is the largest hospital in Albania regarding respiratory and pulmonary diseases and treats approximately 14,000 patients annually, in order to increase the hospital's capacity to treat patients and improve the quality of provided healthcare.

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

According to Alzheimer's Research UK, over 130 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, Deutsche Telekom has launched the multi-platform online game "Sea Hero Quest" since 2016, 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.

DT Group actively promotes the game across its platforms in all countries of operations, including Albania, and has also introduced the “Sea Hero Quest” VR, the world’s first consumer focused Virtual Reality (VR) game, where anyone can help scientists fight dementia. This initiative aims to utilize VR gameplay combined with the data collected from almost 3 million players to advance dementia research, as it allows scientists and researchers to cross validate the data collected through the Sea Hero Quest mobile game. The VR game allows for more immersive and intuitive diagnostic assessment of navigation problems in people who may potentially develop dementia. 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.



**Technology to society:** Being an active supporter of initiatives to shape the digital transformation of cities and society, Telekom Albania supported:

- The Smart Municipalities business event organized by the Royal Danish Embassy in Zagreb, in order to highlight achievements related to smart municipalities/cities in Denmark and Albania, as well as inspire further implementation of smart solutions in urban planning, mobility, well-being, energy and environment. The event featured various speeches on good practices, a discussion panel with cities’ representatives, as well as networking sessions.
- A project of the Municipality of Tirana to cover a very busy touristic area in the city with free WiFi for all citizens and tourists.
- The Municipality of Saranda to implement a modern lighting system in one of the city’s main streets, which hosts historic and cultural landmarks, in order to increase tourist volume
- The Polytechnic University of Tirana’s Faculty of Information Technology to organize the 6th International Conference on Emerging Internet, Data and Web Technologies (EIDWT-2018), in order to discuss advances in information networking and utilizing data generated from emerging data technologies such as data centers, data grids and clouds.

**IT equipment:** Within the context of its ongoing efforts to improve technology fundamentals and network quality within Albania, Telekom Albania implemented an IT infrastructure modernization project for Municipality of Fier and provided equipment (such as modern IT infrastructure, photocopy machines and printers) to improve the efficiency and accessibility of public administrative services for citizens.

Furthermore, the company supported a program by the Albanian Ministry of Migration to assist the integration of underpaid or unemployed migrants and asylum seekers who returned in Albania into the socio-economic life, the educational system or to establish a new business. The program includes 30-40 training hours in information technology and foreign languages, interview preparation and sector-based job placement services, as well as career advices.

**Communication support:** Telekom Albania enabled its subscribers to send free SMS to facilitate their communication with their relatives and friends living in Greece who were affected by the catastrophic fires of July 2018 in Athens.



### Work-Life Balance

**Sports for children:** Telekom Albania cooperated with the Albanian Tennis Federation to provide tennis courses to 40 children between 14-18 years old from families with low income, in order to engage them into sport activities and develop their skills.

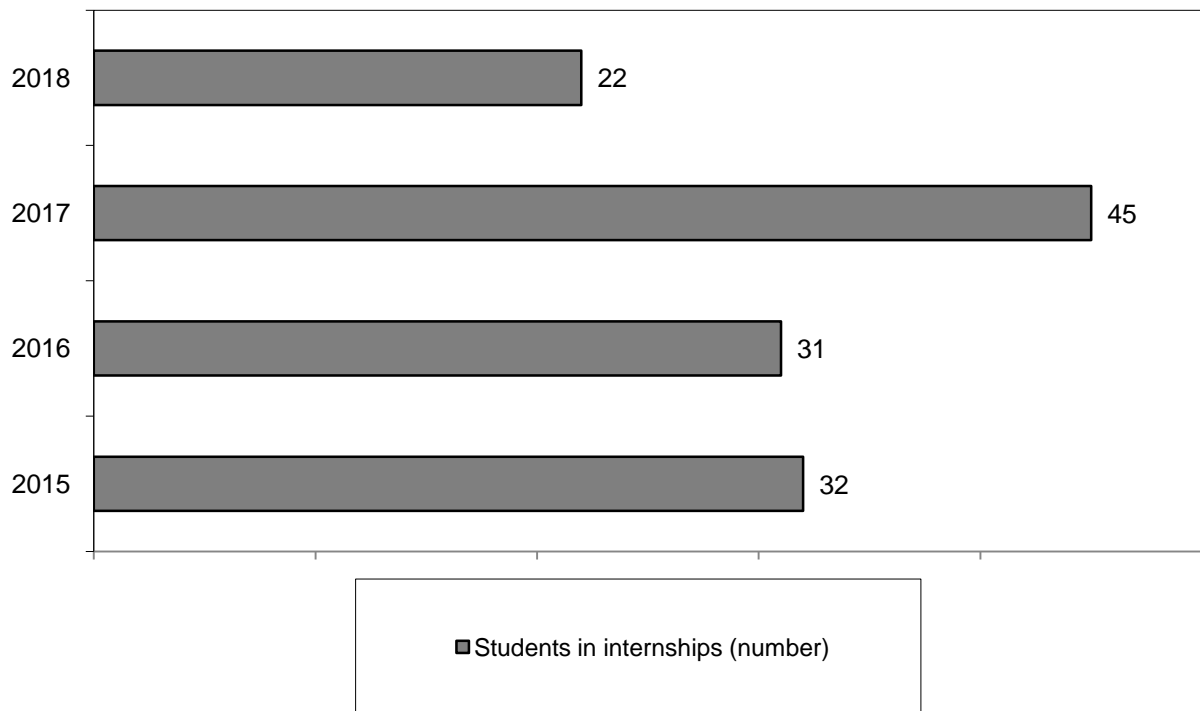
## ✓ Good Practice... Organizing Visits

During 2018, Telekom Albania welcomed 25 10-year-old children in its premises as part of a school project, in order to strengthen its connection with the young generation. The event featured a presentation and a tour in our company's departments, through which children were informed and raised their questions about the:

- History of telecommunications (e.g. first mobile phones).
- Smart cities projects and solutions.
- Different processes related to network administration.
- Monitoring activities of Base Stations.
- Various activities behind a phone call.

**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 2018, we provided internship programs to 22 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 130 students in the last four years**

**Art classes:** Telekom Albania supported art classes for 60 talented young people with economic difficulties through the Art Academy of Tirana. Following an initial screening, participants were divided in different classes, according to their skills and interests, which included serigraphy, photography, pottery and painting classes.

**Weeks of German culture:** Telekom Albania supported the German October organized by the German Chamber of Commerce and Industry in Albania (DIHA), a cultural and educational program with several cultural and artistic events, such as exhibitions, theater and movie plays and concerts in various Albanian cities, as well as training workshops, discussions and joint projects. DIHA's Oktoberfest was the main activity of the German October agenda, which gathered several DIHA members to a socializing and networking event, in order to facilitate exchange of views between various stakeholder groups.

**Cultural events:** Telekom Albania strives to preserve and diffuse culture, in order to create a sense of unity and belonging within a community. Within this context, the company supported the Chagall: a magical gravity" event at Tirana's Center for Openness and Dialogue, during which 180 engravings and graphics of the Russian-French artist Marc Chagall, one of the greatest painters of the 20th century, were exhibited for the first time in Albania.

### ✓ Good Practice... One Life

Since 2016, Telekom Albania has 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 pathologist, pediatrician, orthopedist, otolaryngologist, ophthalmologist or aesthetic reconstructive surgeon for any aesthetic problems.
- Mobile customers who recharge their pre-paid account by €7.3 for three consecutive months are rewarded with the Gold package, which includes annual checkup examination (e.g. complete blood analysis, cholesterol, glycaemia and cardiac tests), as well as body composition and health control through electrical bioimpedance (e.g. body fat and muscular mass measurements).

It must be noted that:

- The program features various health services, such as treatment and consultation services (e.g. free oral hygiene and cavity inspection, professional teeth cleaning, dermatologist consultation for esthetic surgery cases) and discounts (e.g. for surgical cases, manicure and pedicure).
- Post-paid customers can simply register into One Life and become part of the program.
- All post-paid customers of another mobile operator can simply transfer their 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.

During 2018, Telekom Albania added new health clinics to the healthcare program, in order to better serve approximately 441,798 users of the One Life packages by the end of the year.

## 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:

- We take into account the needs of interested parties during consideration of new social support activities.
- The CEO and Senior Management oversee the objectives and strategy of the major social support activities and are systematically informed about the activities implemented.
- The Corporate Affairs Department is responsible to design and implement social contribution activities, with the CEO's direction and support.
- The CEO approves all sponsorships and donations after their review and approval by the company's Compliance Office regarding their compliance with the company's regulations.
- We collect data to measure the impact of social support activities.
- 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.



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

According to our Code of Conduct, we comply with the 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:

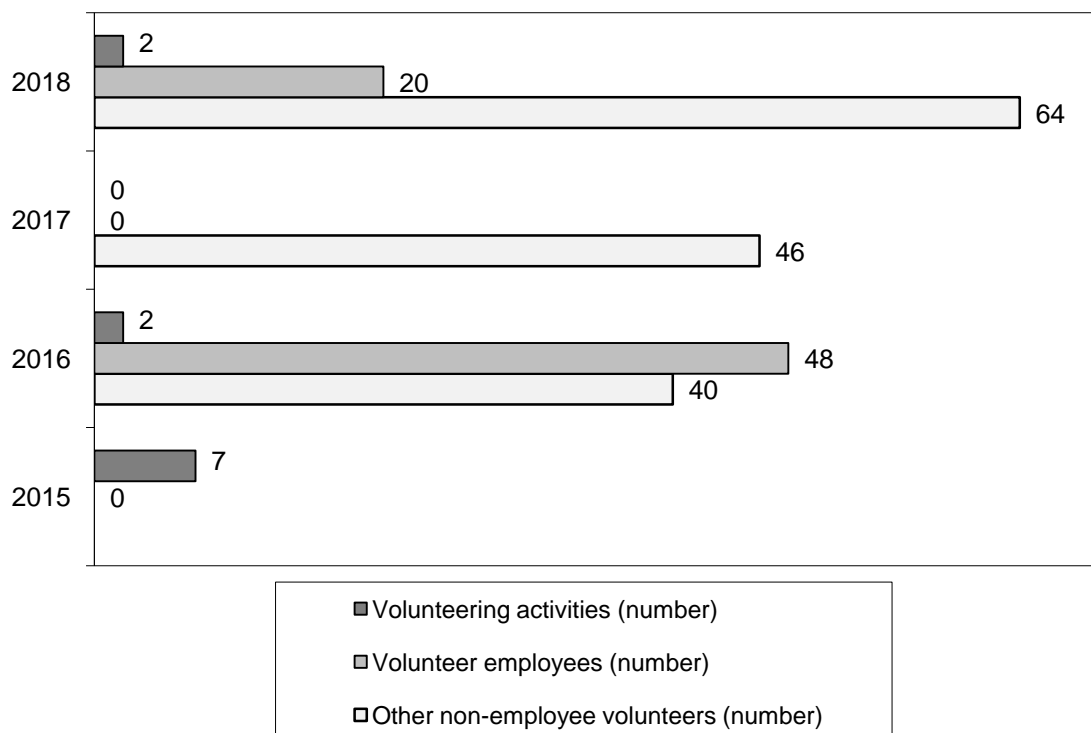
- Do not proceed with any donations to obtain business advantages.
- Comply with the respective legal requirements and internal policies.
- Record the recipient's name and the donation's purpose for all donations.
- Do not perform any donations to individuals or private accounts, as well as to individuals or organizations that could potentially damage our 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. During 2018, we:

- Implemented one blood donation program and gathered 20 blood units, to support needs of employees and their families, as well as needs of society in general, all of which were used for community members' needs.
- Organized a visit to the Institution for Pupils with Impaired Vision, where 20 employee volunteers spent time with the children to play and assist them with their school homework.

### Volunteerism



**The total time allocated to volunteering activities reached 40 work 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 2018:

- 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 legal actions and no fines or other non-monetary sanctions imposed by the respective authorities regarding the impact of our operations on local communities.

### ✓ Good Practice... Impact on Local Communities

Based on our extensive Risk Assessment, we evaluate potential risks from our operations to early detect the impact of potential incidents or accidents to local communities. As a result, we have established a range of preventive measures which include:

- Fire detection systems.
- Fire alarms to report and monitor incidents through the Network Monitoring Center in real time.
- Proper fuel accumulating infrastructure with concrete basins around fuel containers to prevent any potential fuel discharges into the premises and surrounding areas.
- Dedicated spill kit to properly respond in cases of oil or fuel spills.

## 5. Achievements 2018 and Targets 2019

We said	Progress	We will	By
Organize two volunteering activities.	100%	Organize two volunteering activities.	2019



## V. OUR EMPLOYEES

### *Create a safe, fair and engaging work environment*

#### Introduction and Summary

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

**353** employees

**63.4%** women

**37.9** years old average age of employees

**0** accidents

**999** 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 implemented over 1,000 training hours on health and safety issues.
- We had no accidents within our workplace.
- We maintained the percentage of women employees to over 62% of total workforce.
- We increased the percentage of women in Upper Level Manager position to 64%.
- Our lowest employee salary is 73.1% higher than the legal basic salary.
- We assessed 100% of applicable employees.
- We increased percentage of employees trained at least once to 53%.
- We achieved 20% higher employee satisfaction rate than the average rate of EU based DT Group companies.

# 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.

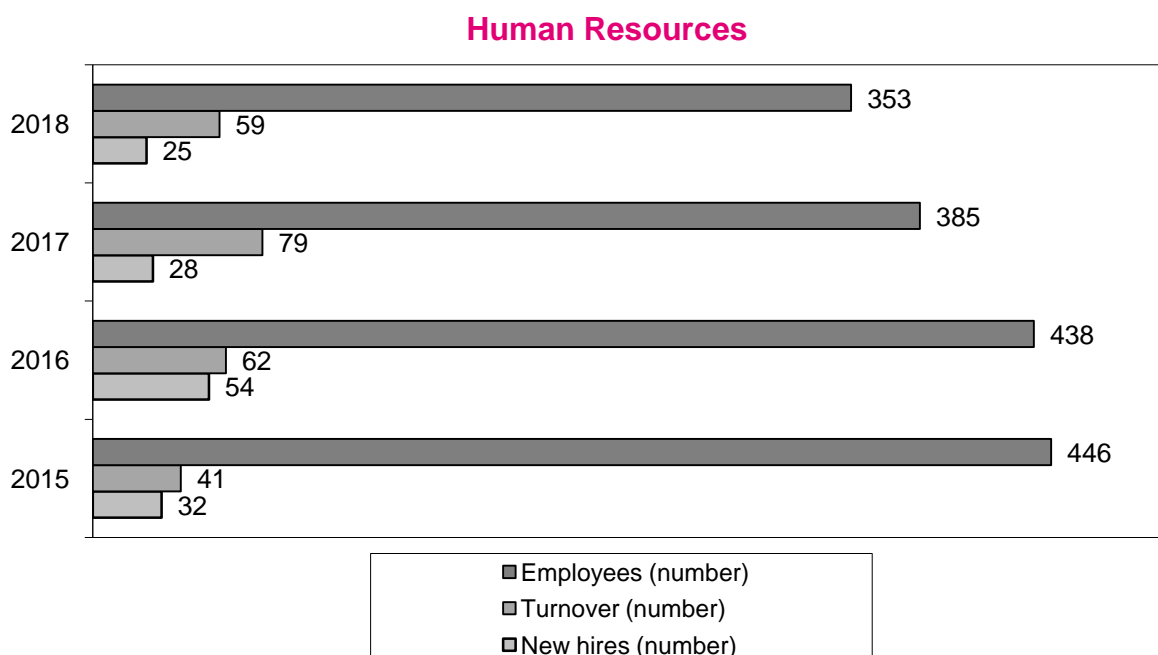
Therefore, we comply with Deutsche Telekom Group Human Resources strategies and policies, such as the Group Policy on Employee Relations, which addresses the following topics:

- 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 353 employees, while due to our business activity we have leveraged the creation of additional indirect 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)	4	20	65	264	353	
Employment Type	Permanent	Temporary		Full time	Part time	
Employees (number)	352	1 (1 women)		353	0	
Gender	Female	Male				
Employees (number)	224	129				
Age	<30	30-50		>50		
Employees (number)	44	297		12		
Categories	Nationalities	Disabilities		Expats		
Number	3	1		5		
Education Level	Public School / High School	University Education		Postgraduate Education		
Employees (number)	21	310		22		
Employment Tenure	<5 years	5-10 years		>10 years		
Employees (%)	26.4	18.6		55		
Type of Work	Office	Retail		Fieldwork/Other		
Employees (number)	330	14		9		
New Hires	Female	Male		<30	30-50	>50
Employees (number)	17	8		8	17	0
Turnover	Female	Male		<30	30-50	>50
Employees (number)	36	23		11	47	1
Turnover	Resignations	Redundancies		Other		
Turnover reason (%)	59.3	35.6		5.1		

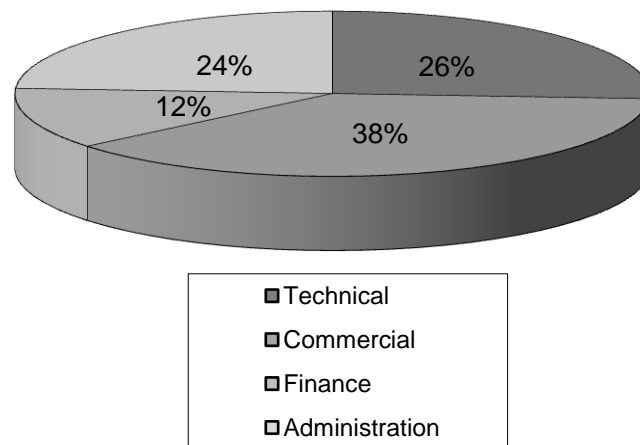
\*Data refer to 31/12/2018.

It must be noted that:

- The average headcount in Telekom Albania was 364 employees, out of which 36.8% were men (134 employees) and 63.2% were women (230 employees).
- There are no variations in employment numbers due to seasonality.
- The average age is 37.9 years.
- The average employment tenure is 10 years.
- Approximately 26.6% of employees are in management positions within Telekom Albania (e.g. Chief Officers, Executive Directors, Heads of Divisions, Heads of Departments, Heads of Sections).
- The employee turnover rate was 16.2%, out of which 3% remained within Deutsche Telekom Group, while the employee turnover rate for men and women employees was 17.2% and 15.6% respectively.
- There were no employees who left before completing 12 months of employment.
- During 2018, Telekom Albania implemented a Voluntary Exit Program for its employees, which was utilized by 57 employees (96.6% of all employees who left Telekom Albania within 2018).

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

### Allocation of Employees per Function



## ✓ 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 5 job fairs organized in Tirana by Universities and the Municipality of Tirana, during which we interviewed over 100 candidates (mainly young people) and created a candidate pool for future vacancies, with 2 of them hired within 2018.

### C. Communicating with employees

As we recognize the importance of effective internal communication, we utilize a wide range of means to maintain a transparent, continuous and interactive communication with our employees. Within 2018, we:

- Utilized various communication channels (e.g. articles on our corporate Intranet, e-mails to all employees, posts on YAM internal social network) for various corporate and Corporate Responsibility issues, which included:
  - Launch of the “Let’s Grow” Group-wide campaign to explore growth mindset from business and personal perspectives.
  - Information about the Jazz Festival to support the Down Syndrome Albania, during which we offered 20 tickets to employees.
  - Provision of serigraphy, photography, pottery and painting classes for up to 50 employees, who featured their works in an exhibition at the University of Fine Arts.
  - Launch and promotion of My Telekom App to improve our products and services and enhance customer experience.
  - The “One for Three” blood donation at our premises to support the Albanian Red Cross.
  - The MyPet collar tracking device’s internal promotion (see Subsection I-4A).
  - An invitation to Magenta Helper 4 initiative to provide a one-day hands-on experience in one our shops in Tirana.
  - The International Anti-Corruption and Human Rights Days Campaign.
  - An internal campaign to promote a “Speak Up!” culture to encourage employees to utilize our communication channels for issues that might conflict with our system of corporate values, ethics, regulations and processes.



- A Group-wide campaign to increase awareness about the Group's Guiding Principles.
- Sent personalized electronic briefings (e-mails), for corporate and other issues.
- Sent electronic newsletters for recent news.

As a result of our practices, all employees have been informed at least once regarding Corporate Responsibility issues within 2018.



## 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.
- Describe in detail all parties, tasks and measures involved within the context of our Health and Safety Management System (based on the OHSAS 18001:2007 Occupational Health and Safety standard) in a handbook and procedural instructions, which have been signed by the executive management.
- Have certified all our operations according to the requirements of OHSAS 18001:2007.
- Comply with the respective Albanian national laws and regulations for our Health and Safety Management System and the Health and Safety Policy.
- 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.
- Have established the Health and Safety Committee at Work, which represents approximately 2.3% 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.
- Conduct monthly and quarterly Workplace Safety Inspections on company premises through our Health and Safety Team, as well as annual Occupational Hazard Studies for each facility, following a standard methodology according to OHSAS 18001:2007 requirements.

- Have equipped our buildings and own shops with a First Aid Kit.
- Employ an Occupational Physician, who is available to assist employees in case of health issues.
- Measure noise, lighting, humidity and temperature levels in our headquarters and own shops.
- Conduct quarterly EMF measurements in our headquarters in Lapraka and Kashar, as well as in our own shops, whose figures are officially reported and published in our Intranet.
- Train our employees in Occupational Health and Safety principles and practices.
- 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.
- Signed a new framework contract for physical protection in 2018 and launched a project to enhance physical security in premises and shops.
- Issue access control cards to our employees and have installed HD DVR and cameras in our premises in Lapraka and Kashar, with 20 new HD cameras installed in 2018.
- Conduct evacuation and safety drills for each facility once per year, with 10 evaluation drills organized within 2018 in our headquarters and warehouse, as well as in all own shops.
- Inform our employees on health and well-being issues, through workshops, e-mails and Intranet articles.
- Have included health and safety issues in the Employee Satisfaction Survey, such as mental/physical well-being and work-life balance.
- 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).
- 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 2018, we performed the respective medical examinations to all our employees.
- Systematically assess the effectiveness of health and safety measures and we review the employee survey’s results and the relevant performance indicators.
- Developed various policies and manual related to physical safety in 2018, such as the:
  - Physical Security Concepts and Requirements Manual.
  - Use of CCTV Guideline Manual.
  - Privacy Impact Assessment for Use of CCTV Manual.
  - Personal and Events Protection Policy.
- Record and respond to physical security incidents, with 2 incidents reported and addressed within 2018, out of which 1 shop theft and 1 internal quarrel, without any impact on our employees’ health and safety or high financial or reputation impact.
- 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, with 6 comments and ideas submitted within 2018.





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

Indicating our commitment to raise awareness on Health and Safety issues, we implemented the following 4 internal information campaigns through articles posted on the company's Intranet and internal e-mails within 2018:

- "Stroke: It Happens In An Instant!".
- World Mental Health Day 2018.
- "Melanoma: early prevention and detection.
- World Day for Safety and Health at Work 2018.

## 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:

- 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).
- A Working Safely at Heights Training program to ensure appropriate capabilities and knowledge for all new employees involved with working at height, as well as an annual refresher training for all existing employees, which covers all areas of safe working conditions on overhead pylons, such as briefing, theoretical training and practical exercises for working at heights, hands-on application of security techniques whilst working at height, demonstration and use of specialized equipment and rescue procedures.

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 2018:

- We implemented technical health and safety inspections and occupational health inspections, with a total duration of 170 and 120 hours respectively, compared to 190 and 120 hours respectively in 2017.



- The average health and safety training reached approximately 3 hours per employee, compared to 2.7 hours in 2017, in the following training sessions:

### Health and Safety Training Sessions

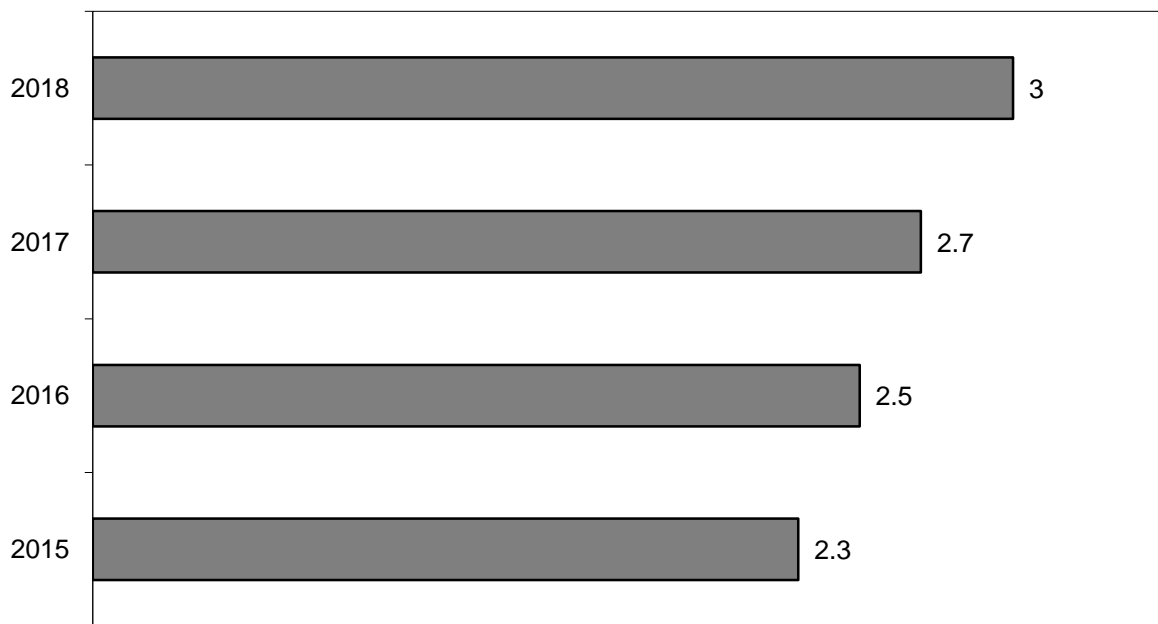
	2016		2017		2018	
	Employees trained (number)	Employee training (hours)	Employees trained (number)	Employee training (hours)	Employees trained (number)	Employee training (hours)
Health & Safety topics in induction program	55	110	28	56	25	50
Emergency drills	369	369	335	355	330	330
Fire Protection and Emergency Preparedness Training – Incident Response Team	17	17	85	43	70	175
Tower climbing and rescue	NR	NR	10	160	7	112
Working with electrical equipment and installments	17	136	14	112	11	88
First Aid training	44	308	52	364	35	245
Shop security	49	49	32	16	17	10
Occupational health and safety awareness sessions	100	100	146	24	75	75
Occupational health and safety awareness session – Working on Warehouse	NR	NR	7	7*	7	7*
<b>TOTAL</b>		<b>1,089</b>		<b>1,130</b>		<b>1,085</b>

\*Duration not included in the total health and safety training hours as courses were conducted to contracted employees, not Telekom Albania employees.

NR: Not Reported

**We implemented over 1,000 training hours on health and safety issues**

### Health and Safety Training



■ Average health and safety training (hours/employee in average headcount)

### 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

	2015	2016	2017	2018
Fatalities (number)	0	0	0	0
Employee fatalities (number)	0	0	0	0
Collaborators' fatalities (number)	0	0	0	0
Work-related accidents (number)	0	0	0	0
Calendar days lost due to accidents (number)	0	0	0	0
Employee injuries (number)	0	0	0	0
Men injured (number)	0	0	0	0
Women injured (number)	0	0	0	0
Missed absentee days (number)	NR	NR	1,148	1,030
Missed absentee days to workforce days worked (%)	NR	NR	1.16	1.17
Injury Rate (rate)*	0	0	0	0
Men (rate)	0	0	0	0
Women (rate)	0	0	0	0
Occupational Diseases Rate (rate)**	0	0	0	0

Men (rate)	0	0	0	0
Women (rate)	0	0	0	0
Lost Day Rate (rate)***	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Men (rate)	0	0	0	0
Women (rate)	0	0	0	0
Absentee Rate (rate)****	<b>262</b>	<b>272</b>	<b>290</b>	<b>293</b>

\*Injury Rate (IR) = (Total number of injuries/Total hours worked) x 200,000. The factor 200,000 is derived from 50 working weeks of 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 of 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 of 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 of 5 days per 100 employees. This rate is not monitored per gender. Absentee Rates for 2015, 2016 and 2017 have been restated.

NR: Not Reported

**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.

### ✓ 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.

Within 2018:

- The percentage of women in management positions (e.g. Chief Officers, Executive Directors, Heads of Divisions, Heads of Departments, Heads of Sections) was 56.4%.
- There were no operations identified as having significant risk for incidents of child labour or forced and compulsory labour.
- 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 or 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.
- Regarding six previous legal cases related to labour issues with former employees:
  - Two appeals filed by Telekom Albania to the Supreme Court (but fully indemnifying the employee in one occasion) are still pending, as well as one appeal to the High Court against the Appeal Court of Tirana and Tirana District Court decisions for one case.
  - Two lawsuits were rejected by the Supreme Court and Tirana District Court, for which the employees’ appeals to the Supreme Court and Appeal Court of Tirana respectively are still pending.
  - One case is ongoing at Tirana District Court.

### Percentage of Women



**We maintained the percentage of women employees to over 62% of total workforce**

## We increased the percentage of women in Upper Level Manager position to 64%

Although we do not have 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

	2015	2016	2017	2018
Supervisory Board				
Locals (number)	0	0	0	0
Expats (number)	3	3	3	3
Board of Directors				
Locals (number)	0	0	0	0
Expats (number)	5	5	5	5
Senior Management				
Locals (number)	NR	NR	1	0
Expats (number)	NR	NR	4	4
Upper Management				
Locals (number)	13	20	20	17
Expats (number)	8	5	2	1

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.
- The ratio of annual total compensation for our highest-paid individual to the median of annual total compensation for all employees (excluding the highest-paid individual) is 5:1.
- There was no variation in the ratio of annual total compensation increase for our highest-paid individual to the median annual total compensation increase for all employees (excluding the highest-paid individual), as there were no salary changes during 2018.

## Our lowest employee salary is 73.1% 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.
- There are no contracts that have been part of any collective bargaining agreement.
- The minimum notice period regarding operational changes for our employees is 30 days, according to the respective legal requirements.
- Our employees did not participate in any strike or lock-out during 2018.

### 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.
- 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 2018:

- 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:

- Aligns with the Guiding Principles of our Code of Conduct.
- Has been designed with an emphasis on Customer Experience Excellence.
- Is 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.
- Takes into account Corporate Responsibility principles, such as treatment of employees with respect and integrity.
- Includes Top Management Performance Evaluation by superiors, self-assessment and feedback from colleagues.

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 2018:

- 89 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 long leave during the entire year 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 35% within 2018, compared to 13% in 2017.

**Role Descriptions:** We have applied a Job Families Model (JFM) to describe all roles within the company, which 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.

### ✓ Good Practice... Mentoring Programs

We implemented a Mentoring Program for our employees in 2018, during which 9 employees (mentees) received targeted guidance from 4 Telekom Albania executives (mentors), in order to develop their skills and knowledge and advance their professional and personal development. During the 12-month program, there were 12 meetings and 30 mentoring hours between mentors and mentees.

### C. Training employees

**Induction training:** Through our Induction Program, we familiarize our new colleagues with the:

- Code of Conduct and compliance issues.
- Corporate principles.
- Corporate structure.
- Corporate culture (including Corporate Responsibility).
- Group's internal policies and procedures.

Within this context, we informed all new hired employees within 2018 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:

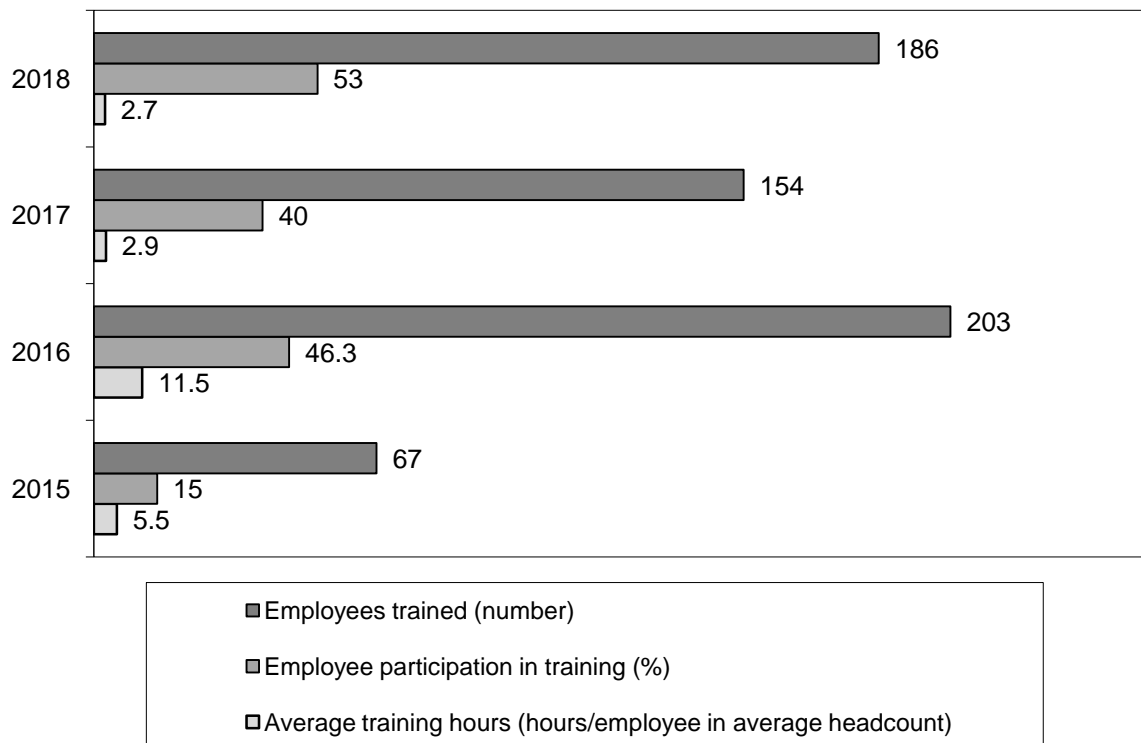
- Project Management.
- Sales & Negotiation Skills.
- Products and Services.
- Human Resources Management.
- Customer Service.
- Leadership.
- New Technology.

The following data summarize the results of our training programs and overall performance, which does not include results of health and safety training programs. Within 2018:



- We conducted 239 training programs with a total duration of 999 hours (787 training hours from in-class training programs and 212 training hours from e-learning training programs), compared to 34 programs and 1,192 hours in 2017, without however conducting any trainings on human rights.
- 104 employees participated in e-learning training programs.
- The average training cost per employee was €242, compared to €175 in 2017.

### Employee Training\*



\*Training data for 2018 do not include health and safety training programs.

### Breakdown of Employees Trained

	2017			2018*		
	Employees trained (number)	Employee training (hours)	Average training per employee (hours)	Employees trained (number)	Employee training (hours)	Average training per employee (hours)
Gender						
Men	59	564	3.6	84	338	2.5
Women	95	628	2.4	102	661	2.8
Hierarchy						
Managers	42	NR	NR	79	256	0.3
Employees	112	NR	NR	107	742	0.1
Type of work						
Office employees	122	664	2	135	652	2
Retail employees	24	432	16	40	170	12.1
Fieldwork/Other employees	8	96	5	11	177	19.6

\*Training data for 2018 do not include health and safety training programs.

NR: Not Reported

**We increased percentage of employees trained at least once to 53%**



## 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.

Furthermore, the Group emphasizes in digital learning formats to train large numbers of employees at any time, as evident from the Massive Open Online Course (MOOC) format introduced since 2014. MOOC features various sets of learning content (e.g. videos, podcasts, presentations) to allow creative and digital learning; thus, transforming employee training into a whole new concept. The subject of the 3<sup>rd</sup> MOOC in 2018 "Tap into Design Thinking" aimed to help employees become more customer-oriented and successful, with approximately 4,500 participating employees from 32 countries, with 50% of them being outside Germany.

## 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 after 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 men employees, in order to take care of their children during the first six years of their child's life. It must be noted that child care leave has been extended to working fathers under the same conditions, regardless of the type of activity performed by their spouse (e.g. self-employed), even if their spouse is unemployed.

Within 2018:

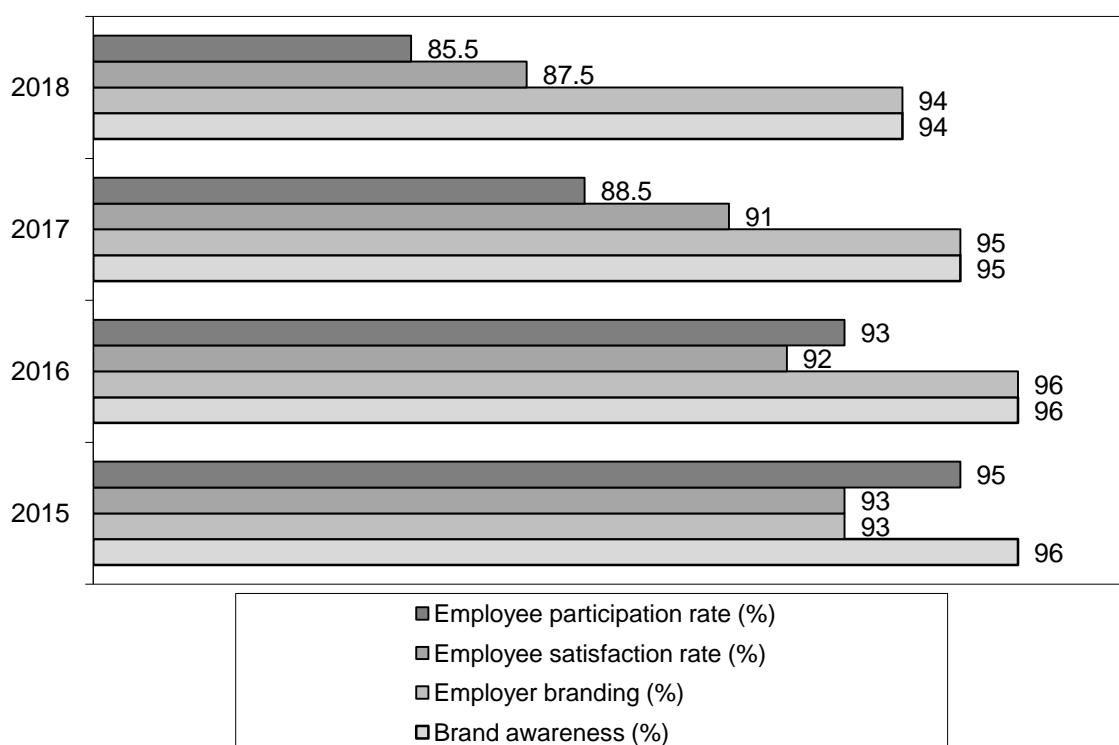
- There were no complaints or grievances regarding our employees' labour conditions.
- 97% of employees received their annual leave, as initially planned.
- 10% of employees worked at least once beyond the typical work hours and all overtimes were paid.
- The average annual overtime work was 27 hours per employee.
- 22 out of the 33 women employees who received their parental or maternity leave, returned and continued their work within our company, 3 of them resigned before coming back to work, while the rest were still on parental leave as of 31/12/2018.
- 15 women employees were granted two less working hours per day due to raising a child until they are 1 year 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. The latest Survey results in November 2018 indicatively highlighted that percentage of employees who agree that:

- The company respects work-life balance, was 71%.
- The company recognizes individual performance and achievements, was 70%.
- Are aware of the company's strategy, was 74%.

### Pulse Survey Data



### Employees' Engagement

	Difference between Telekom Albania and average of EU based DT Group companies	
	2017	2018
Employee participation rate (%)	+26.4	+10
Employee satisfaction rate (%)	+28.1	+20
Employee branding (%)	+25	-21
Brand awareness (%)	+30.1	-21

**We achieved 20% higher employee satisfaction rate than the average rate of EU based DT Group companies**

### 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:

- Health and Life insurance program.
- Yearly check-up.
- One Life program for all employees and two relatives.
- Free ORL medical visits.
- Well-being services, as part of One Life program.
- Gym benefits for Middle and Top Management.

#### 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:

- 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.

#### 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 our own shops.
- Bus service to transport employees to and from the company offices in Lapraka and Kashar.

#### Other benefits:

- Company credit card for managers.
- Team events and internal championships and activities, in order to balance employees' professional and personal life (such as 6x6 volleyball championship, bowling championship, ping pong championship).
- 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 2018 and Targets 2019

We said	Progress	We will	By
Achieve 30% of women in Middle and Upper Management by 2020 (Group-wide target).	75%	Achieve 30% of women in Middle and Upper Management (Group-wide target).	2020
Conduct two Pulse Surveys.	100%	Conduct two Pulse Surveys.	2019

Maintain the high employee participation rate in the Pulse Surveys.	100%	Maintain the high employee participation rate in the Pulse Surveys.	2019
Train all new hired employees.	100%	Train all new hired employees.	2019
Introduce Digital Induction for new hired employees by 2020.	100%		

## VI. OUR ENVIRONMENT

### *Reduce our environmental impact*

#### Introduction and Summary

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

8,866 tons total CO<sub>2</sub> emissions

474,047 liters diesel consumption

5.7 tons office paper consumption

85,000 biodegradable bags

18,806 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 buildings by 11.5%.
- We reduced our vehicles' fuel consumption by 15.2%.
- We reduced the total distance travelled for business purposes by 46.4%.
- We improved our energy intensity and GHG emissions intensity by 43.4% and 47.3% respectively.
- We reduced our total office paper consumption by 21.9%.
- We forwarded for recycling 100% of lead batteries, oil-lubricants, WEEE materials and accumulators collected.

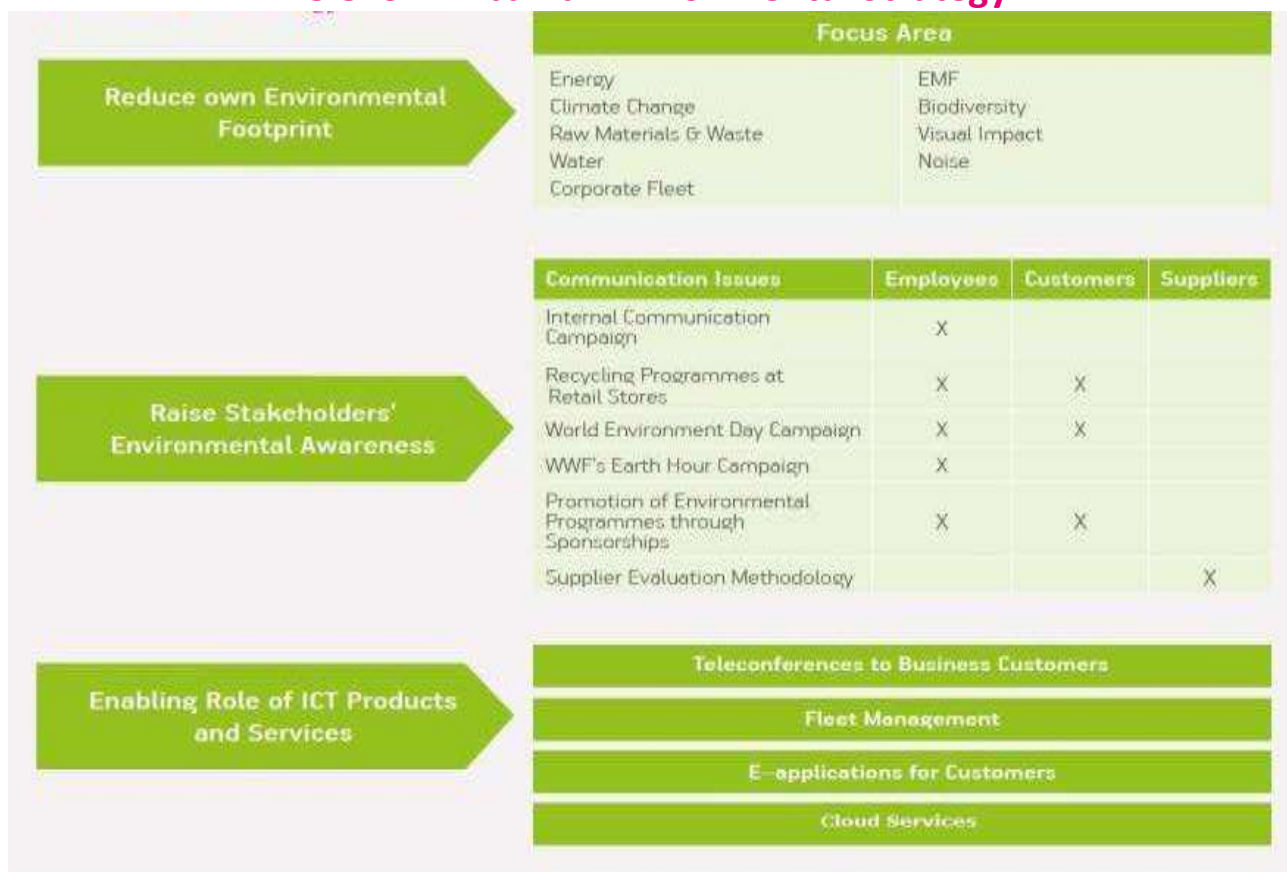
# 1. Strategy and Management

## 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 environmental data analyses.

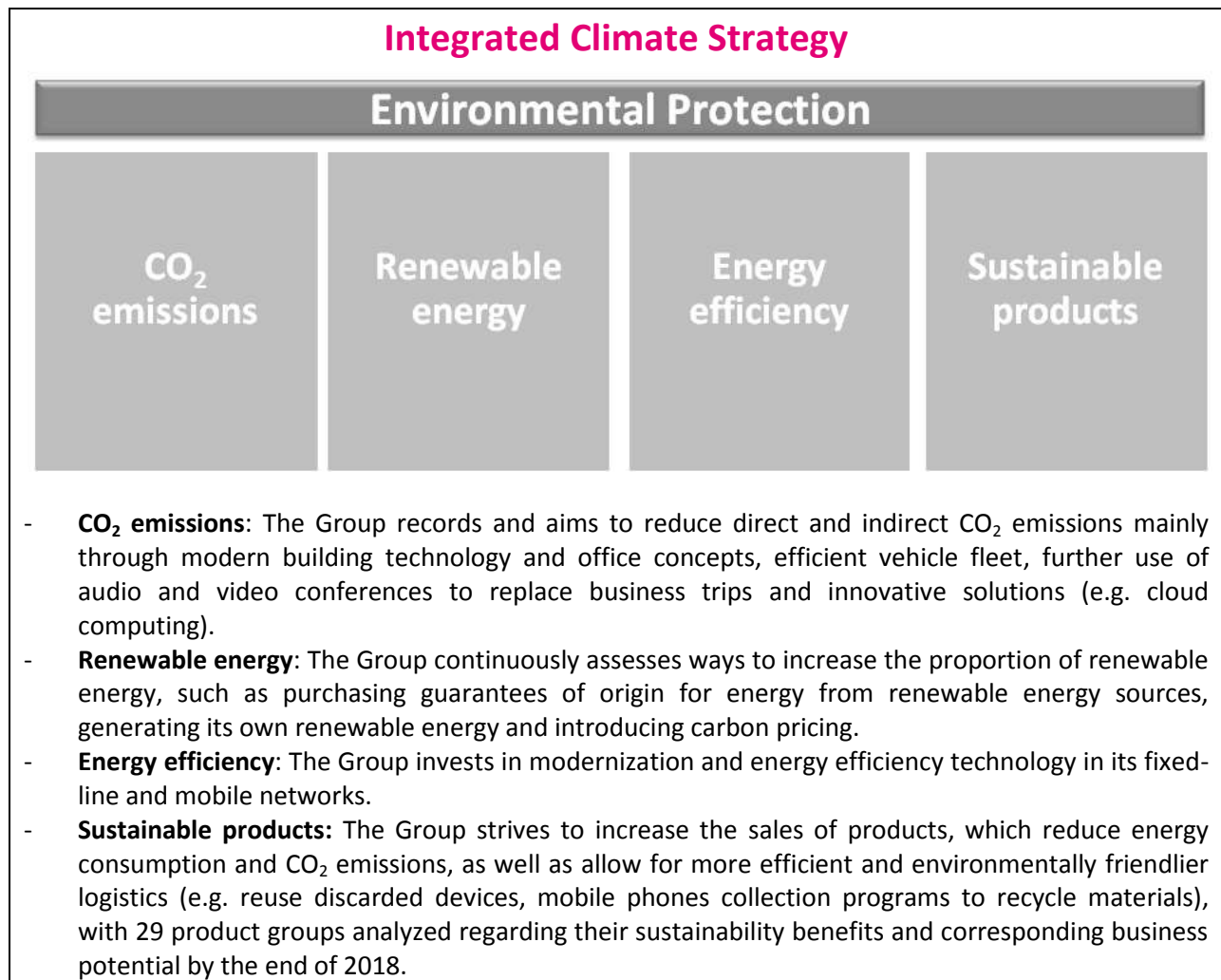
### Telekom Albania Environmental Strategy



## 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.



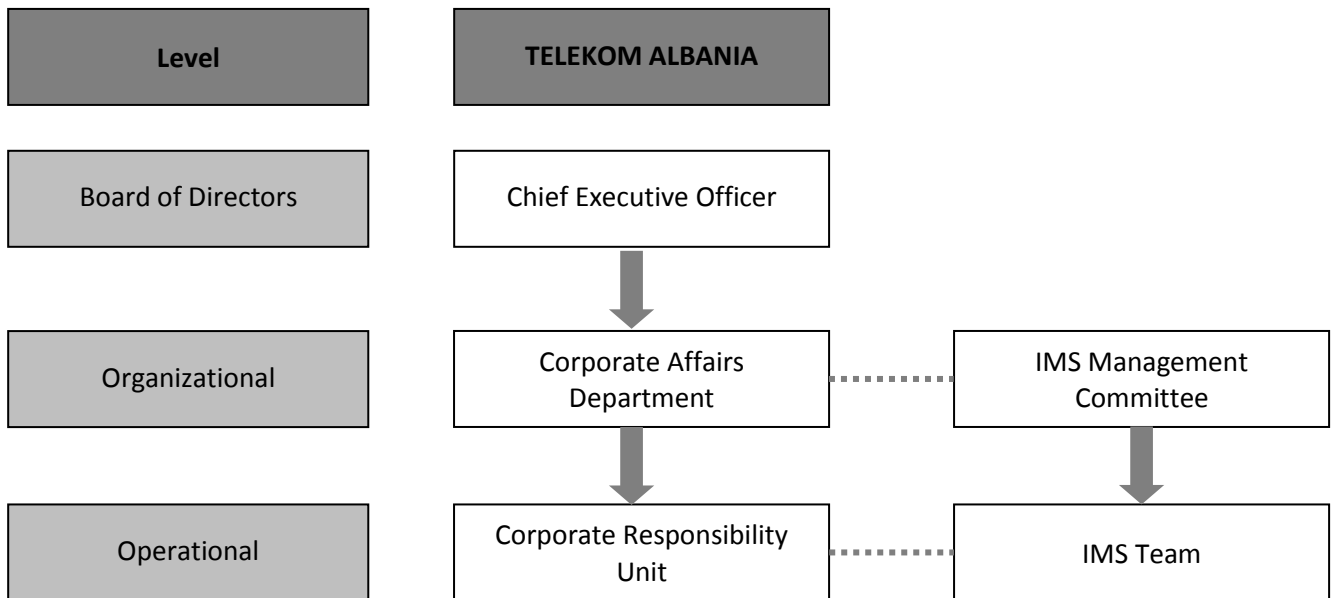


**Approximately 42% of Deutsche Telekom Group revenues were generated from products and services that offer sustainability benefits**

**Carbon dioxide emission reductions due to use of Deutsche Telekom products and services were 21% percent higher than the Group's actual CO<sub>2</sub> emissions in Europe (representing an enablement factor of 1.21:1)**

To manage environmental aspects, Telekom Albania has created organizational structures, 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 the Integrated Management Systems (IMS) 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 Integrated Management Systems (IMS) Team supports the IMS 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.

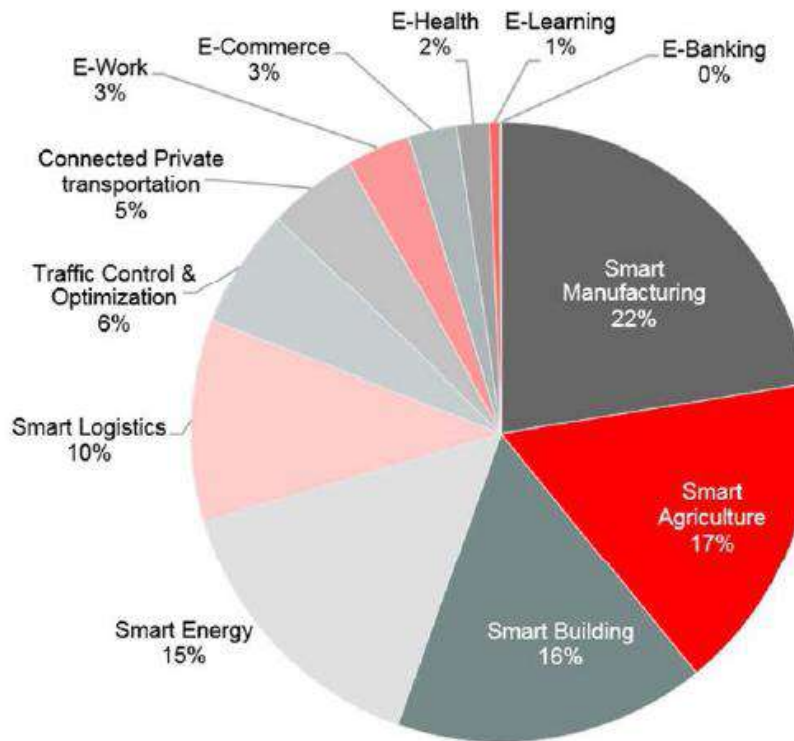
### ? Did You Know... Climate Change and Environmental Protection

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. 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

### B. Prioritizing environmental aspects

As part of Telekom Albania’s ISO 14001 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 representatives from Telekom Albania’s customers and community members have participated 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 2018:

- We invested approximately €9,000 for environmental protection programs, which include applications and related reporting for new BTS, environmental permits and certification fees.
- Total expenses for electricity (i.e. for mobile network, buildings and own shops) and all fuels (including fuels for vehicles, BTS and buildings) reached approximately €1.8 million and €703,000 respectively, compared to approximately €1.8 million and €585,000 respectively in 2017.
- 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 cases 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.

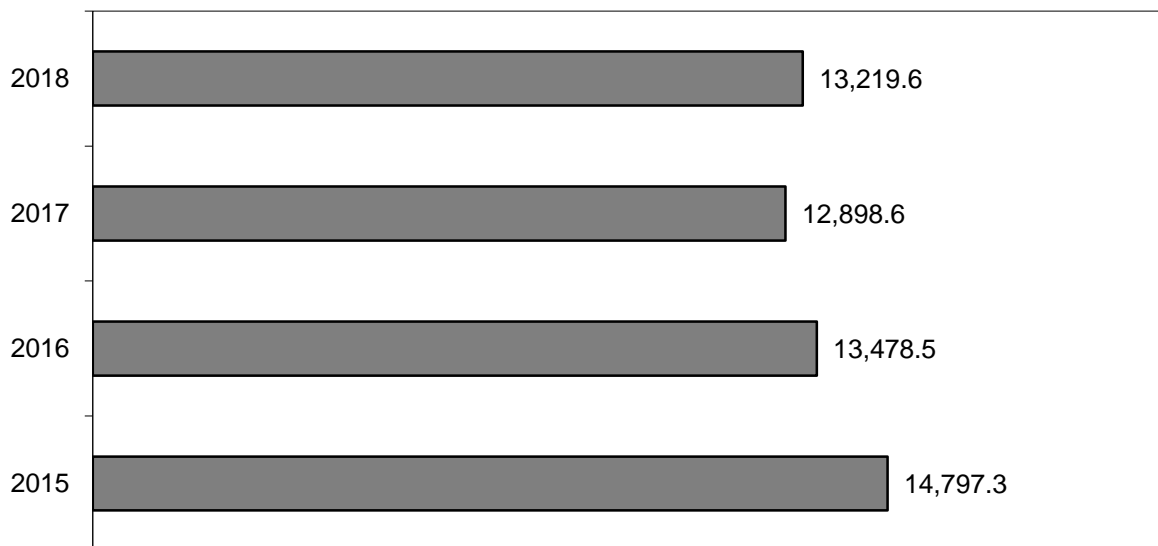
## 2. Energy and Climate Change

### 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 mobile network requires construction of new Base Stations (BTS) and installation of new equipment. In order to reduce electricity consumption in its mobile network, Telekom Albania:

- Has 439 BTS connected in the electricity grid, compared to 429 in 2017.
- Replaced old equipment (e.g. indoor rectifiers with high efficiency outdoor rectifiers) to transform 22 sites from indoor to outdoor, which increased energy efficiency by 2% on average.
- Has activated hybrid operation to reduce total working hours with electricity from the public grid (see Subsection VI-5B).
- Continued 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. Within 2018, we removed shelter HVAC, installed higher efficiency outdoor DC power systems in 22 sites and installed SRAN equipment on masts and towers.

### Electricity Consumption in Mobile Network



■ Electricity consumption (MWh)

The overall increase in electricity consumption in our mobile network is mainly the result of the increase in the number of sites, as our infrastructure in 2018 consists of more sites for our 3G, 4G and 4G+ networks, compared to 2017.

### B. Measuring electricity consumption in buildings

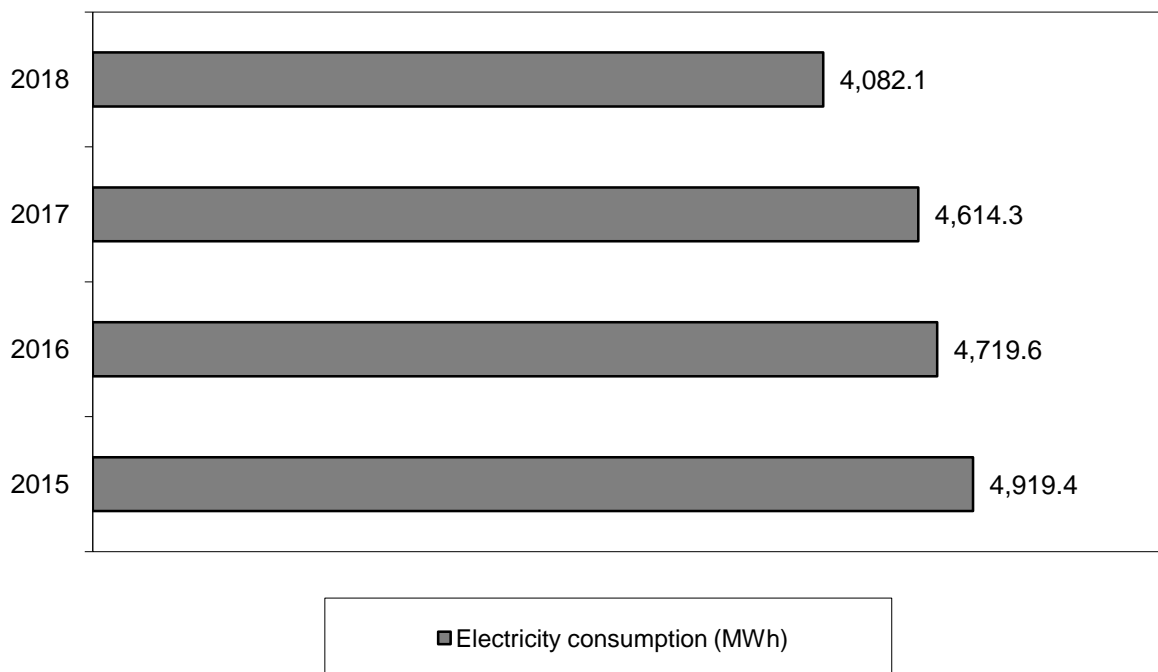
As every company, we also consume electricity in our buildings (which include our offices and data centers) and therefore strive to reduce this impact through programs, as we:

- Have enabled Power Saving Mode in all desktop computers to shut down after a certain idle time, except for a few computers operating continuously.
- Have enabled turning off idle and decommissioned equipment inside our data centers (e.g. DNS servers, Excel switches).
- Have installed a smart automation feature to centrally control the office air-conditioning system.
- Have deployed the operation of an HVAC Centralized Intelligent Controller in three buildings in Lapraka and Kashar, in order to automatically and effectively control air conditioning and temperature setting, which also includes individual thermostats in each floor with fixed temperature for cooling and heating, as well as smart automation to start and stop the office air conditioning system.
- Have installed window sun protection films in all our buildings and own shops, in order to minimize UVA/UVB radiation risks, improve working conditions and increase energy efficiency.
- Have installed LED outdoor lighting in our premises in Lapraka.
- Have installed smart light switches to switch on/off our logo in all own shops and replaced all lamps with LED lights.
- Utilize desktop virtualization technology and have replaced old desktop PCs with 320 thin clients (terminals with fewer hardware components and lower energy requirements).
- Consider virtualization and/or consolidation of servers and storage systems using low consumption equipment in our data centers.
- Replaced 2 air-conditioning units with HVAC units in data centers.
- Implement employee awareness campaigns to reduce energy consumption, including posters in company premises, e-mail sent to employees and information posted on Intranet, which were effectively communicated to all employees during 2018.

In 2018:

- We managed to reduce our overall building electricity consumption as a result of the decrease of electricity consumption in all our data centers and offices by 7%, mainly due to our employee awareness campaigns to reduce energy consumption.
- Electricity consumption per employee was approximately 11,564 KWh, compared to 11,985.2 KWh in 2017.
- Electricity consumption per m<sup>2</sup> in our offices and own shops was 158.4 KWh and 819.2 KWh respectively, compared to 170.5 KWh and 1,012 KWh respectively in 2017.

### Electricity Consumption in Buildings\*



\*Electricity consumption in buildings includes offices, data centers and own shops (3 in 2018, 7 in 2017, 17 in 2016 and 18 in 2015).

**We reduced electricity consumption in our buildings by 11.5%**

### # Benchmarks... Renewable Energy

Telekom Albania is the best company within Deutsche Telekom Group regarding proportion of renewable energy in the energy mix with 100% from renewable energy sources (average for DT Group is 52%).





## 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.
- 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.
- Continues to acquire energy from renewable sources and buy renewable energy power certificates.
- Has installed over 300 solar photovoltaic plants at technology sites in Germany, which reduce CO<sub>2</sub> emissions by over 1,700 metric tons each year.
- Operates more than 30 cogeneration plants (combined heat and power plants)

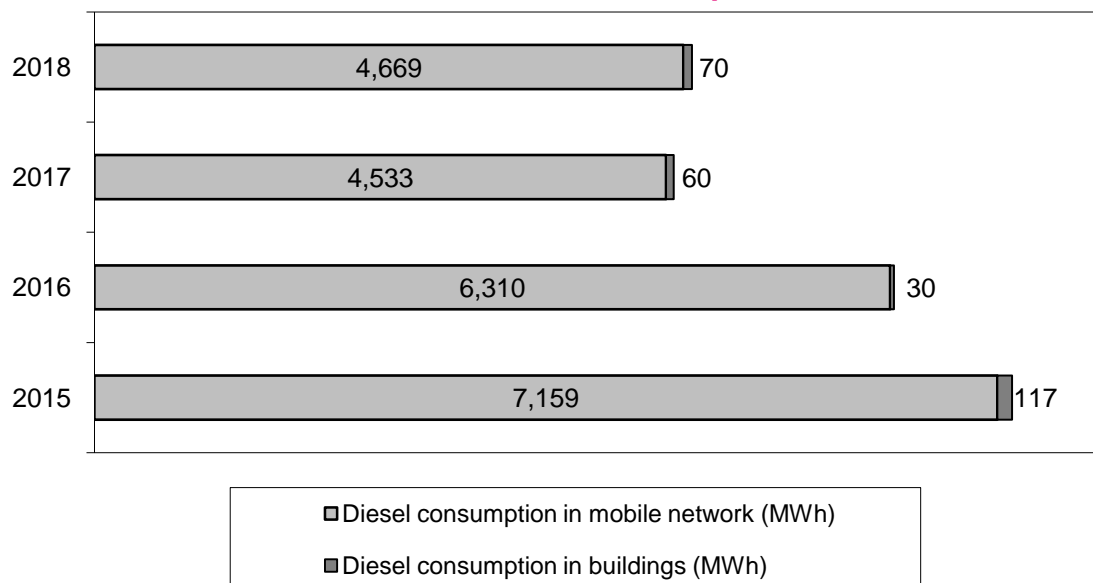
### C. Measuring diesel consumption

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. Aiming to reduce diesel consumption, the company:

- Constructed medium voltage power lines for one new site and transformed them to site with stand-by generators, instead of 24-hour continuously operating generators.
- Has activated hybrid operation to reduce total working hours from stand-by generators (see Subsection VI-5B).
- Implemented a maintenance program to over 120 generators for both 24-hour and emergency operation.

In 2018, the total diesel consumption reached 474,047 lt (467,047 lt from generators in mobile network and 7,000 lt from generators in buildings), which corresponds to approximately 4,739 MWh (4,669 MWh in mobile network and 70 MWh in buildings), compared to 4,593 MWh in 2017. The overall increase in diesel consumption is mainly the result of the increased use of generators to produce electricity, as they were used more frequently due to more power disruptions compared to 2017.

### Diesel Consumption

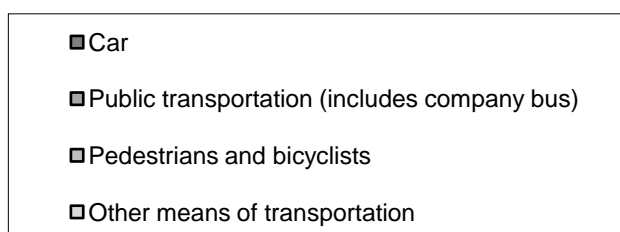
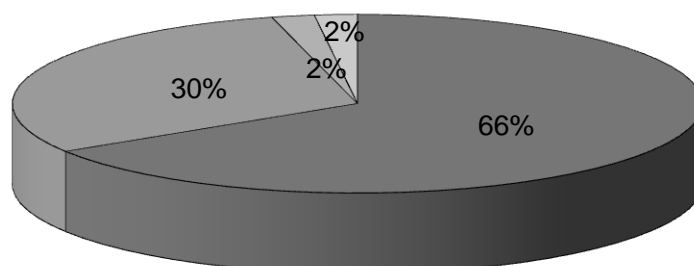


## D. Reducing transportation impact from vehicle fleet

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 and record monthly information such as kilometers performed and fuel consumed.
- 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.

### Employee Commuting



In 2018:

- We operated a service fleet of 47 vehicles (44 diesel vehicles and 3 gasoline vehicles) and a company fleet of 24 vehicles (23 diesel vehicles and 1 gasoline vehicle), compared to 48 and 26 vehicles respectively in 2016.
- We use 4 owned vehicles and 67 leased vehicles, compared to 4 and 70 respectively in 2017.
- Our service cars consumed 65,669 lt of fuel (63,482 lt diesel and 2,187 lt of gasoline) and our company cars consumed 22,555 lt of fuel (20,555 lt diesel and 2,000 lt gasoline).

### Vehicle Fleet

	2015	2016	2017	2018
Total vehicles (number)	77	89	74	71
Energy consumption from vehicle fleet (MWh)	1,213	1,189	1,068	906
Fuel consumption (lt)	124,434	117,456	104,046	88,224
Diesel (lt)	32,225	89,430	98,389	84,037

Gasoline (lt)	92,209	28,026	5,657	4,187
Average fuel consumption per vehicle (lt)	1,599	1,319.7	1,406	1,242.6
Average fuel consumption per vehicle per 100 km (lt)	7.8	7.1	8.1	9.2
Vehicle distance (thousand km)	1,575	1,653.4	1,729.1	1,343.2
Service diesel vehicles (thousand km)	NR	1,228.7	1,251.6	998.1
Service gasoline vehicles (thousand km)	NR	74.7	33.3	20.1
Company diesel vehicles (thousand km)	NR	183.5	421.1	311
Company gasoline vehicles (thousand km)	NR	166.5	23.1	14
Average distance per vehicle (thousand km)	20.6	18.6	23.4	18.9

NR: Not Reported

**We reduced our vehicles' fuel consumption by 15.2%**

### 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	2017	2018
Total distance (km)	358,667	384,168	304,988	163,244
Distance by plane (km)	354,827	381,693	302,506	163,244
Distance by train (km)	1,760	1,064	1,064	0
Distance by bus (km)	2,080	1,411	1,418	0

**We reduced the total distance travelled for business purposes by 46.4%**

### F. Measuring GHG emissions

During 2018, Telekom Albania managed to reduce its overall energy consumption from its mobile network, buildings (offices, data centers and own shops) and vehicle fleet to 22,946 MWh and achieved an energy intensity of 1,039 KWh/terabyte, compared to 23,174 MWh and 1,838 KWh/terabyte respectively in 2017. The significantly lower energy intensity can be mainly attributed to our efforts to modernize the mobile network and replace old cars in our vehicle fleet with new vehicles, despite the fact that we increased the number of sites and launched commercial propositions (especially in the 4G bandwidth), which resulted in 34.6% increased data traffic volume compared to 2017. Total carbon dioxide emissions (both direct and indirect emissions) reached 8,866 tons in 2018, with a GHG emissions intensity of 68 kg CO<sub>2</sub>/terabyte, compared to 129 kg CO<sub>2</sub>/terabyte in 2017 (for Scope 1 and Scope 2 emissions).

## GHG Emissions\*

	2015	2016	2017	2018
Direct emissions (Scope 1)				
Fossil fuels (tons)	1,986	1,691	1,229	1,268
Vehicle fleet (tons)	297	301	273	232
Indirect emissions (Scope 2) (tons)**				
Electricity (tons)	140	127	123	0
Other indirect emissions (Scope 3) (tons)***				
Purchased products and services (tons)	NR	NR	474	352
Capital goods (tons)	NR	NR	1,498	1,189
Upstream energy and fuel supply chains (tons)	NR	NR	297	1,207
Purchased transport services (upstream) (tons)	NR	NR	110	109
Production waste (tons)	NR	NR	81	81
Business travel (tons)	NR	NR	41	22
Commuting to work (tons)	NR	NR	113	109
Transport of products sold to customers (downstream) (tons)	NR	NR	773	51
Use of sold products (tons)	NR	NR	20	4,231
Disposal and recycling of sold products (tons)	NR	NR	8	13
Use of leased products (tons)	NR	NR	0	0
<b>TOTAL (Scope 1, Scope 2 and Scope 3) (tons)</b>	<b>2,423</b>	<b>2,119</b>	<b>5,041***</b>	<b>8,866</b>

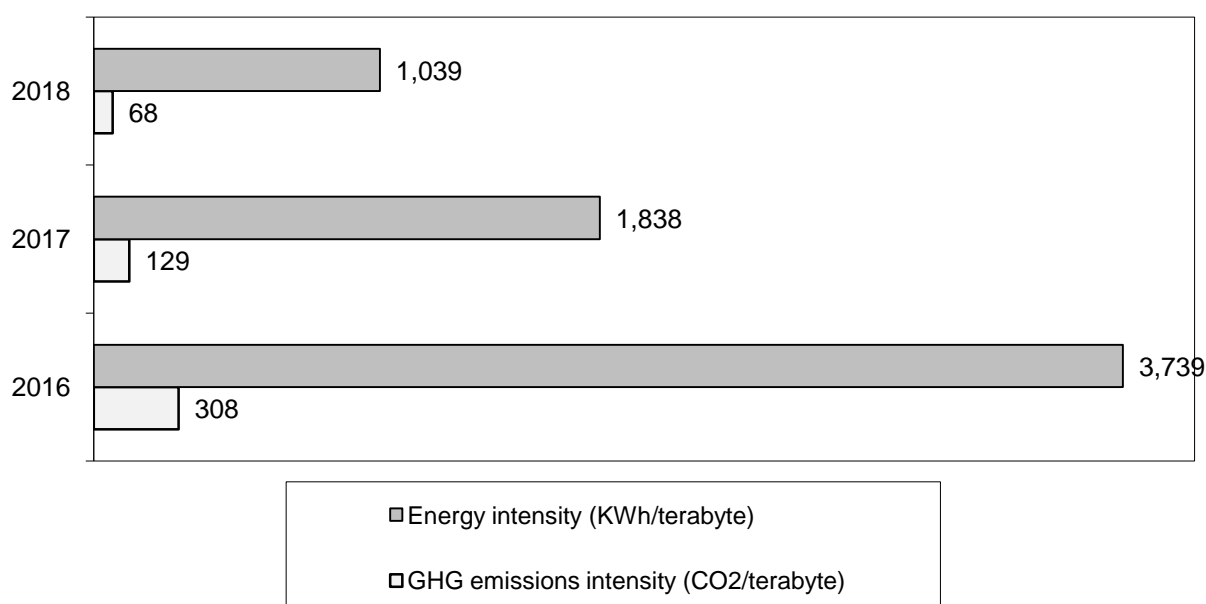
\*Calculations complied with the Greenhouse Gas (GHG) Protocol and were based on emission factors by the GHG Protocol calculation tools (for scope 1 emissions) and International Energy Agency – IEA (for scope 2 emissions), which uses the country's emissions factor (country mix factor).

\*\*In 2018, the Group switched to the market-based method to calculate scope 2 emissions; thus, emissions factor for electricity consumption is 0 gr eCO<sub>2</sub>/kWh, since electricity generation mix in Albania consists of 100% hydropower (IEA emissions factors for 2018).

\*\*\* Other indirect emissions (Scope 3) and total emissions (Scope 1, Scope 2 and Scope 3) for 2017 have been restated. Data refer to mobile network, offices, data centers and own shops (3 in 2018, 7 in 2017, 17 in 2016 and 18 in 2015), as well as the entire vehicle fleet and flights for business purposes.

NR: Not Reported

## Intensity Ratios



**We improved our energy intensity and GHG emissions intensity by 43.4% and 47.3% respectively**

### 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, such as toners, ink cartridges and lamps. 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 2018.



#### T Group Good Practice... “Stop Wasting – Start Caring!”

Responding to its commitment to promote sustainable products and increase resources efficiency, DT Group launched the “Stop Wasting – Start Caring!” initiative in 2018, which aims to either avoid using resources such as plastic and paper in a wide range of applications or replace them with environmentally friendlier materials or use them as efficiently as possible and then recycle, in case no other alternative is possible. The initiative features specialist working groups in various areas (e.g. sustainable device design, sustainable packaging, logistics) and the in-house “Green Pioneers” ambassador program, through which employees discuss and present existing and new, innovative ways to increase resource efficiency. Various national companies already implement relevant projects (e.g. in Germany, Croatia, the Netherlands, Romania) and the Group aims to increase the outreach of existing projects and launch new ones worldwide.

#### B. Using environmentally friendlier bags

We recognize the significant repercussions of plastic bags on the environment and we only use 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	2017	2018
Plastic bags (units)	0	0	0	0
Biodegradable bags (units)	50,000	88,100	85,000	85,000
Paper bags (units)	15,000	5,250	0	0

### 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 (e.g. print on both sides and reduce paper consumption for photocopies) and increase recycling of waste paper, which were effectively communicated to all employees during 2018.
- Implement a paper recycling program with properly marked collection bins in all premises and own shops.
- Implement a plastic recycling program with properly marked collection bins in all office buildings and own shops, with the entire quantity of plastic collected within 2018 forwarded to the municipal waste management system for recycling.
- Do not use, at the moment, recycled paper or any other recycled materials.

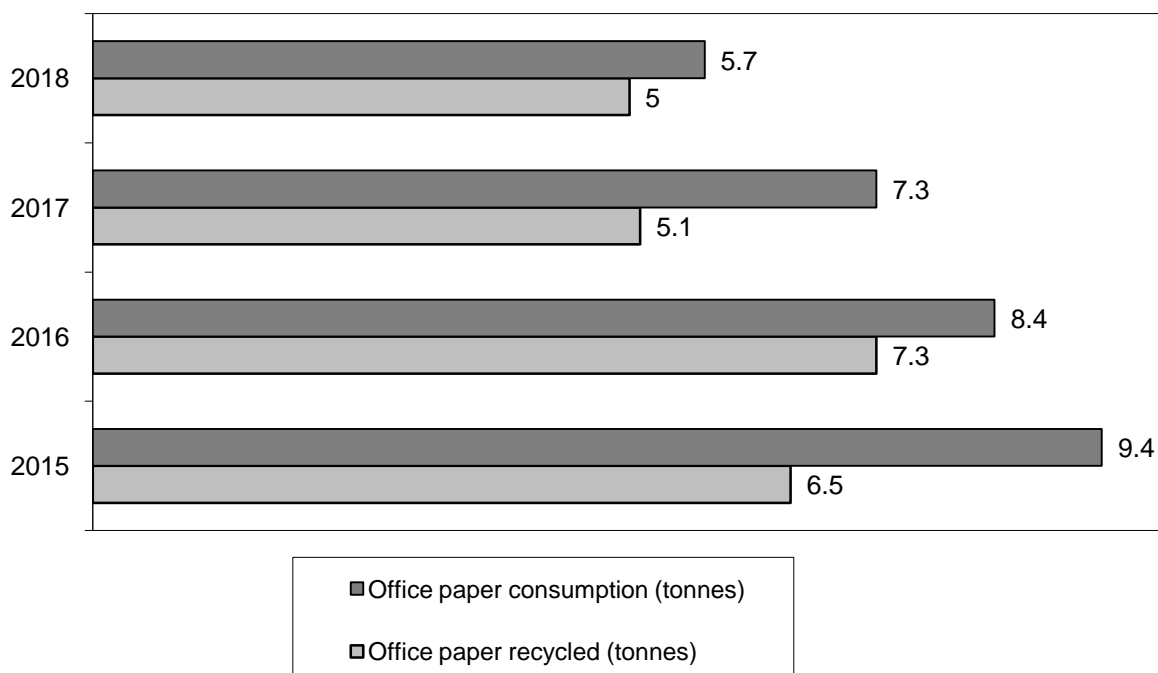
GIVE A NEW LIFE TO USED PAPER!  
REDUCE, REUSE, RECYCLE.



T..

LIFE IS FOR SHARING

#### Office Paper Management



## We reduced our total office paper consumption by 21.9%

### V Good Practice... e-Billing Solutions

We strive to enhance the proportion of customers who utilize e-billing solutions, in order to reduce office paper use for printing and post office paper use. As a result of our efforts, in 2018:

- Approximately 16.1% of all customers (23.9% of residential customers and 9.2% of business customers) have chosen to pay their bills electronically.
- Payment of bills through the My Telekom application increased by 258%.

### 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

	2015	2016	2017	2018
Lead batteries (tons)	45.6	11.4	16 (136 units)	30.8
Lead batteries recycled (%)	100	100	100	100
Oil-lubricants (thousand lt)	6	3.5	3.3	2.9
Oil-lubricants recycled (%)	100	100	100	100
Oil filters (units)	3,404*	880	537	616
Air filters (units)	-	NR	654	616
Diesel filters (units)	NR	NR	646	616

\*Number of oil filters also includes air filters.

NR: Not Reported

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

- Telecommunication equipment (Waste Electrical and Electronic Equipment - WEEE), such as end-of-life electronics and electrical devices (e.g. antenna parts, rectifiers, transceivers), 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 implement a recycling program since 2014, with properly marked collection bins in all office buildings, 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

	2015	2016	2017	2018
Telecommunication, IT and other equipment (WEEE) (tons)	59.1	20.2*	23.3	35.5
Telecommunication, IT and other equipment (WEEE) (%)	100	100	100	100
Accumulators (tons)	45.6	3.9	16	30.8
Accumulators (%)	100	100	100	100
IT hardware (tons)	4	0.3 (additional 2.3 tons are collected, but not yet recycled)	0 (additional 4 TV sets are being processed for recycling)	0
Mobiles, batteries and accessories collected from citizens (kg)	1.6 (additional 1.6 tons of company owned faulty devices were recycled)	1.6	0	0

\*Quantity of telecommunication, IT and other equipment (WEEE) recycled in 2016 has been restated.

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, without however any hardware units donated to organizations in 2018, compared to 9 units (2 desktop computers, 2 monitors and 5 fax machines) in 2017.

**We forwarded for recycling 100% of lead batteries, oil-lubricants, WEEE materials and accumulators 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. The International Commission on Non-Ionizing Radiation Protection (ICNIRP) has set the respective limits for transmitter antennas and mobile phones, which have been recommended by the World Health Organization (WHO) and 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:

- Comply with the respective ICNIRP, WHO and national limits regarding electromagnetic fields for all our BTS.
- Conduct a radio emission study and an electromagnetic background study (when required) for all wireless telecommunication stations and mobile BTS within a 50-meter and 300-meter radius respectively.
- Have established a specific procedure to address enquiries, comments or complaints received from various communication channels (e.g. written communication, call center) regarding electromagnetic fields.
- Conduct scheduled and ad-hoc EMF radiation measurements by specialized employees from the Radio Transmission Department, using a specific methodology and our own equipment model SRM-3000, which is calibrated every two years. During 2018, we conducted 4 EMF measurements (all of which were scheduled), while no cases of radiation levels exceeding the standard internationally recognized exposure limits imposed by ICNIRP 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. During 2018, 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.

## 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 2018, we increased the number of BTS shared with another operator to 100, compared to 95 in 2017.
- We seek to properly arrange constructions and equipment in new telecommunication infrastructure and perform the necessary modifications to the existing infrastructure, in order to blend well with the surrounding environment and reduce the overall visual impact.

### 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.
- The size of outdoor equipment installed in new urban sites has generally decreased, compared to previous sites, while we transformed 22 indoor sites to outdoor in 2018, through elimination of the shelter (approximately 5 m<sup>2</sup>) with outdoor basement for the equipment.
- We locate BTS in installations in cooperation with the other mobile telephony companies, which considerably decreases the overall noise impact.
- 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 2018, we activated hybrid operation of Power Supply Unit (PSU) systems to 3 BTS, increasing their number to 8 stations.
- We install noise isolation systems or replace old ventilation and/or cooling systems with newer and more noise-efficient units, in order to reduce noise levels, without however any respective systems installed during 2018.

### 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.
- Holds environmental permissions related to radiation for its BTS.
- 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.
- Does 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.

## V Good Practice... Respecting the Environment

In order to minimize potential negative environmental impact, Telekom Albania has introduced environmental aspects in the design and in-use phase of all BTS and acquires the necessary permits, which confirm that BTS:

- Are placed according to actual and future development plans.
- Comply with the EMF emissions approved by the Office of Protection from Radiation.
- Respect protected areas and the biodiversity.
- Are not located in historical and culturally preserved areas.

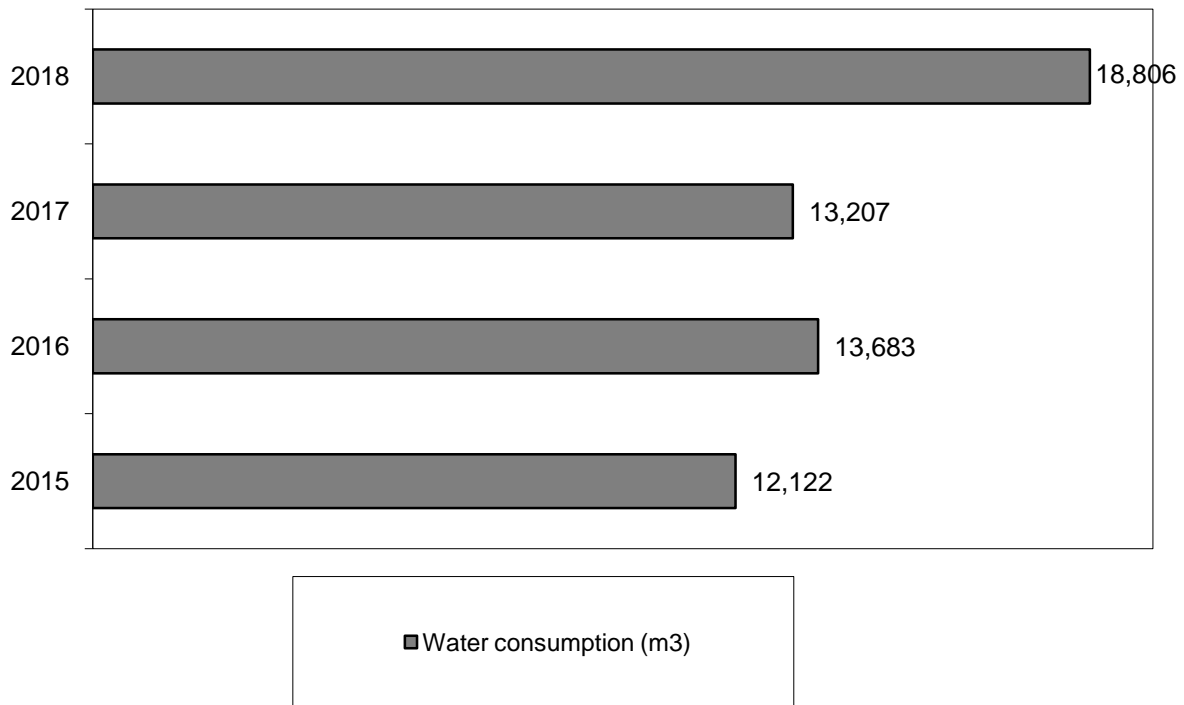
## D. Monitoring water consumption

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 2018.
- 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.
- There were no planned or unplanned water discharges and no significant spills of chemicals or fuels or any other material.



### Water Consumption\*



\*Water consumption for 2018 refers to the company's premises in Lapraka and Kashar, as well as 3 own shops; water consumption for 2015-2017 refers to the company's premises in Lapraka and Kashar.

The increased water consumption in 2018 can be primarily attributed to:

- The inclusion of water consumption in 3 own shops (additional 2,677 m<sup>3</sup>), compared to the previous year.
- The increase in water consumption in our premises in Lapraka and Kashar by 22.1%, compared to 2017.

### E. Monitoring our impact on the ozone layer

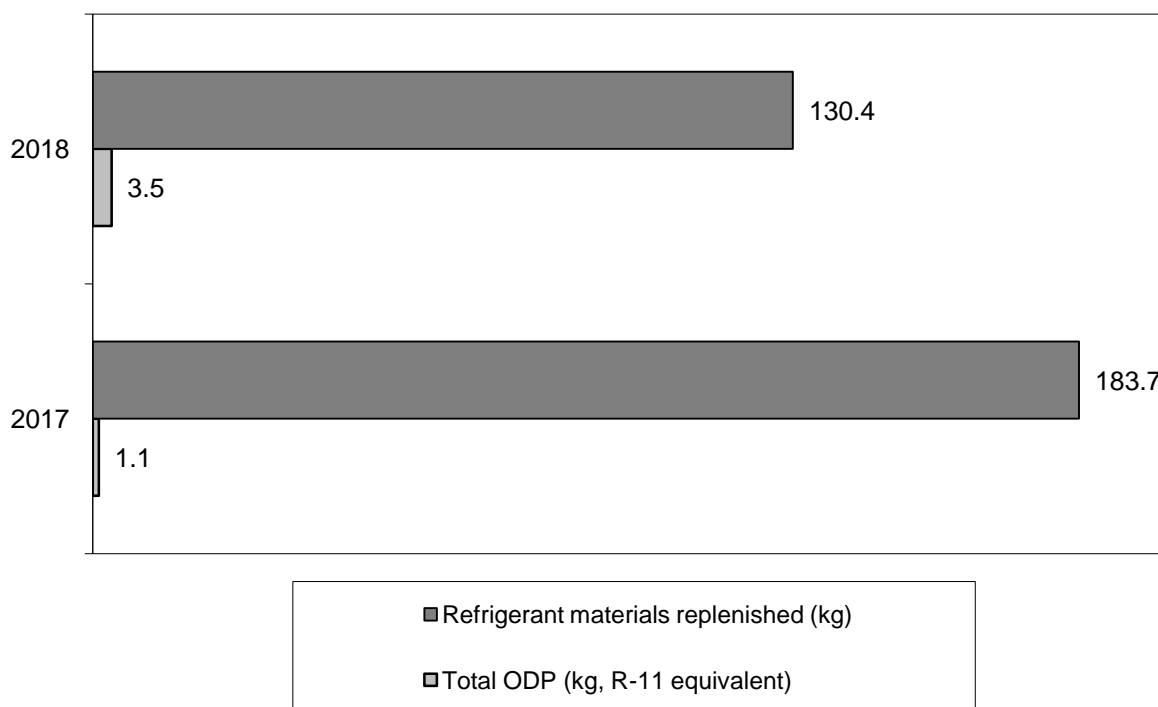
We use refrigerants in our premises, shops and BTS in the fire suppression system (which utilizes FM 200, a fire suppression agent from carbon, fluorine and hydrogen – CF<sub>3</sub>CHFCF<sub>3</sub>), fire extinguishers (which utilize CO<sub>2</sub>) and the air-conditioning systems. During 2018, the total quantity of FM 200 stored in all three Telekom Albania buildings and Telekom sites reached 9,683 kg, compared to 11,756 kg in 2017, while there were no fire incidents in our premises and our BTS. Our objective is to reduce the average ODP of replenished refrigerants (namely R22), in order not to harm the ozone layer, which reached 3.5 kg R-11 equivalent, through transformation of 22 indoor sites to outdoor in our mobile network with elimination of shelters HVAC during 2018.

### Refrigerant Materials Replenished\*

	2017	2018
R22 (kg)	20	63
R134 (kg)	46.5	0
R407 (kg)	59	23.4
R410 (kg)	58.2	44
<b>TOTAL</b>	<b>183.7</b>	<b>130.4</b>

\*Data refer to all buildings and sites.

### Impact on the Ozone Layer



## 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:

- Have included information about EMF in the Induction Program for all new employees.
- Implement internal awareness campaigns to reduce water and energy consumption, as well to promote the importance of recycling (see Subsections VI-2B, VI-3C and VI-5D).
- We have placed recycling bins in our offices and own shops, so that paper and plastic may be collected separately.

**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 2018, as we:

- Implemented our mobile phones, batteries and accessories recycling program (see Subsection VI-3D).
- Provided information to citizens on EMF (see Subsection VI-4B).
- Organized environmental education activities for children (see Subsection IV-4A).
- Participated in a tree planting project of the Municipality of Tirana's Agency of Parks and Recreation and planted over 100 trees, in order to enhance the city's green areas.

## 6. Achievements 2018 and Targets 2019

We said	Progress	We will	By
Reduce CO <sub>2</sub> emissions by 20%, compared to 2008, by 2020 (Group-wide target, excluding T-Mobile USA).	75%	Reduce CO <sub>2</sub> emissions by 20%, compared to 2008 (Group-wide target, excluding T-Mobile USA).	2020
Maintain electricity consumption in data centers at 2017 level.	100%	Maintain electricity consumption in data centers at 2018 level.	2019

Maintain electricity consumption in mobile network at 2017 level.	0%	Maintain electricity consumption in mobile network at 2018 level.	2019
Reduce electricity consumption in own shops.	100%	Reduce electricity consumption in own shops.	2019
Replace 2 air-conditioning units with HVAC units in data centers.	100%		
Reduce paper consumption in our offices by 3%.	100%	Reduce paper consumption in our offices by 5%.	2019
Introduce use of recycled paper for office use.	0%		
Recycle 100% of WEEE materials withdrawn.	100%	Recycle 100% of WEEE materials withdrawn.	2019
Recycle 100% of accumulators withdrawn.	100%	Recycle 100% of accumulators withdrawn.	2019
Recycle 100% of oil-lubricants withdrawn.	100%	Recycle 100% of oil-lubricants withdrawn.	2019
Contribute to enhancing the country's green areas.	100%	Contribute to enhancing the country's green areas.	2019
Organize environmental awareness campaigns for our employees.	100%	Organize environmental awareness campaigns for our employees.	2019
		Reduce plastic waste generated from sales of prepaid and postpaid cards.	2019



## C. INFORMATION ABOUT THE REPORT

### 1. Summary Table



: completion (100%)



: under completion (75%)



: progress (50%)










: off plan (25%)








: not achieved (0%)


INDICATOR	2016	2017	2018	OBJECTIVE 2018	PROGRESS 2018	OBJECTIVE 2019
<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 disclosures in the Report (number – full + partially)	68 + 21	72 + 15	70 + 12			
Quantitative indicators in the Report (number)	230	255	260		We increased by 1.9% the number of quantitative indicators we make reference to within the Report.	
Quantitative targets in the Report (number)	24	30	23			
Complaints regarding	0	0	0		No violation cases	




violations of our Code of Conduct (number)					concerning our Code of Conduct occurred.	
					We have communicated our Code of Conduct to 100% of our employees.	
					We trained 92% of managers and directors and 85% of new hired employees on Compliance Policies.	
Employees trained on anti-corruption (number)	110	45	292		We trained 292 employees on anti-corruption issues and procedures.	
Corruption incidents (number)	0	0	0		We had no incidents of corruption.	
				Refine the programs and unify the objectives related to the Integrated Management System.		Integrate Risk Assessment as per ISO 31000 Standard for all corporate risk assessment activities.
				Introduce new performance indicators related to our environmental performance.		
					We had no non-conformities from audits regarding the operation of Management Systems.	
				Organize a Business Continuity Management awareness session.		Organize a Business Continuity Management awareness session.
				Conduct two evacuation drills in our facilities in Lapraka and Kashar.		Conduct two evacuation drills in our facilities in Lapraka and Kashar.

				Participate in the DT Group international crisis exercise.		
				Test and update (if necessary) our Disaster Recovery plans and strategies.		Test and update (if necessary) 7 Disaster Recovery plans.
<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	Launch VoLTE (Voice over Long-Term Evolution).		
Territory coverage (%)	92.5	92.5	92.7			
Customer base (million)	1.84	1.94	1.59			
						Our quality index for Call Center service increased by 7.1%, compared to our base target.
						Our quality index for retail's customer experience increased by 11.2%, compared to our base target.
						Our Shop Achievement Score in the last wave of Mystery Shopping in 2018 increased by 5%, compared to the first wave in




					2018.	
Market share (%)	38	39.5	37.6			
Fines for anti-competitive behaviour (number, value)	0	0	0			
Complaints received by customers (number)	5,671	3,672	3,238		The number of received complaints decreased by 11.8%.	
Complaints resolved within 5 days (%)	93	88	68.6	Handle 95% of complaints related to customer service in less than 5 days.	We resolved 68.6% of complaints received within 5 days. 	
Average time to resolve complaints (days)	2.2	3	5.5			
Incidents related to privacy issues or loss of personal data (number)	0	0	0		We had no incidents regarding customer privacy issues or loss of personal data.	
					We successfully blocked 72,274 Internet security threats and malicious URLs.	
				Distribute print materials on safe Internet throughout our own shops.	We distributed 2,000 leaflets with information regarding safe Internet and safety in the digital world. 	Distribute leaflets on safe Internet in our shops.
				Organize and implement awareness campaigns in schools regarding safe Internet and risks of the digital world.		Implement an awareness campaign regarding safe Internet and risks of the digital world.
Suppliers (number)	120	292	281		We increased the	





					percentage of local suppliers to 61%.	
				Launch our new Supplier Code of Conduct.		
Procurement expenses to local suppliers (%)	20	82	41			
				Have at least 80% of procurement volume reviewed according to sustainability criteria by 2020 (Group-wide target).		Have at least 80% of procurement volume reviewed according to sustainability criteria.
<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 €)	77.2	68.1*	69*			
EBITDA (million €)	16.1	8.7*	11.9*			
Capital expenditures (million €)	16.2	15.7*	9.3*			
Total taxes (including VAT) (million €)	2.1	6.6*	4.9*		We distributed over €85 million in economic value: €6.5 million to employees, €4.9 million for taxes, €63.4 million to suppliers, €0.1 million to society and €10.9 million for investments.	
Payments to suppliers (million €)	79.2	85.5*	63.4*			
Cost of employees (including salaries, benefits and insurance payments) (million €)	6.7	6.6*	6.5*			
Investments (million €)	12.6	8.7*	10.9*			








Contribution to the Albanian State for taxes, insurance contributions and regulatory fees (thousand €)	NR	9,286	7,808.3		We contributed over €7.8 million to the Albanian State for taxes, insurance contributions and regulatory fees.	
Value of social contribution (€)	121,637	76,012	68,603			
People supported through social contribution activities (estimated) (number)	7,438	31,899	238,621		We increased seven times the number of people supported through our social support activities.	
					The total time allocated to social contribution activities reached 4,020 work hours.	
Students in internship programs (number)	31	45	22		We provided internships to 130 students in the last four years.	
Volunteering activities (number)	2	0	2	Organize two volunteering activities.		Organize two volunteering activities.
Volunteer employees (number)	48	0	20			
Working hours allocated to employee volunteer activities (number)	63	0	40		The total time allocated to volunteering activities reached 40 work 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)	438	385	353			
Employees with full time employment contracts (%)	100	100	100		We employ 100% of our employees with full time employment contracts.	

Women employees (%)	63	62.6	63.4		We maintained the percentage of women employees to over 62% of total workforce.	
Women employees in Middle Level Manager position (%)	67	62	55	Achieve 30% of women in Middle and Upper Management by 2020 (Group-wide target).		Achieve 30% of women in Middle and Upper Management by 2020 (Group-wide target).
Women employees in Upper Level Manager position (%)	19	56	64		We increased the percentage of women in Upper Level Manager position to 64%.	
Training hours on health and safety issues (number)	1,089	1,130	1,085		We implemented over 1,000 training hours on health and safety issues.	
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	+88	+73.1		Our lowest employee salary is 73.1% higher than the legal basic salary.	
Permanent job openings covered by internal candidates (%)	12	13	35			
Employees trained (number)	203	154	186		We increased percentage of employees trained at least once to 53%.	
				Train all new hired employees.		Train all new hired employees.
				Introduce Digital Induction for new hired employees by 2020.		



Average training hours (hours/employee)	11.5	2.9	2.7			
Employee satisfaction rate (%)	92	91	87.5	Conduct two Pulse Surveys.		Conduct two Pulse Surveys.
				Maintain the high employee participation rate in the Pulse Surveys.		Maintain the high employee participation rate in the Pulse Surveys.
					We achieved 20% higher employee satisfaction rate than the average rate of EU based DT Group companies.	
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)	2,119	5,041***	8,866		We improved our energy intensity and GHG emissions intensity by 43.4% and 47.3% respectively.	
				Reduce CO <sub>2</sub> emissions by 20%, compared to 2008, by 2020 (Group-wide target, excluding T-Mobile USA).		Reduce CO <sub>2</sub> emissions by 20%, compared to 2008, by 2020 (Group-wide target, excluding T-Mobile USA).

Total electricity consumption (MWh)	18,198.1	17,512.9	17,301.7		We reduced electricity consumption in our buildings by 11.5%.	
				Maintain electricity consumption in data centers at 2017 level.		Maintain electricity consumption in data centers at 2018 level.
				Maintain electricity consumption in mobile network at 2017 level.		Maintain electricity consumption in mobile network at 2018 level.
				Reduce electricity consumption in own shops.		Reduce electricity consumption in own shops.
				Replace 2 air-conditioning units with HVAC units in data centers.		
Total energy consumption from diesel for mobile network and buildings (MWh)	6,340	4,593	4,739			
Fuel consumption from vehicles (thousand lt)	117.4	104	88.2		We reduced our vehicles' fuel consumption by 15.2%.	
Transportation distance from vehicle fleet (thousand km)	1,653.4	1,729.1	1,343.2			
Average fuel consumption (lt/vehicle)	1,319.7	1,406	1,242.6			
Distance travelled for business purposes (km)	384,168	304,988	163,244		We reduced the total distance travelled for business purposes by 46.4%.	
Consumption of biodegradable bags (number)	88,100	85,000	85,000			
Consumption of paper bags (number)	5,250	0	0			
Office paper consumption (tons)	8.4	7.3	5.7	Reduce paper consumption in our offices by 3%.	We reduced our total office paper consumption by 21.9%.	Reduce paper consumption in our offices by 5%.

						
				Introduce use of recycled paper for office use.		
Office paper recycled (tons)	7.3	5.1	5			
Oil-lubricants recycled (thousand lt)	3.5	3.3	2.9	Recycle 100% of oil-lubricants withdrawn.		Recycle 100% of oil-lubricants withdrawn.
Telecommunication equipment (WEEE) recycled (tons)	20.2***	23.3	35.5	Recycle 100% of WEEE materials withdrawn.		Recycle 100% of WEEE materials withdrawn.
Accumulators recycled (tons)	3.9	16	30.8	Recycle 100% of accumulators withdrawn.		Recycle 100% of accumulators withdrawn.
					We forwarded for recycling 100% of lead batteries, oil-lubricants, WEEE materials and accumulators collected.	
Total phones and accessories recycled (kg)	1.6	0	0			
Water consumption (m <sup>3</sup> )	13,683	13,207	18,806			
				Contribute to enhancing the country's green areas.		Contribute to enhancing the country's green areas.
				Organize environmental awareness campaigns for our employees.		Organize environmental awareness campaigns for our employees.
						Reduce plastic waste generated from sales of prepaid and postpaid cards.

\*Adjusted values for 2017 and 2018, excluding Special Factors.

\*\*Includes other indirect CO<sub>2</sub> emissions (Scope 3); total CO<sub>2</sub> emissions for 2017 have been restated.

\*\*\*Quantity of telecommunication, IT and other equipment (WEEE) recycled in 2016 has been restated.

NR: Not Reported

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

The correspondence between the content of this Report and the Global Reporting Initiative's (GRI Standards 2016) General Disclosures, Management Approach and Topic-Specific Disclosures (including the respective Telecommunications Sector Supplement), as well as the Global Compact Principles, the Sustainable Development Goals, the ISO26000 International Guidelines, is presented in the following tables.

- General Disclosures of GRI required for 'Core' option are indicated in dark grey background.
- Management Approach, Topic Specific Disclosures and Boundaries for Material Topics (both for GRI related Topics and other Topics) are indicated in dark grey background on the Table, based on the Materiality Analysis conducted.
- No external assurance has been conducted for the Material Topics.
- For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.

### GRI Content Index



GRI Standard	Page number(s)	Omission	Boundary of Disclosure
<b>General Disclosures</b>			
<b>GRI 101: Foundation 2016</b>			
<b>GRI 102: General Disclosures 2016</b>			
<b>Organizational Profile</b>			<b>Company</b>
102-1	5	-	
102-2	15, 16, 45	-	
102-3	6	-	
102-4	5	-	
102-5	13, 14	-	
102-6	9	-	
102-7	9, 16, 68, 83	-	
102-8	84	-	
102-9	18, 19, 60	-	
102-10	12	-	
102-11	102	-	
102-12	60, 61, 91, 117, 118	-	
102-13	19, 20	-	
<b>Strategy</b>			<b>Company</b>
102-14	4	-	

<b>Ethics and Integrity</b>			<b>Company, customers, suppliers</b>
102-16	9, 10, 22, 23, 28, 32, 57, 58, 61, 62, 83, 91	-	
102-17	22, 23	-	
<b>Governance</b>			<b>Company</b>
102-18	24-26	-	
102-19	32, 33, 104	-	
102-20	32, 33	-	
102-23	25	-	
102-27	26, 32, 33, 104	-	
102-29	32, 33, 104	-	
102-32	36	-	
102-34	26	-	
102-38	93	-	
102-39	93	-	
<b>Stakeholder Engagement</b>			<b>Company</b>
102-40	37	-	
102-41	94	-	
102-42	37	-	
102-43	37-40	-	
102-44	37-40	-	
<b>Reporting Practice</b>			<b>Company</b>
102-45	68	-	
102-46	34, 35	-	
102-47	36	-	
102-48	5, 91, 113, 117	-	
102-49	5	-	
102-50	5	-	
102-51	5	-	
102-52	5	-	
102-53	6	-	
102-54	6	-	
102-55	134-139	-	
102-56	6, 134	-	
<b>Economic Topics</b>			
<b>GRI 103: Management Approach 2016</b>	This reference to GRI 103: Management Approach 2016 and the corresponding Disclosures 103-1, 103-2, 103-3 applies to all topic-specific Standards listed below, for all material topics within the Economic Topics section of this GRI Context Index table.		
103-1	29, 30, 44, 60-62, 68, 72-80, 91-93, 135, 136	-	
103-2	29, 30, 44, 60-62, 68, 72-80, 91-93	-	
103-3	30, 44, 45, 60-62, 68, 72-80, 91-93	-	
<b>GRI 201: Economic Performance 2016</b>			<b>Company</b>
201-1	68, 69	-	
201-4	68	-	
<b>GRI 202: Market Presence 2016</b>			<b>Company</b>
202-2	93	-	
<b>GRI 203: Indirect Economic Impacts 2016</b>			<b>Company</b>
203-2	72-80	-	
<b>GRI 204: Procurement Practices</b>			<b>Company, suppliers</b>

<b>2016</b>			
204-1	60, 61	-	
<b>GRI 205: Anti-corruption 2016</b>			<b>Company</b>
205-2	29, 30, 61, 62	-	
205-3	30	-	
<b>GRI 206: Anti-competitive Behavior 2016</b>			<b>Company</b>
206-1	44, 45	-	
<b>Environmental Topics</b>			
<b>GRI 103: Management Approach 2016</b>	This reference to GRI 103: Management Approach 2016 and the corresponding Disclosures 103-1, 103-2, 103-3 applies to all topic-specific Standards listed below, for all material topics within the Environmental Topics section of this GRI Context Index table.		
103-1	61, 62, 64, 105-108, 110-112, 114-116, 119-121, 136	-	
103-2	61, 62, 64, 65, 105-108, 110-112, 114-116, 119-121	-	
103-3	62, 64, 65, 107-117, 120, 121	-	
<b>GRI 301: Materials 2016</b>			<b>Company</b>
301-2	115	-	
<b>GRI 302: Energy 2016</b>			<b>Company</b>
302-1	108-110	-	
302-3	109, 112, 113	-	
<b>GRI 303: Water 2016</b>			<b>Company</b>
303-1	120, 121	-	
303-2	120	-	
303-3	120	-	
<b>GRI 304: Biodiversity 2016</b>			<b>Company</b>
304-1	120	-	
304-2	119, 120	-	
304-4	120	-	
<b>GRI 305: Emissions 2016</b>			<b>Company</b>
305-1	113	-	
305-2	113	-	
305-3	113	-	
305-4	112, 113	-	
305-6	121, 122	-	
<b>GRI 306: Effluents and Waste 2016</b>			<b>Company</b>
306-1	120	-	
306-2	114-117	-	
306-3	120	-	
306-4	114, 116	-	
306-5	120	-	
<b>GRI 307: Environmental Compliance 2016</b>			<b>Company</b>
307-1	107	-	
<b>GRI 308: Supplier Environmental Assessment 2016</b>			<b>Company, suppliers</b>
308-2	65	-	
<b>Social Topics</b>			

<b>GRI 103: Management Approach 2016</b>	This reference to GRI 103: Management Approach 2016 and the corresponding Disclosures 103-1, 103-2, 103-3 applies to all topic-specific Standards listed below, for all material topics within the Social Topics section of this GRI Context Index table.		
103-1	29, 30, 43-45, 56, 59, 61, 64, 81, 83, 86, 91, 93-95, 99, 137	-	
103-2	29, 30, 43-45, 56-62, 64, 65, 81, 83, 84, 86-88, 91, 93-95, 99	-	
103-3	30, 43-45, 56, 58-61, 64, 65, 81, 83, 84, 87-96, 99	-	
<b>GRI 401: Employment 2016</b>			<b>Company</b>
401-1	83, 84	-	
401-2	99	-	
<b>GRI 402: Labor/Management Relations 2016</b>			
402-1	94	-	
<b>GRI 403: Occupational Health and Safety 2016</b>			<b>Company</b>
403-1	86	-	
403-2	90, 91	-	
403-3	90	-	
<b>GRI 404: Training and Education 2016</b>			<b>Company</b>
404-1	96	-	
404-3	94	-	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			<b>Company</b>
405-2	93	-	
<b>GRI 406: Non-discrimination 2016</b>			<b>Company</b>
406-1	92	-	
<b>GRI 412: Human Rights Assessment 2016</b>			
412-2	96	-	
412-3	92	-	
<b>GRI 413: Local Communities 2016</b>			<b>Company</b>
413-2	81	-	
<b>GRI 414: Supplier Social Assessment 2016</b>			<b>Company, suppliers</b>
414-2	65	-	
<b>GRI 415: Public Policy 2016</b>			<b>Company</b>
415-1	30	-	
<b>GRI 416: Customer Health and Safety 2016</b>			<b>Company, customers</b>
416-2	60	-	
<b>GRI 417: Marketing and Labelling 2016</b>			<b>Company, customers, network</b>
417-2	45	-	
417-3	45	-	
<b>GRI 418: Customer Privacy 2016</b>			<b>Company</b>
418-1	58	-	
<b>GRI 419: Socioeconomic Compliance 2016</b>			<b>Company</b>
419-1	30, 43-45, 58, 60, 81, 90, 92	-	



Other Topics (non GRI)			
<b>GRI 103: Management Approach 2016</b>	This reference to GRI 103: Management Approach 2016 and the corresponding Disclosures 103-1, 103-2, 103-3 applies to all other material topics listed below (not covered by GRI Standards), within the Other Topics (non GRI) section of this GRI Context Index table.		
103-1	17, 30, 31, 45-47, 49, 52, 54, 59, 60, 64, 71, 73, 97, 98, 108, 115, 117, 119, 120, 138, 139	-	
103-2	9, 17, 30, 31, 45-49, 51, 52, 54, 59, 60, 64, 65, 71, 73, 97, 98, 108, 115, 117, 119, 120	-	
103-3	9, 17, 30, 31, 45, 46, 48-55, 59, 60, 65, 71, 74, 97, 98, 108, 115, 117, 120	-	
<b>Product Quality</b>			<b>Company</b>
001-1: Network reliability (rates)	52, 53	-	
<b>Customer Satisfaction</b>			<b>Company, customers</b>
002-1: Customer satisfaction surveys (results)	49-52	-	
<b>Network Infrastructure and Investment</b>			<b>Company</b>
003-1: Network coverage	17	-	
<b>Risk and Compliance</b>			<b>Company</b>
004-1: Written notices regarding compliance issues (by number, outcome)	30	-	
<b>Social Products and Services</b>			<b>Company</b>
005-1: Products and services for vulnerable social groups (by number, type)	72, 73	-	
<b>Business Continuity</b>			<b>Company</b>
006-1: Employees briefed through business continuity awareness sessions (percentage)	31	-	
<b>Internet Safety</b>			<b>Company</b>
007-1: Blocked Internet security threats (by type, number)	59	-	
<b>EMF and SAR</b>			<b>Company</b>
008-1: Incidents of non-compliance with regulation and voluntary codes concerning electromagnetic fields (by number, outcomes)	118	-	
<b>Digital Divide</b>			<b>Company</b>
009-1: Availability of products and services	9, 17, 53	-	
<b>Responsible Buying</b>			<b>Company, suppliers</b>
010-1: Suppliers' evaluation (by number, outcome)	64, 65	-	
<b>Access to Content</b>			<b>Company</b>
011-1: Human rights issues (e.g. protection of minors)	45, 60	-	
<b>Product Affordability</b>			<b>Company</b>
012-1: Reduced prices and discounts	46	-	
<b>Customer Relations</b>			<b>Company, customers</b>
013-1: Clarity of charges	46	-	

013-2: Complaints received (by category, number) and resolved	54, 55	-	
<b>Donations and Sponsoring</b>			<b>Company</b>
014-1: People supported through social support activities	74	-	
<b>Work Conditions</b>			<b>Company</b>
015-1: Grievances about labour conditions filed, addressed, and resolved (number).	97	-	
015-2: Employees with overtime work (by percentage, average)	97	-	
<b>Employee Engagement</b>			<b>Company</b>
016-1: Employee satisfaction surveys (results)	98	-	
<b>Environmental Training and Awareness</b>			<b>Company</b>
017-1: Employees briefed on environmental protection (percentage)	108, 115, 120	-	
<b>Visual Impact</b>			<b>Company</b>
018-1: Base Stations shared with other operators (number)	119	-	
<b>Acoustic Impact</b>			<b>Company</b>
019-1: Base Stations with hybrid operation systems (number)	119	-	

## 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	III-5B, VI-1-5	F
9.	Encourage development and diffusion of environmentally friendly technologies	III-5D, VI-1A,3B,3C,4A,4B	F
<b>Corruption</b>			
10.	Work against all forms of corruption, including extortion and bribery	II-1A,2B,2C, III-5B, IV-4B	F

## ISO26000 Table (International Standard)

Aspect	Report Section	Coverage
1. Scope	II-3A,4A-4C	F
2. Definitions	C-3	F
3. Understanding Social Responsibility	II-3A,4A-4C	F
4. Principles of Social Responsibility	II-3A,4A-4C	F
5. Recognizing Social Responsibility and Engaging Stakeholders	II-3A,4A-4C	F
<b>6. Guidance on Social Responsibility Core Subjects</b>		
a. Organizational Governance	II-1A,1B,2A,2B	F
b. Human Rights	III-5B, V-3A	F
c. Labour practices	III-5B, V-3A	F
d. Environment	VI-1-5	F
e. Fair operating practices	II-1A, III-1-4	F
f. Consumer issues	III-1-4	F
g. Community involvement and development	IV-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-2C,3A,3D, IV-4A,4C, V-1C, VI-4B,5F	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	-
3.	Ensure healthy lives and promote well-being for all at all ages	IV-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-1B,3A,3B,5A
9.	Build resilient infrastructure, promote sustainable industrialization and foster innovation	I-4B, II-2E, III-3C, VI-4A
10.	Reduce inequality within and among countries	IV-2B,4A, V-3A,3B
11.	Make cities inclusive, safe, resilient and sustainable	IV-2C,4A
12.	Ensure sustainable consumption and production patterns	-
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
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.
“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.
“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.
Joint Audit Cooperation	A cooperation of 10 telecommunications companies (including Deutsche Telekom AG) to conduct joint supplier audits on employee, social and environmental related aspects, based on a standardized procedure and an on-site inspection.
“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, one of the largest telecommunications companies in the South East Europe, which includes COSMOTE Mobile Telecommunications S.A, Telekom Albania’s main Shareholder at the end of 2018.
“Report”	The Corporate Responsibility Report 2018.
“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       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 'Vangjel Noti', 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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