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Message of the Chief Executive Officer



Dear readers,

Since the beginning of the COVID-19 pandemic, the company's priority has been to keep Romania connected. The company has taken proactive measures to protect its employees, customers and partners, while ensuring the continuity of services and business. The company has also developed personalized content for its social media pages, in order to offer Romanians alternatives to spend quality time indoors, especially during isolation.

Frontline teams, whether from stores, technicians or call centers, have made constant efforts to meet the wide range of customer needs, in conditions of full safety and health protection. For us, our frontline colleagues are the real heroes of this period, but, to the same extent, we appreciate the contribution of all employees to the smooth running of the company in unprecedented pandemic conditions.

In 2020, technology was our great ally. Digital tools have helped customers, companies and authorities mitigate the impact on health and continue safe daily operations. The pandemic has served as a catalyst for digital development and we have realized that this growth must continue at an accelerated pace. Telekom Romania Communications supported the Romanian business environment, adapting its range of products and services to better meet the requirements of its customers and continued to market what Romanians want through the Teleconomy platform. In the digital journey of improving the customer experience, we have implemented new optimizations and digitizations.

Romanian society has shown a lot of solidarity, and the responsible behavior of citizens and companies has contributed decisively to the national effort against the pandemic. The company has supported the society's efforts to ensure the continuation of children's education by providing dedicated connectivity and digitization programs in the context of increasing pandemic internet consumption.

Sustainability will play a key role in the post-Covid era. Protecting health and the natural environment are key objectives that involve adopting digital solutions based on the new reality (for example, working from home is a priority and a radical change in the way society works).

We remain dedicated to the ambitious goal of becoming the operator focused on the customer experience, thus gaining their trust and loyalty. At the same time, we aim to have a positive impact on society by supporting vulnerable groups and digitalisation, by combating climate change, by developing and securing our employees, taking into account emerging trends in the labor market.

As we adapt to the local and global effects of the pandemic, we continue to contribute to the digital age and create a better world for ourselves and for the future.

Vladan Pekovic
Chief Executive Officer Telekom Romania Communications

1 Presentation of the company

Telekom Romania Communications S.A. (“Telekom Fix” or “TKR”) has been present on the Romanian market since 2014, after the joint rebranding of Romtelecom and COSMOTE Romania, thus continuing a history of almost a century. Telekom Romania Communications is one of the most important players on the Romanian telecommunications market, and our operations take place in several hundred offices, technical spaces and stores throughout the country, with its headquarters in Bucharest. More details about the Telekom Fix history can be found [here](#).

Telekom Fix is a dynamic brand that offers complete, innovative, customized fixed and mobile telecommunications services for a wide community of customers. Our solutions open up an endless world of opportunities to share the most beautiful and exciting experiences with family, friends, colleagues and those around us. Our mission is to enrich people’s lives by providing them with integrated fixed and mobile services (FMC), state-of-the-art 4G technologies, optical fiber, and Internet TV, which brings users a new entertainment experience with access to exclusive content and quality, full screen, and advanced interactive functionality. Telekom Romania Communications is the reliable partner of companies, for which we offer complete communications and IT&C solutions. Our network connects people, cars and content for a better, safer and simpler future.

Telekom is a brand owned by Deutsche Telekom, one of the leading global integrated telecommunications companies, which is a shareholder of the Hellenic Telecommunications Organization (OTE). OTE Group is the largest telecommunications service provider on the Greek market and one of the main telecommunications groups in Southeast Europe, with a presence in Greece and Romania.

Shareholders’ structure

Shareholders of Telekom Romania Communications S.A.

- OTE International Investments Limited - 54,01%
- Ministry of Research, Innovation and Digitization (MCID) - 45,99%

OTE announced in November 2020 the conclusion of an agreement to sell its 54% stake in Telekom Romania Communications S.A. to Orange Romania. At the time of reporting, the transaction is subject to the approvals of regulatory institutions and other conditions, its completion being estimated in the second half of 2021.

1.1 Company management

The main structure involved in decision making is the Board of Directors. Its members are responsible for the development of strategic business plans, as well as for the monitoring and management of operational performance; they are also responsible for developing appropriate and effective risk management policies and relevant processes. The process of selecting the members of these authorities is based exclusively on the qualifications and expertise of the members.

Telekom Romania Communications S.A.

The Board of Directors at December 31st, 2020

DI. Michail Tsamaz	Chairman
DI. Vladan Pekovic	Executive member
DI. Charalampos Mazarakis	Nonexecutive member
Dna. Eirini Nikolaidi	Nonexecutive member
DI. Andre Almeida	Nonexecutive member
DI. Panagiotis Tampourlos	Nonexecutive member
DI. Bogdan Laurentiu Voicu	Nonexecutive member
DI. Cosmin-Florin Mihălțan	Nonexecutive member
DI. Mircea Preda	Nonexecutive member

On November 5, 2020, Mr. Vladan Pekovic has been appointed CEO of the company, with the mission of ensuring a smooth transition until the completion of the above-mentioned transaction. Previously, the position of general manager was occupied by Mr. Miroslav Majoros. More details about the composition of the Telekom Romania Communications management team can be found [here](#).

1.2 2020 results

Telekom Fix is part of the Telekom Romania group of companies (Telekom Romania Communications S.A. and Telekom Romania Mobile Communications S.A.). The Telekom Romania Group has announced the key performance indicators for 2020, ended on December 31, 2020, and we further present some of these indicators.

In 2020, EBITDA reached 150.7 million euros, the second consecutive year in which the company recorded an increase in the indicator, while in the same period the total revenues from all the company's operations reached 950.9 million euros.

At the end of 2020, Telekom Romania had a total base of 1.24 million subscribers to television services, including 70,000 customers who used the innovative Smart TV Stick product. The product allows customers to effortlessly turn their regular TV into a smart one, without the need for technical installation.

Fixed internet revenues amounted to 70.3 million euros in 2020, while another innovative product of the company, Smart Wi-Fi continued to gain customers. The product allows simple and fast installation of the internet at home, without the need for any technical intervention.

The company provided services to a growing base of subscribers with postpaid contracts, amounting to 1.65 million in 2020. No less than 931,000 subscribers benefited in 2020 from Telekom Romania's converged fixed-mobile (FMC) service offerings.

1.3 Services and products

The company is constantly optimizing its network to ensure that quality services are delivered to customers. In 2020, the company continued to replace the copper network with optical fiber, and by the end of the year the network covered over 2.9 million households.

[Our services](#) include integrated packages of fixed and mobile services, state-of-the-art 4G technologies, fiber optics and Internet TV, which offer users a new entertainment experience, with access to exclusive and quality content on all screens as well as advanced interactive features.

[Telekom Romania Communications](#) is one of the leading IT&C service providers in the local market, offering a wide range of digital solutions to the B2B segment. Serving the fixed and mobile telephony market, high-speed fixed and mobile Internet, as well as TV services, the company offers advanced solutions that cover a wide range of communication needs, from IT&C services, desktop virtualization services, integrated services communication or IT security services. We also offer a range of cloud computing solutions for the retail, HoReCa, banking, healthcare, transportation and logistics, industry, startup, education and more markets.

In an unprecedented context, marked by the outbreak of the COVID-19 pandemic, in 2020 the company's priority was to keep Romania connected. The company has taken proactive measures to protect its employees, customers and partners, while ensuring business continuity. Telekom Fix has supported the Romanian business environment, offering free of charge, starting from March 2020, for a period of 3 months, the "Business Continuity" package, which includes unlimited mobile connectivity, voice and 4G internet and licensed Security Online. The company supported digital education, through packages specially developed

for educational institutions, offering those interested, free of charge until the end of 2020, 4G internet and licenses in the Adservio educational management platform.

In April 2020, Telekom Fix launched the Smart TV Stick; a product that addresses residential customers. Telekom Fix continued to answer the question “What do Romanians want” with services and offers designed especially for connectivity and the need for entertainment in the difficult period of the pandemic. The Smart TV Stick service offered access to up to 72 TV channels at launch and allows customers to play content from their smartphone directly on the TV.

Smart WiFi is a service launched by Telekom Fix in September 2019, through which customers can benefit from broadband services at home, through instant connection to the socket.

In July, Telekom Fix launched the #FanAfaceriMici campaign, through which it promoted local businesses with the help of Romanians. The campaign was an extension of the initiative to support Romanian companies, started with the "Business Continuity" package, to support remote collaboration through audio and / or video conferences, also offering Microsoft Teams and Cisco Webex solutions.

In September, Telekom Fix inaugurated two data centers in Cluj, an investment of 3.5 million euros, after the four in Bucharest and two in Brasov, thus becoming the Romanian operator with the largest network of centers for the provision of data hosting services (HDC).

In November, Telekom Fix launched the Tim chatbot, a digital assistant designed both to simplify access to fixed subscriptions or services, and to automate the technical support service for individual or corporate clients.

MyAccount has become one of the most popular utility applications in Romania, with a rating of 4.6 / 5 on Google Play and 4.3 / 5 App Store. Due to its ease of use and following the promotion campaigns, it doubled the number of users in 2020, compared to 2019, and the number of installations increased by 77% in 2020.

In 2020, for the third year in a row, we doubled the number of active robots within the company. Externally, we aim to simplify as much as possible the experience of our customers in managing interactions with the company's products and services from the comfort of their homes, making it faster, easier and most importantly - safer. Thus, the number of customers receiving their invoice in digital format increased by over 60% and we increased the share of customers using digital payment channels by approximately 30% compared to 2019.

All products and services in the company's portfolio are designed and created in such a way as to ensure a high degree of comfort and safety throughout their lifetime. We are committed to treating responsibly and diligently the process of proper and informative labeling of our products, as well as the one related to maintaining the confidentiality of our customers' personal data. We take this commitment seriously, which allows us to standardize and incorporate these good practices into our daily routine. As a result, we ensure that all our products and services are certified and bear all mandatory markings required by EU law or directives and regulations on the safe use of products, the restriction of hazardous substances and the reduction of e-waste.

In addition, we invest in the development of products and services that meet current challenges in the social, economic and environmental spheres. Our product and service strategy has the following objectives:

- Stimulating the sustainable growth of our company
- Supporting the transition to a low carbon society
- Facilitate access to education and health services for as many people as possible
- Supporting the sustainable development of Romanian communities
- Helping clients achieve their own sustainability goals

Trusted by customers

In 2020, Telekom Romania Communications conducted recurring surveys, in order to measure customer satisfaction and loyalty, thus obtaining their opinions. Telekom Romania Communications maintained its scores in the TRI * M Loyalty Index, the company's performance evaluation, compared to the previous year.

1.4 Our principles and culture

In our work, we follow a set of specific rules or principles that manage and guide the culture within the company, describe how we work together as well as our interactions with third parties. These principles also serve as the basis for our Code of Conduct, explaining the significance they have in our daily work as well as their practical and effective impact.

	<p>OUR PRINCIPLES AND CODE OF CONDUCT valid in 2020</p> <ul style="list-style-type: none"> ▪ Customer satisfaction ▪ We make things happen ▪ I act with respect and integrity ▪ All for one, one for all ▪ I'm T. Count on me ▪ Stay Curious & Grow
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1.5 Awards and recognition

- **Telekom Fix in the top of sustainability in Romania - Gold category in CSR Index 2020**

Telekom Fix has once again demonstrated its commitment to sustainability, with a position at the top of sustainability in Romania for the third consecutive year. Our company was declared the winner of the Gold category in the CSR Index 2020.

- **Support for employees in 2019**

Telekom Mobile received the bronze award in the EMPLOYEE SUPPORT category at the CSR Awards 2020, for the "Cool Telekom 2019" campaign.

- **Product of the year 2020**

The consumer vote nominated Telekom Mobile as the winner of the Voted Product of the Year® 2020 competition in the Mobile Services: Unlimited Mobile category.

- **PR Awards 2020**

The company received in the Tech PR category a Silver Award for Excellence - for the campaign: Keep Romania Connected.

- **Effie Awards 2020**

Telekom Fix received several awards: a Grand Effie 2020 for Customer of the Year; a gold trophy in the Telecommunications category for the campaign: SMART WiFi; a bronze trophy in the Branded Utility category for the campaign: BURNOUT LINE; last but not least, a bronze trophy in the category Positive Change: Social Good - Brands: BURNOUT LINE.

2 Sustainability strategy

Telekom Romania Communications, part of the Deutsche Telekom and OTE groups, has the mission of incorporating sustainability into its business strategy. At the same time, it accepted the challenge of contributing to the achievement of the UN Sustainable Development Goals (UNSDG) through its projects.

Telekom Romania Communications is convinced that sustainability involves creating economic value by responsibly applying fundamental business practices and by increasing the positive impact on society and the economy, as well as by reducing the negative impact on the environment.

The fundamental aspects that underlie our strategic thinking within the company are aligned with the sustainability strategy of Deutsche Telekom Group and OTE Group.

In order to measure and control our performance in terms of corporate responsibility, Telekom Fix uses guidelines and indicators developed by Deutsche Telekom and OTE Group. These indicators are essential, as they help us to optimize and improve our performance, in a systematic and transparent way.

The assessment of Telekom Fix's social contribution is based on a measurement model for the London Benchmarking Group's inputs, outputs and impacts. This model is in line with and compatible with international indicators and sustainable development initiatives, such as the Dow Jones Sustainability Index (DJSI), the Global Reporting Initiative (GRI) guidelines or the SROI.



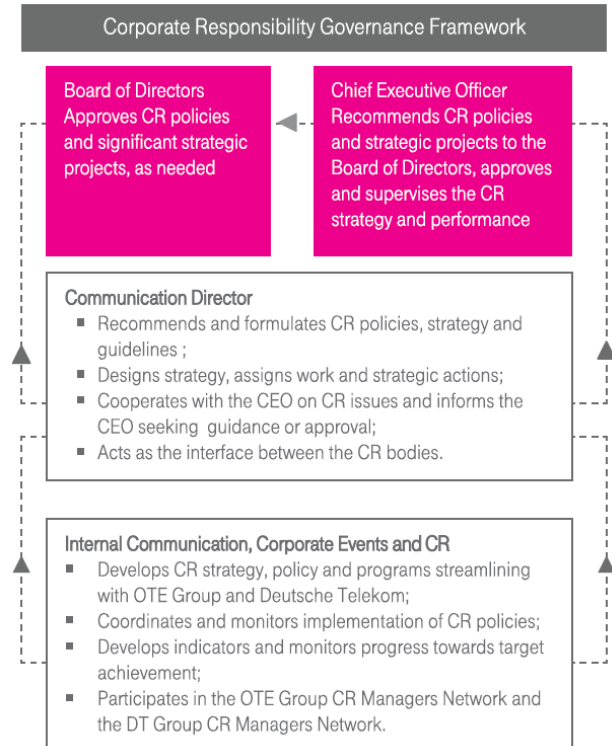
2.1 Indicators of sustainability in 2020

Strategic area	Key performance indicators (Definition)	2019	2020
Planet	Carbon intensity (kg CO ₂ /Terabyte bzw. kWh / Terabyte)	13.59	20.27
	Energy intensity (kg CO ₂ /Terabyte bzw. kWh / Terabyte)	37.09	6.07
	Direct and indirect CO₂ emissions (Scope 1, 2 and 3) (in t)	277,785	390,568
	Electricity consumed (in GWh)	120.85	107.63
	Renewable energy (in %)	43	44
	Collection of used phones (mobile phones collected in thousands / million clients)	2	0,05
	Waste managed (in t)	1,934	1,262
Society	Investments in community (in euro)	332,803	14,267
	Social commitment (importance of social involvement and the activities of social involvement of the company in %)	65	57
People	Identification of employees with corporate responsibility (in %)	70	n/a
	Fatal work accidents	1	0
	Beneficiaries (number of people)	82,896	1,662

2.2 Sustainability management

In order to achieve optimal management for all social programs and initiatives, Telekom Romania Communications systematically develops internal mechanisms and processes. We ensure the connection between the Corporate Responsibility Strategy and the Board of Directors through our Corporate Communication functions. The process is administered as follows: (1) The Board of Directors entrusts to the CEO, in accordance with the law, the responsibility in relation to the Corporate Responsibilities; (2) The CEO constantly informs the Board of Directors on how to fulfill Corporate Responsibilities; 3. The Director of Communication shall be responsible for the strategic definition and implementation of relevant actions in this regard.

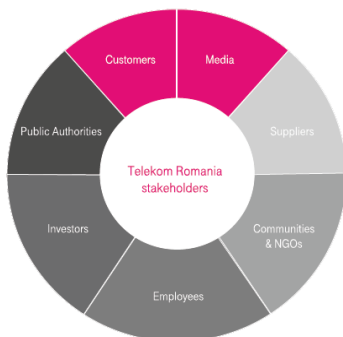
- The General Manager oversees the fulfillment of the corporate responsibility objectives and strategy and is systematically informed about the implemented programs.
- The General Director approves all sponsorships and donations, following review and approval by the Compliance Officer.
- There is a systematic dialogue with stakeholders. New social initiatives are proposed taking into account the corporate responsibility strategy and the needs of stakeholders, while data are collected to measure the impact of programs on society.



2.3 Reputation and stakeholders' management

Stakeholders are very important to the operations we carry out. Thanks to the information they provide in connection with local and global issues, Telekom Fix receives valuable information in this way, which it could not obtain in any other way. Our stakeholders are people and organizations capable of shaping the Telekom Fix policy - in fact, they can impact our business and choose how to be affected by it. We identified stakeholder groups based on their impact on our company and associated interest.

In 2017, we conducted a stakeholder update process together with the OTE group, and in this process we identified 9 stakeholder groups / stakeholders. This process was verified in the 2019 reporting year, and the need for changes was not identified.



1. Customers and potential customers
2. Companies
3. Investors and analysts
4. Media
5. Scientific, research and education organizations
6. State / government entities
7. Suppliers
8. Employees, potential employees and their representatives
9. Non-profit organizations and communities

Materiality analysis

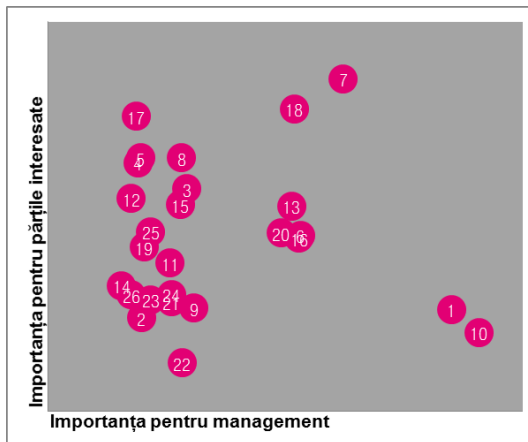
To ensure that all relevant issues related to sustainability are covered in our reporting process, we have followed the three steps recommended by [GRI](#):

- I. identification (aspects and limitations that could be considered for inclusion);
- II. prioritization (previously identified issues and topics);
- III. validation (prioritized issues or topics).

The results of this three-step process were used to define the structure and content of our report.

For the 2020 reporting cycle, we analyzed the following:

- We have defined the sustainability issues related to our services, products and operations, based on external sources, the Sustainable Development Goals (SDGs), as well as on the strategic priorities of the DT and OTE Groups;
- In 2017, together with the executive directors, we prioritized 49 topics, through an evaluation process based on the risk methodology of our group, in order to identify the most important aspects;
- We had a dialogue with stakeholders, through a survey of 26 questions resulting from topics validated by executives. These 26 questions were rated on a 4-level scale, from “unimportant” to “very important”, by 11,113 respondents belonging to the following 9 groups: shareholders, bondholders, investors and analysts; customers; employees; business; scientific, research and educational organizations; NGOs; mediate; state / government entities; suppliers;
- The most important topics for stakeholders were: data security and privacy, customer satisfaction, employment, business performance and resilience.



1. Economic performance
2. Governance and management
3. Company compliance policies
4. Employee compliance mechanism and complaint handling mechanisms
5. Respect for human rights
6. Resilience in business
7. Data security and confidentiality
8. Safe and responsible use of technology
9. Supply chain (suppliers)
10. Employment
11. Equitable employment and equal opportunities
12. Employee health, safety and well-being
13. Hiring and training employees
14. Products and services for sustainable development
15. Research and innovation
16. Responsible competition
17. Responsible customer communication
18. Customer service and satisfaction
19. Digital inclusion
20. Supporting information technology education
21. Contribution to the local community
22. Engaging stakeholders
23. Energy and climate change
24. The circular economy
25. Electromagnetic fields (EMC)
26. Other environmental issues

The subject or concept of "Materiality" reveals to an organization the activities, impact and achievements it must communicate and helps to define and determine the social, business and environmental issues that are most important for an organization and its stakeholders. The “Materiality Assessment” sorts the important / less important aspects to be reported or highlighted. In the case of Telekom Romania Communications, this process is illustrated by the table below:

AREA OF TOPIC	Strategic topics - Primary material topics	Very Important topics - Secondary material topics	Important topics - Third rate topics
MARKET& CLIENTS	<ul style="list-style-type: none"> Data security and privacy Customer service and satisfaction Business resilience (including business transformation, continuous mobile& Internet access) Economic performance & impact 	<ul style="list-style-type: none"> Responsible communication with customers Research & innovation Business enterprising 	
SOCIAL IMPACT	<ul style="list-style-type: none"> Support education on ICT 	<ul style="list-style-type: none"> Digital inclusion Child safety 	<ul style="list-style-type: none"> Managing impacts to society and the local community (volunteerism, social engagement, sponsorship)
ENVIRONMENTAL IMPACT		<ul style="list-style-type: none"> EMF, noise, etc. 	<ul style="list-style-type: none"> Products & services for sustainability (ICT solutions for a low carbon economy) Energy efficiency and climate change mitigation Materials& Waste management Circular economy
HUMAN CAPITAL	<ul style="list-style-type: none"> Employment (including employee satisfaction, involvement & motivation) Employee training& skill development 	<ul style="list-style-type: none"> Fair employment (including Employees' compliance and grievance mechanisms) Employee health& safety, wellness 	<ul style="list-style-type: none"> Equal opportunities
COMPLIANCE, ETHICS & GOVERNANCE	<ul style="list-style-type: none"> Responsible competition 	<ul style="list-style-type: none"> Corporate compliance policies (including ethics& anticorruption) Human rights 	<ul style="list-style-type: none"> Governance & management

During our materiality assessment process, we identified the boundaries of material aspects based on the criteria below.

- The relevance of the material aspect in the company;
- The material aspects for which the associated impacts may occur within the organization, respectively during the operations managed directly by Telekom Romania Communications, fixed and convergent operations.

Relevant material aspects outside the company - material aspects whose impact may manifest itself outside Telekom Romania Communications (operations that are not directly controlled by the company) at the level of contractors, suppliers, distributors and customers:


- Network maintenance and development contractors (A)
- Administrative services contractors (B)
- Headquarters maintenance contractors (C)
- Hardware Equipment Suppliers (D)
- Software Providers (E)
- Distributors / trading partners (F)
- Customers (companies) (G)
- Customers (individuals) (H)

Organizations in which we participate

For Telekom Romania Communications, stakeholder engagement is not a one-time process, but a continuous one, allowing us to develop lasting partnerships with various stakeholder groups, including NGOs, local communities, suppliers and the business sector.





Organization	Type of Participation
Romanian Advertising Council	Member since 2015
American Chamber of Commerce in Romania	Member since 2015
Romanian-German Chamber of Commerce and Industry	Member since 2010
Council of Foreign Investors	Member since 2010
Transparency International Romania	Member since 2014
Romanian Telecommunications Operators Association	Member since 2010
International Telecommunication Union	Member since 2015
European Association of Telecommunications Network Operators	Member
ITC Coalition for Safer Use of Connected Devices and Online Services by Children and Young People in the EU	Participant since 2013, as part of Deutsche Telekom Group

2.4 Contribution to the UN's Sustainable Development Goals (SDG)



The Sustainable Development Goals (SDGs), also known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Our direct impact in Romania through our sustainability strategy contributes to the following Sustainable Development Goals (SDGs):

1 NO POVERTY 	<p>Fighting poverty (#1) Some groups are disproportionately represented among the poor, and face additional constraints in trying to escape poverty. Organizations also have the opportunity to proactively take action to address the constraints these groups face, such as through inclusive business models or innovative products. We are constantly trying to increase efficiency, competitiveness and market access for SMEs.</p>
3 GOOD HEALTH AND WELL-BEING 	<p>Health and welfare (#3) Health is a fundamental human right and a key indicator of sustainable development. All actors, including those in the private sector, should work together to develop medical solutions that work for individuals, families, communities and nations. We support e-health policies and strategies that encourage the development of health education, through a portfolio of smart health solutions and additional solutions for market education, access to prevention information, and remote diagnosis..</p>
7 AFFORDABLE AND CLEAN ENERGY 	<p>Accessible and clean energy (#7) An organization's business can accelerate the transition to an accessible, safe and sustainable energy system by investing in renewable energy resources, prioritizing energy efficiency practices, and adopting clean energy technologies and infrastructure. By providing ICT solutions such as smart grids, smart buildings and smart logistics, which can play a major role in an energy-efficient future, global greenhouse gas emissions are reduced..</p>
8 DECENT WORK AND ECONOMIC GROWTH 	<p>Decent jobs and economic growth (#8) Telekom Fix's commitment to support the professional development of its employees, to provide equal pay to all employees without discriminating against race, sex or religion and to support the development of new SMEs in Romania. Most of the Telekom Fix suppliers are local, respectively from Romania.</p>

<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Industry, innovation and infrastructure (#9) Investment in infrastructure and innovation are determinants of economic growth and development. ICT has a critical role in providing convenient and enhanced access to information, by enabling research into new and sustainable technologies and solutions..</p>
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Sustainable cities and communities (#11) By 2050, 70% of the world's population will live in cities, so cities will have a critical role to play in achieving a sustainable future for the world in which we live. ICT can play a significant role in reducing the carbon footprint of cities, making the transition to smarter energy use, but also by connecting more "smart" business sectors such as electric mobility, e-Health, e-Assistance and e- Governance.</p>

As we are representative of the ICT sector, we have indirect impact and influence in contributing to all other Sustainable Development Goals (SDGs).

- Fighting hunger (# 2)
- Quality education (# 4)
- Gender equality (# 5)
- Clean water and hygiene (# 6)
- Decent jobs and growth (# 8)
- Reducing inequalities (# 10)
- Responsible consumption and production (# 12)
- Climate action (# 13)
- Underwater environment (# 14)
- Terrestrial environment (# 15)
- Peace and justice, strong institutions (# 16)
- Partnerships to achieve goals (# 17)

3 Our employees

Employee support, creativity, dedication, visions and the desire of employees to transform are the foundation of Telekom Fix's performance in the telecommunications market. We support talented young people and new employees from the first day of work by organizing introductory programs to familiarize them with the company's activities and processes. We offer a safe work environment and focus on the personal and professional development of our employees, this aspect being reflected in opportunities to develop their knowledge and expand their expertise by participating in a wide range of courses.

3.1 Who are our employees?

At the end of 2020, the total number of employees in the company was **3,332**, the vast majority of them (98%) working full time. More than half of our employees are men (64% of them) and the percentage of employees represented by women is 36%. More than half of our employees in the company (54%) are between 30-50 years old. In terms of the work environment, almost half of our employees work in the office (44%), while the rest carry out field activity or other types of work. All employees who have an employment contract concluded for an indefinite period are employed full time.

Our company rejects all forms of discrimination in the workplace and is in favor of promoting equal opportunities, as well as the diversity of all employees in terms of gender, age, culture, religion, skills and sexual orientation. This mentality is detached from and is in line with those stipulated in our Code of Human Rights and Social Principles. Our Code of Human Rights and Social Principles was adopted in 2018, through which the company assumes the responsibility to respect internationally recognized human rights.

Information on respect for human rights is included in compliance materials. In Romania, a compliance e-learning program was implemented in 2020, "Introductory Notions of Compliance", registering a participation rate of **22%**.

HUMAN RIGHT DUE DILIGENCE PROCESS IMPLEMENTED IN ORDER TO MEET REQUIREMENT OF UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS COVERING DT VALUE CHAIN

Raising awareness, trainings & engagement (6)

- Awareness for senior managers
- Active engagement with stakeholders

Control, communication and reporting (5)

- Monitoring: Social Charter Performance Report & Employees Relations Policy Review
- Transparent communication and reporting

Integrating a human rights perspective (4)

- Internal: Relevant business departments and processes (e.g. Supplier chain, compliance audits)
- External: Clients suppliers and further relevant groups



Basic Statement on human rights (1)

- Respect for human rights (Social Charter, Global Compact Lead, Sustainability Code)

Grievance mechanism (2)

- Contact points accessible internally and externally (via hotline, mailbox, post and also anonymously, i.e. Whistleblower portal TellMe!)

Human rights risk and impact assessment (3)

- Identifying potential impact of business activities on human rights

3.2 Indicators regarding the employees

	2019	2020
Hired with contracts on limitless period	3,672	3,270
Hired with contracts on limited period	75	62

	2019	2020
% of employees aged under 30	8%	7%
% of employees aged 30 to 50	61%	54%
% of employees aged above 50	31%	38%
% of employees women	36%	36%
of employees men	64%	64%

	2019	2020
New employees aged below 30	77	63
New employees aged 30 to 50	69	81
Employees aged 50	1	10
New employees women	79	64
New employees men	68	90

Non-discriminatory compensation

Telekom Fix does not make any distinction or differentiation based on sex as regards remuneration. The pay ratio between men and women is 1 to 1. Employees' salaries are determined by their level of education, years of experience and their position. The gross monthly basic salary is granted according to the company's salary policies, depending on the employee's salary category.

3.3 How we support our employees

SUPPORT FROM THE VERY FIRST DAY. Our induction program for new employees includes a separate familiarization section on Compliance Issues, the Code of Ethics, Sustainable Development, and the Group's internal policies.

COLLECTIVE LABOUR CONTRACT. We fully respect the regulations of the Romanian legislation on labor, freedom of association and collective labor agreements. Our employees are members of trade unions, with a representative union at the company level. The collective labor contract in force, applicable at the level of Telekom Romania Communications (signed in 2020, for the period 02/2020 - 03/2022) regulates the aspects related to health and safety at work, rights and obligations, working time, holidays, benefits, the increase for overtime, weekly rest, social protection, labor discipline and trade union rights.

GENDER EQUALITY. Telekom Fix does not make any gender distinction or differentiation in terms of remuneration, with a pay ratio of 1 to 1.

INTERNAL COMMUNICATION. Regarding internal communication, the main awareness and involvement campaigns of employees are briefly described below.

Like many companies in Romania and around the world, Telekom Fix has faced the challenges caused by the new reality and generated in the context of COVID-19. Given the uncertainty, lack of confidence and confusion, to which were added the panic and fear generated by this pandemic, it was necessary for everyone to feel included, important and protected. Moreover, the context of COVID-19 underlined the importance of elements that, until then, we did not appreciate at their true value, such as communication services. And telecommunications have proven to be extremely important in the new context. Thus, for Telekom Fix it was very important to continue to provide high quality services, while trying to allay the fear of technological disconnection that was constantly growing.

Thus, in response to the new context, the company acted quickly to emphasize the idea of national unity, to support Romanians and reassure them by encouraging confidence that together we will make everything good. Telekom Fix's mission was to **Keep Romania Connected**, actively participating in keeping the public administration, the educational system, the medical system, but also the public and / or private companies connected. At the same time, the company wanted to keep its employees motivated, increase their trust, encourage unity among colleagues and make them feel protected - as part of the Telekom family, and developed internal communication under the logo We keep the Company Connected - thus replicating the external activities, but also completing them with new and customized ones, adapted to the new context. Keeping Romania Connected and Keeping the Company Connected were complex platforms with a multitude of activities, many of them being premieres in the national communication landscape.

The second important campaign carried out in the company, **HEALTHY ME**, represented a virtual community of those who want to maintain or improve their health in all aspects. The program was created following the voice of our colleagues - because they helped us identify points of suffering during isolation, uncertainty and the pandemic context. We offered a common virtual space in which we invited them to participate in sports, training or learning events, to browse articles, recommendations and other resources designed to help us achieve or maintain our well-being in the company and to face with various personal challenges. The program has 5 streams: healthy body, healthy mind, healthy learning, healthy community and healthy leadership. In 2020, 2,617 entries were registered during 226 online sessions for the Healthy Me Program in the first 6 months of the program.

In Telekom Romania, 85% of employees completed the Pulse Employee Satisfaction Survey in 2020. This high participation rate demonstrates the strong interest of employees to express their opinion and get involved in important issues that affect their work environment. . Telekom Fix employees identify 70% with the company's social and ecological commitment (data from 2019).

Significant data on the internal communication in 2020

- 49 issues of weekly newsletters were sent to approximately 3,300 employees.
- 261 internal announcements were communicated to employees.
- Over 100 internal campaigns and other employee support activities were developed.

3.4 Vocational training and benefits

We offer training programs and a number of benefits to our employees, supporting them and their families in their daily lives, and providing them with support at important moments in life, promoting a work-life balance.

During 2020, Telekom Fix employees participated in various trainings, mainly using the internal e-learning platform to comply with health and safety conditions, accumulating a total of 5,568 participations and 37,154 hours of training. On average, employees received 10.53 hours of training annually.

PERSONAL AND VOCATIONAL DEVELOPMENT

The third cycle of the "Group in a Job Role" program began in June 2018 and a total of 20 employees became part of a "talent fund" for future vacancies within the OTE group. Since then, three talents have taken on new jobs in the OTE group.

Moreover, during 2020, at the group level, a complex development program called #LevelUpNextGen took place and designed for talented employees with potential in the leadership area, in which, for 5 months (August - December), 17 Telekom Romania Communications employees participated in the management development program together with the talents from other countries of the Group.

Moreover, in October 2020, a 2-day event was organized online all over Europe for talented young employees (under 25, first job, high potential), called #NextGen. Telekom Romania Communication occupied 10 places in this program.

- **OPPORTUNITIES FOR YOUNG TALENTS**

In 2020 we had 12 internal students from the technical faculties within the company, and we offered scholarships and internships for students from vocational high schools with economic and telecommunications profile.

- **PROFESSIONAL EVALUATION**

All eligible Telekom Fix employees were evaluated for performance. In the company, the Performance Management System continues to fuel collaboration using a 360 ° feedback process and a set of common goals for all employees. Moreover, since 2019, the principle of cascading the company's objectives has been strengthened with the development of a system that allows employees to identify their individual objectives and contribution to the company's objectives.

The company offers a complete and competitive package of benefits that meets the needs of employees and their families: the package of medical services, the flexible individual model of rights and benefits, as well as special offers through partners. In the flexible individual benefit model, employees are entitled to opt annually for a range of benefits from those provided, in a fixed amount.

- **MEDICAL SERVICES PACKAGE**

The company provides employees with packages of medical services through renowned partners in the field of health in Romania.

- **INSURANCE**

Employees have the right to opt in the flexible individual benefit model for a Pillar 3 pension insurance.

- **FAMILY**

The families of our employees are very important to us. Therefore, our offer of benefits includes: Easter cash gift for employees, cash gift for children for June 1, cash gift for women for March 8 (provided as options in the flexible individual benefit model). Also, in addition to the legal provisions, the company offers a series of benefits for birth, marriage, Christmas gift for children and others, benefits provided in the Collective Labor Agreement in force, valid at company level.

- **SPARE TIME**

Holiday bonus, Christmas bonus, Easter bonus, settlement of holiday or treatment expenses (provided as options in the flexible individual benefit model).

- **OTHER BENEFITS**

Meal vouchers, reimbursement of transport expenses (provided as options in the flexible individual benefit model).

- **WELLBEING**

The company offers employees, through partners, numerous special offers for wellbeing products and services, holidays, financial-banking services, health and sports, education and much more.

The benefits are the same for all categories, the differences are as follows:

- For those with a part-time contract, the benefits were granted in proportion to the actual time worked
- For those with a fixed-term contract, the benefits were granted in proportion to the duration of the contract.

All Telekom Fix employees participated in 2020 in courses related to health and safety at work, totaling a number of 53,566 hours of training, on average 15.19 hours / employee.

In 2020, the health surveillance and safety inspections of employees remained at high levels, as in previous years and given the legal restrictions due to the pandemic situation. In 2020, there were no fatal work accidents due to the nature of the work. During 2020, eight employees of Telekom Romania Communications were involved in accidents with temporary incapacity for work. Employees needed medical assistance and medical leave.

4 Social commitment, digital inclusion and security

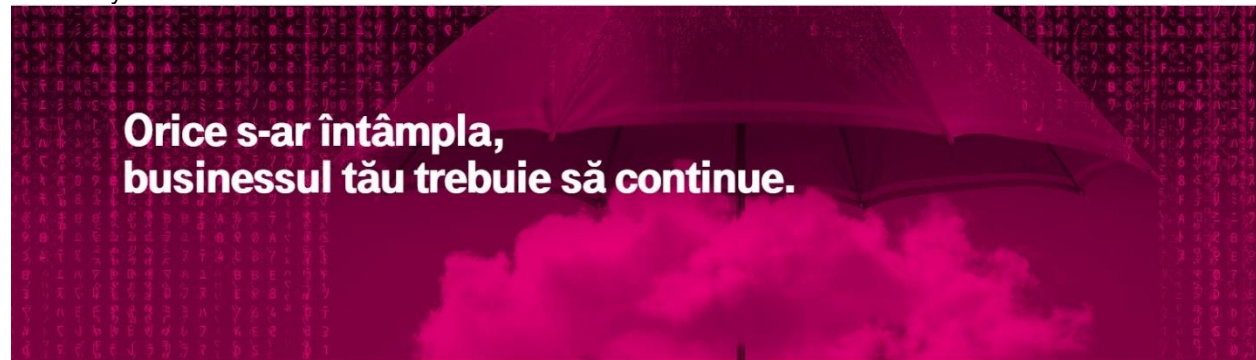
The company supports social initiatives for disadvantaged groups, education, digitalization, technological development, environmental protection and a healthy life, in order to contribute to the sustainable development of Romanian society.

4.1 Social commitment and digital inclusion

To support digital inclusion in Romania, Telekom Fix provides services and products that meet the communication needs of all categories of customers and actively supports equal access to new technologies, promoting the country's transition to the new digital age.

The company has supported entrepreneurs to continue their home business during the pandemic

The company offered business customers improved conditions and discounts to help them work from home, to support the Romanian business environment, through concrete measures, with limited applicability. The measure was part of the commitment to loyalty to Romanian companies, entrepreneurs, managers and their employees. Telekom Fix has joined forces with its strategic partners to launch the "Business Continuity" action plan which consists of a package of certified solutions, easy to use and activate with unlimited mobile connectivity, voice and 4G network, licensed device security Norton Security Online and audio and / or video conferencing tools. At the same time, the program was part of the promise to keep Romania connected, to support companies in the smoothest progress of this period and to contribute to the continuity of their business.



Free and unlimited connectivity offered to students and teachers for further education

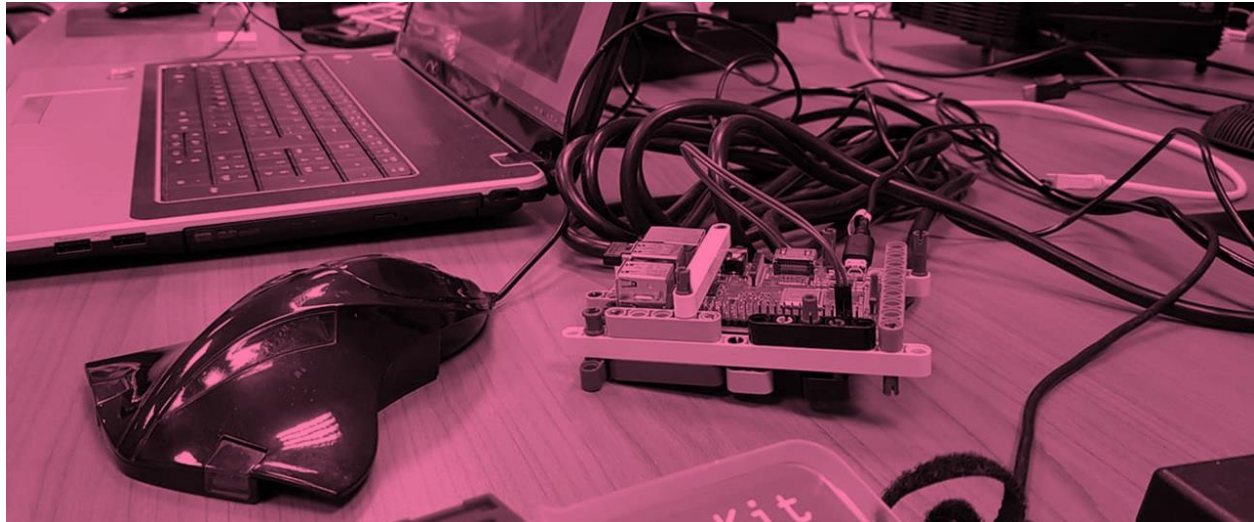
The right to education is guaranteed by the Constitution, and this area of life is a priority for Telekom Fix. The company has facilitated for approximately 500,000 students to continue their distance learning courses, giving them free access to the Adservio educational management platform and SIMs with unlimited 4G internet. We also offered unlimited free connectivity and Wi-Fi equipment for 172 students and teachers at the full school in the village of Găinești within the local authority Slatina (Suceava County).

Moreover, Telekom Fix, together with its partner, SuperTeach, has connected technology education by developing a strong community, in which teachers have access to the most valuable educational resources of the moment: webinars and workshops, online courses, conferences and trainings on various topics of interest, dedicated to their professional development. Both Telekom Fix and SuperTeach's mission is to mobilize communities of open-minded teachers and to prepare them digitally for an education system adapted to the pandemic context triggered in 2020.

A marathon of ideas for the company's employees

The first Hackathon in the company took place in October 2020. The hackathon focused on finding ideas and solutions to improve internal processes (for employees and their colleagues) or external ones (for Telekom Fix customers). Any employee who had an idea and was ready to convince the most demanding and enthusiastic jury of this idea could participate. Due to the coronavirus pandemic, the event took place

online. Teams of three to six members developed ideas, detailed processes, tested ideas and presented them to the jury. During the hackathon, teams were able to discuss their work with one or more mentors and gain additional information about their ideas. In addition to the interesting experiences offered by the Hackathon days, employees were motivated to participate with prizes. The first three places were honored and awarded separately.



Preparation for the jobs of the future - programming in CoderDojo workshops

In the 2020-2021 school year, over 300 children between the ages of 8 and 17 learned about programming during the CoderDojo workshops. They are free and have been running online since 2020 due to restrictions on the COVID-19 pandemic. Students could choose one of three categories: "Explorer", "Adventurer" and "Teacher", depending on age and level of education. Based on the level of difficulty, a series of workshops with different programming languages and technologies were offered. Due to the high demand for introductory workshops in algorithms, Java Script and Python, the organizers have expanded the capacity to accommodate more students. The program was developed by volunteer mentors, specialists in programming, robotics and the latest technologies.

Additional information can be found at www.coderdojo.ro.

Fight against cyberbullying

Telekom Fix and the Children's Phone Association continued the campaign against cyberbullying with messages adapted to the context of the pandemic. This project facilitates the reporting of child abuse cases, including online grooming and physical abuse.

The campaign platform www.116111.ro is an educational platform that gathers useful information on how cases of child abuse can be reported, as well as ways to seek specialized counseling for such cases. HappyGraff is a mobile application that works like a diary in which teenagers can record their emotions whenever they feel the need and have access to useful tips on how to manage different situations with difficult emotional conditions. The mobile application can be accessed on phones equipped with an Android operating system and is available for free download in GooglePlay. The application can also be downloaded from the campaign website.

CYBERBULLYING-UL NU SE ÎNFRICOȘEAZĂ DE VIRUS, CI VIRUSEAZĂ MAI CU SPOR.

PERIOADA ASTA E PLINĂ DE NECUNOSCUȚ, FRICI ȘI SEMNE DE ÎNTREBARE.

SUNTEM AICI SĂ TE ASCULTĂM.

#116111
#WWW.116111.RO
#HAPPYGRAFF
@ASOCIATIA TELEFONUL COPILULUI

The Telekom Romania Foundation occupies a special place in our organization, being established to offer support to a wide range of causes. Among other things, the Foundation supports people in difficult

situations, certain social causes, children and adults diagnosed with serious illnesses, talented students, digitalization, humanitarian campaigns for victims of floods or other natural disasters.

The Telekom Romania Foundation, in its effort to support connectivity during the Covid-19 period, offered mobile phones to the Red Cross, which were used in carrying out activities to support vulnerable social groups during the isolation period and beyond.

Also in 2020, the Foundation held the NASA SpaceApps Challenge international hackathon in October. SpaceApps Challenge is NASA's innovative incubation program, which has been held annually since 2012 at hubs in 200 cities around the world. In Romania, over 100 people aged between 14 and 30 participated online, forming 12 teams whose projects are displayed for Bucharest and Cluj. Two teams from each city qualified for the international competition evaluation stage.

4.2 Cybersecurity

Without an adequate level of security, an optimal customer experience cannot be ensured. It is worth noting that most people today seem to have a higher degree of confidence in the security of the digital products and services they use, which can be determined by several factors such as lack of knowledge about the risks in the digital sphere, on one hand, and on the other, the excessive trust given to providers of such services who are considered to be professionals in their approaches to security.

Telekom Fix does its best to provide a higher level of cyber security, making constant investments in the security of its products and services. By implementing a complex monitoring process, we ensure that all customer information and personal data are constantly protected against misuse and are used or processed only for the purposes for which they were collected. In addition, to further enhance security, information is encrypted and companies do not store the contents of customer communications in their systems.

Number of trained employees	2019	2020
Training regarding the data confidentiality	2,362	N/A
Training in data security	1,079	2,944

MANAGEMENT APPROACH TO ENSURE AN OPTIMUM LEVEL OF SECURITY:

- Security and [Data Protection](#) Policy (defines standards to ensure an adequate level of security necessary for the protection of information and all data, including personal data).
- Code of Conduct on Privacy.
- Mandatory policy for the confidentiality of personal data within the DT group.
- Separate policies / main safety standards, covering areas such as:
 - IT Systems Security;
 - Corporate information and security of personal data;
 - Security of the human resources sphere;
 - Processing of personal data of customers

Information on the [processing of personal data](#) is published on the company's website, customers being transparently informed about the personal data we collect, for what purposes we use them and the rights they have in relation to their personal data.

In 2020, Telekom Romania Communications registered a number of 959 requests regarding the exercise of rights under the General Data Protection Regulation (EU) no. 2016/679.

ENSURING PHYSICAL SECURITY IN TELEKOM FIX

- Approximately 1,328 access requests managed by the Security Dispatch Office;
- Carrying out 5 new assessments of the physical security risk;
- Performing 198 security visits to various locations of the company.

4.3 Children’s safety in the online environment

Telekom Romania Communications ensures that through its services it offers content suitable for all age groups. In order to make access to this content as easy to manage and secure as possible, we have taken steps to ensure that the information provided by third parties is based on and in accordance with Romanian law.

In addition, we have implemented a series of classification tools so that adult content can be provided only on request, as well as parental control tools that filter the content (services / tools valid on both IPTV platforms and those DVBC).

An important aspect that we take into account is that, in many cases, children adapt much faster than their parents to technology. Because of this, their parents need to be very well informed about the services facilitated by technological progress (such as voice calls and SMS, image sharing, internet access and browsing on social networks).

The need is urgent, especially since, according to statistics, the vast majority of children surf the internet unattended, and many of them disseminate vulnerable personal data. By accepting and being aware of these threats, parents could apply technological measures and educate their children about the responsible use of technology.

Telekom Romania Communications also comes to their aid, which, in order to facilitate this process, provides the following tools:

- a third-party program specifically designed to filter content;
- a service called "PRS restrictions" that allows you to restrict access to SMS and chat on adult content provided by third parties;
- autonomous actions of the company, which - in accordance with its policy - may restrict or remove information, as well as close or block access to any site that does not comply with the policy;
- constant updates of relevant information - our contractual clauses specify that suppliers are obliged not to change the nature and classification of their content without prior notice to Telekom Fix.

Executive Coalition for Children

The company is a member of the OTE-COSMOTE Group, and the Deutsche Telekom Group is part of the "Coalition at CEO level (CEO) to make the Internet a better place for children". This self-regulatory platform was launched by the European Commission in December 2011 and aims to make the internet a safer place for children.

In January 2013, Deutsche Telekom undertook to adopt a set of 25 measures to further increase the online safety of children.

Any help begins with an initiative

Learn more about how to prevent online abuse by contacting 116 111, the European children's telephone line, managed by Telekom Romania Communications and the Romanian Children's Phone Association. Through 116 111, you can also report digital abuse such as online harassment, exposing children to illegal content on the internet, or online exploitation of children.

You can also seek free legal advice from specialists in the organization. The information can also be sent to the e-mail address: telefonulcopilului@telefonulcopilului.ro. Visit www.116111.ro for relevant information about aggression / intimidation.



You can also find information on the OradeNet portal (<http://oradenet.salvaticopiii.ro/>), a portal related to a European program that promotes the use of the Internet by children and adolescents in a creative, useful and safe way in Romania.

In case of possible complaints received by Telekom Fix through the various communication channels (customer relations number 1234, email, sesizari@telekom.ro, contact form on the company's website), the relevant structures within the organization follow the NTD procedure and direct the complaining customers to the reporting application of the national organization OradeNet (<http://oradenet.salvaticopiii.ro/>).

5 Protection of environment

The products and services we develop are created to reduce CO2 emissions, thus reducing the company's carbon footprint. In our social initiatives, we are guided by the ideal of a circular economy, by building and rebuilding the general health of the system by recovering, reusing and reintroducing as many materials as possible into the economic cycle.

Through its growing range of environmentally friendly products and innovative IT&C solutions, Telekom Romania Communications helps consumers and companies to efficiently reduce their energy consumption while reducing CO2 emissions.

For many years we offer services that help dematerialize business processes such as online billing, digital flows or cloud computing services and also invest in developing and improving them, thus helping customers in the business sector to grow sustainably and giving them the competitive advantage they need in order to be successful.

By transferring business applications such as e-mail, customer relationship management (CRM) and software packages (spreadsheets, file sharing and information processing programs) from companies' local IT systems to centralized cloud services, contributes significantly to the reduction of electricity consumption related to IT services and implicitly to the reduction of CO2 emissions.

5.1 Circular economy

Instead of using resources and unplanned development of technologies, we, as humanity, have begun to perceive the development of civilization as a sustainable target. As our knowledge of various ecosystems and environmental dynamics grows, we realize that technological and industrial regulations influence the entire planet.

The concept of circular economy means that economic systems can be transformed into systems that recycle and reuse as much as possible - and when it is impossible, at least seek to reduce the negative impact on the environment.

Telekom Fix follows Deutsche Telekom's circular economy strategy, which makes significant efforts to minimize the impact of our operations on the environment and to make employees and all stakeholders aware of the importance of environmental protection and the responsible actions to be taken in this regard. Therefore, the company:

- Applies the "Reduce - Reuse - Recycle" principle in all its activities.
- Extends the life and total use of equipment offered to customers and facilitates recycling services for defective equipment.
- Informs and encourages citizens to adopt recycling practices.

5.2 Carbon emissions

We share a vision of a low-carbon society and act to make that vision a reality. We act directly, reducing our own CO2 emissions and indirectly, offering services and products with a low carbon footprint. In simple terms, the carbon footprint is the total amount of carbon dioxide emitted by an entity. By keeping it low throughout the life cycle of our products and services, we reduce the CO2 footprint of our customers.

Our goal in this direction is defined by the Deutsche Telekom Group's Climate Change Protection strategy, which aims, among other things:

- Zero impact for domestic CO2 emissions by 2025 at the latest.
- Zero impact for emissions from production to customer by 2040 at the latest.

Priorities for improving energy efficiency:

- Telecommunications networks, which aim at the transition to a more energy efficient network
- Buildings, data centers and shops, with an emphasis on the correct and efficient use of the installed equipment
- Concentration of equipment and reduction of space used
- Our workstations are designed to be environmentally friendly, using energy efficient equipment.
- Road transport, with emphasis on the renewal of the vehicle fleet, but also on the monitoring and control of the transport activity.

CO2 emissions

Tons of equivalent CO2	2019	2020
Direct emissions (goal 1)	9,166	8,154
Indirect emissions (goal 2)	52,404	35,918
Other indirect emissions (goal 3)	216,215	346,496
Total CO2 emissions	277,785	390,568

Starting with 2017, we calculate two new indicators relevant to our IT&C activity: **carbon intensity and energy intensity**. With the expansion of the network, energy consumption increases, and the indicators mentioned above express in a more relevant way the correlation between the volume of data transited in the network and energy consumption.

ESG KPI "Carbon intensity"

	2019	2020
kg CO2/Terabyte	13.59	20.27

Energy consumption

GWh	2019	2020
Electricity consumption	120.85	107.63
Urban heating and fuel consumption in buildings	22.9	17.2
Fuel consumption (fleet)	24.25	22.27
Total	168	147.1

ESG KPI "Energy intensity"

	2019	2020
kWh / Terabyte	37.09	6.07

Water consumption

m ³	2019	2020
Total water consumption	44,054	32,846

5.3 Resources and waste

Through our environmental policy and objectives, we are dedicated to managing and reducing the impact of our operations on the environment. Thus, we set up a monitoring system for all the materials and resources we use. It allows us to identify potential for improvement and to establish specific measures to address those issues that we can control.

To increase material efficiency and waste management, we have developed our strategy based on 7 key principles:

- Monitoring the consumption of materials associated with our operations;
- Reducing the use of materials with high environmental impacts in their production phase;
- Prevention of waste generation whenever possible;
- Reuse of materials whenever possible or their recycling by specialized companies;
- Management of all electrical and electronic waste to prevent environmental impact;
- Development of products and services that contribute to dematerialization;
- Increasing the visibility and awareness of the importance of protecting the internal and external environment, in order to increase participation in recycling activities.

Wastes generated from our fixed and mobile operations are classified into the following main categories, according to specific criteria:

- Hazardous waste (lead batteries, lamps, portable batteries, creosote poles);
- Technical waste generated during technical operations on our networks and systems (eg cables, metals, electronic and telecommunications equipment) and used products (eg telephones and their accessories, etc.);
- Other (categories of waste not included in previous categories, such as residual waste).

Consumption of materials

tons	2019	2020
Paper and carboard	85.18	37.49
Wood	6.76	-
Plastic	10.03	-
Total	101.85	37.49

Deșeuri gestionate

tons	2019	2020
Recycled waste	1,865.56	1,231.71
Unrecycled waste	68.38	29.8
Total	1,933.94	1,261.51

Stop Wasting – Start Caring!

Internal and external initiatives for environment protection

Telekom Fix has developed numerous initiatives to digitize its activities and reduce its environmental footprint:

- Water dispensers in all locations.
- Digitized reports on travel expenses.
- Printers set to print automatically on both sides of the paper.
- Rental models (routers, modems and other equipment are rented based on leases). At the end of the contract, they are recovered for reuse or recycled, as appropriate.
- Reduce the size of SIM cards (50% plastic savings by reducing the size of SIM cards).
- Recycling for phones and other small equipment sold in stores (in each location we have containers for electronic waste and batteries, and periodic collections are made by our recycling partners); leaflets with information on the management of these types of waste are available to customers at the point of sale.
- Periodic training of employees on the e-learning platform for selective waste collection; Selective collection containers are available at every office location and landfill to increase the recycling rate of waste generated.
- Responsibilities for electronic equipment, batteries and packaging are transferred to authorized commercial operators to achieve recycling targets.

- Hazardous wooden poles collected as waste are handed over for incineration with energy recovery.
- Replacement of thermal power plants with more efficient installations.

5.4 Electromagnetic fields

The impact of electromagnetic fields (EMF) is a subject under observation for over 40 years. The limits imposed at national level, by Order no. 1193/2006 of the Minister of Public Health, transposes Recommendation 1999/519 / EC on the limitation of exposure of the general public to electromagnetic fields (0 Hz to 300 GHz), being a reference document for all EU Member States, approved by the International Commission for Non-Ionized Radiation Protection (ICNIRP), a non-governmental organization officially recognized by the World Health Organization.

ANCOM performs measurements with mobile equipment that is available to the public. More information about Continuous monitoring of electromagnetic waves in Romania can be found [here](#).

5.5 Laws and regulations compliance

We follow the legal regulations closely. We keep the noise level of our equipment below legal thresholds through maintenance programs and the replacement of old equipment. In 2020, the Environmental structure of our company did not register any complaints regarding environmental protection.

6 Responsible risk management

6.1 Risk management at company level

The complex process of technological development generates on one hand advantages, and on the other hand significant costs. The dynamism of events and the links between them makes their analysis in time more and more difficult, thus giving rise to many risks and uncertainties that combine with each other and which are doubled by an acute lack of information.

From a technical point of view, contrary to our general understanding, risk and uncertainty are two totally different notions. Uncertainty denotes a lack of security or certainty, generated by the lack of information. Under these conditions, the result of an event is unknown and cannot be analyzed, measured or predicted. Risk refers to the probability that a certain event will occur. Under risk conditions, a certain person can make certain decisions as the chain of events unfolds. At the same time, there must be a certain degree of readiness in the case of events with a low probability and which can affect a process in a positive or negative way. When there is a certain risk, there is also certain information available that we can refer to.

In our company, we have managed to develop and create effective approaches and procedures to minimize risks and avoid uncertainties, and in order to operate efficiently in this volatile environment (due to its operational size) we need to anticipate, identify and manage any risks that could occur.

Thus, we have created an **Enterprise Risk Management (ERM) Framework** - a central element of our corporate governance through which risks and potential opportunities are identified in advance, monitored and managed. This framework is value-oriented and focused on covering all strategic, operational, financial, compliance and reputational risks.

The Enterprise Risk Management Function (ERM) within Telekom Fix has developed and implemented a unified methodology for conducting risk assessment by all its departments to meet the requirements of "risk assessment at company level" imposed by both the ISO 31000:2018 standard, as well as those imposed by Romanian legislation.

Handling and reporting risks

The responsibility for risk management belongs primarily to our operational managers, the ERM team being responsible for ensuring the integrated framework for risk assessment and their proper reporting.

In order to ensure the timely identification of potential new risks and to keep abreast of the evolution of existing risks as well as their mitigation / prevention measures, we communicate quarterly and whenever necessary with a number of key people in our fields of business. In addition, we review management reports, group reports, financial reports, industry reports, macroeconomic indicators and progress reports related to our ongoing or planned strategic initiatives.

The ERM team systematically identifies and records the risks and then evaluates their impact and probability based on the agreed models. **Risks identified by the ERM team that exceed the impact of EUR 500,000 on EBITDA** are included in the Quarterly ERM Report which is validated by the GRC Committee (Governance, Risk and Compliance Committee).

The report with all possible changes is then presented to the Audit Committee, and after its confirmation, the Director of Internal Audit and Risk Management sends it to the OTE ERM team for review, after this report has been previously presented also to the General Manager. This report is used both in the planning and budgeting process of the following year, but also in the planning of future internal audit missions.

Telekom Romania Communications management system certifications

Within an integrated management system based on ISO 9001, the following certificates were obtained by Telekom Romania Communications.

- ISO 9001: 2015 | Quality management system - Requirements

- ISO 14001: 2015 | Environmental management system - User guide requirements
- ISO 45001: 2018 | Occupational health and safety management system - Requirements
- ISO 27001: 2013 | Information technology. Security techniques. Information security management system. Requirements
- ISO 22301: 2012 | Business continuity management system - Requirements
- ISO / IEC 20000-1: 2011 | Information technology service management system
- ISO 31000: 2018 | Risk management system - Principles and guidelines (attestation)
- ISO 37001: 2016 | Anti-corruption management system - User guide requirements
- ISO 19600: 2014 | Compliance management system - Guidelines

6.2 Ethics, operational risk and compliance

Our culture of compliance and integrity

In the company, "Compliance" defines the way we want to act, not the way we are obliged to act. The culture of ethics and personal integrity is the foundation of our performance-based compliance programs.

We have thus managed to integrate the principle of compliance in all our activities under the umbrella of the Compliance Management System (CMS), the ultimate goal being to support and strengthen our fundamental operational principles: **transparency, justice, professionalism, integrity, compliance with the legal framework and principles of ethics.**

In our daily work we focus on:

- Raising awareness of noncompliance risks;
- Developing a culture based on compliance;
- Prevention of inappropriate behavior;
- Detection and treatment of compliance issues;
- Providing necessary compliance advice.

In 2020, Telekom Romania Communications:

- was not involved in any incidents of noncompliance with corruption regulations;
- was not involved in any incidents of noncompliance with the regulations on preventing and combating money laundering;
- had no complaints or disputes that resulted in confirmations of discrimination in the workplace.

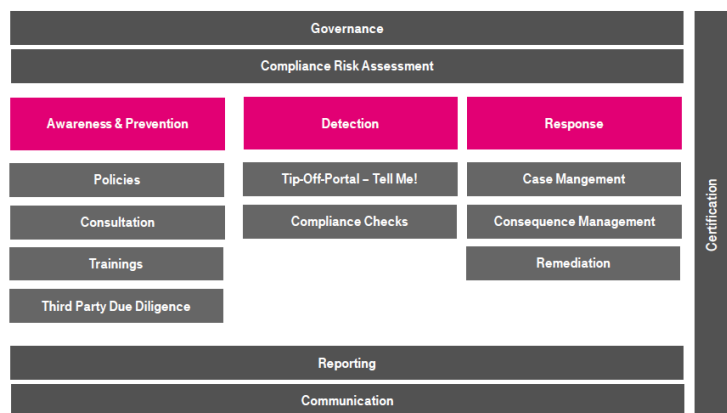
The compliance management system, a strong point of our business

We can intuitively understand the concept of compliance in the sense of complying with clear and fair rules, having clear procedures, always doing the right thing and adhering to the company's internal policies as well as ethical principles or legal provisions.

Each Telekom Fix employee or partner must comply with and work in accordance with these principles.

Our compliance management system is based on best practices in the field as this system derives from internationally recognized principles and standards, such as the German audit standard PS 980 issued by the German Public Audit Institute.

COMPLIANCE MANAGEMENT SYSTEM



WE ARE BASED ON RULES AND PRINCIPLES IN EVERYTHING WE DO

The existing framework guidelines and [compliance](#) policies encompass all areas in which we interact:

- Code of conduct;
- Policy on combating corruption and other conflicts of interest;
- Program to prevent and combat money laundering and terrorist financing;
- Code of conduct for suppliers;
- Code of Ethics for Chief Financial Officers;
- Acceptance and benefit policy;
- Event policy;
- Donation policy;
- Sponsorship policy;
- Fraud policy;
- Competition law policy;
- Integrity Warner Policy;
- Sexual Harassment Avoidance Policy;
- Sustainability policy.

OUR ETHICAL BEHAVIOR

Our code of conduct is a framework guide for the behavior of all employees. It reaffirms our firm commitment to comply with applicable laws and regulations as well as specific ethical behavior obligations. It is this behavior, along with other ideals that we share, that supports us in our work. Our principle of non-discrimination does not only cover issues related to gender, age or religion, but also covers issues related to ability, origin or sexual orientation. Furthermore, we have established an internal mechanism for reporting all questions, concerns or complaints related to non-discrimination and the principles of the Code of Conduct.

They can be addressed to the Compliance Department, through the following channels:

- By mail: Compliance Department, Piața Presei Libere 3-5, City Gate (North Tower), 17th Floor, Sector 1, 013702, Bucharest, Romania;
- By e-mail: whistleblowing@telekom.ro and report.nereguli@telekom.ro;
- Phone: 0800 800488;
- Through the Electronic Irregularity Reporting Form (available on the company's website and on the company's intranet page).

Risks related to corruption and training in the field of compliance

NO CORRUPTION, NO UNFAIR COMPETITION: OUR CERTIFICATIONS

At the organizational level, we ensure that we operate in accordance with best practices in the field.

- ISO 37001: 2016 | Anti-corruption management system - User guide requirements
- ISO 19600: 2014 | Compliance management system - Guidelines

Any activity can be susceptible to the risk of corruption. The crime of active corruption is committed by those who initiate the “corrupt process or action” (bribery) while passive corruption refers to the person (s) who accept or contribute to the “corruption process” (bribery).

Preserving compliance

Our compliance training program is developed around internal guidelines and policies that are updated annually as part of the continuous improvement of the Compliance Management System and the Anticorruption Management System.

Number of trained employees	2019	2020
Introductory training on compliance	48	709
Anti-corruption and anti-fraud	797	N/A
Human rights	44	N/A
Fighting money laundering	53	N/A

In Telekom Fix, an e-learning program was developed during 2020 for sales partners with the subject of notions of anti-corruption and anti-fraud. The participation rate was over 95%.

6.3 Responsible entity

In Romania, all companies must comply with the Code of Conduct issued by the National Audiovisual Council (CNA) which regulates issues related to communication and advertising campaigns.

In 2020, RAC - Romanian Advertising Council analyzed 4 complaints about advertising campaigns, in which the instructions of the code were not followed. RAC asked Telekom Romania Communications to examine the communication content of the campaigns and modify it in accordance with the Code, and the company implemented according to the recommendations.

In 2020, the company was not fined for non-compliance with competition laws or regulations.

In 2020, at the level of the Environmental structure within the company, no complaints were registered regarding our operations.

The mobile telephony devices sold by Telekom Fix comply with the international and European regulations issued by RED, RoHS, ICNIRP. The labeling of these devices also complies with the latest legislation in force. For mobile devices, the company requests from its suppliers the Specific Absorption Rate (SAR) and these values are available to customers in product packages or in the store network.

The sold electronic products include in their packaging a detailed installation manual or provide a web link to easily download the user guide and the device manual. Manuals for the safe use and installation of Telekom Fix equipment are also available on the company's official website. Suppliers are also required to attach a warranty certificate to the products.

In 2020, no Telekom Romania Communications financial sanction was applied for non-compliance for any of the above issues.

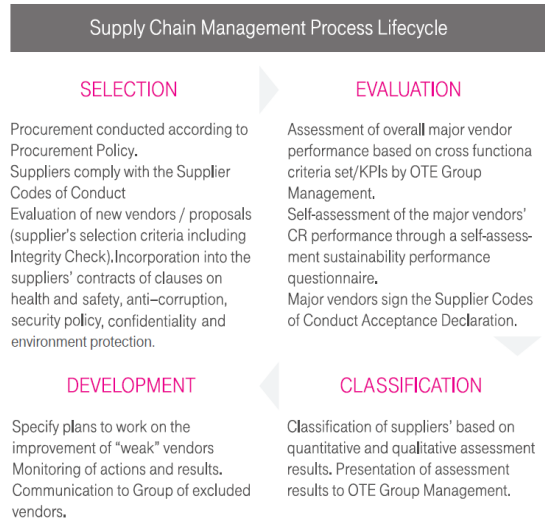
Transparency in setting prices and tariffs

Telekom Fix is committed to maintaining a clear, simple and transparent communication process regarding prices, the pricing procedure being done according to the current regulatory framework, in order to offer a high level of quality to its customers. The National Authority for Administration and Regulation in Communications (ANCOM) is the body that regulates the pricing process of services and products offered by the company to promote fair, equitable and efficient competition. The transparency of these pricing policies, among others, also refers to informing customers about the pricing procedure, the price information being available on the website, in the company's brochures or through the Telekom Fix service centers.

2020 regulatory

Number of fines	10
Number of calls	0
Number of non-pecuniary penalties	1
Value of fines (€)	46,515

6.4 Responsibility and sustainability in the supply chain



Being one of the leaders on the Romanian telecommunications market, we contribute to stimulating the economy throughout all operations related to our supply chain. Thus, we strongly support the fact that by creating opportunities for sustainable growth at the level of each segment of the supply chain we manage to generate positive feedback from which all parties benefit. Such a holistic understanding of sustainability provides opportunities for development for all and promotes equitable cooperation.

In addition, our development program helps our strategic suppliers implement or improve good business practices, a process that leads to a greater social impact, better and more effective environmental protection and greater economic efficiency. The development of this program is based on four key components or stages that guarantee a respectful interaction, thus leading to a mutually beneficial outcome. In the spirit of these principles, we create our supplier evaluation framework

that helps to incorporate the best practices in the field in the daily activity of all the entities involved.

Telekom Romania Communications and its suppliers

Our suppliers operate in the following areas of economic activity: contractors, licensed entities, consulting services, companies that sell telecommunications equipment and services, companies that develop computer hardware and software, companies that sell the use of licenses for content rights, administrative services for buildings / facilities, marketing services, human resources services, printing services, correspondence services.

85% of our suppliers are from Romania, the rest being from North America and Asia.

	2019	2020
Local suppliers	608	576
External suppliers	101	100

100% of new suppliers in 2020 had included in contracts clauses on health and safety at work, anti-corruption, security and privacy, environmental protection. More details about the [Supplier Code of Conduct](#) can be found on the telekom.ro website.

How we select our suppliers

The selection criteria are based on technical specifications, price, commercial conditions, contractual issues and specific corporate responsibility requirements. Contracts with all suppliers include specific clauses or annexes on occupational health and safety, anti-corruption, security, environmental protection,



confidentiality and compliance with the Telekom Romania Communications Code of Conduct for suppliers. It is mandatory that all these clauses and specifications are accepted by all suppliers, without exception.

Evaluating the suppliers

Vendors are selected based on purchase orders (POs) issued through SAP-ERP systems, over a period of 12 months. All selected suppliers are evaluated by the operational units involved and also each supplier must answer a self-assessment questionnaire.

In order to evaluate our suppliers, we have implemented a dedicated system - "Supplier Evaluation System". The supplier rating, made by the operational units of our companies involved, together with the self-assessment questionnaires completed by the suppliers, are published in the Supplier Evaluation System of the OTE Group, thus allowing us to compare and quantify the performance of suppliers.



Sustainability report methodology

Reporting scope

The aspects retained in the Report concern the operations of Telekom Romania Communications S.A., presenting as a whole the actions, challenges, results and achievements during the period January - December 2020. Where possible, we made comparisons with information from the previous year.

In this report, the terms “Telekom Fix”, “TKR”, “We”, “Company” or “Our Company” refer to Telekom Romania Communications S.A.

Promoting transparency

Data about the company were previously presented in 2015-2019 in the integrated sustainability reports of the Telekom Romania group of companies (respectively the companies Telekom Romania Communications S.A. and Telekom Romania Mobile Communications S.A.). Because we want to improve the quality of our reporting, we are open to your comments or remarks. For any suggestions or questions, please contact us at: csr@telekom.ro.

Reporting according to OMF 3456 / 01.11. 2018

This sustainability report for 2020 presents non-financial indicators of Telekom Romania Communications S.A. in the context of fulfilling the legal obligations related to Order 3456 of November 1, 2018 issued by the Ministry of Public Finance.

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