

## Definition of materiality and management approaches

### G4-18

The content of the annual report was drawn up on the basis of a materiality analysis performed by Telekom Slovenije experts on 8 December 2014. The meeting was attended by 31 employees who participate in the drafting of content and who have direct or indirect contacts with the Company's stakeholder groups. The aforementioned employees were broken down into six groups by content-based categories of sustainable impacts that were defined on the basis of a preliminary analysis of media reporting, the results of customer and employee satisfaction studies, key sectoral aspects according to the GRI sector supplement for the telecommunications sector and the previous sustainability reports of the Telekom Slovenije Group. Employees were chosen according to the areas of expertise they cover. Through that process, the expert groups defined 45 relevant GRI indicators, of which 11 were sectoral [Telecommunications and Media]. The list of identified aspects and indicators is given in the table below.

### List of aspects and indicators compiled by expert groups G4-19

Aspects discussed by expert groups	Expert groups that formulated the final list of indicators	Identified indicators
<ul style="list-style-type: none"> <li>Economic performance</li> <li>Indirect economic impacts</li> </ul>	<b>Group for economic and social impacts</b>	G4-EC1, G4-EC2, G4-EC3 and G4-EC7
<ul style="list-style-type: none"> <li>Energy</li> <li>Biodiversity</li> <li>Emissions</li> <li>Effluents and waste</li> <li>Compliance</li> </ul>	<b>Group for procurement practices and environmental impacts</b>	G4-EN3, G4-EN6, G4-EN11, G4-EN14, G4-EN19, G4-EN23 and G4-EN29
<ul style="list-style-type: none"> <li>Employment</li> <li>Labour/management relations</li> <li>Occupation health and safety</li> <li>Education</li> <li>Diversity and equal opportunities.</li> <li>Equal remuneration for women and men</li> <li>Investments</li> <li>Non-discrimination</li> <li>Child labour</li> <li>Forced or compulsory labour</li> </ul>	<b>Group for HR issues</b>	G4-LA1, G4-LA2, G4-LA3, G4-LA4, G4-LA5, G4-LA6, G4-LA7, G4-LA8, G4-LA9, G4-LA10, G4-LA11, G4-LA12, G4-LA13, G4-HR2, G4-HR3, G4-HR5 and G4-HR6
<ul style="list-style-type: none"> <li>Anti-corruption</li> <li>Public policies</li> <li>Competition protection</li> </ul>	<b>Group for compliance</b>	G4-S03, G4-S06, G4-S07 and G4-S08
<ul style="list-style-type: none"> <li>Product and service labelling</li> <li>Marketing communications</li> <li>Accessibility to media content</li> </ul>	<b>Group for product and service responsibility</b>	G4-PR5, G4-PR7 and G4-M4 [sector indicator for Media]
<ul style="list-style-type: none"> <li>Internal operations</li> <li>Provision of access to ICT products and services</li> <li>Technological applications</li> </ul>	<b>Group for networks and IT</b>	Sector indicators for Telecommunications IO1, IO3, PA1, PA2, PA3, PA4, PA6, PA8, PA10 and TA2

### Management approaches (DMA: Disclosures of Management Approach) Telekom Slovenije Group and Telekom Slovenije

#### • DMA: Economic performance

Economic performance is a material aspect of the functioning of the Telekom Slovenije Group. Activities in this area in 2014, processes, strategies, objectives and guidelines are described in the letter from the President of the Management Board [section 1.3 of the annual report].

#### • DMA: Indirect economic impacts

The operations of Telekom Slovenije also have an indirect impact on the wider social community. Telekom Slovenije strives to achieve the European and national objectives of the Digital Agenda 2020, and to provide a speed of 30 Mbit/s to all Slovenian citizens. To that end, the Company continued to shorten copper pairs and thus provided users broadband services with higher transfer speeds. Upgrades were made in areas where users have not had sufficient opportunities in the past to use broadband services.

#### • DMA: Energy

We are monitoring energy efficiency in more detail and more systematically since the introduction of the system for the targeted monitoring of energy consumption at Telekom Slovenije in 2014. The system will be further upgraded. For several consecutive years, the Group has ensured comparability in terms of energy consumption in the scope of international energy and environmental benchmarking organised by the European Telecommunications Network Operators' Association [ETNO]. The area of energy is governed in Slovenia by the newly adopted Energy Act. We also have an established system and procedures in accordance with international standards ISO 50001 – Energy management systems and ISO 14001 – Environmental management systems. More about Telekom Slovenije's environmental responsibility is accessible at: <http://www.telekom.si/o-podjetju/trajnostni-razvoj/okoljska-odgovornost>.

#### • DMA: Biodiversity

Under a concession agreement concluded with the Republic of Slovenia, Soline manages the Sečovelje Salt pans Regional Park. The Sečovelje Salt pans Regional Park is on the list of Wetlands of International Importance under the Ramsar Convention, and is part of the EU's Natura 2000 ecological network. Key administrative objectives for the period 2011 to 2021 were set out in the plan for managing the Sečovelje Salt pans Regional Park adopted by the Slovenian government. They include the preservation of the wetland characteristics of the saltpan ecosystem, its biodiversity and the economic and cultural values of the region. This is achieved by:

- maintaining the saltpan ecosystem;
- preserving traditional salt production processes and centuries-old technological processes; and
- continuing the production of salt, which has been the driving force behind the economic development of the region for ages.

The local community is included in the management of the park through its participation in the Sečovelje Salt pans Regional Park Committee. This cooperation is also ensured through the organisation of joint events and on-site presentations.

#### • DMA: Emissions

The majority of greenhouse gases generated by the Telekom Slovenije Group are generated indirectly through the consumption of electricity and directly on account of heating and the car fleet. In terms of greenhouse gases, the Group is bound in Slovenia by Regulation [EC] No 1005/2009 on substances that deplete the ozone layer and Regulation [EC] 842/2006 on certain fluorinated greenhouse gases, and the Regulation on the use of ozone-depleting substances and fluorinated greenhouse gases.

#### • DMA: Effluents and waste

Given the nature of its activities, Telekom Slovenije is not a major polluter in Slovenia or the other counties in which it is present. In terms of quantity, we generated the most construction waste in Slovenia. The quality of municipal waste monitoring across Slovenia varies widely, as the reports of different companies are in various units (e.g. kg, m3, m2 and population units). The difference in monitoring is even more evident on the other markets of South-Eastern Europe, where environmental management standards are still looser than in Western Europe and Slovenia. The estimated annual volume of municipal waste generated by Telekom Slovenije is around 200 tonnes, and nearly 600 tonnes according to the formula prescribed by the ARSO and the SORS:  $1m^3 = 1,000 l = 177 kg$ .

#### • DMA: Compliance

Regular and transparent reporting to the regulatory body and other government authorities (e.g. ARSO, SORS, CARS/FARS, AKOS, ETNO and Intrastat) also represent an important element of the Group's energy and environmental activities.

#### • DMA: Employment

The Code of Business Ethics is the core document that defines conduct at Telekom Slovenije. The code defines the core principles and rules by which employees, members of the Supervisory Board, and other persons performing work for the Company are bound to act. Other Group companies have their own codes of business ethics. The code includes the principles of ethical conduct, relations between employees, with the employer, customers, shareholders and the wider community, the protection of information and data, and the principles of communication. It represents the standard for conduct, governance and management of the parent company and other Group companies. The Code is accessible at [www.telekom.si/o-podjetju/kodeks-poslovne-etike.pdf](http://www.telekom.si/o-podjetju/kodeks-poslovne-etike.pdf).

• **DMA: Labour/management relations**

In accordance with the Workers' Participation in Management Act (notifications, joint consultations, issuing of consents, etc.), the Telekom Slovenije Group cooperates constructively with the Works Council, and maintains constant social dialogue with trade union representatives. Telekom Slovenije's Supervisory Board includes three employee representatives, while the Management Board includes the Workers Director. Employees and their representatives are informed about the implementation of significant changes in accordance with valid legislation.

• **DMA: Occupational health and safety**

Telekom Slovenije implemented all measures relating to occupational health and safety, and fire protection. We took regular measurements of environmental conditions and lighting in the work environment for all locations where deemed necessary. Employees participated in various occupational health and safety training events, the majority of which were organised internally. Training was carried out in the following areas: workplace injuries, fire safety, work at height and training for those persons responsible for carrying out evacuations. We carried out regular inspections of personal protective equipment and supervised its use.

We updated the Modro jabolko (Wise Apple) health portal in 2014. Via the aforementioned portal, we notify employees of preventive examinations, vaccinations against various dangerous diseases and current health content. We also promote a healthy lifestyle by publishing useful articles and information about physical activity and a healthy diet. Occupational health and safety is incorporated into the collective agreement of Telekom Slovenije and GVO. This area is also governed by the declaration of safety with risk assessments, including at companies with no collective agreement in place. Telekom Slovenije has six employees in formal health and safety committees that help advise on and monitor occupational health and safety programmes.

At other companies abroad, this area is governed by the laws of individual countries and by the business policies of individual companies.

Risk assessments were carried out for individual jobs at One, and the necessary personal protective equipment provided based on those assessments. Safety at work training was also carried out. Training was also carried out at Ipko and Blicnet, with an emphasis on work at height at the latter.

**Healthcare**

Preventive medical examinations were organised for employees at Telekom Slovenije and other subsidiaries in Slovenia in accordance with the law. The Group continued to offer vaccination against tick-borne meningoencephalitis (TBE) for employees working in forests. Interest was lower, which we attribute to the fact that employees who are exposed to infection have already received vaccinations. Flu vaccinations were offered to all employees, although we have recorded diminishing interest for several years. Information on health topics and preventive care were also provided to employees via internal web communications. The systematic organisation of these types of vaccinations has not yet been introduced at companies abroad.

• **DMA: Training and education**

Professionally qualified, competent, innovative, satisfied and dedicated employees represent one of the keys to the success of every company. The Telekom Slovenije Group strives to achieve this through employee training and development. During a period of general austerity measures and rapid technological development and the resulting high number of new products and services on the market, training and development are that much more important. We have a well-developed and functioning internal system aimed at the transfer of knowledge, which will remain one of the key points of our development in the future. The majority of internal lecturers are experts and specialists from the fields of information technology and sales. They also share their knowledge with agents, other companies and professional circles in Slovenia and abroad.

• **DMA: Diversity and equal opportunities, DMA: Equal remuneration for women and men, DMA: Investments, DMA: Non-discrimination, DMA: Child labour, DMA: Forced or compulsory labour**

The Code of Business Ethics is the core document that defines conduct at Telekom Slovenije. The code defines the core principles and rules by which employees, members of the Supervisory Board, and other persons performing work for the Company are bound to act. Other Group companies have their own codes of business ethics. The code includes the principles of ethical conduct, relations between employees, with the employer, customers, shareholders and the wider community, the protection of information and data, and the principles of communication. It represents the standard for conduct, governance and management of the parent company and other Group companies. The

Code is accessible at [www.telekom.si/o-podjetju/kodeks-poslovne-etike.pdf](http://www.telekom.si/o-podjetju/kodeks-poslovne-etike.pdf).

The Telekom Slovenije Group respects the dignity of its employees and rejects all forms of indirect or direct discrimination, as stated in the code. The Group has found no evidence of the possible use of child or forced labour in any of the activities of Group companies or at its suppliers.

Ensuring equal opportunities for employees regardless of personal circumstances is also one of the principles of Telekom Slovenije's governance policy. Mechanisms for identifying potential discrimination are set out in individual codes of business ethics of the parent company and subsidiaries. Avtenta adopted Rules on the Prevention and Elimination of Mobbing this year.

Work procedures are defined consistently at One with the aim of preventing discrimination. The company also has a specially qualified committee to handle possible reports of mobbing. At Ipko, these mechanisms are set out in the code of conduct, while an email address has been created where confidential complaints about such matters may be sent. No cases of discrimination were recorded at Group companies.

• **DMA: Anti-corruption**

In accordance with best practices and Slovenian guidelines on corporate integrity, we introduced the possibility of reporting irregularities and unlawful acts, and proposed improvements to the process of receiving and handling reports. Employees may report irregularities and unlawful acts by email, using the relevant online form and by ordinary post. All reports are studied carefully, and the appropriate action taken with regard to content. In this way, the Group strives for efficient and fair operations based on competitiveness.

• **DMA: Public policy**

In terms of public policies, the risk of pressure from the regulatory body regarding price-related, technical and technological obligations exists for Telekom Slovenije. Telekom Slovenije proactively participates in all regulatory proceedings by submitting remarks, positions and the appropriate analyses. Telekom Slovenije issued a Corporate Governance Statement (section 1.14 of the annual report) on compliance with corporate integrity guidelines and on the prevention of conflicts of interest by members of the Supervisory Board and Management Board.

• **DMA: Competition protection**

Risks associated with proceedings before the Competition Protection Office represent a material aspect for Telekom Slovenije. They are managed through active defence in procedures, consultation with external and internal lawyers in the adoption of sensitive business decisions.

• **DMA: Product and service labelling**

Customer satisfaction with Telekom Slovenije's fixed services is measured twice a year. The results serve as an important tool for developing and improving products that are tailored to the user. TSmedia carries out measurements for online products on a daily basis, through the use of online statistics and by accepting user opinions. It also measures satisfaction at least once a year by performing a research study. With the aid of a questionnaire, GVO regularly measures customer satisfaction after the completion of construction, and once a year by performing an analysis in accordance with the ISO 90001 standard. Ipko conducts an annual quantitative study of customer satisfaction in Kosovo for the mobile and fixed segment. **One** did not carry out any customer satisfaction studies. A brand research study, however, was carried out to measure customer satisfaction. Blicnet monitors customer satisfaction on a monthly basis via the number of complaints received and interventions.

• **MA: Marketing communications**

Telekom Slovenije achieved its long-term marketing strategy in 2014, which was established when Telekom Slovenije and Mobitel merged in 2011. We effectively established the combined Telekom Slovenije umbrella brand, under which we have woven a comprehensive range of fixed and mobile technologies. At the end of the year the brand achieved first place in terms of recall among Slovenian telecommunication operators.

• **DMA: Accessibility to media content**

Encouraging safe internet use, in particular among the most vulnerable segment of the population – young children and adolescents – remains an important activity. Telekom Slovenije has been a participant in the Slovenian Safe.si initiative for the safe use of the internet since its inception, and is a signatory of the code of mobile operators and internet providers aimed at user protection. Telekom Slovenije is also a signatory of the ETNO Corporate Responsibility Charter.