

ESG BUSINESS REPORT OF TELEKOM SRBIJA GROUP FOR 2021



Telekom Srbija



Table of Contents

Introductory address	3	Environment	16	Sub-goal 6.4.	29
				Sub-goal 8.2.	29
Doing business in the COVID era	5	Neutrality of the emission of harmful gases into the atmosphere and use of green energy	17	Sub-goal 8.8.	33
		Continuous reduction of paper use in the company	19	Sub-goal 9.1.	33
Let us introduce ourselves...	9	Introduction of the ISO 14001 standard Environmental Management Systems	19	Sub-goal 9.c	34
Telekom Srbija Group	12			Sub-goal 11.4.	34
Telekom Srbija a.d. Beograd	13	Use of waste energy in the procedure of providing the DATA centre with air conditioning	20	Sub-goal 11.6.	36
Telekom Srpske a.d. Banja Luka	13			Sub-goal 12.4.	36
mtel d.o.o. Podgorica	13			Sub-goal 12.5	38
ARENA CHANNELS GROUP d.o.o. Beograd	13			Sub-goal 15.5.	38
Mtel Global d.o.o. Beograd	14			Sub-goal 16.1.	39
YUNET INTERNATIONAL d.o.o. Beograd	14			Sub-goal 16.5.	40
mts d.o.o.	14			Sub-goal 17.17.	40
Telus a.d. Beograd	14				
MTEL DOOEL Skoplje	14				
TS VENTURES d.o.o. Beograd	14				
Important changes in 2021	15				
		Social	21		
		Corporate social responsibility as a permanent commitment	22		
		Sub-goal 1.5.	24		
		Sub-goal 3.8.	24		
		Sub-goal 4.3.	26		
		Sub-goal 4.4.	27		
		Sub-goal 4.b.	28		
		Sub-goal 4.5.	28		
		Sub-goal 5.5.	29		
				Governance	42
				Corporate Governance	43
				Telekom Srbija as the catalyst	44
				Corporate Culture	45
				Corporate Code of Conduct	45
				Risks	46

Introductory address



Vladimir Lučić
CEO

We are technology-oriented company, aware of the impact of technology upon social and natural environment, but firmly convinced that it is far more important what it will bring and what it will affect in the future, and how we will use it.

The global society has been facing the Covid 10 Pandemic for two years. Beside the threat to human health, we are also facing the negative economic consequences of the impact of the pandemic.

For Telekom Srbija Group, the biggest challenge and priority in the first place was the safety and health of employees, users and partners, but also the wider community. In the given specific circumstances, the Telekom Srbija Group has shown that it is ready to respond to challenges in a timely and adequate manner and ensure business continuity by resolving the crisis situations.

During 2021, business development plans have been defined, which will ensure the economic

stability and further growth of the company. Primarily, in that sense, I highlight the infrastructure investments for which an Agreement was signed with EIB providing the financing for the development of 5G and expansion of the existing 4G network, which will create the conditions for accelerating the digital transformation of the economy and the society as a whole.

We continue to build the optical network, make investments in the quality of existing and create new services and provide superior content.

By signing a partnership agreement with Vodafone, one of the leading leaders in the telecommunications industry, we were given access to important resources in the field of digital transformation with the aim of increasing the efficiency of our business, optimizing costs and improving the user experience. A step has also been made towards investing in the field of technological entrepreneurship, in Startups, as the bearers of innovations in all industries and creators of added value. We continue to expand our business in the region and beyond.

What I want to emphasize is that the goals of environmental protection, responsibility towards the society and responsible management of the company are recognized as strategically important

goals, integrated into all our business activities.

We are a technology-oriented company, aware of the impact that technologies have today on the social and living environment, but are firmly convinced that it is far more important what they will bring to us and what significance they will have in the future, and how we will use them.

By using the modern environmental technologies and applying intelligent solutions and methods, such as circular economy, we will improve the business processes so that they rationally use the resources and contribute to the preservation of the environment. Our business is focused on sustainability and efficient use of resources, so we are making efforts to meet the goal and reduce harmful emissions by 50% by 2035.

We strive to influence the protection and restoration of ecosystems and increase the safety and health protection through innovations and, in that light, we encourage young professionals to develop their own potential for creating innovative solutions that will make our environment better, healthier, safer and more beautiful.

The company is systematically working on improving the human resources management and developing the corporate environment that is sufficiently motivating for our employees and attractive to potential new employees. Labour and legal security, equal opportunities for all employees, as well as their continuous education are part of the regular activities on the care of employees, where the imposed circumstances further brought into focus the topic of safety and

health at work.

Throughout the company's long history, we have always been a support to social communities. We are the company with a long tradition and over the years we have built a relationship with our customers and the entire community, so that commitment and support to the society has always been part of our business activities. The company is continuously philanthropically oriented, so that, in addition to providing support and assistance to those who needed it most at the time, we continue with the projects that we have been implementing for many years to support education, children and the youth, the health centres and the cultural and social protection institutions, thus showing our care and awareness of the importance of supporting the community, for which we receive support and recognition.

The network of good social initiatives that we launch and those that we support, day by day, strengthens the relationship of trust with our employees, shareholders, partners and the society, as a whole.

We follow the principles of the United Nations Global Compact and through socially responsible activities we strive to share part of our business success with the community, thus contributing to the creation of a better society for all its members.

This report provides a comprehensive picture of the ESG activities undertaken by Telekom Srbija Group. I hope it will help inform all the stakeholders about our progress and increased accountability

for achieving the ESG-related goals. We still have a lot of work to do, but we are committed to meeting these goals in the long run, and I am confident that we will continue to spread the positive impact to the entire community.

Best regards,

Vladimir Lučić
CEO

Doing business in the COVID era

01



Doing business in the COVID era



The Covid-19 pandemic showed the readiness of Telekom Srbija, as the parent company, as well as of other companies-members of the Telekom Srbija Group, to respond in a timely manner to crisis situations and ensure business continuity.

A number of measures have been taken to ensure not only the continuity of service delivery but also the maintenance of service quality at the pre-pandemic level. Special attention was paid to the safety and health of employees.

In the TS network, an increase of about 52% of the total amount of transmitted data was recorded. The use of the Viber application increased by about 150%. The total duration of mobile calls increased by 80%, while the fixed traffic, which had been declining in the past, increased sharply, and the average daily duration of calls in the fixed network increased by about 40%. All this created a great pressure on the systems and employees of Telekom Srbija, who had to take care of their own health and the health of users and partners.

The imperative to “stay at home” during the Covid-19 pandemic changed the habits of users and increased the demand for the media content. Thanks to its strategic direction of producing its own TV content and the activities of creating and providing various entertainment content and improving functionality, Telekom Srbija managed to successfully respond to customer demands in the market and gain great popularity with the public during the Covid-19 pandemic.

Due to the limited movement of the population as a measure of protection against the pandemic, television viewing increased relative to comparable periods in the previous years. Thus, according to the Nielsen agency, in April 2020, television viewership increased by over 20% compared to the same period of the previous year. On average, more than 5 hours were spent in watching TV, which is an increase of almost 2 hours compared to March and April 2019. Despite the pandemic, Telekom Srbija invested in the production of numerous TV series and films in 2020, and these are; Schwindlers, Hotel Belgrade, Debt to the Sea, Dream team, Civil Servant, Let Life Go, Sweet Torments, 12 Words, Clan, Secret Wines vineyards, and managed to fill in the gap created by the lack of other content and successfully distribute the produced content through all the member companies of Telekom Srbija Group.

**52%** **increase in the total amount of transmitted data****80%** **increase in the total duration of mobile calls****40%** **increase in the average daily duration of calls in fixed network**

The biggest concern of Telekom Srbija during the pandemic was the safety and health of employees, users and partners. To this end, in 2021, a total of 469294 m2 of office space were disinfected based on the Covid indications. Efforts were also aimed at providing a stable network of sufficient capacity that can support primarily the health and education system, and then the needs of all other users in the Republic of Serbia. Within Telekom Srbija, the guidelines and measures prescribed by the Government and the Ministry of Health of Serbia, as well as the competent health organizations in the world are carefully observed, and there are special task forces in charge of monitoring the situation 24 hours a day.

In accordance with the implemented ISO 22301 standard for business continuity management, Telekom Srbija ensures the functioning of critical services with a high level of availability.

Mtel Podgorica was ready to face the crisis caused by the Covid-19 pandemic and adjusted its operations so as not to jeopardize continuity and to prevent any loss of service quality. Mtel Podgorica's business activities were unhindered in difficult circumstances owing to the implementation of measures prescribed by the competent institutions. The users had unhindered access to telecommunications and cable services, while the proactive action of Mtel Podgorica enabled the provision of support to the state institutions and users in the fight against the Covid-19 pandemic. In the mtel network, mobile internet traffic doubled, while fixed internet increased by 50% compared to the previous period. Despite all the aggravating circumstances, in Mtel Podgorica all

obstacles and difficulties in the work of services were continuously resolved and the quality of services provided was maintained. The adoption of the new measures forced the company to pay special attention to the protection of health of its employees and introduce new modes of working. Most of the employees in Mtel Podgorica were sent to work from home. The employees whose nature of work does not allow them to work from home were provided with all the necessary equipment for protection and safe performance of work (masks, gloves, hand disinfectants...). After working hours, the premises where the employees worked were thoroughly disinfected.



As a socially responsible company, Mtel Banja Luka, with the message "Protecting ourselves, we protect others", took a series of proactive measures to protect its employees and all users during the Covid-19 pandemic. Users were enabled to use all digital services and communication channels for service management without the need to visit the store, to check the balance and pay bills online, electronic delivery of bills, online top-ups without

commission. Also, some additional TV channels and video stores were unlocked for the users, to make their time at home as fun as possible. The Blue Phone hotline was provided for psychological support to all citizens, free of charge for the users regardless of which network they are calling from. A series of activities were carried out in order to help the health system in the fight against the coronavirus pandemic. As part of its assistance to the education system, in addition to the availability of distance learning content, mtel participated in the 1,000 for the Future Project, which donated 1,000 PCs to primary school in the underdeveloped municipalities so that everyone could have access to technology and education in difficult pandemic conditions. Telekom Srpske managed to continuously provide its services to customers even in such crisis situation and minimize, by conducting responsible measures, the impact of the pandemic on business.

In a situation of global crisis caused by the Covid-19 pandemic, MTEL Global managed to successfully continue its diaspora expansion strategy. With the implementation of the plan for expansion of the network and services of MTEL Austria, and expansion to other European cities, in July 2020 a new branch office was opened in Graz, in October 2020 a new branch office was opened in Salzburg and in December 2020 a new branch office was opened in the Donau Zentrum shopping centre. In October 2020, a partnership was set up with Deutsche Telekom, thus providing all users with a unified service of high-speed, fixed Internet and television with the most watched domestic content. This clearly shows that MTEL Global also managed to cope with the impact of the crisis and

that it is able to successfully deal with some future crisis situations. The introduction of the state of emergency resulted in significant increase in television viewership in the first weeks.

On the other hand, the declaration of a pandemic contributed to the cancellation of many sports competitions for which Arena Channels Group had purchased TV rights. In such circumstances, the company was able to provide adequate response to the new situation. Arena sports channels adjusted their program schedule by broadcasting sports content from their rich archive, giving viewers the opportunity to recall important sporting events from the previous years. When the biggest sports competitions resumed during the summer, Arena Sport channels had exclusive content in extraordinary time (NBA League and Champions League games during the summer months). In addition, during 2020, Arena Channels Group aired the premieres of several feature series produced by TS on its entertainment channel (Superstar TV). Thanks to that, this channel was always positioned as one of the most watched on the pay TV market. Finally, during the fourth quarter, the company launched the Arena Cloud application, which provides viewing of the selected TV channels via various devices. All the activities undertaken during the Covid-19 pandemic showed the ability of Telekom Srbija Group to ensure business continuity without any loss of quality in crisis situations of increased pressure on the systems due to a sharp increase in traffic and TV viewing with limited availability of employees.





Let us introduce ourselves...

**over
10 million**

satisfied customers

12,279

permanently employed

10

direct members

We are operating on the
markets of several countries on

2 continents:

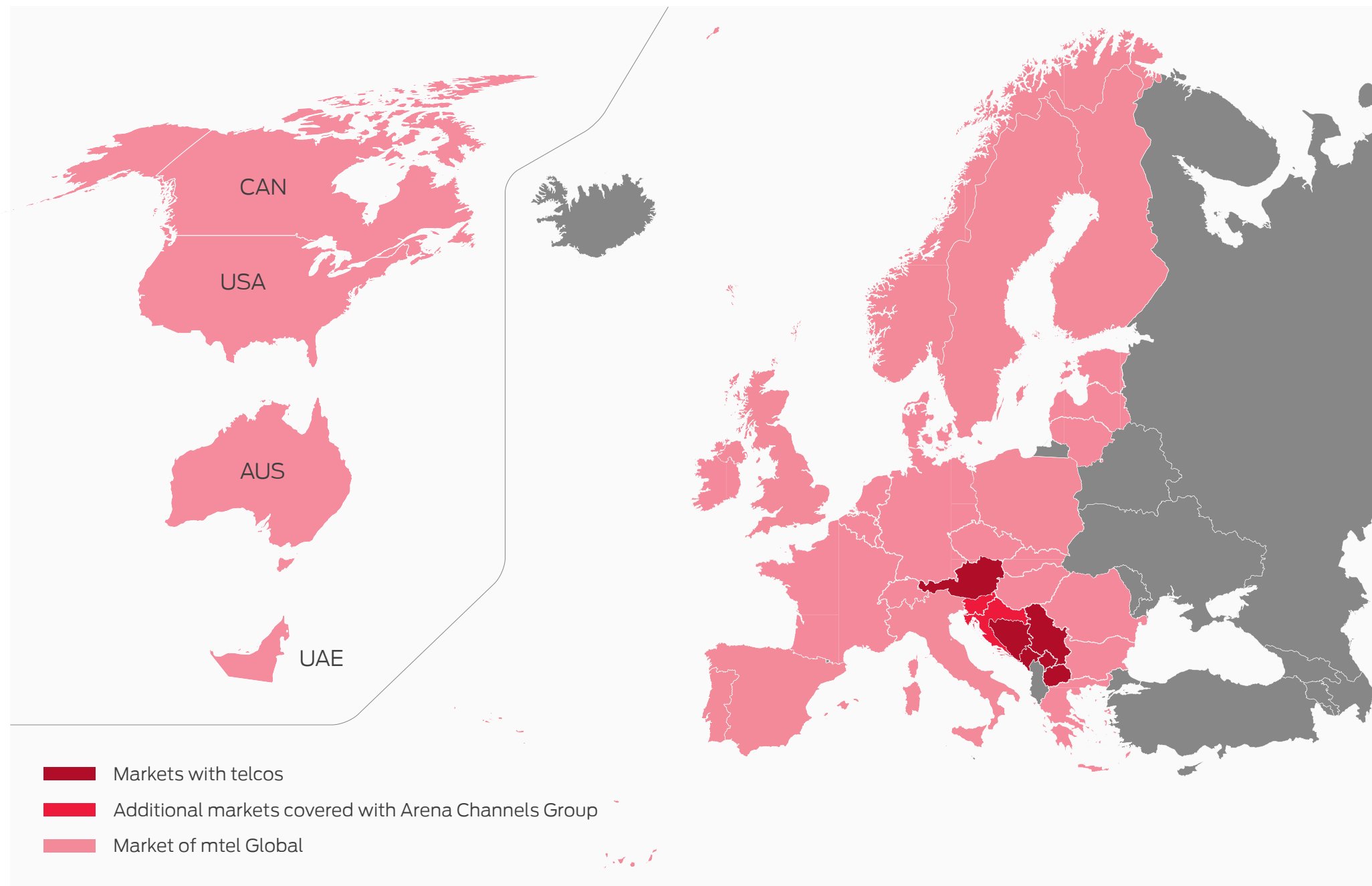
Europe

Serbia, B&H, Montenegro, Croatia,
North Macedonia, Slovenia, Austria,
Switzerland, the Netherlands, Germany

America

USA, Canada





Telekom Srbija Group


m:tel

Banja Luka

Logosoft doo Sarajevo
 Elita - Kabel doo Doboj
 Telrad NET doo Bijeljina
 Blicnet doo Banja Luka
 Financ doo Banja Luka
 Mts sistemi i veze doo Beograd


IITEL
 North Macedonia


mts d.o.o.

Lika doo Zvečan
 VGN Net doo Kosovska Mitrovica
 HERC INTERNATIONAL doo Štrpce



MTEL Swiss SA Ženeva
 HD-WIN ARENA SPORT doo Zagreb
 ARENA NEWS CHANNELS doo Beograd
 ARENA SPORT doo Ljubljana


mts
 Tvoj svet


m:tel

Podgorica


TS Ventures Fond

TS Ventures fond doo Beograd


Telus Pro a.d.

Telus Pro doo Beograd


yu.net

IITEL
 AUSTRIA

MTEL Austrija GmbH Beč
 MTEL Swiss SA Ženeva
 TS:NET BV Amsterdam
 Link2YU Network GmbH Beč
 Link2YU Network LLC California SAD
 MTEL Deutschland GmbH Minhen
 MTEL Schweiz GmbH Ciri

Telekom Srbija a.d. Beograd

mts.rs

Telekom Srbija is one of the leading telecommunications operators in the territory of Serbia in all segments of business. It was founded on 23 May 1997 through the process of structural and ownership transformation of the PTT system in Serbia, as a single-member joint stock company. From June that same year, it was owned by three shareholders: JP PTT saobraćaja „Srbija“ (present-day JP „Pošta Srbije“), Telecom Italia (through its branch office STET International Netherland N.V) and OTE Greece. In 1998, it began to provide mobile telephony services. In 2006, we introduced 3G technology and the provision of ADSL Internet services.

As early as in 2007, Telekom Srbija became the leader in the sphere of telecommunications and began to expand to the markets of Bosnia-Herzegovina and Montenegro. This is how Telekom Srbija Group was set up. In the following years, it successfully kept abreast of market demands and also recognized the importance of introducing fresh services, creating the potential for entering new markets. Apart from the basic telecommunications services, at present it is substantially focused on the development and provision of multimedia, financial and digital products and services, as well as projects of exceptional importance for all people in the diaspora.

Telekom Srpske a.d. Banja Luka

Mtel.ba

One of the three national telecom operators in Bosnia-Herzegovina, Mtel Banja Luka offers unique communications solutions integrated under the corporate brand of m:tel.

It holds ownership of the followign subsidiaries:

- MTEL d.o.o. Podgorica (49% ownership)
- MTEL Global d.o.o. Beograd (41% ownership)
- Logosoft d.o.o. Sarajevo, which holds the 100% ownership of Mts Sistemi i integracije, Beograd (100% stake)
- Elta Kabel d.o.o. Doboj (100% stake)
- Telrad NET d.o.o. Bijeljina (100% stake)
- Blicnet d.o.o. Banja Luka (100% stake)
- Financ d.o.o. Banja Luka (100% stake)

mtel d.o.o. Podgorica

Mtel.me

In April 2007, mtel Podgorica obtained a third operator licence in the territory of Montenegro. Its ownership structure is as follows: 51% Telekom Srbija, 49% Mtel Banja Luka.

After obtaining the licence for the operation of the mobile network, a state-of-the-art mobile network was built within a period of only 77 days, a period unrecorded so far.

ARENA CHANNELS GROUP d.o.o.

Beograd

tvarenasport.com

Arena Channels Group is a company dealing with cable telecommunications via the Arena Sport TV channel and is the holder of the broadcasting rights for sports channels in the territory of the Republic of Serbia, Bosnia-Herzegovina, Montenegro, North Macedonia, Croatia and Slovenia.

Arena Channels Group broadcasts the signal of the Euronews Srbija channel which is a branded affiliation of Euronews and which broadcasts the local, regional, national and international news on the TV and digital platforms produced by own team of journalists and reporters. Euronews Srbija is a news channel that is based on objective, impartial and precise journalism which the Euronews family and its media promote wherever they exist.

Arena Channels Group holds ownership in the following companies:

- MTEL Swiss SA Geneve (63.24% stake)
- HD WIN Arena sport d.o.o. Zagreb (100% stake)
- Arena news channels d.o.o. Beograd (100% stake)
- Arena sport d.o.o. Ljubljana (50% stake)
- ACG d.o.o. Sarajevo (100% stake)

Mtel Global d.o.o. Beograd

[Mtel.global](https://mtel.global)

Mtel Global was created by integrating the companies which belong to Telekom Srbija Group. The idea of association and joint operations in the world market arose from the mutual goal – to establish inextricable ties with our people abroad, making it possible for them to foster the tradition and culture of their country of origin. The company rallies more than 100,000 our customers in the territories of the EU, Switzerland, USA and Canada.

It has the 100% ownership in the following companies:

- Mtel Austrija, Vienna, which possesses 100% stake in MTEL Schweiz GmbH, Zurich and MTEL Deutschland GmbH Munich.
- TS:NET Amsterdam
- Link2Yu Network, Vienna, which possesses the 36.76% stake in MTEL Swiss SA Geneve
- link2Yu LLC California, USA

YUNET INTERNATIONAL d.o.o. Beograd

yunet.rs

In 1994, Yunet became the first commercial Internet Service Provider which, keeping abreast of the market trends, transformed itself into a Managed Service Provider in 2017. Its strategic commitment is a full engineering of advanced ICT

systems and their implementation per all stages of the life cycle, from the drafting of a strategy to implementation, introduction and maintenance. Over 50,000 satisfied customers testify to quality, seriousness, professionalism and commitment.

mts d.o.o.

mtsdo.com

mts d.o.o. was incorporated in October 2015 in accordance with the Telecommunications Agreement of 2013 in Brussels and Action Plan in the sphere of telecommunications of 2015. It holds a full license for fixed telecommunications. Telekom Srbija is the founder and its sole member with a 100 percent share.

It holds 100% ownership in the following subsidiaries:

- Lika d.o.o. Zvečan;
- VGN Net d.o.o. Kosovska Mitrovica and
- Herc International d.o.o., Štrpce.

Telus a.d. Beograd

telus.rs

Telus has been successfully operating for 15 years providing the following services: security services for facilities and property and hygiene maintenance in business premises and facilities. Telus is operating primarily with the Parent Company, but it endeavours to affirm itself on the

market to a larger extent.

It holds 100% ownership in subsidiary Telus Pro d.o.o. Beograd.

MTEL DOOEL Skoplje

mtel.mk

Mtel DOOEL Skoplje is a business company founded in July 2021 by Telekom Srbija a.d., with the seat in Skoplje, the Republic of North Macedonia.

The core activity of MTEL DOOEL Skoplje is cable telecommunications.

Telekom Srbija a.d. Beograd is the only founder and owner of the 100% stake in the share capital of that company.

TS VENTURES d.o.o. Beograd

tsv.fund

The company engaged in management of alternative investment funds TS Ventures d.o.o. Beograd was incorporated in August 2021. Telekom Srbija a.d. Beograd was the only founder and owner of the 100% stake in the share capital of that company. TS Ventures d.o.o. Beograd manages the investments of the alternative investment fund of the venture capital in the Republic of Serbia and enables to Telekom Srbija a.d. Beograd, as the founder and investor, to have access to innovative solutions for the purpose of

strengthening its service portfolio and market position. Said company offers an opportunity to the Start-up community of the Republic of Serbia to implement technological ideas and thus support the national economy.

It holds the 100% ownership in TS VENTURES FOND d.o.o. Beograd.

Important changes in 2021

In 2021 and onwards, until 1 February 2022 conclusive, Telekom Srbija a.d. Beograd founded two new business companies MTEL DOOEL Skoplje and TS VENTURES d.o.o. Beograd, while several new business companies were founded within Telekom Srbija Group, i.e. ownership was acquired over the capital of another legal entity. Also, in 2021, Telekom Srbija Group continued implementing status changes for the purpose of further optimization of operations and strategic positioning on the market through the following:

- **Procedure of merging with the subsidiary Moja Supernova d.o.o. Beograd:**

The subsidiary Moja Supernova d.o.o. Beograd was in the procedure of status change merged with the parent company Telekom Srbija a.d. Beograd. In accordance with the status change, Moja Supernova d.o.o. Beograd transferred its entire assets, rights and liabilities to Telekom Srbija a.d. Beograd and ceased to exist without conducting a liquidation procedure, while Telekom Srbija a.d. Beograd continued to operate under the

same business name and with the same registered activity and seat as the universal legal successor Moja Supernova d.o.o. Beograd.

- **Procedure of merging with the subsidiary mts AntenaTV d.o.o. Beograd-Novi Beograd:**

The subsidiary mts AntenaTV d.o.o. Beograd-Novi Beograd was in the procedure of status change merged with the parent company Telekom Srbija a.d. Beograd. In accordance with the status change, mts AntenaTV d.o.o. Beograd-Novi Beograd transferred its entire assets, rights and liabilities onto Telekom Srbija a.d. Beograd and ceased to exist without conducting a liquidation procedure, while Telekom Srbija a.d. Beograd continued to operate under the same business name and with the same registered activity and seat as the universal legal successor of mts AntenaTV d.o.o. Beograd-Novi Beograd.

- **Procedure of merging with the subsidiary mts banka a.d. Beograd with Banka Poštanska Štedionica a.d. Beograd:**

The subsidiary mts banka a.d. Beograd was merged with Banka Poštanska Štedionica a.d. Beograd, based on which Telekom Srbija a.d. Beograd acquired a 10.08% share in the share capital of Banka Poštanska Štedionica a.d. Beograd. Upon the issuance of the Eleventh Emission of ordinary shares of Banka Poštanska Štedionica a.d. Beograd, the share of Telekom Srbija a.d. Beograd in the capital of the said bank equalled 9.52%.

Other changes:

- mts d.o.o. acquired property rights over a 100% stake in Herc International d.o.o. Štrpce.
- ARENA CHANNELS GROUP d.o.o. Beograd founded a new business company – ACG d.o.o. Sarajevo, Bosnia and Herzegovina;
- Mtel Austria GmbH, Vienna, the business subsidiary mtel Global d.o.o. Beograd, founded two new business companies - MTEL Schweiz GmbH, Zurich and MTEL Deutschland GmbH Munich;
- In January 2022, the subsidiary TS VENTURES d.o.o. Beograd founded TS VENTURES FOND d.o.o. Beograd, whose primary goal is investing in start-up companies from Republika Srpska and abroad, wholly for the purpose of generating profit through the growth of value of companies that we invest in, due to which Telekom Srbija Group will have the chance to improve its business model and strengthen its market position.

Environment

03

Environment

The companies of Telekom Srbija Group are taking measures for the protection of the ENVIRONMENT by adopting ecologically oriented technologies and methods aimed at reducing the negative impact on the environment. During its operation, the company takes care of aspects of environmental protection, such as rational energy consumption, prevention of waste, proper disposal of waste and its recycling.

By investment and installment of most modern telecommunications technologies, the Companies contribute to the implementation of clean technologies and technologies that consume less electricity as compared with the devices used over the last few decades.

Neutrality of the emission of harmful gases into the atmosphere and use of green energy

Telekom Srbija, as a socially responsible company, is taking measures to protect the environment by adopting environmentally oriented technologies and methods in order to reduce the negative impact on the environment. By investing and installing the most modern telecommunication technology, it contributes to the implementation of cleaner technologies, which consume less electricity and emit less noise compared to the devices used in the past decades. During the activity, the aspects of environmental protection are taken into account, such as rational energy consumption, prevention of waste generation, proper disposal of waste material and its recycling, removal and permanent storage of radioactive waste, measurement of ionizing, non-ionizing and high frequency radiation, measurement of harmful gases emission.

As part of its strategic goals for neutralizing emissions of harmful gases into the atmosphere and the use of green energy, Telekom Srbija will undertake activities that include:

- technological innovations for lower carbon

emissions;

- use of green energy (or cleaner production) in all business processes;
- continued reduction of paper use in the company;
- introduction of the ISO 14001 standard Environmental Management Systems;
- use of waste energy in the process of air conditioning of the DATA centre in the TK centre building.

The implementation of energy efficiency measures, the use of renewable energy sources, environmental protection and reduction of carbon emissions are the key elements of transition to the sustainable development of Telekom Srbija. This initiative is part of the Company's commitment to reduce greenhouse gas (GHG) emissions in its business by 2026. In achieving this goal, the Company, in addition to reducing the emissions from energy consumption, focuses on creating partnerships with suppliers, lessors and other participants in the value chain to significantly reduce the carbon footprint, accelerate the development of low-carbon equipment and develop sustainable value chains of recycling through cooperation with customers and partners.

The implementation of appropriate technological

standards and legal framework, education and better information, together with economic instruments and incentives for saving, increasing energy efficiency and a greater use of renewable energy, is an integral part of the overall strategy of sustainable energy efficiency. Achieving sustainable development of Telekom Srbija in the period until 2026 in accordance with the strategic goals, requires that further development of the Company, among other things, be based on the activities that include:

- construction of new capacities, i.e. renewal and modernization of existing ones, with the obligation to always use the best available technologies in the construction of telecommunications and other facilities within investment programs in order to ensure optimal use of available energy, energy efficiency and environmental protection;
- comprehensive and coordinated approach to rationalization of energy consumption and overall increase of energy efficiency;
- intensive use of renewable energy sources, where available and their promotion;
- contracting, purchasing and taking electricity from renewable energy sources, where available and promoting them;
- harmonization of technical and other regulations and procedures, in support of safe and secure technical management of telecommunications infrastructure from the point of view of environmental protection.

Technological changes for the purpose of reduction of carbon emissions include, among else, the replacement of lighting and parts of the air conditioning, heating and cooling system, introduction of the energy consumption control system (thermostats, thermostatic valves, etc.), thermal insulation, solar panels, solar collectors and other measures which can contribute to a more efficient use of energy. The program of technological innovation in order to reduce carbon emissions is a concept of improving the quality of life and development of infrastructure and services. With the implementation of new generations of network devices in the access and transport network and data centre, the company is introducing cleaner technologies in terms of consumption and carbon emissions. In the following period, the share of newer equipment and the exclusion of older and less energy efficient equipment will increase, along with the optimization of hardware configurations (through network virtualization, implementation of a Single RAN cabinet, etc.). The goal is to maintain energy emissions at the same or lower level than the existing ones, despite the increase in traffic needs and the increase in network footprint.

Telekom Srbija's long-term strategy of sustainable development contains a certain degree of uncertainty, given the changes in parameters relevant for the development: the implementation of new technologies, changes in investments required for the development of individual projects, etc. Therefore, in the period of implementation of this strategy, it is necessary to permanently review the goals, planned activities and their implementation, and if it proves necessary, adjust

it to the specific needs, conditions and possibilities.

The use of green energy, i.e. cleaner production represents the application of a comprehensive preventive strategy of environmental protection to production processes, products and services, with the aim of increasing the overall efficiency and reducing the risks to human health and the environment. Dynamic changes in other sectors of life have increased the need to connect the elements of procurement, production and consumption into a single entity under the umbrella of green production. Preventive activities are needed throughout the product life cycle: from design, through production and use, to disposal. In that sense, new concepts are emerging, which the company should introduce through this strategic initiative: eco-design, eco-labelling, so-called "green procurement", especially important for the public procurements for business needs and eco-innovation (eco-innovation), new products, systems of products and services, as well as successful business solutions in relation to the environment.

Telekom Srbija has initiated activities on the contracting and delivery of electricity obtained from renewable sources with the main electricity supplier in the Republic of Serbia, Elektroprivreda Srbije, which will account for about 70% of the overall electricity consumption obtained from OIE, which Telekom Srbija directly or indirectly takes from the power distribution system.

Also, Telekom Srbija is undertaking activities to gradually introduce solar panels and solar power plants, where possible, in order to make

an additional contribution to preservation of the environment and reduction of the carbon footprint.

The task of cleaner production is to ensure the conservation of resources, the elimination of hazardous raw materials and the reduction of waste. The five basic techniques for implementing cleaner production are: due diligence, process optimization, replacement of raw materials / products, new technology and new product development. This further implies that for new plants, waste and emissions of harmful gases are resolved by the prevention of their generation, and for the already created pollution and waste, recycling or treatment of gas emissions through adequate filtration should be envisaged. The emphasis is on the technological aspects of the devices in terms of their negative emissions. When the entire production cycle is treated as clean production, we have the benefit of reducing the amount of waste, production without pollution (which is performed even with recycling during the process and without emitting pollution). Energy efficiency implies rational use of energy, i.e. elimination or minimization of energy losses, which reduces gas emissions and mitigates the greenhouse effect, and if there are conditions, it is most efficient to use the energy from renewable sources.

Continuous reduction of paper use in the company

Many business processes within the Company require multiple copies of documents so they could be available to different organizational units. Keeping documents in paper form slows down

the decision-making process, which reduces the efficiency and effectiveness of business processes.

Doing business with paper documents increases the cost of doing business. On the other hand, data security and document management are a big issue for any business. Implementing a security and protection policy takes time and money. Each copy of the document in paper form increases the risk of misuse. Most of these costs can be completely eliminated or significantly reduced by introducing the digitization of paper documents. In addition to the digitization of paper documents, it is also possible to compile documents in their original electronic form, which completely excludes the use of paper.

Digitization of paper documents means scanning the original documents or entering the document directly into the database, if it is already in the electronic form. In that way, the document is available not only to the necessary organizational units, but it is possible to monitor possible changes and information about it in real time. The time required to manually submit, send, copy, etc. paper documents increases with the distance of the location to which it is sent. In the electronic environment, this time is significantly reduced and can be used more productively.

The introduction of the electronic archive, which was launched in the production environment at Telekom Srbija, as a system that supports the fluctuation process, exchange and storage of data and documentation in the original electronic form will make a significant contribution to reducing the use of paper in business correspondence.

Electronic documents can be downloaded immediately in various ways, which means that databases can be searched by time, date, ordinal number, user code, business partner, document number, amount in the document, item, etc. In this way, with the help of direct and immediate availability of the documentation, business efficiency is increased without additional investments.

In order to implement the initiative to reduce the use of paper, an analysis of the capacity for storing and archiving of e-documents will be performed, staff training will be provided and internal acts regulating this area will be drafted.

Introduction of the ISO 14001 standard Environmental Management Systems

Telekom Srbija has decided to harmonize its operations with the requirements of the ISO 14001 standard in order to manage its responsibilities regarding the environment in a systematic way that contributes to the pillar of environmental sustainability.

The implementation of the ISO 14001 environmental protection system, in addition to reducing the risk of environmental disasters, includes the following advantages:

- improving environmental performance;
- fulfilling compliance obligations;

- achieving environmental goals.

Telekom Srbija will, in accordance with its environmental impact related to the activities, products, services and location, undertake measures to protect the environment, which include:

- improving the efficiency in the use of natural resources, such as water and fossil fuels;
- protection of biodiversity and ecosystems (procurement of materials from sustainable sources);
- mitigating climate change and reducing the greenhouse effect;
- improving water and air quality.

Reducing pollution sources is the most effective way to prevent pollution because it reduces the amount of waste and pollution. To this end, the following measures will be taken:

- Reduction or elimination of sources (including replacement of materials, changes in processes and technologies);
- internal recycling (recycling of materials during the process);
- external recycling (transfer of materials for recycling);
- recovery (recovery from waste and emissions).

By introducing this standard, Telekom Srbija will improve its reputation and create trust with the community and thus provide a competitive advantage. This will have an impact and reflect on the quality of jobs and employee morale, and open new opportunities in the markets where ecological production is important.

Use of waste energy in the procedure of providing the DATA centre with air conditioning

In order to implement the strategy of sustainable development, primary energy efficiency is expressed, among other things, through the latest trends of green internet and sustainable IT. On the average, as much as 40% of the DATA centre's power consumption is used for server cooling. Energy efficient cooling is recognized as a project that will make the work of the DATA centre more sustainable because it creates the possibility for free cooling and energy savings in server rooms so that waste energy from the air conditioning process of the DATA centre would be used to heat the entire TK centre Belgrade. This will reduce the use of fuel oil within the existing boiler room, which is one of the serious air pollutants in the central zone of the city.

The project involves the implementation of advanced plate heat exchanger technology that minimizes the need for traditional mechanical cooling. This entails a wide range of solutions to increase sustainability by taking advantage of

free cooling as well as heat recovery possibilities. With this innovative solution, Telekom Srbija will confirm itself as a leading socially responsible company in terms of environmental protection, and at the same time significantly reduce the total costs related to energy consumption at this facility.



Social

04

Social

Telekom Srbija Group in the SOCIAL RESPONSIBILITY segment expresses the ability of the companies to fulfill their obligations in the programs of support for the community and programs of social equality for employees and external stakeholders.

**Corporate social responsibility
as a permanent commitment**

We traditionally encourage
the initiators through:



Global Compact
Network Serbia

mts app competition

11

years

168

teams

175

applications

We Create Knowledge

5

years

100

schools

100

information science classrooms

mts Start-Up Acceleration

4

years

10

teams

80,000

euros



The readiness of Telekom Srbija Group for social solidarity, which expresses the general attitude of humanity, mutual assistance, understanding and reciprocity, determined the company's orientation in the time of the global corona virus epidemic. As a socially responsible company that cares about the health of its employees, their families, business partners and society as a whole, Telekom Srbija Group has, without delay, adjusted its business to the new situation.

Telekom Srbija remained faithful to its commitment to continue long-term investment in the community, and in accordance with the new circumstances, the key projects were implemented and humanitarian actions were launched in the field of health and social protection, as well as environmental protection.

Support for youth and education in 2020 was the focus of socially responsible activities, so more than 40 percent of the budget for monetary donations is directed to projects that support youth development, while over 35 percent of the budget were earmarked for support to the health care system, primarily in the struggle against Covid 19. Investment in youth and education was a priority during 2021, with more than 55% of the budget allocated for these purposes. Special attention was paid to ecology and protection of biological diversity, through the implementation of the long-term campaign "No Species Dies Alone".

The Group's activities in the field of social responsibility have received recognition from experts and the general public. Based on the research of the Ipsos strategic marketing agency,

Telekom Srbija was again positively assessed as a credible company, with a high reputation for socially responsible operations, thus retaining the role of a leader in the field of social responsibility.

Telekom Srbija

- Charter for an exceptional contribution to the campaign entitled "Save Food, Save Humaneness" and the development of charity and philanthropy
- Charter for long-term support to the work of the Mathematical High School in Belgrade.

Mtel Banja Luka

- Charter „Captain Miša Anastasijević“ for the social responsibility leader Jelena Trivan, the director general of m:tel
- Thank-you note to the m:tel company for contribution to strengthening the media literacy of children in Republika Srpska
- Recognition for support in the work and implementation of numerous activities to the Agency and other stakeholders in the transport security system
- Plaque for contribution to the development and affirmation of the Faculty of Natural Sciences and Mathematics in Banjaluka, the Faculty of Natural Sciences and Mathematics of Banjaluka University
- Thank-you note to m:tel a.d. Banjaluka for the donation of packages for socially vulnerable returnees to the Posavina canton

Mtel Podgorica

- The Award 100 Largest Companies: 1st place activity: telecommunications

Telekom Srbija is a signatory of the UN Global Compact and responsibly and dedicatedly undertakes its obligation to continuously make a great contribution to the achievement of the goals of sustainable development, and especially the 2030 Agenda. The company plans and implements its activities in its entirety, bearing in mind the importance of its own impact on society and the environment.

With this membership, Telekom Srbija accepts, supports and establishes, within its sphere of influence, values in the field of human rights, labour rights, environmental protection and anti-corruption policy by respecting the ten principles of the Global Compact.

1. Companies should support and respect the protection of internationally guaranteed human rights
2. Companies must not be complicit in human rights violations
3. Companies should support the right to free association and the right to collective agreements
4. Companies should eliminate forced labour
5. Companies should ban child labour
6. Companies should prohibit discrimination in employment and occupation

7. Companies should take environmental precautions
8. Companies should take measures to promote environmental responsibilities
9. Companies should encourage the development and spread of environmentally friendly technologies
10. Companies should be involved in the struggle against corruption in every way, including extortion and embezzlement.

The following are the key socially responsible activities of Telekom Srbija Group, divided according to the adopted goals of sustainable development in order to eradicate poverty, protect the environment and ensure peace and prosperity for all. Global goals and sub-goals are numbered according to the adopted Agenda for 2030.



Sub-goal 1.5.

Build the resilience of the poor and vulnerable by 2030 and reduce their exposure and vulnerability to climate-related extreme events, and other economic, social and environmental shocks and disasters

During 2020, Telekom Group recognized the target group that was most affected and life-threatened during the Covid-19 pandemic. That is why it focused its humanitarian activities on caring for the elderly, for shelters, care centres for children and people of insufficient means.

The Children and Youth Centre Miroslav Antić Mika from Sombor was provided with funds for the purchase of equipment.

The Association of Parents, Guardians, Children and Friends of Children Suffering from Malignant Diseases Čika Boca received support for the organization of We Can Do Anything camp, and Serbian Union of Associations Fighting Diabetes for lectures on prevention and treatment of diabetes and for organization of My Sweet Life camp in 2021.

Representatives of Telekom Srbija participated in the manifestation Digital Serbia Business Run 2020 and contributed to the humanitarian action for one annual student scholarship for high school students from socially endangered families, carried out through the Ana and Vlade Divac Foundation.

Mtel Banja Luka has carried out several humanitarian actions for associations and institutions caring for children and people of vulnerable categories:

In 2021, a large humanitarian action was launched to help returnees in the municipalities of Bosanski Petrovac, Drvar, Glamoč, Bosansko Grahovo, but also in all other municipalities of the Federation of BiH that need help, entitled “You are not alone, you

have friends.” The aim of this action is to provide adequate assistance in what is most necessary for the survival and life of the inhabitants of these municipalities.

Donation of funds to the Clinic for Children's Diseases of the UCC RS for the procurement of the necessary equipment, i.e. 20 ultrasonic nebulizers.

The Foča Association of Diabetics was provided with funds for the procurement of equipment for work.

Donation of computer equipment, projector and screen to the kindergarten “Beograd”, which operates within the Kindergarten Public Institution “Our Children” in Brčko.

Mtel Banja Luka traditionally helps institutions such as:

Centre for Support to Families of Children and Persons with Disabilities Dajte nam šansu, Citizens' Association Mozaik prijateljstva, meal centre in Banja Luka.



Sub-goal 3.8.

Achieve universal health coverage, including

financial risk protection, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all

As a company with a long tradition of philanthropic activities, Telekom Srbija has provided 20 million dinars for the health system in Serbia in the initial phase of the fight against the virus.

In cooperation with the Ministry of Health, the funds were allocated to the Institute of Virology, Vaccines and Serums Torlak, the Clinic for Infectious and Tropical Diseases of the Clinical Centre of Serbia, the Clinical Centre of Niš and the Provincial Secretariat for Health in Novi Sad. The Company donated five million dinars to each of these health institutions.

Telekom Srbija continued with the regular support activities, donations for the procurement of necessary medical equipment for the Institute of Oncology and Radiology of Serbia, the Clinic for Endocrinology, Diabetes and Metabolic Diseases of the Clinical Centre of Serbia, the University Clinical Centre of Kragujevac, Special Hospital for Psychiatric Diseases in Kovin and Health Centres in Sopot, Irig and Pećinci.

Telekom Srbija joined the campaign of the B92 Fund and provided part of the funds for implementation of the project Campaign Against Obstacles for Persons with Disabilities. Telekom Srbija provided funds to Gea Association from Pirot for the project No Barriers, to overcome barriers for children with special needs and their inclusion in the social life of the community, and Kladovo Development Association ARK received a donation from the

Company to equip its premises and procure an access ramp.

For four years now, Telekom Srbija has been assisting in the implementation of the project You are not Alone, which aims to overcome prejudices towards young people with mental health issues and towards people with disabilities. The organization Friend in Trouble was assisted in the implementation of the program for the rehabilitation, socialization and becoming independent for young people with disabilities.

It also continued the cooperation with the Always with Children Association, which has been fighting for better conditions for treatment of children with cancer, and supported the Clown Doctors project in order to improve children's stay in hospital and make it fun.

The Company also cooperates with many associations dealing with health and social protection of citizens through the activation of humanitarian numbers.

Employees of Telekom Srbija and Supernova, as volunteers, helped vulnerable fellow citizens, and the Company paid special attention to more vulnerable and endangered groups through the campaign Help Them Stay at Home, which was implemented in cooperation with Supernova and the Red Communication agency.

In addition to this, Telekom Srbija and Moja Supernova enabled our fellow citizens over the age of 65 to use all services without restriction, even if they had failed to pay their bills during the state of emergency.

The company donated funds to the Belgrade Children's Shelter, as a social protection institution that provides support to the most vulnerable group of young people, to set up a disinfection tunnel in front of the entrance to the facility in order to prevent and fight the Covid-19 virus.

There are two humanitarian associations of voluntary blood donors in Telekom Srbija, which had 1248 regular members, voluntary blood donors, at the end of 2021:



2021

825
members

2020

460
member



2021

423
members

2020

391
members

During the previous year, **Mtel Banja Luka** participated both in the previous humanitarian projects and new ones and in campaigns through donations of funds and equipment or through the provision of its infrastructure and services, which was especially necessary during 2021.

In 2021, m:tel donated funds to the JZU Public Health Institute of Republika Srpska to procure an ultra-low temperature freezer for storing vaccines.

In line with the beginning of electronic fiscalization in Montenegro in 2021, **Mtel Podgorica** donated fiscal cash registers for mobile vehicles to the Institute for Emergency Medical Services of Montenegro.

Also, the third phase of the Telemedicine project was implemented, and the equipment required for the implementation of the Teleradiology project was donated to the Radiology Clinic of the Clinical Centre of Montenegro, which is reflected not only in the software solution, but also in computer equipment.



A contribution to the development of talents, investment in the generations of young people and improvement of conditions for the purpose of acquiring knowledge were integrated by Telekom Srbija in the “We Promote the Promoters” program. The program consists of three individual projects: “We Create Knowledge”, “mts App Competition” and “mts Start-Up Acceleration”, as well as cooperation with the company Strawberry Energy, through which Telekom Srbija completed its support to young people, from the elementary and secondary school students to young startup creators.

In 2019, the “We Promote the Promoters” program won one of the most important prizes in the field of corporate social responsibility, “Đorđe Vajfert”, granted by the Serbian Chamber of Commerce.

Sub-goal 4.3.

By 2030, ensure equal access for all women and men to affordable and quality professional education on all levels, including university

The project of dual education of the Republic of Serbia Government is a project aimed at improving the process of education in secondary vocational

schools for certain occupations, promoting their adequate application in practice and contributing to the strengthening of the competitiveness of the Serbian economy, in accordance with modern technological tendencies.

Telekom Srbija created the necessary prerequisites for joining the project for the telecommunications network fitter educational profile. This was made official by the Certificate of fulfilment of conditions for the process of learning through work, issued by the Serbian Chamber of Commerce in October 2020.

The first generation of students of the telecommunications network fitter educational profile (20 students who enrolled in the PTT Vocational High School in Belgrade in September 2020), starting this school year, acquired their first practical knowledge and skills in the training centre of our company, where, supported by the colleagues of the Technical Affairs Division - licensed instructors, they attended the learning-through-work program.

Better conditions for acquiring knowledge - We create knowledge

In order to improve digital literacy, Telekom Srbija, in cooperation with the Ministry of Education, Science and Technological Development, through the We Create Knowledge campaign, equips primary schools in Serbia with state-of-the-art IT cabinets. During the period of five years, the company has equipped 100 IT cabinets in 100 primary schools and donated 100 million dinars for that purpose. Every year, Telekom Srbija supports

the purchase of modern computer equipment for some high schools across the country.

In 2021, Mtel Banja Luka continued with valuable donations of sports equipment to the primary schools.

It continued supporting campaigns for the safe use of the Internet by children and youth, within the project Child Safety on the Internet of the Ministry of Scientific and Technological Development, Higher Education and Information Society of Republika Srpska, as well as the Centre for Safe Internet in BiH, marking the Safer Internet Day.

Within the campaign Strengthening Media Literacy of Children in Republika Srpska, as a joint activity of the Ministry of Education and Culture of RS, the Ministry of Transport and Communications of RS, as well as the Republic Pedagogical Institute of RS and the Mtel company as partners, in 2021 a media literacy competition for primary schools was announced in Republika Srpska, in which 15 primary schools participated. Mtel donated prizes to the winners.

Sub-goal 4.4.

By 2030, substantially increase the number of young people and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

In 2021, the My First Salary program of the Republic of Serbia Government was implemented. The program included 102 trainees who, supported by 68 mentors - the employees of Telekom Srbija,

participated in 9-month practical training at Telekom Srbija. After completing it and, based on the evaluation of the results achieved by the trainees during the training, about 78% of them continued to work in Telekom Srbija.

Students' practical training is conducted at Telekom Srbija on the basis of contracts with 4 higher education institutions:

- University of Belgrade,
- University of Kragujevac,
- University of Niš and
- Faculty of Technical Sciences in Novi Sad.

In 2021, Telekom Srbija conducted the mandatory practical training for university and secondary school students:

- 54 university students and
- 98 students of secondary technical schools in Serbia.

Practical training days

As in previous years, Telekom Srbija was an annual partner of the Student Association of the Faculty of Organizational Sciences. The goal of the partnership in 2021 was to integrate young talents into the mts digital world.

JoBFair 2021

Telekom Srbija participated in the job and practical training fair **JobFair 21** under the slogan

“Create your future”, which was held online on 1 and 2 November and organized by the student associations EESTEC and BEST. The students' practical training program **IoT Lab** Telekom Srbija was presented at the Company's virtual stand. The students' practical training program IoT Lab aims to enable students to implement digital solutions in the field of environmental protection, security, energy and resource saving and agriculture, thus improving their professional knowledge and skills in the field of IoT (Internet of Things) technology and project management, while contributing to the development of the digital society.

In 2021, a Business and Technical Cooperation Agreement was signed between Mtel Banja Luka and the Faculty of Electrical Engineering in Banja Luka.

In 2021, Mtel Banja Luka organized practical training for the students of electrical engineering faculties in Banja Luka, Istočno Sarajevo and Tuzla, the Faculty of Natural Sciences and Mathematics in Banja Luka and the Faculty of Technical Sciences in Novi Sad, with which it has signed cooperation. In 2021, practical training was organized for 25 students of the electrical engineering faculties in Banja Luka and Istočno Sarajevo, and the Faculty of Natural Sciences and Mathematics in Banja Luka.

Mtel Banja Luka has supported the STEM education for decades, selflessly investing all its available resources in the transfer of both theoretical and practical knowledge to young people eager to learn. In 2021, practical training was organized for 30 high school students.

Sub-goal 4.b.

By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing states and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries

The “mts app competition” project

Telekom Srbija has been successfully implementing the mts app competition project for 11 years, encouraging high school students to express their knowledge and creativity in the process of programming applications for mobile devices. It is intended for high school students from specialized classes for talents in the sphere of mathematics, IT and computer science.

By participating in the mts app competition, the students have an opportunity to think of a useful and practical application in Android™ or iOS, create the program and present it as a unique product in the market. After the presentation of the applications, the jury announces five best applications and teams, which get valuable prizes (mobile phones).

The winning teams from Serbia meet their peers from Bosnia and Herzegovina and Montenegro within the Regional App Challenge, the next level of competition that brings together teams from the region, because the competition is also held and

organized under the same conditions by Mtel Banja Luka and Mtel Podgorica. The main prize and the special prize for innovativeness “Igor Osmokrović” are awarded at the Regional App Challenge.

Programs and partners in the field of education are always a top priority

For the implementation of projects in the field of social responsibility, the Company carefully selects partners, sharing with them the same values and goals. For more than a decade, some of these long-term partnerships have brought progress and success to the project participants. Cooperation with the High School of Mathematics in Belgrade stands out among numerous partnerships. It is a school of special national importance with which the Company, in addition to the mts app competition, organizes mathematics camps and enables students to participate at numerous international competitions and knowledge olympiads. The students won many medals and awards at these competitions, of which the company is very proud, since it has contributed to their success.

Telekom Srbija supports the Regional Talent Centre, the students of which achieved remarkable success at world and national championships and knowledge olympiads, as well as the Centre for the Promotion of Science, which has organized the “May - Month of Mathematics” event for several years.

For several years the Company has supported the „Tesla Global Forum“ Association for the organization of an event dedicated to the work and achievements of the great scientist.

m:scholarship holders

2021 was the eleventh consecutive year in which the company Mtel Banja Luka granted 15 scholarships to the most successful students of electrical engineering from BiH.

Sub-goal 4.5.

By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations

In cooperation with the Office for IT and eGovernment of the Serbian Government and a non-profit initiative Digital Serbia, Telekom Srbija, together with another two operators, donated mobile devices and SIM cards to eighth-grade students, who did not have the opportunity to take the online graduation tests at home, and 5GB for mobile devices per month to students from socially vulnerable families.

The „1,000 for the Future“ project was created and implemented in cooperation with the Ministry of Scientific and Technological Development, Higher Education and Information Society of Republika Srpska, within which Mtel Banja Luka financed the procurement of 333 Raspberry Pi mini-computers, which were distributed to the primary school students from 20 underdeveloped municipalities in Republika Srpska.

Also, the Company granted a free 15 GB data

bonus per month to all high school and university students until the end of the school year to enable them to access the Internet for the purpose of online learning.



Sub-goal 5.5.

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

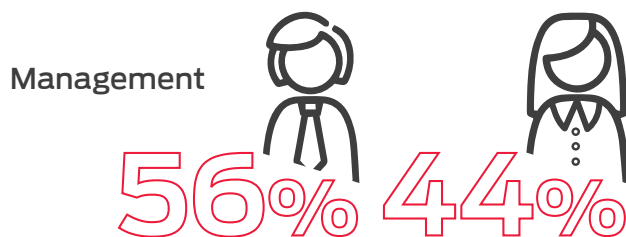
In accordance with the diversity of activities performed by its members, Telekom Group has a mixed gender structure. Most members have a balanced distribution of both sexes in the total number of employees.



As far as the management gender structure is concerned, women's share in management positions is higher than their share in the total

number of employees.

In respect of the gender structure, there was a



slightly higher share of men (62%) compared to women (38%) in the total number of training hours on the Telekom Srbija level.

Number of hours of education

	Telekom Srbija		mtel Banja Luka	
	2020.	2021.	2020.	2021.
Men	16,236	28,447	5,292	6,144
Women	17,564	17,470	2,673	2,987



Sub-goal 6.4.

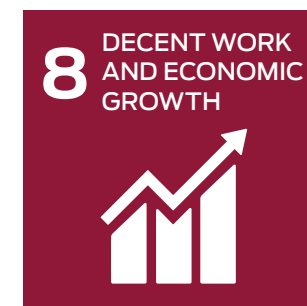
By 2030, significantly increase water efficiency in all sectors and ensure sustainable water use and fresh water supply to respond to water scarcity

and significantly reduce the number of people facing water scarcity

In 2021, Telekom Srbija achieved savings in water consumption of 3,600 m3.

The savings were primarily made by optimizing the total business premises as well as organizing the work of many employees outside the business premises during the pandemic.

Telekom Srbija has recognized the importance of this goal and will continue with the activities of rationalization in all business areas.



Sub-goal 8.2.

Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including focusing on labor-intensive and highly profitable sectors

mts start-up acceleration

Believing that technological entrepreneurship has the potential to be a strong driver of economic growth, Telekom Srbija has been implementing

the mts start-up acceleration project for four years, intended for technological start-ups at an early stage of development of their business idea. A monetary incentive in the amount of 20,000 euros was granted to the promising entrepreneurs, including mentoring, free services and support when entering the regional market. The company has implemented the program in cooperation with Startit Association, which, for almost a decade, has been organizing the most prestigious educational program in the field of technological entrepreneurship in the region under the title "Start-up Academy", which was renamed "Growth" in 2020. To encourage technological entrepreneurship, within the previous four cycles of mts start-up acceleration, 80,000 euros were invested and free mts services and mentoring of management representatives were provided for 10 awarded start-ups.

FAMILY FRIENDLY ENTERPRISE CERTIFICATE

In 2021, Telekom Srbija became the holder of the Family Friendly Enterprise (FFE) Certificate, which is based on the principle of socially responsible management of the organization, with a focus on balancing the work and family life of employees.

The goal of obtaining the FFE certificate is to improve the work process and the quality of the working environment through a series of measures, which the company implements and continuously examines and supplements in order to achieve a greater balance between professional and private life of employees.

By obtaining the FFE certificate, the Company achieves a number of benefits. On the one hand,

employees are more satisfied with the work they perform, they are more motivated to work and more committed to the company, and on the other hand, it increases productivity and efficiency and strengthens the concept of socially responsible business, which gives the company a competitive advantage.

Mtel digital factory

In 2020, the Mtel digital factory¹, a centre for the development of technological entrepreneurship and innovation in Podgorica, continued to operate. The Mtel digital factory offers creators of good IT ideas perfect conditions for founding and developing their own business, so that they can start projects and develop a successful business as soon as possible. It provides concrete support, such as: customized workplace, Cloud Computing development platform, technical support, Startup program, administrative and legal advisory assistance, an excellent team and networking with other entrepreneurs. Under the auspices of Mtel digital factory, the Startup Activator program, designed for start-ups in the earliest development stage, was launched, with the aim of motivating young people to create products that will be used not only in Montenegro, but also worldwide. The idea is to create a kind of an ecosystem in Montenegro, where young people, staying in Montenegro, will be able to work and sell ideas all over the world.

In 2020, the employees of Telekom Srbija were essential for ensuring the continuity of business

¹ digitalnafabrika.mtel.me

processes, raising competencies, the quality of work and motivation of employees. During this period, Telekom Group paid special attention to:

- a change in operations and care for employees in a Covid pandemic
- attracting new/young generations
- retaining and developing key resources
- protection of the employees' personality and rights

The employee development in the parent company is managed through regularly planned educational and development-motivational modalities intended for the management, talents and other employees (various internal and external education programs, business simulations, team building programs, additional training). On the other hand, the digitalization and improvement of the existing development processes has started and largely implemented through the integrated SAP Success Factors information system, through basic modules that support the processes of recruitment, selection, work involvement and basic employee databases. Also, all modules have been largely developed and implemented. In the coming period they will support and interconnect the following processes in a modern and interactive manner: performance appraisal, talent management and employee development and learning management. With the help of an online learning platform, the partnership role in creating a culture of continuous learning and development will be further enhanced.

In order to adapt to the business challenges resulting from the pandemic, as well as to connect and exchange knowledge between employees in an informal way, in the course of 2020, six meet-ups were organized through MS Teams, with various topics. In addition, significant HR projects in the sphere of innovations were implemented – the Corporate Innovation project, in cooperation with the Division for IT Support and ICT Services, aimed at developing internal innovations. A total of 156 employees' ideas related to processes and products were submitted. After three rounds of validation and evaluation by the expert commission, the final winning idea was selected and adequately awarded.

Mtel Playground

Mtel Playground was launched in 2018 as a development platform, with the aim of connecting people from the IT community, creative persons, designers, university students and business partners and all those interested in technological entrepreneurship, in order to actively work on creating new knowledge, projects and products in this field.

The Mtel Playground 2021 program, as before in cooperation with ICT HUB from Belgrade, had its closure during the Demo Day, which was held online in 2021.

This year's challenge topics were related to improving the quality of life by digitizing society in the field of resource saving, energy efficiency, transport and agriculture, and teams from all over

BiH could apply with ideas based on IoT solutions.

Training

Participation in employee training in 2021 increased by approximately 35% compared to 2020. Also, the percentage of realization of funds intended for the development of employees has increased, so the total budget realization amounts to 90.2%.




**Increased participation
in training of employees**

Hours of conducted education

	Telekom Srbija		mtel Banja Luka	
	2020	2021	2020	2021
No. of hours	33,800	4,5917	10,098	10,907.5
Employees	20,856	36,973	7,720	9,131
Management	12,944	8,944	2,378	1,776.5

Around 3,150 employees had various types of education in Mtel Banja Luka, whereof 338 trainees attended in-house and technical training, and about 300 trainees attended internal m:academy training, not counting mandatory training in the field of fire protection and occupational safety. Trainees from subsidiaries, about 400 of them,

were also more intensively involved in the internal training program in 2021. This year, a significant step forward was made as well related to participation of subsidiaries in the internal knowledge exchange, which also meant enriching the m:academy program with new titles that included employees from the subsidiaries.

Number and structure of training conducted by the leading members

	Telekom Srbija		mtel Banja Luka	
	2020	2021	2020	2021
Training for a professional licence	9	115	31	10
Education by the company	8	5	36	0
Talent program	240	236	0	0
Team building	106	551	15	0
Job rotations	29	28	4	0
Internal training	154	117	120	291
Personal development	1,139	1,088	276	335
TOTAL	1,685	2,140	488	636
Number of employees with professional licenses	474	446	44	18
Number of employees - members of professional organizations	481	458	44	32

Job rotation

The implementation of the job rotation program in Telekom Srbija continued in 2021. Due to the situation caused by the Covid 19 pandemic, and for the purpose of maintaining the continuity of process implementation, job rotations were made in specific organizational units with required restrictions to observe epidemiologic measures. In that regard, a total of 28 employees took part in 2021, where the stress was laid on learning the end-to-end processes and the complexity of business and organizational processes, as well as upgrading competences and skills.

In order to motivate and retain key resources, the application of the Flexible Benefit Model continued in 2021. As a type of indirect compensations, regulated by the Decision on the allocation of flexible benefits, the model provides for the rules for benefit award and types of benefits. In 2021, 860 employees - users of flexible benefits from all organizational units of the Company – were selected. A total of 3612 requests for different types of flexible benefits were fulfilled (various types of employee insurance, various types of

training, tourist trips, the costs of education of employees' children, medical services, fitness and wellness services, various gift cards and vouchers).

Also, in 2021, 16 housing loans were granted to employees, as a down payment for the loan with commercial banks, whereby the Company supported the employees in one of the most important life issues.

In the course of 2021, a one-off payment was made to all women on the occasion of Women's Day, 8 March, regardless of the type of employment, as well as a one-off payment to the employed parents of children under 10 and children with special needs up to 15 years of age for New Year's gifts.

In addition to the above, Telekom Srbija has provided voluntary pension insurance to all employees since 2008, in the voluntary pension funds Dunav and Generali.

Telekom Srbija continues the tradition of granting the jubilee awards to employees and former employees for 10, 20, 30 or 40 years of continuous service in Telekom Srbija, i.e. the PTT System of Serbia.

As a result of the measures taken in the previous period, in 2021, Telekom Group recorded an evident increase in the number of new employees among young adults, which is a consequence of various employment branding activities and participation in the projects of the Government of the Republic of Serbia.

The average external fluctuation rate was relatively low in 2020 compared to the previous year, when Telekom Srbija implemented a voluntary layoff program.

External fluctuation rate	2020	2021
Telekom Srbija	2%	2%

In 2021, employees of Mtel Banja Luka were rewarded with cash prizes from the funds available to the CEO. The award criterion was behaviour clearly promoting the company's corporate values. A reward in the form of a modified bonus was paid to employees meeting certain criteria in 2021, according to their titles/job posts. Likewise, individual workers received monetary rewards for special contribution and work results outside the scope of their job description, and the best sellers were rewarded on a quarterly basis with prizes of their choice during 2021, in keeping with the Reward Program for the best sellers in the Marketing and Sales Division.

Age structure of the recently employed	Excluding Moja Supernova and Pošta Net employees	Including Moja Supernova and Pošta Net employees	2021
Up to 30 years	15	241	20%
30 to 50 years	21	782	64%
Over 50	5	195	16%
Total no. of recently employed	41	1,218	
No. of employees leaving TS	138	138	
Net changes	-97	1,080	

Sub-goal 8.8.

Protect labour rights and promote safe and secure working environment for all workers, including migrant workers, particularly women migrants, and those in high-risk jobs

During the pandemic, Telekom Group showed a high level of understanding and care for its employees and made additional efforts to enable uninterrupted work from home and redistribution of working hours for all employees, where possible (60% of Mtel Banja Luka employees), as well as safety and health of employees.

Mtel Podgorica sent a large number of its employees to work from home. For those who could not work from home due to the nature of their jobs, the necessary equipment for protection and safe work was provided (masks, gloves, hand disinfectants). Likewise, every day after the end of working hours, a thorough disinfection of retail stores and the headquarters has been done in order to protect employees and customers from infection.

In their by-laws, the Telekom Srbija Group members envisaged the employees' right to regular medical check-ups, as well as solidarity aid for them and their family members.

According to the data of the representative members of the Group, solidarity aid was distributed to more than 13% of employees, while more than 25% of the Group's employees had medical check-ups. Setting an example, Mtel Banja Luka provided social aid to over 45% of employees.

The Group consistently performs activities defined by the Law on Safety and Health at Work. In order to raise the level of safety and health at work, Telekom Srbija implemented ISO standard 45001:2018 in 2019 and adopted the Policy of Safety and Health at Work, which defines the principles and area of application. At the end of 2020 and 2021, the recertification was successfully performed, i.e. the validity period of the certificate was extended. Accordingly, training courses are implemented on annual basis for employees in high-risk jobs, as well as for new recruits and employees reassigned to other jobs.

Based on the data of the Group's representative members, it can be concluded that the number of training courses was considerably increased, which consequently led to a significant decrease in the number of injuries in 2021 compared to 2020.

Health and safety at work	2020	2021
No. of employees at job posts with increased risk	2,019	1,705
No. of minor injuries at work	39	116 work related, 25 not related to work
No. of serious injuries at work – disability	5	7 work related, 14 not related to work
No. of injuries at work causing death	0	0

Telekom Srbija provides group insurance to all employees against the consequences of accidents at work or outside of work (24/7), serious illnesses and surgeries. In 2020, by filing a claim for compensation, a total of 214 employees (3.19%) exercised the right to reimbursement of the insured sum by the insurance companies, whereas in 2021 this right was exercised by 158 employees (2.02%%).

Telekom Srbija provides additional protection of employees through group insurance, with special insurance of the employees assigned to high-risk jobs.

The basic insurance of employees and professional liability insurance are defined by other members of the Group in their by-laws.



Sub-goal 9.1.

Develop quality, reliable, sustainable and resistant infrastructure, including regional and cross-border infrastructure in order to support economic development and social welfare, with the focus on affordable and equal access for everyone

This objective is successfully implemented through

the ALL IP project of modernization of the fixed telephone network, which will, among else, allow a large number of customers, primarily in urban environments, to get access to optical cables where customer bit rates may range up to 1Gb/s. The implementation of the project will help create a more favourable environment for new investors because the use of optical cables is a turning point for further development of the economy.

So far optical cables have been installed for 1,030,000 households, a total of 31,090 km of cable have been laid with about 1.6 million km of optical fibres.



Optical network

1Gb/s

internet speed

1.030.000

households

31.090 km

of cables

about 1.6 million km
of optical fibres

Preko zajedničkog projekta sa ministarstvom TTT, nazvanog „Rural Broadband“, planira se zajednička izgradnja optičke infrastrukture za pokrivanje većeg broja naselja ruralnog tipa. Zajednička izgradnja je planirana tako da Ministarstvo TTT gradi tzv. mid-mile deo mreže, od tačke prisustva operatora do sela, a operator gradi pristupnu mrežu u selu. Telekom Srbija je kroz tri javna poziva potpisao ugovore o zajedničkoj izgradnji sa ministarstvom TTT u 382 od 400 naselja. Do kraja 2023. u ovih 382 naselja biće stvorena mogućnost da oko 60.000 domaćinstava mogu da imaju širokopojsne servise brzina do 1Gb/s.

Sub-goal 9.c

Significantly increase access to information and communication technologies and invest efforts to allow universal and affordable access to the Internet in the least developed countries until 2020

Telekom Srbija invests significant funds to improve the network quality in all areas of our country, both urban and rural. For rural and less developed areas, wireless technology solutions are more technically feasible and economically acceptable, so a significant effort has been made to improve mobile coverage of territories and population in such areas. According to the latest applicable Ratel report (third quarter of 2021), Telekom Srbija provides coverage of 99.25% of the population with 2G signal, 96.90% of the population with 3G signal and 98.20% of the population with 4G signal (which is also the highest percentage of 4G coverage among operators in Serbia).

98,2%



population coverage
with 4G signal



Podcilj 11.4.

Strengthen efforts aimed at the protection and preservation of the world cultural and natural heritage

Telekom Srbija has cooperated with the Academy of Fine Arts and, aside from donations for the procurement of equipment, for 5 years already it has secured a pecuniary award for the best student work at the Department for New Media. Thanks to the donation of Telekom Srbija, a large 3D clay printer was also put into operation at the Academy of Fine Arts.

With the already traditional support of the Company, younger generations of artistic talents

were able to present their works at the Children's October Salon. Support was given to hold the Poetry Relay in Zrenjanin, and new books were gifted to school libraries on the occasion of the New Year, within the action that Telekom Srbija has been undertaking for seven years.

Telekom Srbija and the Endowment of Ilija M. Kolarac continued their cooperation on the program "Kolarac – Your World of Music" within which the most significant names of the world music scene visited Belgrade, while young artists, with support from the Company, showed their talents at the 17th International Music Competition "Davorin Jenko" and the master class of Nemanja Radulović.

Telekom Srbija helped the reconstruction of several churches and monasteries, including the Temple of Saint Basil of Ostrog in Belgrade, the Monastery of Saint Nicholas of Myra in Drača, monasteries within the Orthodox Diocese of Niš and Diocese of Raška-Prizren, and additional telecommunications services were enabled for the Chilandari Monastery in order to enhance the project of digitalization of the Chilandari Treasury. For the purpose of preserving the cultural heritage, Telekom Srbija helped the procurement of information equipment for the Historical Archives of Šumadija in Kragujevac, and it aided digitalization of the Script Place (Kuća scenarija) within the National Library in Vrnjačka Banja. Through its long-term cooperation with the Ethno Network, which has organized the exhibition called "100 Women – 100 Miniatures", Telekom Srbija contributes to the affirmation of women's entrepreneurship in rural environments and the

preservation of cultural heritage.

As a traditional friend of the Sports Assembly of the Holy Serbia, Telekom Srbija supported the project aimed at the preservation of tradition, fellowship and the sports spirit among the youth – the central event at Ada Ciganlija in Belgrade, where a number of sports events, tournaments, cultural and educational events were organized.

The Mtel Banja Luka company has supported the Museum of Contemporary Art of Republika Srpska for years, as well as the activities it implements. The Museum had a jubilee in 2021, celebrating five decades of its existence with the multimedia exhibition "From the Gallery to the Museum", and the International Museum Day was also marked, signifying 130 years since the erection of the building of the Old Austro-Hungarian Railway Station in Banja Luka, wherein the Museum is located.

As the general sponsor of this Theatre Festival, as well as the entire theatre season of the National Theatre of RS in Banja Luka, Mtel Banja Luka continued the decades-long practice of friendly support for this cultural institution. In 2021, the Mtel company donated funds intended for the operation of this theatre, thus continuing the long-standing friendship between the Children's Theatre of RS in Banja Luka and the company.

Days of Vlada S. Milošević, a traditional event, in 2021 included a programme with music content, scientific conferences, exhibitions, workshops, events for the youngest, as well as multimedia presentations. Mtel was a friend of the event in 2021 as well.

For the fifth year in a row, the Mondo portal organized a competition for the best story entitled "Neighbourhood Stories 5", and Mtel supported the realization of the 2021 competition as well, by participating in the selection of the best stories, but also by awarding the second place winner with a tablet computer.

The current year's 27th edition of St. George's Day Festival was held in an online format, and all participants were included in the live stream through online platforms. Mtel also supported the current year's Festival, featuring 23 performers from Russia, Bulgaria, Slovenia, Croatia, Serbia, Montenegro and Bosnia and Herzegovina.

In 2021 as well Mtel supported the holding of the Children's Fair, which for two days offered a plethora of contents for children and the whole family.

With the help of Mtel, the folk ensemble "Veselin Masleša" organized "The 2021 Serbian Folklore Festival", which showed a diversity of culture, history and traditions from the area, while the event itself promotes a healthy way of living and growing up.

BANJA LUKA FEST, an international music festival, was held on five festival nights.

Traditionally, Mtel is a friend of the OK Fest, and in 2021 it organized enjoyment centres within the festival, as well as charging stations for phones, fitness story, gifts, games, and free internet!

Sub-goal 11.6.

Decrease the negative impact of cities on the environment measured per capita until 2030, with a special focus on air quality and waste management on municipal and other levels

Digital solutions that transform our cities are developed either independently by Telekom Srbija or in cooperation with partners through the concept of smart cities. Some of the partners are young experts from the Strawberry Energy company, with whom the company has been cooperating since 2011, when they started developing smart solutions for urban environments using modern technologies. After the Smart Bench installation in Novi Sad a year earlier, cooperation was implemented in 2020 by installing a Smart Bench in Leskovac, as a gift to the Centre for Professional Training in Education, on the occasion of Science Day, and in 2021 a Smart Bench was donated to the High School Students' Home "Milutin Milanković", on the occasion of the 60th anniversary of its establishment.

Apart from allowing access to free Internet and serving as a solar charger for mobile handsets, the bench also provides information about air quality, noise level in the environment, temperature and air pressure, which indirectly raises awareness of the need for environmental protection, and in the educational institutions it was donated to it serves as a practical asset for the workshops related to renewable sources of energy and environmental protection.



Sub-goal 12.4.

By 2020, achieve environmentally sound management of chemicals and all types of waste throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release into the air, water and soil in order to minimize their negative impacts on human health and the environment

In accordance with the principle of prevention, control, reduction and remediation of all forms of environmental pollution within the integrated environmental management system, Telekom Srbija is committed to protecting the population and the environment from various types of pollution. Pursuant to the legislation on protection against non-ionizing radiation, numerous measurements of the electromagnetic field, expert assessment of environmental load and environmental impact assessment studies are being conducted.

In the course of 2021 the following was conducted:

- 181 expert assessments of environmental load, which include measurement of electromagnetic fields for 495 base stations;

- Electromagnetic field measurements for 138 locations or 276 base stations;
- 66 Environmental Impact Assessment Studies;
- 57 public hearings, during which the control of the impact of base stations on human health and the environment was presented to the public.
- The legal work of our mobile telephony base stations was controlled through 199 inspections.

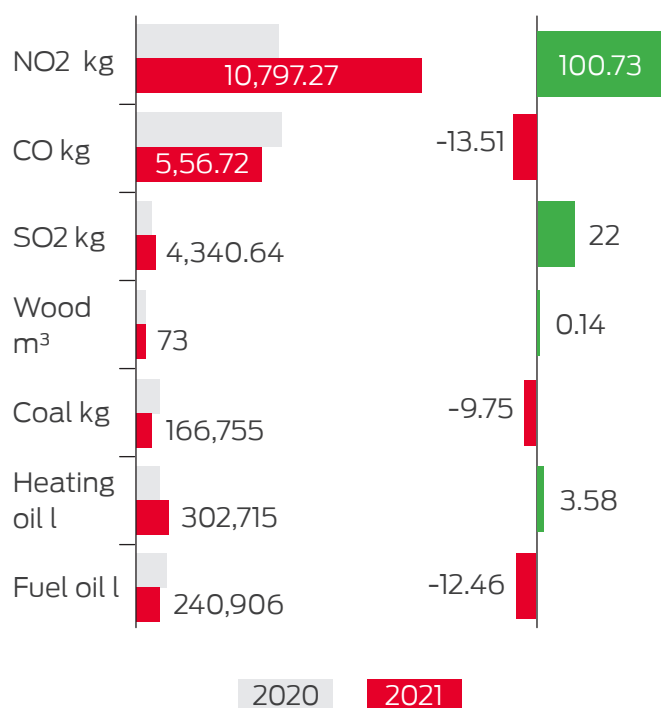
Special attention is paid to radiation sources of special interest, the field of which is measured every two years.

During 2020, the number of boiler rooms emitting harmful gases was reduced by four, from 14 to 10, which resulted in lower emissions of approximately 40% of substances whose presence in the air is measured. In 2021, a total of 10 boiler rooms were retained.

Management of thermal energy and raw materials needed for heating office buildings was guided by detailed planning of energy supplies with stringent control of consumption and indicating any increased consumption of individual facilities. Bearing in mind the merger of Moja supernova, the result has changed as compared to 2020, but we still report lower consumption of some of the most important types of energy sources. In cooperation with lessors and facility owners, Telekom Srbija is investing its efforts in reducing the number of boiler rooms using energy sources that emit harmful gases, and to that end a joint initiative has been launched to shut down the only boiler room that uses fuel oil as an energy source and switch it to district heating.

Consumption of raw materials and energy, gas emissions

	2020.	2021.	Increase
NO2 kg	5,378.93	10,797.27	100.73
CO kg	6,430.33	5,561.72	-13.51
SO2 kg	3,558	4,340.64	22
Wood m ³	72.9	73	0.14
Coal kg	184,763	166,755	-9.75
Heating oil l	292,245	302,715	3.58
Fuel oil l	275,202	240,906	-12.46



Environmental protection is strongly taken into account when purchasing vehicles and using the carpool, although it has significantly increased by merging subsidiaries. Vehicles with the latest generation units that meet the minimum Euro 6 standard were procured. Most vehicles have the option of using extra additives to reduce nitrogen oxide emissions.

Total fuel consumption in 2020 was reduced by some 9%, i.e., lower fuel consumption was achieved by a total of 150 thousand litres.

At the annual level, in 2021, 223 reports of systemic testing levels of non-ionizing electric radiation levels from mobile telephony base stations and 888 measurements of electromagnetic field levels at base station locations throughout Bosnia-Herzegovina were drafted.

In order to obtain permits for the use of base stations, 235 requests were forwarded to the Ministry of Health and Social Welfare pursuant to applicable legal regulations, and 518 safety statements were addressed to the Communications Regulatory Agency to obtain safety certificates for base stations in B-H.

The Republic Inspection Administration and Health and Communal Inspectorate continuously monitored the work of mobile telephony base stations, and inspections were performed at three base stations in the Republic of Srpska.

According to the request of the Environmental Inspectorate of the City of Banja Luka, four measurements of noise produced by air

conditioning systems were performed.

In order to protect the environment in 2021, Mtel continuously conducted an internal and external campaign to save paper, i.e., the use of electronic invoices instead of paper ones. Also, activities related to the proper disposal of obsolete and inoperative electronic equipment, and damaged phones returned by end users continued.

Through its activities, Mtel Podgorica raises the awareness of employees about the importance of taking care of the environment. In order to contribute to a cleaner and healthier Montenegro, it implements the following activities:

- Proper waste disposal
- Protection of air from pollution of exhaust gases of company cars
- Development of awareness among citizens that all individuals can contribute to environmental protection through proper waste disposal
- Employees participate in the implementation of all activities carried out in terms of social protection
- All projects that are planned and implemented undergo the procedure of environmental experts from the competent Ministry of Tourism and Sustainable Development
- The entire space is designed so as not to disturb the environment
- Waste disposal (primarily electronic waste, computers, telephones, various technical devices) is carried out with a company that has

a permit for the destruction of electronic waste

- All company cars are with reduced air pollution
- Experts are hired for various measurements in terms of air pollution, radiation, noise and more. Measurements are conducted in cooperation with the Ecotoxicological Institute of Montenegro

Sub-goal 12.5

By 2030, significantly reduce waste production through prevention, reduction, recycling and reuse

The course of waste management is defined by the regulations of the Republic of Serbia, as well as the following by-laws: The Instructions on Waste Management, Procedure for the Disposal, Derecognition and Liquidation of Assets and Rules for the Sale of Disposed off Assets and Handing over Sold Assets.

As compared to 2021, Telekom Srbija delivered 739 tons less waste, and the period of waste storage was significantly shortened until it is handed over to qualified legal entities for recycling. The software application that monitors the delivery of waste is an application of the Environmental Protection Agency, Ministry of Environmental Protection.

Waste quantity (in tons)

	2020.	2021.	Growth rate
Total perilous and non-perilous waste	1,136,759	379.93	-66.58
Total non-perilous waste	462,455	222.42	-51.9
Total perilous waste	674,304	157.51	-76.64

During 2021, too, Telekom Srbija conducted an intensive campaign for the E-invoice service with numerous user benefits and discounts. With the rationalization of printing and the continuous e-invoice campaign, significant savings in the consumption of paper and printed material have been achieved.

In order to protect the environment, in 2021 Mtel Banja Luka continuously conducted an internal and external campaign to save paper and promote the use of electronic invoices instead of paper ones. Also, activities related to the proper disposal of obsolete and broken electronic equipment, and damaged phones returned by end users continued.

In order to reduce waste production, Mtel Podgorica is implementing activities to reduce the use of paper in business operations.



Sub-goal 15.5.

Take immediate and significant activities to reduce the degradation of natural habitats, curb the loss of biodiversity and by 2020 protect endangered species and prevent their extinction

Members of the Telekom Srbija Group in every business and organizational segment bear in mind the need to take care of the environment. They fully respect legal regulations and international standards, focusing on contributing to the attainment of key goals of sustainable development.

As every year, in 2020, in terms of protection of the environment and people, most heed was paid to the operation of base stations and the electromagnetic field emitted from the antenna system. In order to protect the environment, the members have implemented a series of other activities.

In an effort to contribute to raising community awareness about ecology, Telekom Srbija continued its activities aimed at protecting the environment and endangered animal species, and

in 2021 launched the campaign “No species dies alone.” The name of the campaign designed in this way should especially emphasize the importance of protecting biodiversity as a precondition for preserving ecological balance and a healthy environment.

The first phase of the long-term campaign is dedicated to the protection of birds, because they are the first and true indicator of the quality of the environment. Their number and distribution clearly reflect the conditions of the habitats in which both they and people live. In addition to contributing to the quality of land, water, food, and our health, many of them can also prevent the possible spread of infections.

The campaign is the result of the company's long-term support to associations and experts who, through active protection measures and the application of modern mobile telecommunications technologies in monitoring endangered bird species, are working to improve living conditions for them and for all of us.

By investing in the conservation of plant and animal species and their habitats, Telekom Srbija additionally draws attention to the protection of biodiversity.



Sub-goal 16.1.

Significantly reduce all forms of violence and related death rates everywhere

Respect for the rights of employees is a basic obligation in achieving harmonization of internal relations. Telekom Srbija, as the parent company, has established, through an internal portal, two channels of employee protection through which employees can resolve open issues related to employment rights and obligations.

- Ask Human Resources and
- Labour law counselling, within which employees can refer to a professional team of lawyers for any assistance in achieving and protecting their legal position in accordance with legal regulations and by-laws

The Rules of Personal Data Protection defines the basic principles and rules of conduct in the field of processing and protection of personal data, taking into account the probability of risk and the level of risk to the rights and freedoms of individuals.

In order to ensure the protection of every employee from discrimination and mobbing, during 2020, two court actions were instituted. Also, in accordance with the Law on Protection of Whistleblowers, a person has been appointed to receive information and institute proceedings related to whistleblowing.

Within the Telekom Srbija Group, trade unions are registered in Telekom Srbija, Mtel Banja Luka and Telus, which have some 8,000 members or 75% of their employees.

A total of 10 unions are registered in Telekom Srbija, whereof 2 unions have the status of representativeness. Also, within Telekom Srbija, there are associations that gather over 1,300 members.

- The Association of Fitters for the Serbian Telecommunications Network (860 members)
- The Association of Engineers of Telekom Srbija (175 members).
- The Association of Shareholders employed with PE PTT Srbija and Telekom Srbija (268 members)
- “Od srca” (825 members,)
- “U srcu” (423 members).

Sub-goal 16.5.

Substantially reduce corruption and bribing in all their forms

The Rules of the Internal Whistleblowing Procedure, on the basis of which the Decision on appointing a person to receive information and conduct the procedure related to whistleblowing, define actions as per information in order to determine and eliminate irregularities indicated by such information.

During 2020, preparatory activities were carried out in connection with the development of the integrity plan, in accordance with the Law on Prevention of Corruption. The goal is to establish mechanisms that will ensure more efficient and effective functioning of the Company, through strengthening accountability, increasing transparency in the decision-making process, strengthening ethics and introducing a more efficient system of supervision and control.

The Code of Corporate Conduct defines the fight against corruption and other illegal acts.



Sub-goal 17.17.

Support and promote effective public, public-private and civil society partnerships, built on experiences and strategies for finding resources for partnerships

Telekom Srbija Group believes that the goals are best realized in communication with professional and dedicated people and confirms this with many years of corporate membership of international and domestic professional and philanthropic organizations.

Telekom Srbija is aware that leadership in services and market growth entails additional responsibility towards the local community, as well as the responsibility for the achievement of global goals, which it accepted by joining the UN Global Compact in 2010.

Telekom Srbija is already a traditionally active member of many international and domestic organizations:

1. Cullen International
2. European Telecommunications Network Operators Association (ETNO)

3. Gartner Inc
4. GSM Association (GSMA)
5. IEEE
6. IoT Forum
7. LoRa Alliance
8. TeleManagement Forum (TMF)
9. United Nations Global Compact Network (UNGCN)
10. Responsible Business Forum (FOP - Smart Collective)
11. Digital Serbia Initiative (IDS)
12. NALED
13. Foreign Investor Council (FIC)
14. Serbian Managers' Association (SAM)
15. Association of Corporate Managers of Serbia (UKDS)
16. CFO & Controlling Club
17. Serbian Philanthropic Forum, and
18. Serbian Chamber of Commerce

Mtel Podgorica is a corporate member of the following organizations:

1. AMM – Association of Managers of Montenegro,
2. AmCham Montenegro – American Chamber of Commerce,
3. MBA – Montenegro Business Alliance,
4. Employers' Union,

5. Montenegrin Chamber of Commerce,
6. MFIK,
7. GSM Association

Other socially responsible activities of Telekom Srbija Group aimed at taking care of the community

Investments in sports

Telekom Srbija has been providing support for the Women's Basketball Movement - Marina Maljković since its founding, thus ensuring that school trainings be organized at several locations in Belgrade, Obrenovac and Novi Pazar free of charge, for 3,000 girls of primary school age so far.

Strong support for sports, as a true value, is embedded in the groundwork of Mtel Banja Luka's business and large and important contracts, as well as sponsorships were realized in 2020:

Friendly support continued with the sponsorship of the RS Tennis Association, the Rudar Prijedor Football Club, and the 22 April Swimming Club, Olymp Swimming Club, Zvezda Judo Club and Croatia's Tomislav Football Club.

The contract on general sponsorship for the next three years with the Igokea Basketball Club was made official.

Donations supported the work of the Rookie Basketball Club Banja Luka, the BSK Banja Luka Football Club, the Stapar Knights Martial Arts Club

Razboj Lijevče, and the SPIN Youth Table Tennis Club Banja Luka.

As sports clubs, Mtel has for years supported prominent individuals who have achieved and are achieving enviable results in individual sports, such as judoka Nemanja Majdova, two-time world champion in judo from East Sarajevo, who is also a member of the Serbian national team.

In 2021, support was provided to Marko Maksimović, a young tennis player of Doboj, who is the best junior tennis player in Europe, and for years he has been the champion of Republika Srpska and B-H at his age, and a member of the junior tennis national team of Bosnia- Herzegovina.

Mtel Podgorica is recognized in Montenegro as a major donor in various walks of life.

In the field of sports, during 2021, the sponsorship agreement for the Water Polo and Swimming Federation of Montenegro was renewed, and the Agreement with the Basketball Federation of Montenegro was extended. It is a new sponsor of the Handball Club "Budućnost" and the Karate Club "Budućnost". Many other sponsorships for clubs in various sports have been renewed. Mtel will continue to actively participate in the daily progress of Montenegrin society, contributing to the development of the community, so special support is lent to social, cultural, educational, health and sports programmes and initiatives.

A man in a dark suit, white shirt, and striped tie is standing on a modern staircase with glass railings. He is adjusting his tie. The image has a red overlay. The word 'Governance' is written in large white letters at the bottom left.

Governance

05

Governance

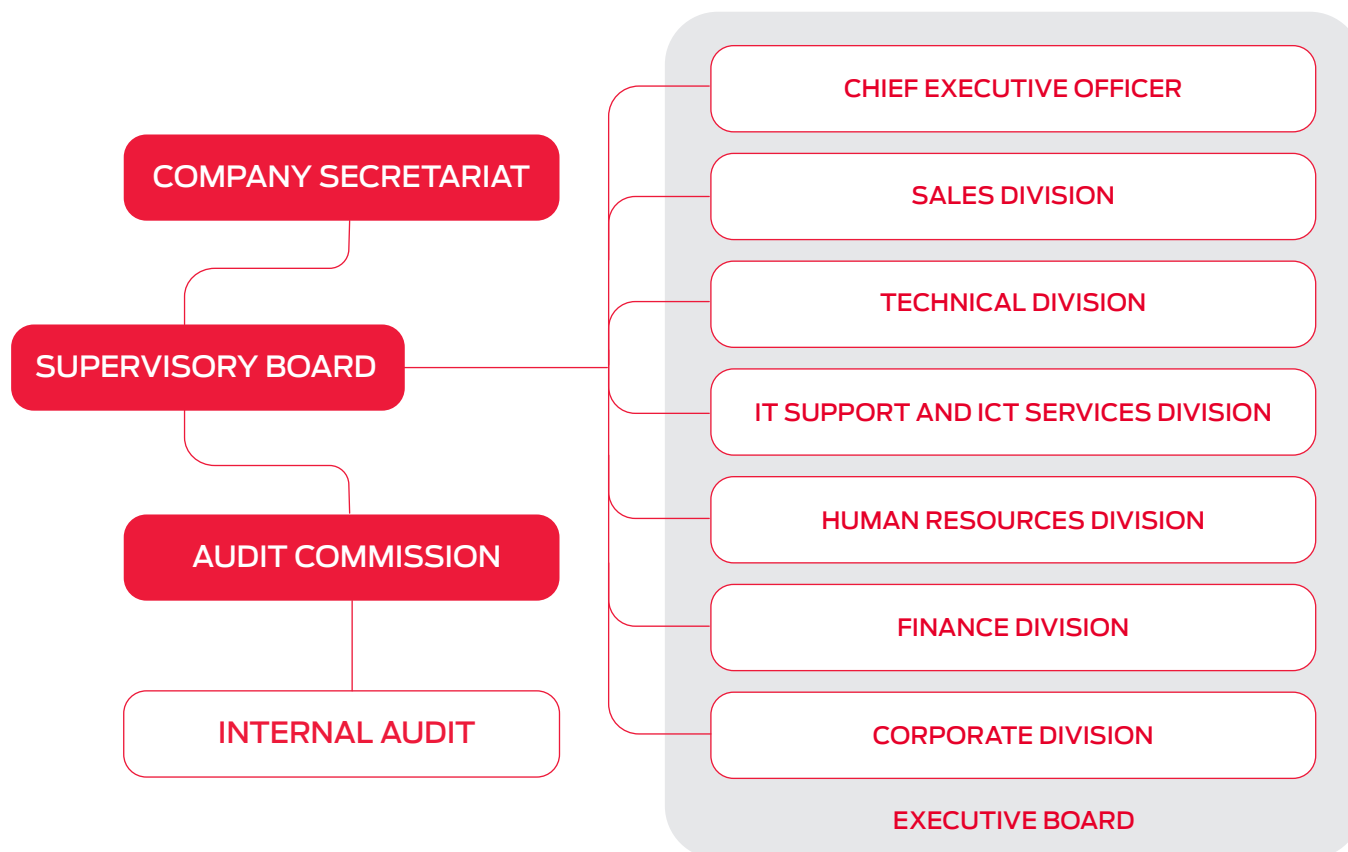
Speaking of GOVERNANCE in Telekom Srbija Group, we refer to structures and processes within companies designed to ensure responsibility, transparency, timely reaction, rule of law, stability, equity and inclusion, empowering and widely based participation. Governance also represents norms, values and rules of the game that the company is managed through, in the manner that is transparent, participative, inclusive and responsible.

Corporate Governance

According to diversified operations of its members, the corporate governance within the Group is conducted on the basis of individual companies.

The Company's General Meeting is comprised of all shareholders of Telekom Srbija a.d. Beograd. In 2021, 58th regular session of the General Meeting was held. The Supervisory Board (hereinafter: SB) performs the activities within its scope of responsibility in compliance with the applicable legal regulations.

Organization of corporate governance in Telekom Srbija as at 9 April 2021



In the companies within Telekom Srbija Group, in particular Arena Channels Group, Mtel Global, TS Ventures d.o.o. Beograd and mts d.o.o., governance is organized on a single-tier basis, which means

that the company's corporate bodies are the general meeting and chief executive officer. In other companies within TS Group, governance is organized on a two-tiered basis.

Corporate Governance Code

Telekom Srbija applies the Code of Corporate Governance, which among other things, regulates as follows: shareholders' rights, remunerations and rewards to members of the corporate governance bodies, public relations, disclosure of data and transparency, and the promotion of the corporate system. The Supervisory Board is competent for the application and interpretation of the Code, regular monitoring of its implementation and compliance of the corporate organization and activities of the Company with the Code.

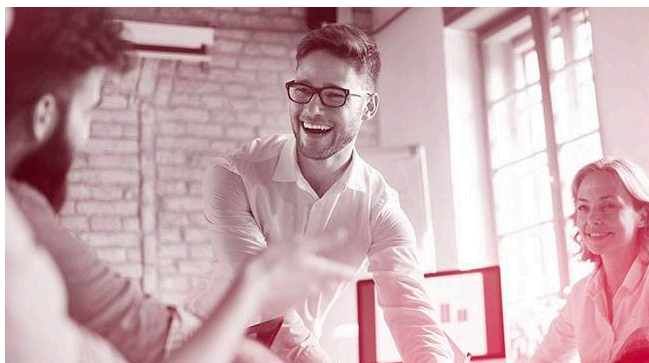
Mtel Banja Luka has its own Code of Conduct and Corporate Governance. All matters not regulated by the Code is directly subject to the provisions of the Company Law, Corporate Governance Standard, Articles of Association and other by-laws. The statement of Mtel about the compliance of the organization and activities with the code of conduct, that is, corporate governance standards, is published on the corporate website, in the Investors section (www.Mtel.ba) and the website of the Stock Exchange (<http://www.blberza.com>).

The subsidiaries within Mtel Group include: Logosoft, Telrad Net, Blicnet, Elta-Kabel and Financ also comply with the highest standards of corporate governance, which is a precondition for quality and long-term relations with the customers, partners and various stake-holders.

Telekom Srbija as the catalyst

Mission:

By synergy of experience and new know-hows, we transform ourselves and re-enhance our customer satisfaction. We provide them with seamless connectivity and unrivalled digital experience at any place and any time, which makes us their first choice in the markets where we operate.



Vision:

A reliable global partner in the digital world without boundaries.



Values:

Customers

All our activities start and end with the customer in focus.

Team

Agile teams are critical for success in the digital era.

Responsibility

We take responsibility for the results of our work.

Changes

We change ourselves and our business environment.

Result

We are result-oriented and we accomplish it through joint efforts.



Corporate Culture

Against the background of dynamic development of technologies and strong competition on the telecommunications market, we strive not only to reinforce our leadership in all market segments, but also to act as trendsetters and pioneers in the sphere of innovation. To achieve that, we need to continuously acquire new knowledge and skills and to swiftly adapt to changes. Also, what we believe in and how we behave in everyday work and how we interact with others largely determines the extent to which the corporate culture supports the future development of the company. That is why it is important to promote positive conduct in the Company that will encourage our employees to be innovative, to be promoters of our services whenever they get a chance to do so and to give their best in performing their tasks.

To monitor the progress in the development of corporate culture, every year we conduct a Survey of corporate culture, probing various dimensions of the culture. The results of the corporate culture survey in 2021 reflect growth in almost all dimensions. The dimension of Engagement which reflects the level of employee engagement, their personal initiative, motivation and responsibility to work, and the extent to which the employees feel motivated in conducting their tasks and supported by executives, reflects growth on a year-to-year basis. It implies that employees clearly recognize their role in the company, the opportunity for advancement and that they believe in efforts the company invests to achieve its results. Within teams, the employees feel comfortable and productive, which shows that the team fosters

mutual trust and that the managers extend their support in everything they do. And most importantly, the employees feel proud of working in Telekom Srbija].

The development of corporate culture is largely influenced by Communities as a virtual place where employees can communicate with their peers, share information and know-how and exchange experience and ideas.

The following by-laws are intended to encourage employees to promote corporate values within and without the Company:

- Code of Corporate Conduct
- Corporate Dress Code
- Business Communication Standards

Corporate Code of Conduct

Telekom Srbija has adopted the Code of Corporate Conduct, covering, inter alia, the segments of conflict of interest, combating and preventing corruption and bribery, money laundering and the issues of competition.

Conflict of interest

The employees in the Company invest maximum efforts and promote the compliance with the duty to avoid conflict of interest in the performance of tasks where the Company is involved and, in conducting all activities, they are obliged to act

exclusively in the Company's interest. Membership in various organizations may not affect the quality of work, nor can it be in conflict with the Company's interests.

Combating and preventing corruption and bribery

Telekom Srbija prohibits corruption and bribery in its operations and it remains committed to undertaking measures to prevent corruption and bribery. Anti-Corruption Law imposes the obligation upon the authorities of the Republic of Serbia and legal entities where the Republic of Serbia is the founder or a member to endorse an integrity plan. The integrity plan is the result of self-appraisal of the company's exposure to risks related to the occurrence and growth of corruption and other irregularities. The purpose of the integrity plan is the establishment of mechanisms that will ensure efficient and effective operations of the company by strengthening responsibility, simplifying complex procedures, increasing transparency when making decisions, controlling discretionary authorities, reinforcing ethics, eliminating non-efficient practices and inapplicable regulation, introduction of efficient system of supervision and control. In line with the aforesaid, Telekom Srbija will act fully in accordance with the law.

Money laundering

Telekom Srbija takes all necessary activities in its activities to prevent money laundering as a criminal act which implies hiding the source of money related to criminal activity and/or transferring the proceeds from illegal activities

to the funds presented as having legitimate source. The Company operates with distinguished business partners that conduct business in line with applicable regulations, using the funds that originate from legal sources. The employees in the Company should take maximum caution, in case they discover irregularities in payments and suspicious conduct of customers and other entities, and to report such actions to the organizational unit or the person in charge.

The issue of competition

The Company is aware of the importance of protecting the competition for the development of market and protection of interest and rights of consumers/users of our services, and it is fully committed in its operations to observing the anti-trust regulations that ensures a lawful, fair and ethical market contest. Telekom Srbija is clearly committed to act in accordance with the anti-trust and free market principles and rules. We compete with quality and unique service offering and we build professional relations with our competitors in good faith.

Personal data protection

The company has endorsed the Rules on Personal Data Protection which defines basic principles and rules of conduct in processing and protection of personal data given the probability of emergence of risks and the level of risk regarding the rights and freedoms of individuals.

Risks

Telekom Group operates in accordance with all regulations imposed upon it by the operating markets. In addition to local regulations, the company's operations, or the services provided by the companies, are subject to international regulations – EU Directives, Strategies and Guidelines.

Telekom Srbija has implemented the ISO Standard requirements in its work, which it included in the regulatory framework.

Integrated Management System (IMS) is a governance system that encompasses all systems and processes of the organization into a single complete framework, thus enabling the organization to work as an integral unit.

With the aid of the integrated system, organization becomes an integral unit where each function serves the interest of the common goal – improving the performance of the entire organization. The integrated system offers a clear picture of all aspects of the organization, their mutual impact and joint underlying risks. The creation of such integral unit reduces the risk of duplicating activities and enables a simple introduction of new governance systems.

The integrated governance system can be applied to any organization regardless of its size, when it intends two or more governance systems into a single system with coordinated documents, policies, procedures and processes. The organizations with developed governance

systems aspire to integrated governance system, with the goal to introduce additional systems in their organizations with all the benefits they bring along.

Telekom Srbija's integrated system includes the following:

- ISO 9001:2015 (Quality Management System)
- ISO 27001:2013 & 27701:2019 (Information Security and Privacy Information Management System)
- ISO 20000-1:2018 (IT Services Management System)
- ISO 22301:2019 (Business Continuity Management)
- ISO 45001:2018 (Occupational Health and Safety Management System)

By integrating quality management, security of information and privacy, service management and business continuity management and occupational health and safety into a single Integrated Management System, Telekom Srbija has achieved the following benefits:

- Optimization of standard-based operating processes
- Reducing duplication of activities and associated red tape
- Reducing the number of processes and procedures

- Savings in internal costs
- Improving the organization's efficiency
- Helping all employees understand the need for the management system and how to take part in increasing its efficiency
- Safe and secure work

The existence of the quality system currently plays a significant role on the market. By quality management through planning, control, security and improving quality the companies acquire new markets, but also retain the existing ones. The end users and customers expect that the product purchased or the service used will conform to all requirements and needs in terms of quality.

ISO standards evidence that the company is capable of producing quality products or providing quality service. The conformity of our services with international standards, in addition to quality, also provides a guarantee of security and safety for consumers, but also for our business partners.

The vital thing for improving our business is that we accomplish contemporary market requirements by standardization, which help us entrance and equal terms for efficient operations both on local and on global markets.

Telekom Srbija has incorporated in its operations the abovementioned requirements of ISO standards and it successfully implements the same.

A long-term plan of Telekom Srbija envisages implementation and compliance with ISO 14001 requirements (Environment Protection Management)

On the Telekom Group level, we constantly develop the process of risk management that enables an assessment of all key internal and external drivers and elements that provide for human, financial and other resources to focus on recognizing opportunities and defining risks.

It is critical to continuously monitor the developments on micro and macro markets, as well as changes in the environment for enabling a proactive approach in terms of seizing the offered opportunities and avoiding threats.

Risks are assessed over the year to prevent compromising the assets and operations of Telekom Group. Telekom Group monitors all legal regulation and by-laws governing the operations and reconciling internal by-laws with the amendments to regulations. Utilising its long-standing experience, Telekom Group has built a reputation of a reliable partner that is always ready to respond to customer requests owing to its efficiency.

Within Telekom Group, each subsidiary is exposed to certain type of risk based on which it individually approaches the risk management process.

Telekom Srbija

The Company strives to establish an Integrated Risk Management System in order to establish a

unified framework to assign the risk profile to an acceptable level of risk exposure, i.e. the risk level that the Company is willing to take.

The Company is exposed to certain operational and financial risks in its regular operations. Operational and financial risk management is aimed at minimizing potential negative impact on the financial and non-financial performance of the Company in the situation of market volatility.

Operational risks

Operational risk management is conducted in accordance with the Procedure for Income Loss Risk Management, which is designed taking into account relevant current standards and best global practice. The goal is to optimize the operational risk of income loss at all stages of the service delivery process.

Constant upgrades of the implemented SAP solution and development of new modules allows the Company a greater degree of process automation and a better control over operational risks.

The Company continuously manages the reputational risk.

The Company has regulated the risk management within IT security, according to the requirements of ISO standards:

- ISO 9001:2015.
- ISO 27001:2013,
- ISO/IEC 20000-1:2018,
- ISO 22301:2019,

Financial risks

The financial risks that the Company is exposed to during regular operations are as follows:

- Market risk
- Liquidity risk
- Credit risk
- Capital risk

Operational and financial risks are managed by the Company's management, which is responsible for the consistent application of adopted procedures that ensure comprehensive and preventive risk identification, risk assessment and measurement of risks to which the Company is exposed. Corporate bodies oversee the manner in which the management manages risks.

Mtel Banja Luka

Since 2017, an integrated management system (IMS) has been established, which combines the requirements of two internationally recognized standards, for all business processes:

- ISO 9001:2015,
- ISO/IEC 27001:2013

The strategy outlines the fundamental principles of management in connection to the integrated management system. The IMS Rules of Procedure define the Integrated Management System Policy.

During its regular operations, Mtel Banja Luka is exposed to the following risks:

- Market risk
- Liquidity risk
- Credit risk
- Capital risk

Logosoft

In 2020, the ISO certificate was introduced, namely ISO 9001:2015 for the quality management system, based on which the position of the regional leader in the field of information security and service management was confirmed. There are ongoing intensive preparations for the introduction of ISO standard 22301:2019 for the business continuity management system. In addition to these, the Company has:

- ISO: SO/IEC 27001: 2013
- ISO/IEC 20000-1: 2018

Mtel Podgorica

In its regular operations, the company is exposed to certain risks to different extents:

- Market risk
- Liquidity risk
- Credit risk
- Capital risk

Risk management is aimed at minimizing potential negative impacts on the financial position and operations in a situation of financial markets volatility. Risk management is defined by accounting policies, financial policies and the Company's Articles of Association, adopted by the Board of Directors.

Mtel Podgorica is not significantly exposed to the risk of changes in foreign exchange rates when operating in the country and abroad, because most business transactions are executed in EUR.

The company analyses exposure to the interest rate risk on a dynamic basis, taking into account alternative financing and refinancing sources, especially in the case of long-term liabilities, because they represent the most significant interest-bearing position. There is an exposure to the risk of changes in the prices of services due to intense competition in all services, which should be compensated by diversifying services. The company is exposed to credit risk to a limited extent.

The Board of Directors manages capital risk by acting in individual cases to mitigate the risk and provide conditions for the continuation of the projected business concept, as well as the maximum payment of fees to founders through optimization of debts and assets balance sheet.

Telus

Telus manages risks in keeping with the adopted Risk Management Strategy. Identified risks, which may have a negative impact on accomplishing the objectives defined by the annual and medium-

term Business Plans, can be grouped into the following categories:

- Operational risks
- Legal and regulatory risks
- Financial risks
- Personnel risks

Telus has the following certificates for the purpose of risk management:

- ISO 9001:2015
- ISO 45001
- ISO 14001:2015
- SRPS A.L2.002
- ISO 27001

Yunet International

The management has established the Integrated Management System Policy and the Information Security Policy with the process principle based on risks and opportunities. The integrated system policy is implemented according to the requirements of the standard.

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- ISO/IEC 27001:2013

In order to constantly comply with the requirements of the standard, the management is obliged to continuously review and improve the Integrated Management System Policy and the Information Security Policy.

Telekom Srbija is committed to:

- conformity with regulations and business activities in compliance therewith,
- adoption of an integrated approach in order to effectively and efficiently deliver the services that we manage in such a manner to meet the business requirements, to achieve the Company goals and the requirements of customers, stakeholders and regulators;
- identifying, accomplishing and exceeding the requirements with regard to quality, security of information, business continuity and service management, as established by our customers, employees and related entities that work on behalf of Telekom Srbija;
- maintaining good business and profitable relations with clients, sub-contractors, suppliers and other stakeholders;
- coordinated integration and implementation of the service management process to ensure constant control, higher efficiency and continuous improvement option;
- assurance that the decisions and investments pertaining to information security and quality management are based on risk assessment of all relevant items related to assets, processes

and services;

- minimizing the impact on business and effective handling of security and operational incidents; ensuring continuity and availability of our business functions and capacity to provide services to our clients;
- ensuring constant readiness of Telekom Srbija to accommodate all its obligations through respective business continuity;
- harmonization with all applicable contractual commitments and the prescribed legislation regarding the quality, information security, service management and business continuity and other regulatory requirements or the requirements of customers or third parties that the company is bound to;
- raising awareness and understanding among the employees and related entities who work on behalf of Telekom Srbija so that they can identify, enhance and fulfil contractual, statutory and corporate responsibilities regarding the quality, information security, service management and business continuity;
- continuous improvement of the IMS system.

Telekom Srbija

