OTE GROUP OF COMPANIES

Sustainability Report 2016

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Access to additional information that might interest you.

VIDEO   COSMOTE.GR   PERFORMANCE DATA

About this Report

Message from the Chairman and CEO

Driven by technology and innovation, OTE Group strives for a better world for everyone. To achieve this, we need to operate responsibly.

In 2016, OTE Group continued its sustainability actions, further enhancing its positive impact on the **economy, the society and the environment**.

The future of our country depends on **growth and investments**. To support our economy, we have to ensure our own sustainability.

2016 has been a good year for OTE Group:

- We achieved stable economic performance despite external pressures. The Group's revenues in 2016 reached approximately €4 billion.

- Responding to our customers' needs, we provided advanced communication and entertainment services, focusing on quality customer experience.

- We consolidated our position as No. 1 mobile and fixed communications provider in Greece, while established our leading position in pay TV, based on subscribers.

- We remained the biggest –by far– investor in telecommunications. Over the past six years, we have invested more than €2 billion in Greece alone to develop our networks with a further commitment for another €1.5 billion to be invested by 2020.

With fiber optics being our flagship project, we are building the networks of the future and leading the way in Greece's digital growth.

Digital transformation is our No1 priority. Using and building new technologies, OTE Group has developed new products and services, and created new communication channels with its customers, thereby changing their experience. We want **everything to go digital**. Furthermore, we constantly take initiatives to **reduce the digital divide in Greece**. I am particularly proud of the digital skills development programs for both youngsters and older people that we have developed.

Recognizing the increased needs of the Greek society, **we stand by vulnerable social groups** and fellow citizens. Our social contribution in 2016 increased to more than €3.6m, despite the adverse conditions and challenging economic environment. I want to highlight the creation of 3 Trauma Care Centers and the equipping of children hospital units throughout Greece, as one of our most important projects. Through this initiative, more than 85,000 children have received medical care to date.

Employees are our most valuable asset. We focus on forging a digital culture among our people. In 2016 alone, we achieved over 10,000 employee participations in educational programs, many of them through e-learning. We encourage mobility and flexible work. Our goal is for OTE Group to become a model employer, providing a safe and fertile environment for Greece's creative minds.

We need a **sustainable environment** for us and our children; there is no doubt about that. OTE Group consistently reduces its energy footprint and incorporates the principles of circular economy into its activities. In 2016, we managed to recycle more than 90% of the waste produced by our activities. Furthermore, to **tackle climate change**, we strive to reduce greenhouse gas emissions generated by our operations and continuously improve our efficiency in the use of electricity. During 2016, this improvement reached almost 20%.

Our targets for sustainability and responsible operation are reflected in the **policies and processes** we have developed to address corporate risks and business continuity, safe and responsible use of technology, data privacy, the integrity of our suppliers and the supply chain.

In 2017, we will continue our sustainability actions towards the same direction. Through technology and digital transformation, we will continue to change ourselves, in order to be able to change our country and the world around us.

Michael Tsamaz
Chairman and CEO of OTE Group

Report Profile

The 2016 Sustainability Report of the OTE Group refers to the company activities of OTE S.A. and COSMOTE S.A.

Report Scope and Boundary

This Sustainability Report covers the period from January 1 to December 31, 2016 (unless otherwise stated) and addresses all the stakeholders groups of the OTE Group.

The Report covers the operations and activity of OTE S.A. and COSMOTE S.A. in Greece. The two companies have their headquarters in Athens.

In the context of the effort to present more information concerning the overall Sustainability approach of the OTE Group, some data are presented in a Group- level, as well as the Group's major telecommunications subsidiaries in Eastern Europe

Report Content Definition

The content of the Report is defined according to the following principles, guidelines and directives:

- The Global Reporting Initiative's Sustainability Reporting Guidelines, GRI G4

- The AccountAbility AA1000 Principles on Inclusivity, Materiality and Responsiveness

- The United Nation's Global Compact Principles

- The criteria of the Greek Sustainability Code

The index tables for each of these standards are provided in the Appendix.

In addition, the companies took into account:

- The vision and the Group strategic pillars for Sustainability

- The outcomes of the stakeholders dialogue

- The most significant Sustainability issues that resulted from the Materiality Analysis

The statistical use data, from the on-line microsite of the Sustainability Report 2015, have been taken into account.

The Sustainability Report is subject to external assurance covering the Principles of Standard AA1000 and specific performance indicators of OTE and COSMOTE (see Independent Assurance Report).

Report Data

The data in the Report derive from the OTE Group's reporting systems and indicatively include: aggregated financial and personnel data, aggregated data on customer service and summary data on regulatory actions. They also include environmental data that are calculated according to internationally accepted methods on the basis of information provided by the Operational Divisions of the companies. In collecting and presenting data, the definitions and parameters of the GRI Indicator Protocols, as well as internal guidelines, were followed. More information on measurement techniques and methods of assessing the data is provided in the Report.

No major re-statement of information provided in earlier reports has been included.

Compilation in Accordance with GRI Guidelines

The Sustainability Report 2016 have been written in accordance with the core GRI G4 Guidelines.

Full information on the fulfillment of GRI G4 requirements is provided in the Global Reporting Initiative Content Index.

Online Presentation of 2016 Sustainability Data

By visiting the www.otegroupsustainability2016.gr website, stakeholders can be easily and quickly informed about the OTE Group's strategy and performance, concerning Sustainability issues, for 2016.

Report Feedback

The Report is published exclusively on-line, in electronic form. Any opinion and comments regarding the Sustainability Report are welcome. Please send your feedback to the e-mail address: otegroup.cr@ote.gr.

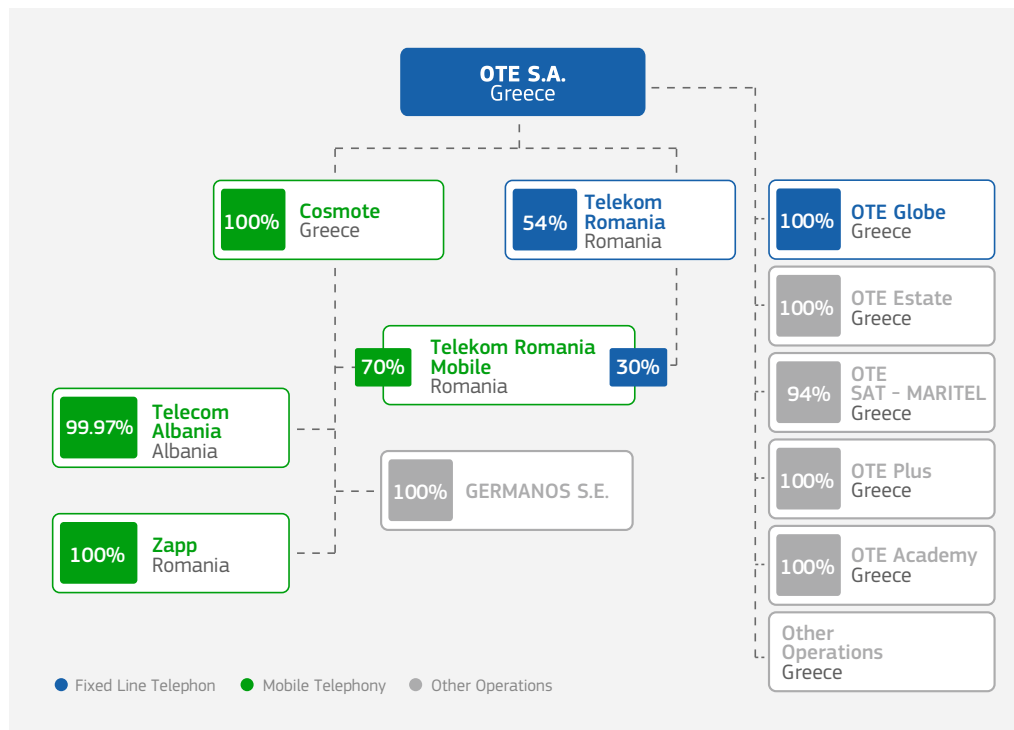# OTE Group

1.1 Group General Presentation

OTE Group is the leading telecommunications provider in Greece and one of the strongest providers in South East Europe, offering its customers excellent quality products and services.

The Group consists of the parent company OTE S.A. and its subsidiaries, offering fixed telephony services (telephony, data and leased lines), television and mobile telephony in Greece and Romania, as well as mobile services in Albania. The Group is also engaged in providing additional services, such as real estate, maritime communication and professional training.

In 2016, the companies in which OTE Group participates, employed more than 21,000 employees. The Group's consolidated revenues for 2016 amounted to € 3,908.1 million while its market capitalization stood at € 4.4 billion.

In the fourth quarter of 2016, the consolidated revenues of the OTE Group decreased by 1.0% to € 1,027.0 mil. and amounted to € 3.908,1 mil. After nine consecutive years of decline, in 2016, the Groups' annual income slightly increased. In Greece, the total revenue of the year rose 0.2%, to € 2,862.7 mil.

Total Operating Costs, excluding depreciation, amortization and charges related to voluntary retirement programs, restructuring costs and non-recurring legal cases amounted to € 712.8 million in the fourth quarter of 2016, and remained almost unchanged compared with the fourth quarter of 2015, as cost control actions at each control line offset the higher interconnection costs in Romania and OTE Globe.

Organizational chart:
- **OTE S.A.** Greece
- 100% **Cosmote** Greece
- 54% **Telekom Romania** Romania
- 100% **OTE Globe** Greece
- 70% / 30% **Telekom Romania Mobile** Romania
- 100% **OTE Estate** Greece
- 99.97% **Telecom Albania** Albania
- 94% **OTE SAT – MARITEL** Greece
- 100% **GERMANOS S.E.**
- 100% **OTE Plus** Greece
- 100% **Zapp** Romania
- 100% **OTE Academy** Greece
- **Other Operations** Greece

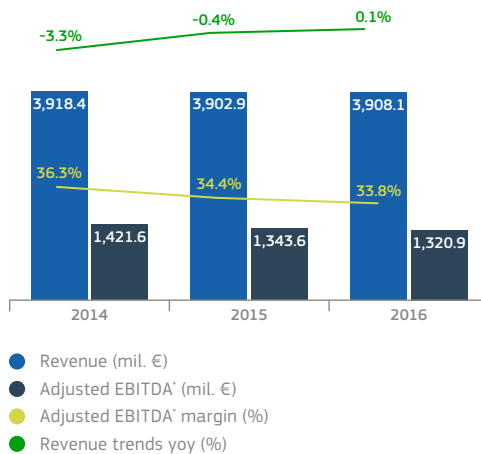● Fixed Line Telephon ● Mobile Telephony ● Other Operations

At country level, combined Greek fixed and mobile adjusted EBITDA increased by 3.1% in the fourth quarter, with adjusted EBITDA margin at 39.5% (1.7 base points higher than the fourth quarter of 2015). In Romania and Albania, the adjusted EBITDA fell by 13.2% and 69.1% respectively.

Adjusted profit (excluding extraordinary expenses) after minority interests of the Group amounted to € 80.5 million in the fourth quarter of 2016, increased by 11.4% compared to the fourth quarter of 2015.

In 2016, the adjusted capital expenditures in fixed assets amounted to € 627.0 mil. increased by 10.1%, reflecting the significant investments of the Group in infrastructure and TV content.

Stressing the Group's confidence in the prospects of the Group, the Board has proposed that the dividend for 2016 be increased to € 0.16 per share.

OTE Group Financial Performance

Bar chart — Revenue (mil. €) and Adjusted EBITDA (mil. €):
- 2014: 3,918.4 / 1,421.6 / 36.3%
- 2015: 3,902.9 / 1,343.6 / 34.4%
- 2016: 3,908.1 / 1,320.9 / 33.8%

Revenue trends yoy (%): -3.3%, -0.4%, 0.1%

● Revenue (mil. €)
● Adjusted EBITDA* (mil. €)
● Adjusted EBITDA* margin (%)
● Revenue trends yoy (%)

* Excluding the impact of costs related to voluntary leave schemes, other restructuring costs and non-recurring litigation.

Distribution of Revenue 2016*

Pie chart:
- 36% Fixed Line Telephony, Greece
- 27% Mobile Telephony, Greece
- 14% Fixed Line Telephony, Romania
- 11% Rest Services, Greece
- 10% Mobile Telephony, Romania
- 2% Mobile Telephony, Albania
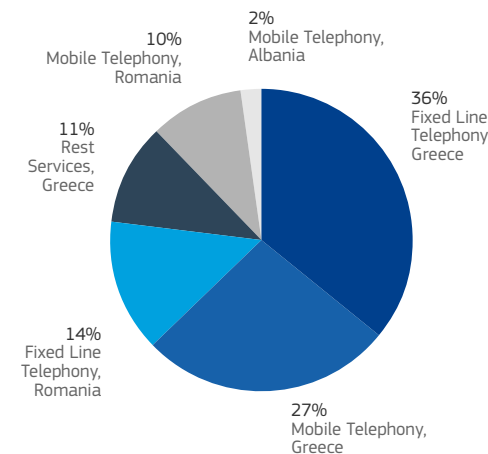
* Gross figures (excl. eliminations)

OTE Group 2016 Economic Contribution

▸ **€ 642.4 million** Employee salaries

▸ **€ 104.2 million** Income tax paid

▸ **€ 542.9 million** Interconnections and roaming costs

▸ **€ 268.7 million** Merchandise costs

▸ **€ 763.5 million** Other operating expenses (incl. rental, third party fees, non-income taxes and regulatory charges and miscellaneous)

▸ **€ 140.0 million** Profit attributable to owners of the parent

▸ **€ 4.2 million** Investments for the community

1.2 Greece

OTE SA is the parent company of the OTE Group and the main fixed telephony operator in Greece. It offers broadband, ICT services, fixed telephony, television, data and leased lines.

COSMOTE SA, a subsidiary of OTE, is the leading mobile service provider in Greece.

OTE Group also established COSMOTE as the single commercial brand for all products fixed, mobile, internet and television in the Greek market, so that all customers can enjoy an integrated communication and entertainment world with ease, speed and simplicity.

The Group's branch network in Greece comprises 323 GERMANOS and 138 COSMOTE stores. Details of all the products and services of the Group are available on the COSMOTE website.
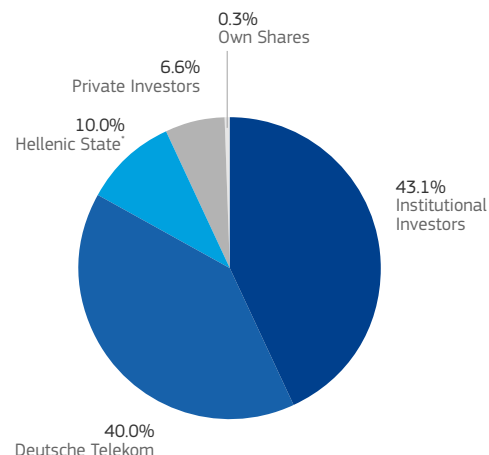
OTEGLOBE operates as a provider of international wholesale telecommunications services. It offers a complete portfolio of services for transfer, voice, mobile and corporate services to other international providers and multinationals.

OTE ESTATE is active in the management and commercialization of the OTE Group real estate

OTEACADEMY provides innovative educational services, contributing to the development of human resources.

OTESAT_MARITEL is a leader in the provision of satellite telecommunications services to the Greek shipping industry and one of the faster growing providers of these services to the global shipping market.

OTE Group Ownership (31.12.2016)

- 0.3% Own Shares
- 6.6% Private Investors
- 10.0% Hellenic State*
- 43.1% Institutional Investors
- 40.0% Deutsche Telekom

* Including voting rights attached to the 4% of the share capital transferred to the pension fund and to 5% owned by TAIPED.

Why it matters…

The financial performance of the companies is a key priority for management and their shareholders. OTE and COSMOTE provide information on the economic value generated by their operation, and the value distributed so that the direct value added to the community and stakeholders is better understood.

	OTE	COSMOTE	Other activities
Revenue	€ 1,568.5 mil.	€ 1,121.9 mil.	€ 879.7 mil.
EBITDA	€ 627.8 mil.	€ 371.0 mil.	€ 90.2 mil.
CAPEX investments (incl. Spectrum charges)	€ 311.4 mil.	€ 161.7 mil.	€ 26.9 mil.
Employees (31 December)	8,524	1,957	2,557
Subscribers	2,667,886 fixed telephony 1,684,144 broadband connections 502,696 TV subscribers	7,709,564 mobile telephony	

Direct Economic Value in 2016 (in millions €) where…		OTE	COSMOTE
…GENERATED	total revenues	1,568.5	1,121.9
…DISTRIBUTED	operating costs*	604.7	668.6
	employee wages and benefits	308.4	79.1
	payments to providers of capital	86.8	49.8
	payments (taxes) to the Greek State	1.5	88.7
	social contribution	1.9	1.7
…RETAINED		565.2	234.0

* Excluding employee wages and benefits,depreciation, amortization, impairments and charges related to voluntary leave schemes and personnel costs.

G4-4, G4-7, G4-9, G4-DMA Financial Performance, G4-EC1

1.3 Romania

Telekom Romania is a dynamic brand, offering mobile and fixed innovative communication services to a broad customer community, to approximately 10 million subscribers. Telekom Romania is present in the Romanian market since 2014, after the merged rebranding of Romtelecom and COSMOTE Romania. In 2015, Telekom Romania launched the commercial concept MagentaONE which comprises integrated fixed and mobile bundles, one Call Center, one bill, one MyAccount application (including one mobile app).

Key corporate changes and results

- 4G coverage of up to 96% of urban population following an agreement with Orange for 4G and 4G+ roaming services nationwide
- 6th in the Top 100 Companies ranking (Ziarul Financiar Gala)
- First Smart City pilot project in Romania implemented in Bucharest
- Focus on digitalization: several smart education services were introduced (interactive board, telepresence and electronic catalogue)
- Received 5 Effie awards for its innovative campaigns, including the Grand Effie, at the Effie Gala 2016, the most important competition of the advertising industry in Romania
- Received award at the Smart City Project category, for its Smart City initiative in Bucharest (Comunicatii Mobile Gala)
- Adoption of the OTE Group Corporate Responsibility Policy and Social Charter
- Publication of the 1st joint CR Report for Telekom Romania companies (fixed and mobile)

Corporate Responsibility Strategy

Connectivity and digitalization are the key principles of the Corporate Responsibility (CR) Strategy. Telekom Romania aims to connect its business development strategy with the broader goals of Romanian society and achieve a balanced growth, i.e. a growth that is beneficial, inclusive and environmentally sustainable. Telekom Romania's CR strategy is aligned with those of Deutsche Telekom and OTE Group.

The Corporate Responsibility objectives are:

- to operate in a responsible way,
- to be accountable for the potential impact that operations have,
- to improve the company's competitiveness and ensure its growth,
- to contribute to a sustainable development of Romanian society.

These objectives can be achieved by connecting life and work, connecting the unconnected and contributing to a low carbon society through sustainability efforts on five pillars:

- Strategy and Management
- Marketplace
- Our People
- Supporting Communities
- Environmental Sustainability

	Telekom Romania Communications	Telekom Romania Mobile Communications
Total revenues	€ 602.5 mn	€ 457.1 mn
EBITDA	€ 87.5 mn	€ 15.6 mn
Total CAPEX (incl. spectrum payments)	€ 101.8 mn	€ 35.0 mn
Employees (31 December)	5,122	962
Subscribers	2,150,814 fixed-line 1,185,797 broadband 1,464,283 TV	5,344,638 mobile telephony

Corporate Responsibility Results

- Maintained the Integrated Management system certifications for Quality, Environment, Health and Safety, Information Security, Business Continuity Management, Risk Management and Compliance
- **€ 433,384** invested in communities with **351,358** beneficiaries, through **> 60** partnerships with NGOs, educational institutions and hospitals
- **€ 300,000** for humanitarian causes raised by partners through telethon and SMS lines
- **54,000** participants in the projects Sport is Good, and Brasov International Marathon
- **€ 66,877** directed to **29** students through the Telekom Scholarship project. 100 students in total have been supported since 2002

- **13,209** children and adults acquired digital skills
- **21** patients received € **14,570** from the Telekom Romania Foundation Overall, in 2016, **268** individuals have received support by the Foundation.
- **1,316** volunteers were engaged in **30** corporate citizenship projects
- **100%** of employees covered by collective bargaining agreement
- **0** work related fatal accidents
- **~ 5%** decrease of electricity consumption compared to 2015
- **> 12%** decrease of CO_2 emissions compared to 2015

1.4 Albania

Telekom Albania through its business approach, corporate responsibility and operations, aims at bringing value to its customers and society. It provides its customers excellent service every time and everywhere, living up to its "Moments that connect us" slogan.

Through its network, millions of people enjoy the latest products and services of modern telecommunications that include state-of-the-art technology, very fast web browsing and high speed data transfer across devices, thus contributing to the advancement of the society connectivity.

Key corporate results

▸ The annual Supplier Evaluation Process covering all local and global suppliers was carried out by OTE Group, and provided valuable information to improve the procurement process.

▸ In 2016, employees volunteered their time to teach children with long hospitalization periods in the Tirana Children's Hospital on how to access academic courses on-line and use them to cover their educational needs.

▸ Telekom Albania's mobile network was ranked first in the latest P3 performance test for mobile networks.

▸ Telekom Albania won the "Superbrand" award in the category of mobile telephony in Albania.

▸ Telecom Albania enjoyed a very high download rate in the Deutsche Telekom "Sea Hero Quest", a platform mobile game designed specifically to help advance dementia understanding. Its performance helped secure first place (per population) for Albania as well.

Corporate Responsibility Strategy

Telekom Albania aspires to be an exemplary company for responsible management and is committed to conducting its business in an environmentally sustainable manner. Telekom Albania, as reflected in its everyday operations, abides by a well-established CR strategy that includes the full implementation of a Quality Management System (ISO 9001), an Occupational Health and Safety System (OHSAS 18001), and an Environmental Management System (ISO 14001), and strives to be recognized for its Business Excellence and Social Contribution.

Telekom Albania's corporate strategy is fully aligned with OTE and Deutsche Telekom Group policies. It is based on the main pillars of connecting the unconnected, low carbon society, and balance of life and work. At a local level, Telekom Albania has implemented a series of projects that adhere to these pillars and make the most of the company's corporate, technological and human resources.

Telekom Albania Mobile Communications	
Total revenues	€ 77.2 mn
EBITDA	€ 16.1 mn
Total CAPEX (incl. spectrum payments)	€ 16.2 mn
Employees (31 December)	438
Subscribers	1,839,273 mobile telephony

Corporate Responsibility results

▸ Maintained the Integrated Management system certifications for Quality, Environment, and Health and Safety

▸ **€ 121,637** invested in communities, benefitting hospitals, the educational system, youth, etc.

▸ **1 out of 10** the employees volunteered often for community support actions

▸ **~ 9%** decrease of electricity consumption compared to 2015

▸ **0** work related fatal accidents.

1.5 Corporate Governance

OTE complies with the provisions of the legislation in force on Corporate Governance and adopts relevant international practices and international standards.

OTE is a large capitalization company, listed on the Athens and London Stock Exchanges, and as such complies with current legislation on corporate governance, incorporating regulations and compliance practices into its operations. At the same time, aiming at transparency, efficient administration and optimum operating performance, OTE voluntarily follows, although not required by law, best practices for compliance.

In this context, OTE complies with the Hellenic Corporate Governance Code (HCG Code) for Listed Companies. Also, according to the current legislation, OTE publishes its Corporate Governance Statement, as a special section of the Annual Report of the Board of Directors to the General Meeting of Shareholders, and justifies any possible deviations in its operation from the principles of HCG (principle of "comply or explain").

All relevant obligations and practices are incorporated in the Articles of Incorporation, the Internal Regulation of Operations, the OTE Group Code of Conduct and other Regulations and Policies adopted by the competent corporate bodies and apply to OTE's operations.

Moreover, OTE has established the necessary mechanisms to periodically update the aforementioned Regulations and Policies in order to ensure OTE's compliance with applicable legislation and international best practices.

The fundamental principles of OTE's Corporate Governance system relate mainly to:

- Two-way communication between stakeholders and Company's Management
- Transparency and control of Management
- Assurance of operational effectiveness

More information is given in OTE "Corporate Governance" website and in the Annual Report of the Board of Directors (which is included in the Annual Financial Report).

Note that COSMOTE continues to comply voluntarily with Corporate Governance standards, despite the secession of trading of its shares on the Athens Stock Exchange. More information is given on the "Corporate Governance" website of COSMOTE.

Boards of Directors

The Boards of Directors (BoD) of OTE and COSMOTE, constitute the top administrative bodies of the companies. Their aim is to safeguard the general interests of the companies and ensure their operational efficiency.

The General Assembly of OTE's Shareholders elect the Board members, including the Independent – Non Executive members, in accordance with the requirements of legislation, as well as the members of the Audit Committee, taking into account the legislation and the policies adopted by OTE, which relate to the above matters.

Regarding Corporate Responsibility of the two companies, the Chairman and CEO requests from the Board of Directors information and opinions of their members on Corporate Responsibility issues of both companies during the annual revision of the strategic objectives.

The OTE Board of Directors, on 31 December 2016, was comprised of 11 members (2 executive and 9 non-executive, of whom 2 independent). Ten (10) of the members were male and one (1) female.

The COSMOTE Board of Directors, on 31 December 2016, was comprised of nine (9) members, all of whom were male.

The current evaluation and remuneration policy for the members of the Board and its Committees are stated in the Corporate Governance Statement (which is a section of the Annual Report of the Board of Directors and is included in the Annual Financial Report.

Committees

This activity of the Board of Directors of OTE is supported by:

- the Audit Committee
- the Compensation and Human Resources Committee

The abovementioned Committees consist of non-executive members of the Board of Directors.

In addition, the activity of OTE Board of Directors is supported by the OTE Group Compliance, Enterprise Risks and Corporate Governance Committee.

OTE's Compensation and Human Resources Committee is, amongst other things, responsible for defining the principles of Corporate Social Responsibility policies.

1.6 Corporate Responsibility Performance 2016

Social and environmental performance indicators, for 2016, of five major telecommunication companies (OTE, COSMOTE, Telekom Romania Communications, Telekom Romania Mobile Communications and Telekom Albania) of OTE Group, are presented.

€ 4.2 mil.
social contribution

1.3 mil.
beneficiaries

62
social programs

11,046
employees' participations in corporate responsibility initiatives

16,386
employees with indefinite term contracts

36%
female employees

96%
of employees covered by collective bargaining agreements

0
employees' fatal work accidents

70
employees' non-fatal work accidents

12,731
employees trained

0
judicial convictions towards the Group og its' employees, regarding matters of corruption, in the course of their duties

662 GWh
of electricity consumed

59 GWh
of fuel and district heat consumed in buildings and telecommunications network

79 GWh
of fuel consumed by the vehicle fleet

30,991 t CO$_2$
direct (scope 1) emissions

362,108 t CO$_2$
indirect (scope 2) emissions

791 t
hazardous waste

4,878 t
non-hazardous waste

24 t
of telephony equipment and accessories recycled

84
measurements of EMF radiation carried out

G4-9

Sustainability

2.1 Sustainability Strategy

The Sustainability strategy of the OTE Group is an integral part of its Business Strategy.

OTE Group uses technology to create a better world for all. It connects people by offering the best communication and entertainment services and by helping businesses grow.

The Groups' strategic goal is to be a modern, dynamic, customer-centric, high-performance organization, with a leading market position. To achieve this, the Group applies a program, for continuous improvement based on the following main pillars:

- Enhancement of its leading position in telecommunications and information technology
- Excellent customer experience
- Innovation and development of new sources of revenue
- The consolidation of its leading position in fixed and mobile telephony
- Optimization of operations and costs
- Effective management and development of human resources

In addition, the Group seeks to advance its sustainable business thus contributing to the support of the society and protecting the environment. The Group's Sustainability Strategy is an integral part of its business

strategy and the Sustainability Principles are integrated into its operation.

In 2016, the OTE Group redefined the thematic priorities of the Sustainability strategy, in line with its business priorities and with the results of:

- ongoing dialogue with stakeholders
- international trends' analyses and developments in corporate responsibility
- internal evaluation procedures and improving the Group's approach

Sustainability Strategy

Business Model

The OTE Group's business model aims to **create value** for its shareholders, but also for the customers, the society and the employees.

The Group invests in its human resources, in telecommunication networks, in the development of infrastructures and new technologies, in new products and services, aiming to offer the best quality of services and an excellent customer experience, always.

As a result, the Group continuously improves its products and services, offers new job opportunities, cooperates with a large number of suppliers, pays taxes to the state and contributes (financially and in kind) to society. In addition, it provides equal opportunities, facilitates access of vulnerable social groups to the digital world and takes measures to reduce its environmental footprint. At the same time, its products and services help customers reduce their environmental impact.

The effective operation and high competitiveness of the Group brings positive financial results and allows it to invest again, in order to create greater short, medium and long term value for all stakeholders.

OTE Group Corporate Responsibility Policy

The Groups' Corporate Responsibility Policy, determines the strategy and the Corporate Responsibility action plan of OTE and its subsidiaries, taking into account both the existing social and economic conditions, as well as the cultural priorities and challenges.

The Policy identifies responsibilities, tasks and forms of cooperation regarding Sustainability issues between OTE 's Divisions, as well as its' subsidiaries.

OTE Group Social Charter

The Social Charter of OTE Group defines the working conditions and social standards under which its products and services are developed and offered. It sets the rules, to be followed by the whole Group, on human rights, sustainability and environmental protection, equal opportunities, health and safety and employees' rights. It is a guide for the behavior of all employees, investors and suppliers of the Group.

It has been developed in accordance with internationally recognized standards, guidelines and rules, the International Bill of Human Rights and the Core Conventions of the International Labor Organization. It takes into account the Organisation for Economic Cooperation and Development (OECD) Guidelines, the UN Global Compact and the United Nations Guiding Principles on Business and Human Rights (UNGPs).

G4-14, G4-26, G4-56, G4-DMA Financial Performance

Sustainability Business Model

OTE Group
Governance

Vision

We help create a better world for all through technology Με την τεχνολογία.
We are the number one loved brand in the country.

Strategy Pillars

Leadership in Technology	Customer Experience	New Revenue Sources	Leadership in Conventional Services

Operations and Cost Optimization

Human Resources Strategy

Guiding Principles

1. Customer delight drives our action
2. Respect and integrity guide our behavior
3. Team together – Team apart
4. An excellent place to perform and grow
5. I am «OTE» – You can count on me

Corporate Responsibility Pillars

Digital Society	Better World for All	Responsible Employment and Development	Sustainable Environment for All

Responsible Business

Inputs

€ 2,651.7 million own capital
€ 533.9 million adjusted net dept.

17,003 employees*
12,731 employees trained*

€ 7,571.6 million total assets
€ 627 million adjusted CAPEX

€ 800,000 own capital in research projects**

662 GWh electricity consumption*
79 GWh vehicle fleet consumption*

€ 4.2 million social contribution*
11,046 employees' participations in corporate responsibility initiatives*

Financial Capital
Use of financial resources for achieving the best financial performance

Human Capital
Information dissemination, training and development of employees, benefits to employees

Productive Capital
Investment in networks and physical assets to improve and upgrade services offered

Intellectual Capital
Investment in research and development of innovative products and services

Natural Capital
Use of natural resources including energy, for operations

Social Capital
In dialogue with the stakeholders, support of society

Outputs

Financial Capital
Dividend paid, taxes paid , EBITDA

Human Capital
High employees; skills, engagement and satisfaction levels

Productive Capital
Products and services of high quality fixed and mobile telephony, broadband and paid TV services

Intellectual Capital
Development and marketing of innovative products and services

Natural Capital
Reduction of GHG emissions, increased energy efficiency, efficient waste management

Social Capital
Support of vulnerable social groups, improved social contribution and customer experience

€ 104.2 million taxes paid
€ 48.9 million dividends paid

€ 642.4 million employee wages and benefits

€ 3,908.1 million gross revenue

35% of smartphone users manage their accounts & services through apps**

393,099 t direct & indirect GHG emissions from energy*
24 t telephone devices and accessories recycled*

62 social programs*
1.3 million beneficiaries of the OTE Group programs*

Inputs	→	Value Creation	→	Outputs

* Values covering OTE, COSMOTE, Telekom Romania Communications, Telekom Romania Mobile Communications and Telekom Albania.
** Values covering OTE and COSMOTE.

2.2 Stakeholders

OTE Group recognizes that its stakeholders have a direct impact and influence on its sustainable development and is engaged with their representatives without exclusions and discrimination.

Indicatively, in 2016, more than 20 meetings were held, with representatives of non profit organizations, aiming to exchange know-how and opinions about the management and implementation of major social initiatives, as well as on specific issues such as corporate volunteering.
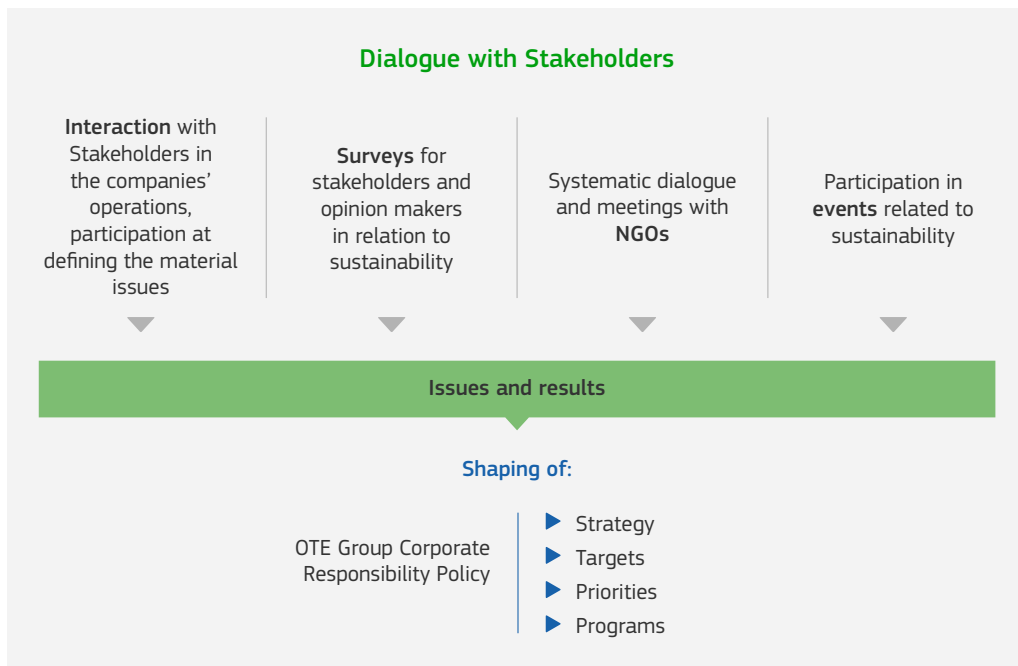
Responding to the concerns of the NGOs for the support of programs for children in need, critical issues of vulnerable social groups (refugees), innovation in education, and young entrepreneurship, OTE and COSMOTE:

- Enhanced their respective initiatives. Indicatively: the «COSMOTE Scholarship Program», the educational programs at the OTE Group Telecommunications Museum and the corporate volunteering initiatives

- Strengthened recent initiatives. Indicatively: support of the Educational Robotics Competition, also for high school students

- Implemented significant support actions for refugees

More information for the communication with the Stakeholders can be found in the Appendix.

Stakeholders OTE and COSMOTE

Shareholders, Bondholders, Investors and Analysts	Customers and prospective customers	Business
Science, Research and Education	Media	Employees, prospective employees and their representatives
Suppliers	NGOs and interest groups	State / Government agencies

Dialogue with Stakeholders

Interaction with Stakeholders in the companies' operations, participation at defining the material issues

Surveys for stakeholders and opinion makers in relation to sustainability

Systematic dialogue and meetings with **NGOs**

Participation in **events** related to sustainability

Issues and results

Shaping of:

OTE Group Corporate Responsibility Policy

▶ Strategy
▶ Targets
▶ Priorities
▶ Programs

AA1000 AccountAbility Principles Standard

OTE and COSMOTE are in compliance with the principles of the «AA1000 AccountAbility Principles» Standard, namely Inclusivity, Materiality and Responsiveness.
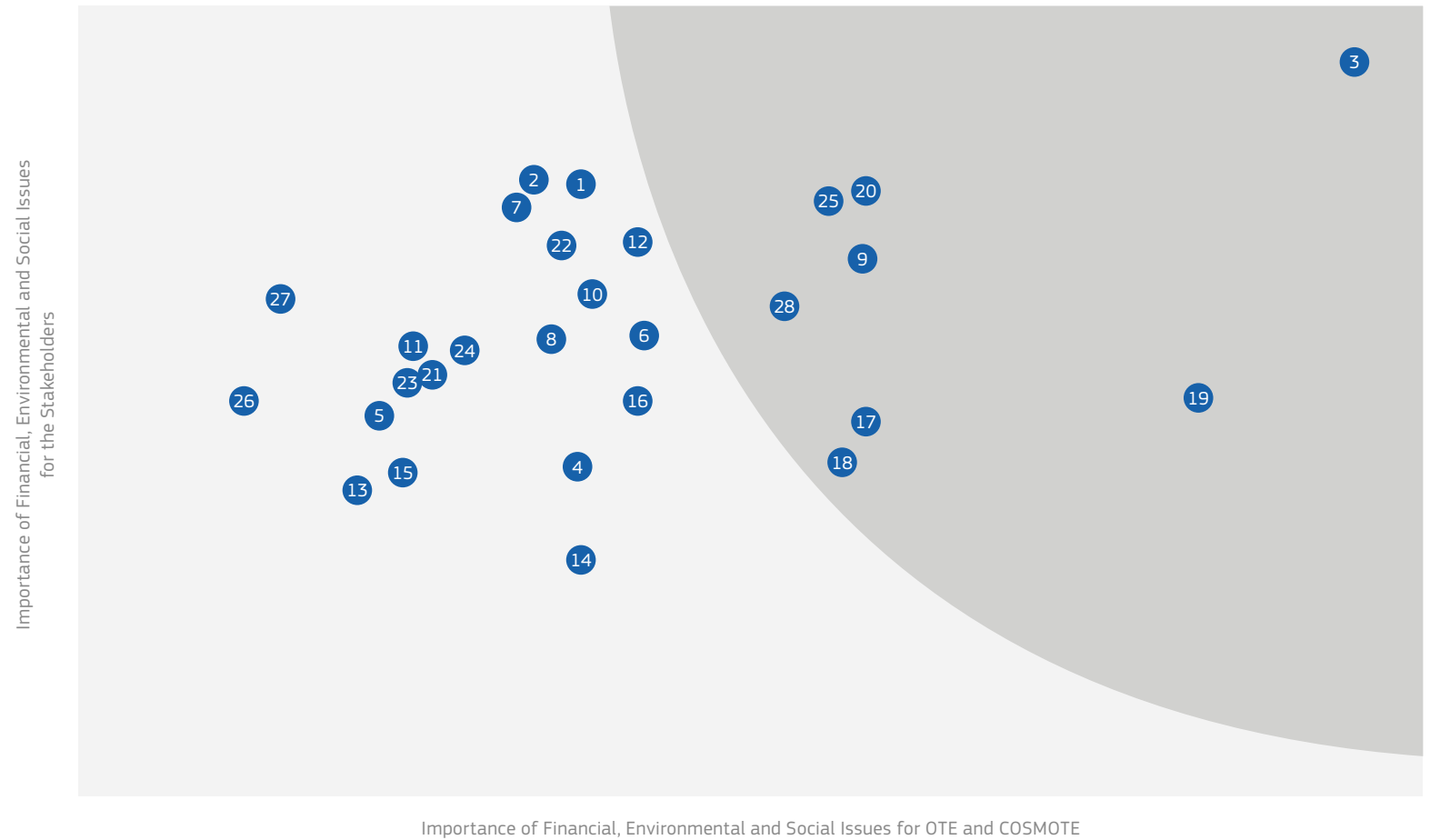
G4-24, G4-25, G4-26

About this Report   OTE Group   Sustainability   Responsible Business   Responsible Employment and Development   Digital Society   Better World for All   Sustainable Environment for All

2.3 Materiality Analysis

The Group's companies identify the most important sustainability issues through the "Materiality Analysis", which is conducted in accordance with the Group's Corporate Risk Management approach.

In 2015, with the participation of the OTE Group Management (meetings with 12 Executive Directors) and its stakeholders (3,387 responses from all stakeholder groups, through an online questionnaire), the level of materiality of the sustainability issues was determined for the next 2 years.

The results were validated by the OTE Group Management. All available data were evaluated in order to be used in the planning of actions and strategy, while the most important issues were included in the Group's risk map.

The 2016 Sustainability Report refers to all 28 issues with special focus on the 8 issues identified by Management and stakeholders as the most important.

Importance of Financial, Environmental and Social Issues for the Stakeholders (y-axis)

Importance of Financial, Environmental and Social Issues for OTE and COSMOTE (x-axis)

1. Digital Inclusion
2. Safe use of products and services
3. Data security and privacy
4. Marketing communications
5. Enabling role of ICT products and services
6. Product and service quality and labeling
7. Privacy and freedom of expression
8. Employment
9. Employee health, safety and wellness
10. Training and education
11. Responsible labor practices
12. Respect for human rights
13. Stakeholder engagement
14. Supply Chain (suppliers)
15. Materials used in products
16. Governance and management
17. Responsible competitiveness
18. Economic Performance
19. Business resilience
20. Compliance, anti-corruption and bribery
21. Impact to Society and the Environment
22. Research and Technology
23. Economic Impacts
24. Energy consumption and climate change mitigation
25. Electromagnetic radiation
26. Water and land use management
27. Environmental burden
28. Waste Management

G4-18, G4-19, G4-26

2.4 Contribution to Achieving the Sustainable Development Goals of the United Nations

OTE and COSMOTE participate in the UN Global Compact, a United Nations' initiative on sustainable development.

In September 2015, the United Nations adopted 17 goals for Sustainable Development. OTE Group, through programs and initiatives presented in this Report, contributes to these goals.

OTE Group Contribution to Achieving the Sustainable Development Goals of the United Nations

Sustainable Development Goals of the United Nations	Suppliers	Group Operations	Product Use	Products' End of Life
1 Eliminate poverty			● (significant positive)	
2 Eliminate hunger				
3 Good health and well-being		● (significant negative)	● (significant positive)	
4 Quality education		● (significant positive)	● (significant positive)	
5 Gender equality		● (small positive)		
6 Clean water and sanitation				
7 Affordable and clean energy			● (significant positive)	
8 Decent work and economic growth	● (small positive)	● (small positive)	● (significant positive)	
9 Industry, innovation and infrastructure		● (significant positive)	● (significant positive)	
10 Reduce inequality		● (small positive)		
11 Sustainable cities and communities		● (small negative)	● (significant positive)	
12 Responsible production and consumption	● (significant negative)	● (significant negative)	● (significant positive)	● (significant negative)
13 Climate action		● (significant negative)	● (significant positive)	
14 Life below water				
15 Life on land				
16 Peace, justice and strong institutions		● (small negative)	● (small positive)	
17 Partnerships for the Goals				

● Small contribution in achieving the goals (maximization of positive impacts)

● Significant contribution in achieving the goals (maximization of positive impacts)

● Small contribution in achieving the goals (minimization of negative impacts)

● Significant contribution in achieving the goals (minimization of negative impacts)

Sustainable Development Goals of the United Nations with Significant Contribution by OTE Group

OTE Group:

Good health and well-being
Develops solutions for the more effective operation of nursing homes and e-Health, supports information and awareness-raising actions for responsible use of mobile phones while driving, and ensures a safe and healthy working environment.
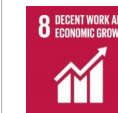
Quality education
Supports education and digital skills' development programs for people of all ages, and continues to enhance internal employee training programs.

Affordable and clean energy
Offers solutions for better energy management (e-Energy) and smart grids.

Decent work and economic growth
Offers solutions to meet the businesses' IT needs and to increase their competitiveness in a sustainable way (Business Cloud, Information Security, e-Tourism). Ensures fair employment conditions and equal opportunities for its employees and also, requires the same from its suppliers.

Decent, innovation and infrastructure
Continuously invests in the upgrading and expansion of telecommunications infrastructure, aiming at increasing the penetration and availability of services and at offering solutions to businesses for their sustainability (Business Cloud, Fleet Management)

Responsible consumption and production
Incorporates the principles of circular economy throughout its value chain. Sets responsible management conditions for its suppliers, helping its customers to recycle their old equipment and develops products and services that contribute to the rational management of natural resources and reduction of waste generated.

Climate action
Takes measures to improve its energy efficiency and offers products and services that contribute to climate change mitigation (broadband, Cloud and M2M technologies).

2.5 Sustainability Governance

The governance structure, which incorporates sustainability issues into core business processes, is reflected in the OTE Group Corporate Responsibility Policy.

The OTE Board of Directors is responsible for the corporate responsibility performance of the Group and represents its interests in matters of corporate responsibility (CR) and sustainability. Supervision is entrusted to the Chairman and CEO of OTE Group.

The Group's subsidiaries are responsible for implementing the Group's standards, requirements and corporate responsibility objectives at a local level. They collaborate with the Business Unit of the Executive Director Corporate Communications OTE Group and in particular with the Corporate Responsibility Department. The collaboration is a part of the OTE Group CR Managers Network of DT Group.

The Corporate Responsibility Department coordinates the implementation of social and environmental actions of the companies, through the operation of the Corporate Responsibility and Environmental Management Sections. In order to keep them informed about trends and developments in corporate responsibility matters, in 2016, members of the Corporate Responsibility Department participated in training sessions and seminars on current and on-going issues of corporate responsibility and sustainability (e.g. Lead Auditor Certification for ISO 14001: 2015, training for the application of the ISO 50001).

Sustainability Issues within OTE Group

OTE Board of Directors

Board of Directors
Approves Group-wide corporate responsibility policies, position papers and significant strategic projects, as needed

Chairman and CEO
Overseas OTE Group corporate responsibility strategy and performance

OTE Subsidiaries' Boards of Directors

→ Following OTE Board of Directors approval, approve the adoption of Group-wide corporate responsibility policies, positions, strategic projects
→ Are responsible for measures to implement corporate responsibility policies / corporate responsibility strategy

Executive Director Corporate Communication's OTE Group

Executive Director
→ Recommends Group-wide corporate responsibility policies, assigns work and strategic actions etc.
→ Cooperates with the Chairman and CEO on corporate responsibility issues and informs the BoD seeking guidance or approval, if applicable
→ Formulates Group-wide corporate responsibility strategy, policies guidelines and corporate responsibility programs
→ Acts as the central interface between the corporate responsibility bodies and as the official representative of the OTE Group in all aspects of corporate responsibility

Corporate Responsibility Department
→ Develops corporate responsibility strategy, corporate responsibility policy and corporate responsibility program (in the form of strategic policies)
→ Prepares the decisions to be made by the OTE Group Corporate Communication Division or Boards of Directors
→ Coordinates and monitors implementation of corporate responsibility policies, develops indicators and monitors progress towards target achievement
→ Runs the OTE Group corporate responsibility Managers Network and supports the DT Group Corporate Responsibility Managers Network

OTE Group Corporate Responsibility Managers' Network*

→ Disseminates Group-wide expertise
→ Facilitates communication between international subsidiaries / business areas

* OTE Group Corporate Responsibility Managers' Network participates in DT Group Corporate Responsibility Managers Network

G4-34

Interdivisional Corporate Responsibility Team

Corporate Responsibility issues management is referred to the OTE Group's Corporate Responsibility Team which comprises more than 50 representatives from all Business Units. The Head of the Corporate Responsibility Team, is the Executive Director Corporate Communications OTE Group.
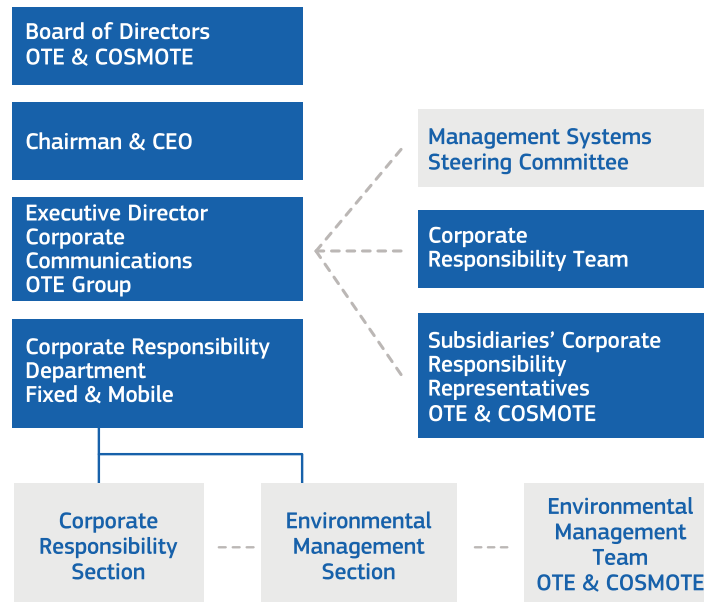
Team goals:

• Further disseminate the principles and corporate responsibility actions to the different Business Units of the companies

• Raise awareness and mobilize employees

• Collect information on corporate responsibility and sustainability performance

• Create a common corporate culture and achieve the corporate goals for sustainable development.

Corporate Responsibility indices have been integrated in the self- assessment goals and the individual operational objectives of the members of the Business Unit of the Executive Director Corporate Communications OTE Group and the members of the Corporate Responsibility Team. While, Corporate Responsibility principles are taken into account in the annual performance evaluation process of all employees as described in the Employee Selection, Attracting and Retaining Talented Employees section.

Organization Structure

Board of Directors
OTE & COSMOTE

Chairman & CEO

Management Systems
Steering Committee

Executive Director
Corporate
Communications
OTE Group

Corporate
Responsibility Team

Corporate Responsibility
Department
Fixed & Mobile

Subsidiaries' Corporate
Responsibility
Representatives
OTE & COSMOTE

Corporate
Responsibility
Section

Environmental
Management
Section

Environmental
Management
Team
OTE & COSMOTE

2.6 Memberships, Ratings and Awards

Memberships

OTE and COSMOTE are systematically informed about trends and developments on Corporate Responsibility and Sustainability issues. In 2016, the two Companies maintained their voluntary participation, through their membership in a number of strategically important national and international bodies.

Ratings

OTE Group responds to sustainable development/ socially responsible investment analysts' questions and assessments.

FTSE4Good

OTE, since 2008, fulfills all requirements and is a member of the FTSE4Good Index Series. As of December 2016, it is also a member of the new FTSE4Good Emerging Index.

vigeo eiris
RANKING **EMERGING 70**

OTE, since 2016, is included in the Vigeo Eiris Emerging 70 sustainability index. It's the only Greek company that is a member of this group of Developing Market companies.

CDP
DRIVING SUSTAINABLE ECONOMIES

Since 2010, OTE has been participating in the CDP on Climate Change by communicating the required information to its platform. In the 2016 evaluation, OTE received the B (Management) rating, putting it above the average of all companies in the sector.

In January 2014, Forum Ethibel included OTE in the Ethibel EXCELLENCE Investment Register. The selection of OTE indicates that the company performs better than the sector's average company as regards corporate responsibility, and is therefore considered eligible for investments that use ethical and corporate sustainability criteria. OTE in the 2016 evaluation received the C rating (based on the A, B, C, D, E, and M scale used).

Awards

During 2016, OTE and COSMOTE received 10 awards and distinctions by major national and international organizations for their performance. Indicatively, they include:

- **European Business Awards for the Environment:**
  - 2nd place prize in the "Organization and Management " category
- **Greek Awards for the Environment:**
  - 1st place in the "Environmental Sensitivity" category
- **Ecopolis 2016 Environmental Sensitivity Awards:**
  - "Annual Program for the Environment" for the monitoring and reduction of Greenhouse Gases emissions
- **CR Reporting Awards 2016:**
  - 3rd place in the "Innovation in Reporting" category
  - 4th place in the "Best Carbon Disclosure" category
- **Business IT Excellence Awards 2016:**
  - Gold award in the "Projects and Initiatives in Electronic Governance-Information Systems and Internet Applications" category
  - Gold award in the "Security Services Provider" category
  - Silver Business IT Excellence award in the "Specialized applications for the business sector" category
- **Environmental Awards 2016:**
  - Gold award in the "Sustainable Transport & Mobility" category
 - Gold Award in the "Effective energy management" category.

2.7 2016 Performance and 2017 Targets

OTE and COSMOTE set goals to improve their operations, develop programs and actions in order to achieve them, monitor their progress, and communicate their performance.

The strategic objectives are approved by the top management and then infused throughout the Group, taking the form of individual objectives for each organizational unit and activity.

In the 2015 Sustainability Report, 45 annual targets were presented for OTE and COSMOTE. The objectives were qualitative and quantitative covering different functions, and were implemented by the competent units. Of these objectives, 90% have been fully or partially achieved or are in progress of doing so, reflecting the ongoing effort to improve the Group's Sustainability performance.

45 targets for 2016

- 7% Partial achievement
- 9% Not achieved
- 55% Full achievement
- 29% In progress
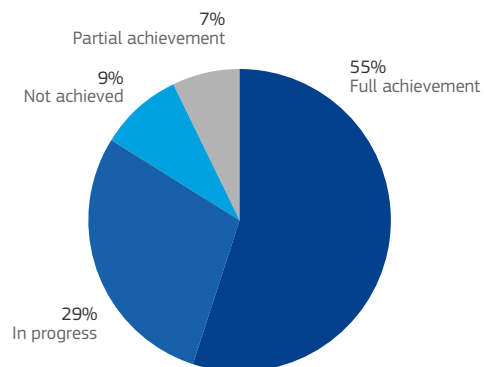
The companies' performance per target is presented in detail in the Appendix.

2017 Targets

Sustainability

OTE Group: Publication of the OTE Group Sustainability Report.
OTE Group: Material Issues Analysis.
OTE Group: Further incorporation of the Sustainable Development Goals of the United Nations in the business strategy.

Digital Society

OTE-COSMOTE: Provision of IoT solutions to the marketplace.
OTE-COSMOTE: Extension of research activities to new leading edge technologies.

Responsible Business

OTE Group: Strengthening the risk culture within the organization by identifying and implementing risk appetite over a two-year horizon.
OTE-COSMOTE: Certification of the Regulatory Compliance Management System in accordance with the IDW Assurance Standard 980 "Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems".
OTE-COSMOTE: Certification of the Compliance Management Systems in accordance with ISO 37001:2016 "Anti-Bribing Management Systems", as well as, in accordance with ISO 19600: 2014 (attestation) "Compliance Management System".
OTE-COSMOTE: Updating of the enterprise risks and optimization of Business Continuity Program.
OTE-COSMOTE: Increase of mobile apps users by 50%.
OTE-COSMOTE: 1.3 million customers make use of electronic billing.

OTE-COSMOTE: Implementation and installation of an information security compliance monitoring system.
OTE-COSMOTE: Preparation for the implementation of the new European Guidelines for the Protection of Personal Data (GDPR).
OTE Group: New registry of suppliers with data on the existing and potential ones.
OTE-COSMOTE: Evaluation of suppliers who account for 80% and 90% respectively of OTE and COSMOTE purchases.

Better World for All

OTE-COSMOTE: Enhancement of initiatives for the development of children and young people's digital skills.
OTE-COSMOTE: Enhancement of initiatives for the development of the digital skills of elderly people.
OTE-COSMOTE: Continue to support actions that meet major and current needs of the society.

Responsible Employment and Development

OTE-COSMOTE: Create a digital working environment, where digital tools will support the systems and HR processes, improving employees' experience.
OTE-COSMOTE: Design development programs for employees' digital skills.
OTE-COSMOTE: Design and implement a common Job Families model for employees.

Sustainable Environment for All

OTE-COSMOTE: Contribution to the achievement of the CO_2 emissions reduction target set for 2020 at DT Group level (20% reduction compared to 2008), by planning and implementing measures for energy conservation and CO_2 emissions reduction.
OTE-COSMOTE: Reduction of CO_2 emissions (scope 1 and scope 2) by 3% compared to 2008 levels.
OTE-COSMOTE: Expanding the scope of the Energy Management System, according to the provisions of the ISO 50001:2011, to at least 5 buildings and 5 base stations, and certification.
OTE: Stabilization of electricity consumption in the telecom network at 2016 levels.
COSMOTE: Restriction of the increase of electricity consumption in the telecom network at 5% compared to 2016.
OTE-COSMOTE: Improvement of energy performance of vehicles fleet by 1%.
OTE-COSMOTE: Expansion of the integrated recycling program for packaging materials in 2 additional buildings.
OTE-COSMOTE: Recycling of 100% of hazardous and technical waste withdrawn.
COSMOTE: Installation of 7 additional EMF measurement stations.

Responsible Business

3.1 Approach

OTE Group seeks to set an example by operating responsibly at all levels and throughout its value chain.
For this reason, it has developed processes, policies, tools and mechanisms that allow its companies to manage themes regarding:

• Risks and Compliance

• Human Rights

• Business Continuity

• Quality, Environment and Energy

• Security and Data Privacy

• Safe and Responsible Use of Technology

• Responsible Procurement and Supply Chain

In addition, in order to provide customers, employees and partners / vendors with an integrated digital experience, the Group, utilizing the new digital capabilities, proceeds to its digital transformation. The transformation relates to designing and offering new digital products, developing the digital skills of its' employees, as well as simplifying transactions with suppliers and partners.

Value Chain

Business issues

	Raw materials	Suppliers	OTE Group	Use of products	End of life

Risk and Compliance Management

Human Rights Management

Business Continuity

Digital Transformation

Management Systems

Security and Data Privacy

Safe and Responsible Use of Technology

Responsible Procurement and Supply Chain Management
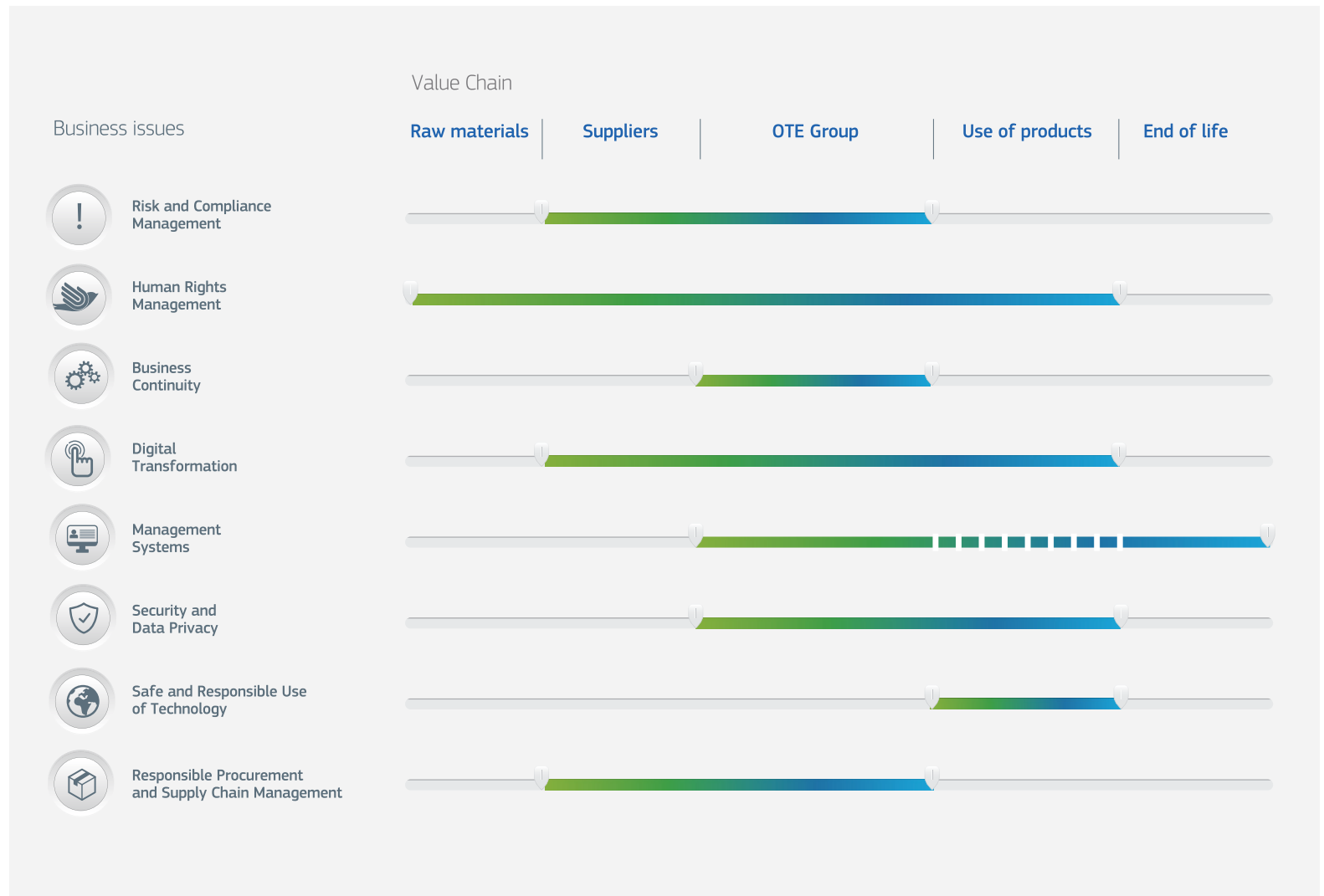
3.2 Policies and Management of Enterprise Risk and Compliance

Why it matters…

The compliance of an organization with the applicable regulations is an essential obligation for its responsible operation. The OTE Group Management and its stakeholders (mainlycustomers, shareholders and investors, the media, the state and the suppliers) effectively require the Group to comply with laws and regulations and exhibit zero tolerance for corruption, blackmailing and bribery.

Enterprise Risk Management

OTE Group, with the primary objective of safeguarding the smooth business operation and the future business success of the Group, has developed and implemented an Enterprise Risk Management System (ERM). The System supports its Management in making strategic decisions by identifying, evaluating, communicating and addressing corporate risks, the OTE Group Corporate

Risk Management system is based on the COSO ERM model and the ELOT risk management standard ISO 31000: 2009 «Risk Management – Principles and Guidelines". Moreover it has been certified to ISO 31000: 2009, both in Greece for OTE and COSMOTE, and in Romania for Telekom Romania Communications and Telekom Romania Mobile Communications.

The OTE Group Enterprise Risk Management department (ERM) monitors, facilitates and supports the implementation of effective risk management practices. The duties of risk managers include the assessment and monitoring of the overall risk portfolio status as well as the monitoring of the OTE Group Corporate Risk Management methodology in all Business Units and subsidiaries of the Group. In addition, a Group Corporate Risk Register is kept, which is the central repository of all corporate risk descriptions of the Group.

Important accomplishments in 2016:

- Certification of the Corporate Risk Management System according to ELOT ISO 31000: 2009 "Risk Management – Principles and Guidelines", both in Greece and in Romania.

- Creation and implementation of a common risk assessment methodology

in all Business Units and subsidiaries of the Group, based on universal estimation and evaluation criteria, so that there is alignment in managing corporate risks throughout the Group, in accordance with the requirements of the ISO 31000: 2009 standard and the Corporate Risk Management Methodology of the OTE Group

- Creation of an ERM Manual describing the requirements, principles, responsibilities and the methodology for corporate risk management in the OTE Group companies in Greece and abroad, in accordance with the OTE Group Risk Management Methodology and the International Standard ISO 31000: 2009.

- Incorporation of the results of the individual risk assessments of Business Units and subsidiaries into the Corporate Risk Register of OTE Group aiming to a systematic analysis and structured monitoring of corporate risks.

- Presentation of 4 OTE Group Risk Reports to the OTE Group Compliance, Risks and Corporate Governance Committee for their review, evaluation and subsequent submission to the relevant corporate bodies, i.e. the OTE Audit Committee and the OTE Board of Directors.

Policies / Procedures for Enterprise Risk Management

- Enterprise Risk and Insurance Management Policy OTE Group
- Policy on Indemnification from Risk Insurance and Pension Programs OTE Group
- Enterprise Risk Evaluation
- Indemnification from All-risks Insurance Program

Identifying > **Evaluating** > **Managing** > **Communicating** > **Addressing risks**

G4-14, G4-DMA Anti-corruption Efforts G4-DMA Regulatory Compliance

About this Report | OTE Group | Sustainability | Responsible Business | Responsible Employment and Development | Digital Society | Better World for All | Sustainable Environment for All
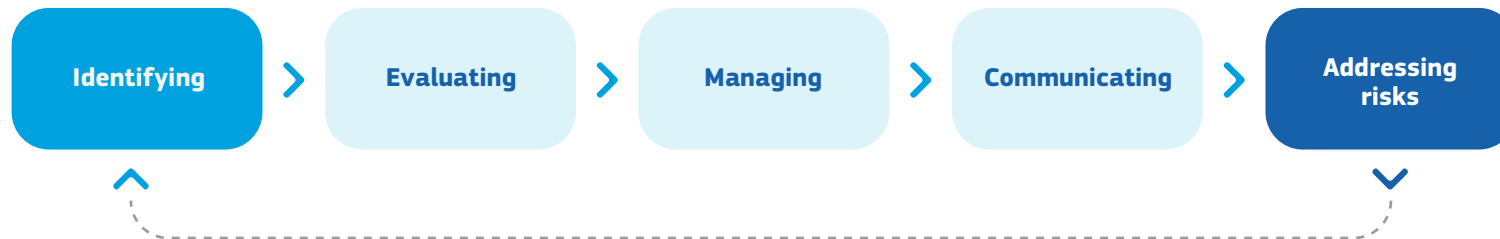
Compliance Management

For OTE Group, the assurance of Compliance is one of the top priorities. The Compliance Management System is in place to develop a risk management program related to non-compliance with regulations and to prepare a plan of appropriate prevention measures.

The System addresses the compliance of all – Employees and Management – with legislation and Internal Policies.

Any Employee and / or third parties (customers, vendors, partners, etc.) may , report (officially or anonymously) inappropriate conduct to Regulatory Compliance channels and communicate concern or complaint about potential violations of Company Policies or legislation.

Regulations and Policies are regularly updated in order to ensure continued compliance with applicable legislation and best international practices.

Major achievements in 2016 include:

- **A Regulatory Compliance Risk Assessment** for OTE and COSMOTE, in which 50 executives who represented 83% of the company's functions took part. The scope of the Regulatory Compliance Risk issues assessed annually includes, amongst others: active and passive bribery, violation of Procurement Policy, embezzlement, theft, fraud, conflict of interest, and violation of money laundering legislation. Also included are risks from possible violations of personal data privacy, violation of the Right of Free Competition, abuse of privileged information, etc.

- **Involvement of more than 700 Group employees in the Compliance Training program** (training seminars for anti-corruption and introductory training for new entrants).

Managers and non-executive staff participated in training seminars on anti-corruption. In addition, 151 new employees (100% participation rate) were trained in 2016 as part of the "Welcome on Board program, which includes a specific module on Regulatory Compliance issues.

In 2016, there was a very significant increase in both total training (50% increase over 2015) and in employee participation (over 88%).

- **The process of signing the Annual Statements by the Members of the Board of Directors and Senior Financial Services Executives** with regard to their compliance with the applicable Code of Conduct for Senior Financial Services Executives, aiming at honest and ethical professional conduct.

- **Group-wide Anti-Corruption Awareness Campaign,** on the occasion of the World Anti-Corruption Day (9 December). Campaign Title: **«Transparency, Necessary to Go Forward».**

- **Group-wide** "**Ask Me" and "Tell me" communication channels campaign for regulatory compliance** to remind all concerned of the existing query / complaint management mechanism and its significance**.** Campaign title: **"In OTE Group, we are talking openly."**

- **Internal communication of important issues to the Administration and all Employees on Compliance issues** (for example, the guidelines on gifts and invitations to events during holiday periods).

- **Presentation of four (4) OTE Group Compliance Reports** to the Compliance, Corporate Regulatory Compliance Risks and Corporate Governance Committee of OTE Group for the review, evaluation and subsequent submission to the competent corporate bodies.

- **Updating the Compliance Management Process Manual, which describes the binding specifications for the design of the OTE Group Compliance Management System (CMS).** Tip-offs and complaints registered through the Regulatory Compliance communication channels, as well as

Key Elements of Compliance Management System

① **Prevention of misconduct and Compliance with the policies in place**	② **Management of compliance violations**
▸ Development of Compliance Policies and Procedures ▸ Training of employees ▸ Conduct of an annual Compliance Risk Assessment ▸ Communication channels to enable employees to raise questions about the implementation of Policies	▸ Detection of compliance violations ▸ Investigation of compliance violations ▸ Submission of proposals and corrective actions or measures deemed necessary

Codes and Policies for Regulatory Compliance

- OTE Internal Operations Regulation (updated in 2016)
- OTE Group Code of Conduct
- Code of Conduct for Senior Financial Services Executives
- Binding Corporate Rules Privacy (BCRP)
- Whistleblowing Policy (updated in 2016)
- Policy on Avoiding Sexual Harassment within OTE Group
- Policy on Accepting and Granting of Benefits Grants Policy
- Donation Policy (updated in 2016)
- Sponsoring Policy (updated in 2016)
- Event Policy
- OTE Group Anti-Fraud Policy (updated in 2016)
- Policy on Insider Trading (updated in 2016)
- Policy on Avoiding Corruption and other Conflicts of Interest
- Policy on Employee Relations within OTE Group
- Policy on Anti-Trust Law
- OTE Group Corporate Responsibility Policy
- OTE Group Social Charter
- Procedures for the Updating and Modifying the Internal Operations Regulation

G4-56, G4-EN34, G4-LA16, G4-HR12, G4-DMA Anti-corruption Efforts G4-SO3, G4-SO4, G4-DMA Regulatory Compliance, G4-SO11

incidents of potential breaches of the regulatory framework of the Group, that are referred to at the request of the Chief Human Resources Officer of OTE Group, are examined by the Regulatory Compliance Officers.

For each of the complaints concerning regulatory compliance, an investigation is conducted. The identification of a corruption incident results in taking a series of measures (according to the Internal Regulations of OTE Employees, the internal policies and the decisions of the Administration / Commission) depending on the nature of the incident.

The effectiveness and efficiency of the above systems are monitored by the Compliance, Corporate Risk and Corporate Governance Committee, the Audit Committee and the Board of Directors of the OTE Group.

Additional information regarding the compliance risk management can be found in Annual Report 2016.

Significant Data 2016

▸ With respect to fraud incidents and serious violations of the OTE Group Code of Conduct:

- 3 cases occurred, that a termination of contract of OTE and COSMOTE employees took place,

- 4 cases occurred, for which final disciplinary sanctions were imposed by the competent 1st and 2nd degree disciplinary bodies,

▸ There were no incidents of corruption with respect to contracts with business partners collaborating with OTE and COSMOTE, that resulted in the termination of the contract or its non-renewal.

▸ One case occurred concerning a supplier of the OTE Group, for whom it was decided that he has to be excluded from the 2016 tender procedures because it was published that he is potentially involved in a litigation case for which there is an ongoing Prosecution investigation.

▸ There have been no convictions by the judiciary authorities on corruption issues against OTE, COSMOTE or their employees due to exercising their duties.

▸ No fine or non-pecuniary penalty (e.g. a recommendation) for corruption issues was imposed on OTE and COSMOTE.

825 **Tip offs / Complaints received at the the relevant compliance communication channels in 2016**

96
Tipp-offs / Complaints related to rules and compliance policies

729
Customer complaints on technical / commercial matters

10
Under investigation

30
Not plausible

56
Not valid

Appropriate per case measures were adopted (strict warning, removal from positions of responsibility, employment contract termination, submission of a Statement on Conflicts of Interest, establishment / implementation of new controls or revision of existing ones).

3.3 Human Rights Management

OTE Group recognizes the importance of human rights issues and enhances its strategy under the OTE Group Social Charter. At the same time, it develops an integrated approach to managing these issues.
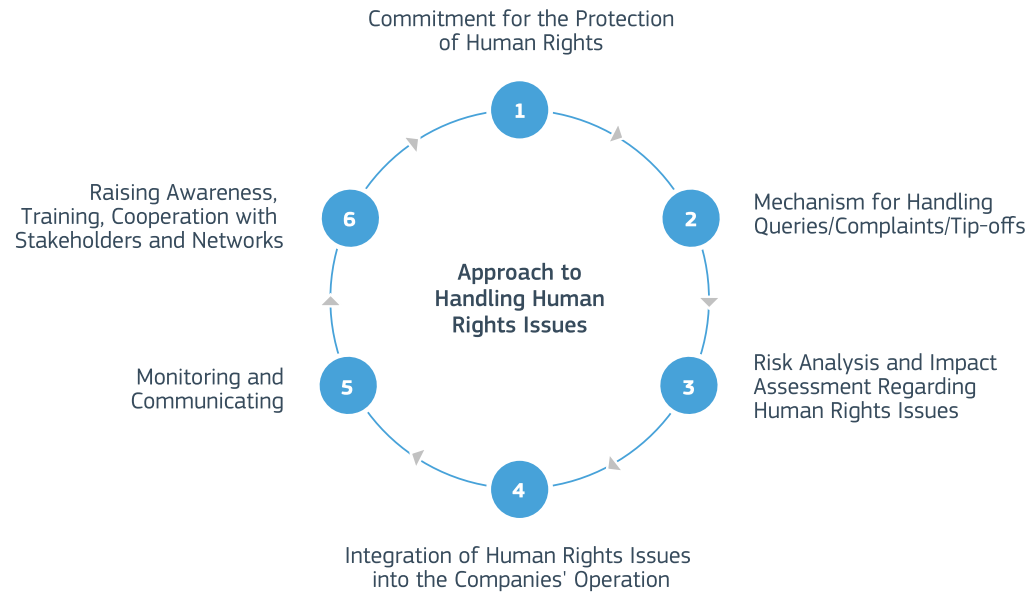
OTE's approach to human rights management is based on the United Nations Guidelines for Business and Human Rights and the corresponding approach of the DT Group.

The OTE Group's Code of Conduct includes basic rules of conduct, principles and values, such as equality, respect for diversity, integrity, morality, transparency, personal responsibility, which constitute a model of operation and lead to the adoption of a common "Corporate Culture ".

The Group respects the right to freedom of expression and the confidentiality of data and operates in accordance with the legal framework currently in force (see section Data Security and Privacy).

Particular attention is paid to the rights of its employees, freedom of association and collective bargaining, diversity and equal opportunities (see the section on Fair Employment Policy Framework and Equal Opportunities). The Group declares that it is in favor of banning all forms of forced labor and contributes to the effort to abolish child labor.

In order to protect human rights even beyond the limits of its own operation, OTE Group asks its suppliers to respect and safeguard human rights, integrates human rights requirements into contracts with suppliers

Approach to Handling Human Rights Issues

1. Commitment for the Protection of Human Rights
2. Mechanism for Handling Queries/Complaints/Tip-offs
3. Risk Analysis and Impact Assessment Regarding Human Rights Issues
4. Integration of Human Rights Issues into the Companies' Operation
5. Monitoring and Communicating
6. Raising Awareness, Training, Cooperation with Stakeholders and Networks

and participates in the initiative CFSI (Conflict-Free Sourcing Initiative) to prevent the use of conflict minerals.

Any inquiries and complaints (from internal and external sources) related to human rights are dealt with through the existing whistleblowing ("Ask Me" and "Tell me") process already adopted.

In 2016, 512 OTE Group employees' queries were received through the 'Ask Me' process, including, but not limited to, sponsorship / donation approvals as well as on conflicts of interest, secondary employment, accepting / offering benefits, and Supplier Code of Ethics. None of the questions were related to discrimination issues.

In addition, 33 complaints were filed through the "Tell Me" channel by OTE and COSMOTE employees. One (1) complaint concerned harassment issues (gender-based discrimination) Following a relevant investigation by the Compliance Office which took into account the collected supportive material, the complaint was found to be valid. The employee made use of the retirement right and left the OTE Group. One (1) complaint also concerned employees' discrimination, which, following a relevant investigation, was found to be not plausible.

In Compliance Training, reference is made to Human Rights and the way the Group approaches the subject (e.g. communication

channels and related Policy). Especially for new employee training, it comprises the first section of the training material.

In 2016, on the occasion of World Human Rights Day (10 December), the President and Managing Director of the OTE Group, in an internal message, referred to the corporate principles and values, which aim, among others, at the protection of human rights. He also referred to the adoption of the principles of the Global Compact incorporated into the OTE Group Social Charter, through which we shape our corporate culture in general and ensure the sustainability and growth of the Group.

There were no convictions of OTE or COSMOTE by the judiciary for discrimination in the workplace, nor was there a financial or non-pecuniary (e.g. recommendation) penalty imposed on human rights issues.

3.4 Business Continuity

Why it matters…

OTE and COSMOTE customers require from the companies to provide uninterrupted high quality telecommunication services as a break in the operation of the networks has a direct impact on the services provided. For this reason, the Group invests in the development of mechanisms for the timely recognition and treatment of situations that affect or are likely to affect the business continuity of the critical operations of the Group.

OTE and COSMOTE, in order to ensure the uninterrupted provision of quality telecommunication services and products, aim to achieve maximum degree of resilience and ability to cope with adverse and extraordinary circumstances.

In 2016, the OTE Group successfully completed the annual re-accreditation audit of ISO 22301: 2012 of the OTE and COSMOTE Business Continuity Management System.

The most important business continuity activities that have been implemented include:

- Hosting of the international BCM Panel of the DT Group in Greece, with more than 40 BCM executives from 20 countries participating.
- Participation in business continuity exercises at Group level.

- Conducting training of teams with a business continuity management role (BCM).
- Informing employees on business security and continuity issues (inductions, e-learning, newsletters).
- Exercises at regular intervals of employees with relevant business role, and of all employees (e-learning).
- Implementation of risk studies in critical buildings.
- Monitoring of international business continuity practices.
- Creation of new services to the OTE Group's Situation Center (Bulk SMS & Travel Security).
- Successful event management and business continuity reporting for early prevention.
- Collaboration with the General Secretariat for Civil Protection.

Business continuity is considered critical and therefore, relevant actions and initiatives are planned and implemented covering all Group companies. In 2016, business continuity programs continued to be implemented in Telekom Romania, Telekom Albania, OTE Estate, OTE Insurance, OTESat Maritel, OTE Globe and OTE Rural subsidiaries of the Group.
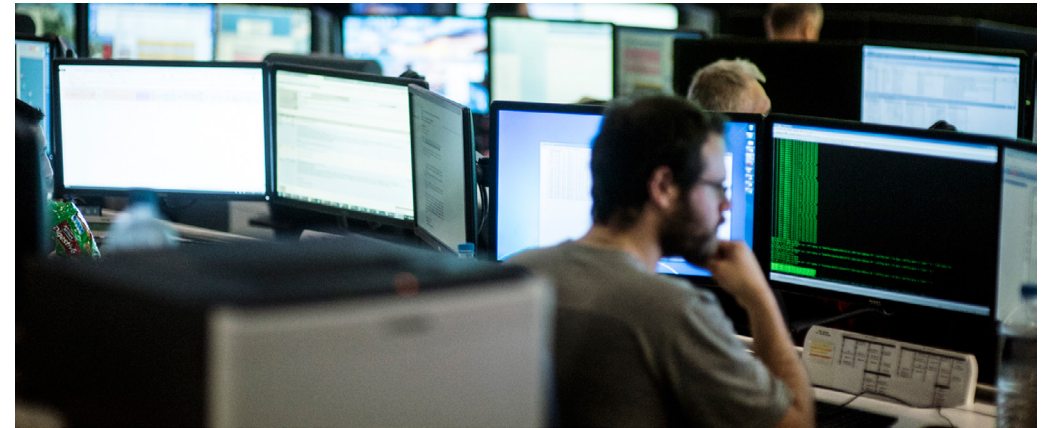

OTE Group Situation Center

In 2016, in the OTE Group official point of reporting Business Continuity problems:

▸ **50 events** of business continuity were evaluated,

▸ **60 events** which potentially could affect the business continuity were investigated,

▸ **44 outbound notifications** were sent to the Situation Center of DT (providing safe travel instructions).

3.5 Digital Transformation

OTE Group aspires to be the leading provider of digital services in Greece, but also to become a model company at European level for the transition to the new digital era.

To achieve this goal, OTE Group, through its Digital Transformation program, invests in creating an integrated digital experience for its Customers, Employees and Suppliers-Partners, utilizing modern digital capabilities.

Digital Transformation (Customers / Employees / Partners / Suppliers)
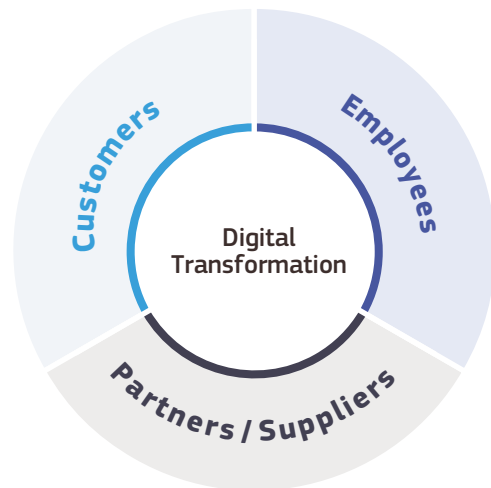
The digital experience of customers at the center

▸ **Digital channels** for simpler, faster and more efficient interaction and service (customer journeys)

▸ Offer of **unique experience** with all the digital and ordinary channels (omnichannel)

▸ **Personalized content**, tailored to the needs and wishes of customers

▸ Provision of **digital products and services** that change the form of communication, entertainment and work

Simplification and improvement of internal operations, the way it works, development of digital skills and encouragement of creativity and innovation

▸ Provision of **universal access** to tools and business features from **any device and point**

▸ **Simplification**, **automation** and **integration** of processes and functions

▸ Creation of **unified workflows** without 'digital gaps' to reduce paper and bureaucracy at work

▸ Development of **digital channels** for more direct collaboration and communication between employees

Simplification of tranactions with partners and suppliers to save time and cost

▸ Simplification of procedures and reduction of transaction time

▸ Exchange of **digital documents** and receipts to save time and cost

▸ Development of **digital communication channels and transactions** with existing and future partners

Significant Data 2016

▸ Increase by **50%** of COSMOTE mobile apps users

▸ > **900,000** active users per month,

▸ **35%** of the total number of smartphone users manage their accounts through mobile apps

▸ **100%** increase of customers using e-bill which double increased the reduction of paper, printing and post office use **~ 950,000** customers

▸ **1 in 10** sales are performed through e-channels

▸ The first steps toward enhanced electronic billing have been made

  > 40% of customers choose to pay their bill by electronic means

  3.5% of the proceeds from card phones come from e-top ups

▸ Electronic signature is now used for fixed telephony contracts as well **2 in 3** new contracts are signed and sent to the customer without use of paper

▸ Online approval flows for internal company procedures (e.g. approval of expenditures) and access to them through mobile phone

3.6 Integrated Management System

OTE Group continuously designs, evaluates and optimizes the **Integrated Management System** procedures, based on the **Enhanced Telecom Operations Map** (e-TOM).

The Group's Integrated Management System (IMS) consists of certified Management Systems that aim to achieve and deliver outstanding customer experience through the provision of high quality telecommunication services and networks.

The basis of the Integrated Management System is the Quality Management System (certified according to **ISO 9001: 2015**), which has been expanded with certifications related to the Environment (according to **ISO 14001**), Health and Safety (**OHSAS 18001**), Business Continuity (**ISO 22301**), Information Security (**ISO 27001**), Enterprise Risk Management (**ISO 31000**), Information Technology Service (**ISO 20000**) and Energy Management (**ISO 50001**).

The IMS also consists of certifications in accordance with **ISAE 3402** "Assurance Reports on Controls at a Service Organization" Standard of the International Auditing and Assurance Standards Board for **SOC 1 TYPE II & SOC 2 TYPE I & II**, by an international auditing company. The certifications are related to the appropriate

design, the efficient operation of processes and the service control environment (ICT Services) provided to customers.

The **COSMOTE Environmental Electromagnetic Fields Measurement Laboratory** is also certified according to **ISO 17025**.

The Group's executives are systematically informed by the Management Systems representatives about the actions, objectives and programs of the Integrated Management System.

Existing certifications and their expansion confirm the OTE Group's continuous efforts to implement international standards and practices.

OTE Group Integrated Management System (Certifications)

QUALITY MANAGEMENT ISO 9001:2015 · ENVIRONMENTAL MANAGEMENT ISO 14001 · OCCUPATIONAL HEALTH & SAFETY MANAGEMENT OHSAS 18001 · INFORMATION SECURITY MANAGEMENT ISO 27001 · BUSINESS CONTINUITY ISO 22301 · INFORMATION TECHNOLOGY – SERVICE MANAGEMENT ISO 20000 · EMF MEASUREMENTS ISO 17025 · INTERNATIONAL STANDARD ISAE 3402 "ASSURANCE REPORTS ON CONTROLS AT A SERVICE ORGANISATION" · RISK MANAGEMENT ISO 31000 · ENERGY MANAGEMENT ISO 50001

G4-14, G4-56

About this Report | OTE Group | Sustainability | **Responsible Business** | Responsible Employment and Development | Digital Society | Better World for All | Sustainable Environment for All

3.7 Security and Data Privacy

Why it matters…

Data is a key element in the operation of the OTE Group companies and an important factor in the success of its operation now and the future. OTE and COSMOTE offer products and services to their customers through which information is circulated around the world. The security and the preservation of privacy of personal data is a major requirement and primary concern of customers.

Data Security and Privacy

OTE and COSMOTE care for the security of the services and products they provide. Data and information held by companies is processed for the purpose for which they are intended and they are protected against any misuse. Companies do not store the content of their customers' communications on the Companies' systems.

The Companies have in place:

- Privacy Policy for Communications, approved by the Hellenic Communications Integrity Assurance Authority. The purpose of the Policy is to ensure the confidentiality of communications and the protection of the corresponding communication data through the implementation of security mechanisms in specific areas (e.g. logical access controls, logging and control, acceptable use, physical security controls, etc.).

- Binding Policy for Privacy of Personal Data Privacy within the DT Group.
- Separate policies / main safety standards, covering areas such as:
  - System security
  - Security of corporate information and personal data
  - Security of human resources

Under the terms, conditions and procedures set forth in the applicable Privacy legislation, the Companies are responding to requests for lifting of confidentiality and disclosure, to the competent judicial, prosecutorial and police authorities, provided that they present the required legal orders (Court of Justice or Prosecutor's Office Orders).

The legal basis for the handling of requests by the Authorities for legal wiretapping and provision of Data is Article 19 of the Greek Constitution, Law 3115/2003 on the Establishment of the Hellenic Communications Integrity Assurance Authority (ADAE), Presidential Decree 47/2005 on the Procedures, Technical and Organizational Guarantees for the confidentiality of communications, Law 2225/1994 and Law 3917/2011.

Specifically, in 2016, OTE and COSMOTE processed requests for legal wiretapping on 3,552 telephone lines, provided external communication data on 12,048 telephone numbers, provided personal subscriber data for 12,393 telephone numbers and subscriber personal information for 1,332 IP addresses. These requests are communicated to ADAE, which includes them in its Annual Activity Report.

In 2016, OTE received 5 customer requests regarding confidentiality of communications / customer data security. COSMOTE received

25 requests for the same issues. Also, OTE and COSMOTE received 10 and 11 requests respectively from ADAE. In **none** of these cases any suspect finding was detected.

Aiming at continuously improving the level of security and at more effective data protection, the Companies have launched a series of **central information security infrastructure actions and projects**, such as:

- **Extending security services to external companies** (e.g., monitoring information security alerts, protecting against DDOS denial attacks).
- **Successful re-certification in accordance with ISO 27001** of the Information Security Management System in OTE and COSMOTE.
- Implement a Web Application **Firewall.**
- Expansion of the **Data Leakage Protection** system in stores.
- **Single Sign-On** in critical commercial applications.
- Upgrading the **secure remote access system** (SRAM).
- Performing **pilot testing of tools that offer protection** from attacks that cannot be detected by conventional techniques (Advanced Persistent Threats).
- Participation in national and international **cyber-attack defense exercises**
- Actions **to identify and stop illegal / pirated** COSMOTE TV broadcasts.

Significant Data 2016

- Implementation of **18 security audits and security risk assessments** in critical systems and processes to determine compliance with corporate policies and security procedures.
- **Checks of 320,873 authorized user accesses** in data processing systems of both companies.
- Establishment of **security standards for the implementation of 60 new systems or services** and performance of the corresponding security audits / tests to confirm their implementation.

G4-DMA Customer Privacy, G4-PR8

Physical Safety

In 2016, the following actions were implemented:

- Continuation of Physical Safety, Electronic and Structural Improvement interventions in 43 OTE installations including in the OTE Headquarters and the Peania Administrative Building, as well as in other critical buildings.

- Issuing a tender for the enhancement of physical security at the critical facilities of Nemea, Keramikos and Finikas (Thessaloniki).

- Implementation of Physical Security System in 45 points all over Greece related to the "Rural" project.

- Completion of a competition, pilot phase and launch of a solution for video verification.

- Installation of a new management system and an access control system in 50 outdoor connection cabinets and cabins.

- Expansion of the "Cash Safe" solution in an additional 35 OTE owned stores.

- Continuation of interventions in OTE Group's privately-owned branches in Greece, with the upgrading of 78 additional branches in all areas of physical security and introduction of IP CCTV.

- Signing of a new framework contract for Physical Protection.

Significant Data 2016

- Recording and managing **786 physical security incidents**, of which 130 characterized as serious.

- **7,641** access control cards and **4,730** entrance permits to installations were issued.

- **3,535 requests for access rights** processed and 539 access control failures investigated.

- **2,785 access cards** issued to subcontracts of technical works.

- Management of **96 alarms in outdoor connection cabinets and cabins,** and **50 other emergencies** (marches / demonstrations) handled.

- **285 checks of control stations, 100 preventive checks for the detection of explosives and 136 checks** of subcontractors of technical works.

- **103 inspections** in Group stores nationwide, **594 checks** of premises for privacy assurance, **133 retrievals of** CCTV store records καταστημάτων and **studies** of physical safety in **78** stores.

Information and Training

In 2016, **awareness, information and education programs** were implemented on information security, business continuity and physical security issues, such as:

- **Familiarization related to physical security, information security and business continuity** during introductory training of all newly recruited workers.

- Updating, training **and testing of Event Response Groups capabilities** through 22 actions with 3,500 participants.

- **Training** of **new Building Incident Controllers** and Incident Response Teams through 29 actions with 350 participants.

- **Electronic information** and training related to physical security, information security and business continuity at all OTE Group stores. Additionally, 50 informative training seminars nationwide with 300 participants.

- **Two electronic surveys**, related to information security and business continuity issues, which were addressed to a sample of OTE-COSMOTE, e-value COSMOTE and OTE Plus employees to improve security in the Group.

- **Training** of Building and Event Management teams on **Health and Safety issues** with the collaboration of the respective Sub-Directorate, **through 12 actions with 150 participants.**

3.8 Safe and Responsible Use of Technology

OTE Group is not limited to delivering top quality products and services, but goes on to inform customers and the public about the safe use of technology.

Safe Use of the Internet

The Group has developed programs and actions to provide information and raise awareness of the public about the safe use of the Internet by children.

Products and Services for Safe Use

The Group provides a range of services and products specifically designed for children, aiming to use the technological means safely.

- **COSMOTE Secure**: This service is a complete solution for protecting the computer, smartphone and tablet, whether the user is connected to the Internet or not. It includes Anti-Virus, Anti-Spam, Firewall, Banking Protection, Browsing Protection, and Parental Controls, which provide safety while surfing the Internet.

- **Parental Control Services from COSMOTE TV**, for broadband and satellite service subscribers. With these services, subscribers have the option to set their preferred parental control level and block access to specific programs based on the degree of suitability of the respective programme. Additionally, subscribers can block access to specific channels of their choice.

Informing the Public

- The www.safekids.gr **website**, created in 2015, informs parents about how technology can be made more user-friendly and safe for children, providing useful advice and answers to issues that concern them.

- **Informative Meetings for Safe Internet Browsing at the OTE Group Telecommunications Museum:** Since 2010, educational programs have been carried out for the safe use of the Internet at the OTE Group Telecommunications Museum. Over the period September 2015 – August 2016, over 300 high school students participated in the monthly meetings on safe use of the Internet of the Museum.

- **Theatrical play at the OTE Group Telecommunications Museum:** The OTE Group's Telecommunications Museum hosted for the fourth consecutive year the theatrical play "The Internet Farm", which is aimed at preschool and primary school children. In the period September 2015-August 2016, 886 children and teachers attended the show.

Cooperation with Recognised Bodies:

- **Cyber Crime Unit**: For the 5th consecutive year, COSMOTE has supported nationwide workshops for safe internet navigation and the 5th Safer Internet Navigation Conference, organized by the Cyber Crime Unit. In 2016, approximately 10,000 people attended the meetings and the conference.

- **The Smile of the Child**: COSMOTE and GERMANOS support "ODYSSEAS", the 1st Mobile Education and Technology Mobile Laboratory which is an initiative of "The Smile of the Child" Organization and is under the auspices of the Ministry of Education, Research and Religious Affairs. Through this initiative, students, parents and teachers are informed about significant issues, such as safe use of the internet. In 2016, interactive interventions were implemented, through which "The Smile of the Child" Organization provided prevention services to 1,959 students.

Participation in self-regulatory initiatives

Of particular importance is the participation of OTE and COSMOTE, through Deutsche Telekom, in the alliance "ICT Coalition for the Safer Use of Connected Devices And Online Services by Children and Young People in the EU".

At the same time, COSMOTE, together with all other mobile operators, has undertaken self-regulatory initiatives at European and national level, as mentioned in the Responsible Competition section.

Mobile Phone and Road Safety

COSMOTE, in the context of its substantial commitment for people's safety, supports actions to inform the public and raise awareness about responsible use of the mobile phone while driving.

Specifically, in 2016:

- COSMOTE implemented, during Easter, the "Keep your eyes on the road, not on your mobile" special online campaign.

- For the 7th consecutive year, COSMOTE was a member of the Road Safety Institute "Panos Mylonas" and his alliance on Safety and Culture on the Road "Roads in the Future".

- For yet another year, COSMOTE supported the School of Road Behavior "Iaveris", enhancing the awareness session for road behavior it conducts.

3.9 Responsible Procurement and Supply Chain Management

OTE Group believes that the diffusion of key values and standards in the supply chain is an important feature of responsible business conduct.

Procurement Policy

Since December 2013, OTE and COSMOTE have been pursuing a Common Procurement Policy, which sets out all the terms and regulations under which commissions are made. The main objectives of the Procurement Policy are:

- Optimization of value added in terms of cost, quality and time
- Ensuring transparency
- Compliance with DT's International Procurement Policy

The Common Procurement Policy followed by the two Companies does not distinguish between local and non-local suppliers. However, since companies are active in the Greek market, it is common practice for them to support domestic suppliers.

OTE and COSMOTE, in spite of the adverse economic conditions in Greece, aim to pay off timely their suppliers as defined in the contracts that have been concluded. For 2016, the payment time for OTE and COSMOTE has been unified and ranges from 30 to 120 days, depending on the type and amount of the procurement.

90% of the purchases of OTE and COSMOTE invoiced were from companies registered in Greece

Supply Chain

The development and maintenance of a value-added supply chain for the Group, with economic, environmental and socially responsible methods and practices in line with the Group's vision, is a continuous challenge.

The OTE Group has a list of suppliers (Vendor Register), renewed in the context of the development of a sustainable supply chain, consisting in 2016 of 1,295 suppliers for OTE and 921 for COSMOTE. It includes both multinationals and local companies for the purchase of materials and equipment or the provision / lease of services.

The list of suppliers comprises many different categories / types of supplies of hardware or services. Indicative categories of suppliers are contractors, licensees, consultancy providers, telecoms and service companies, and IT hardware / software development companies.

€ 1,833 million
Invoiced to OTE and COSMOTE suppliers

- 4% Repair & maintenance services
- 4% Promotion and Marketing
- 5% Subcontractors
- 10% Consulting services
- 11% Sales representatives
- 11% Network
- 12% ICT products
- 20% Fixed assets
- 23% Other services & suppliers
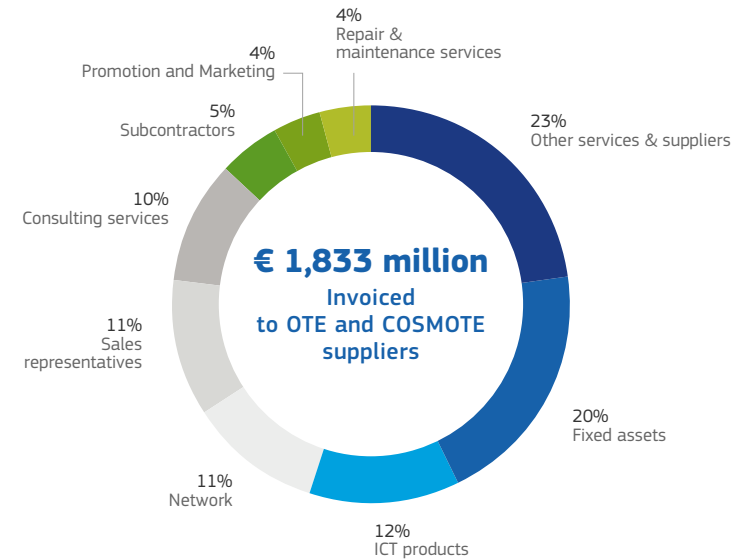
Supplier Selection

Specific criteria related to corporate responsibility can be added to each procurement notice in accordance with the specifications required and defined by the Business Unit that initiates the procurement process. All potential suppliers are required to declare that they explicitly agree with the OTE Supplier Code of Conduct and / or the COSMOTE Suppliers Code of Conduct, which reflect the intention of the companies to collaborate with socially and environmentally responsible suppliers. This intention of the Group is reinforced by the Social Charter of the OTE Group.

The contract, which contractors sign, includes special clauses on health and safety issues, anti-corruption, security and confidentiality. In addition, signing the contract also obliges compliance with the OTE or COSMOTE Supplier Codes of Conduct.

G4-12, G4-EC9, G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-HR4, G4-HR5, G4-HR6, G4-HR-10, G4-HR11, G4-SO9, G4-SO10

Suppliers' Management Lifecycle

→ Procurement conducted according to OTE Group Procurement Policy

→ Suppliers comply with the Supplier Codes of Conduct (clause in contracts)

→ Evaluation of new vendors / proposals (supplier's selection criteria including Integrity Check)

→ Incorporation into the suppliers' contracts of clauses on health and safety, anti–corruption, security policy and confidentiality

→ Assessment of overall major vendor performance based on cross functional criteria set / KPIs by OTE Group Management

→ Self-assessment of the major vendors' CR performance through a self-assessment sustainability performance questionnaire

→ Major vendors sign the Supplier Codes of Conduct Acceptance Declaration

DT's Suppliers' Assessment results

Selection → **Evaluation** → **Classification** → **Development** →
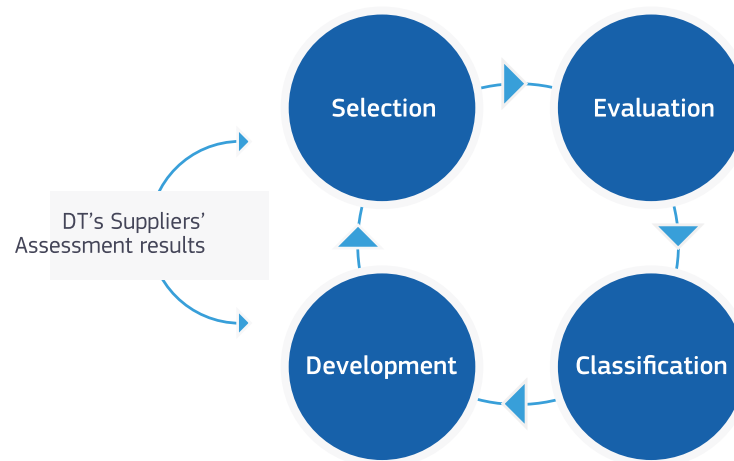
→ Specify plans to work on the improvement of "weak" vendors

→ Monitoring of actions and results

→ Communication to Group of excluded vendors

→ Classification of suppliers' based on quantitative assessment results

→ Presentation of assessment results to OTE Group Management

Ex-ante Integrity Check and Compliance Business Assessment

▸ **306 requests** for integrity checks of suppliers, consultants and collaborators were submitted through the Regulatory Compliance communication channel «Ask Me»

▸ **1,147 integrity checks** of suppliers, consultants and collaborators were carried out

▸ **100%** of new candidate suppliers and previous suppliers who have not signed a contract for more 2 years and those with contracts over **> € 50,000** were checked

▸ **100%** of candidate consultants regardless of the fee value were checked

▸ **2 suppliers** were barred from competing for contracts because after a check they were found to be in violation of the requirements of the tender

Supplier Evaluation

The active suppliers of the OTE Group are evaluated on a yearly basis. Suppliers to be evaluated are selected on the basis of purchase orders issued within 12 months. In particular, in 2016, the selection of suppliers evaluated was based on all orders issued between 1/10/2014 - 30/9/2015, on behalf of OTE, COSMOTE, Germanos, Rural North, Rural South, Germanos Telecom Romania SA, e-Value SA, e-Value Ltd, e-Value International Telekom Albania, Telekom Romania Communications, Telekom Romania Mobile

Communications, Telemobil and Sunlight Romania.

All suppliers with orders worth more than € 2 million (for all the companies mentioned above) and all suppliers providing important types of supply (i.e. products and services that have a significant effect on the products and services provided to customers) worth over € 500,000. In addition, all suppliers of products / services related to the Consolidated Management System of the Group were evaluated, as well as certain suppliers who did not meet the above criteria but were proposed for evaluation by OTE Group Managers.

Supplier Evaluation in 2016

▸ **206 suppliers**, who account for **94.58%** of the annual procurement value* of OTE were evaluated

▸ **154 suppliers**, who account for **86.32%** of the annual procurement value* of COSMOTE

The suppliers to be evaluated are asked to complete a self-assessment questionnaire on their performance on sustainable development issues. This questionnaire aims to promote awareness of social and corporate responsibility by suppliers, giving them the opportunity to present information about their management systems and practices. The questionnaire includes questions related to corporate responsibility, sustainable development, employment, environment, health and safety, quality and business continuity.

Evaluation and Development of Suppliers

The ratings of suppliers by the OTE and COSMOTE operational units involved in the process, as well as the self-assessment questionnaires completed by the suppliers, feed the Supplier's Vendor Evaluation System to produce a quantitative performance score for each supplier. The performance of each vendor on Corporate Responsibility issues corresponds to 10% of the total score. The results of the ranking are presented to the Group's Management.

For low-rated suppliers, Management decides whether they remain on the list of eligible suppliers of the Group, whether they need to show improvement in their performance (in which case some remedial action plans need to be agreed with the suppliers), or whether the collaboration with the Group should cease (whereupon the relevant Directorates of the Group are informed).

In addition, OTE and COSMOTE take into account the results of DT's assessments and audits for each joint vendor. In the event that DT realizes that a supplier does not comply with DT Group policy and international standards and interrupts transactions with him/her, OTE and COSMOTE are informed and they in turn remove that supplier from the list of their eligible suppliers.

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* Includes high value supplies, product and service supplies that affect the end products / services provided to customers, as well as high risk products as defined internally. Supplies from affiliates, merchant, interconnection, roaming supplies, and sponsorships-donations are excluded).

G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-HR4, G4-HR5, G4-HR6, G4-HR-10, G4-HR11, G4-SO9, G4-SO10

Responsible Employment and Development

4.1 Approach

OTE Group provides a sustainable work environment that ensures equality in opportunities, encourages employee development and recognizes high performance.

The Group aims to be perceived as an attractive employer for existing employees, as well as for future employees.
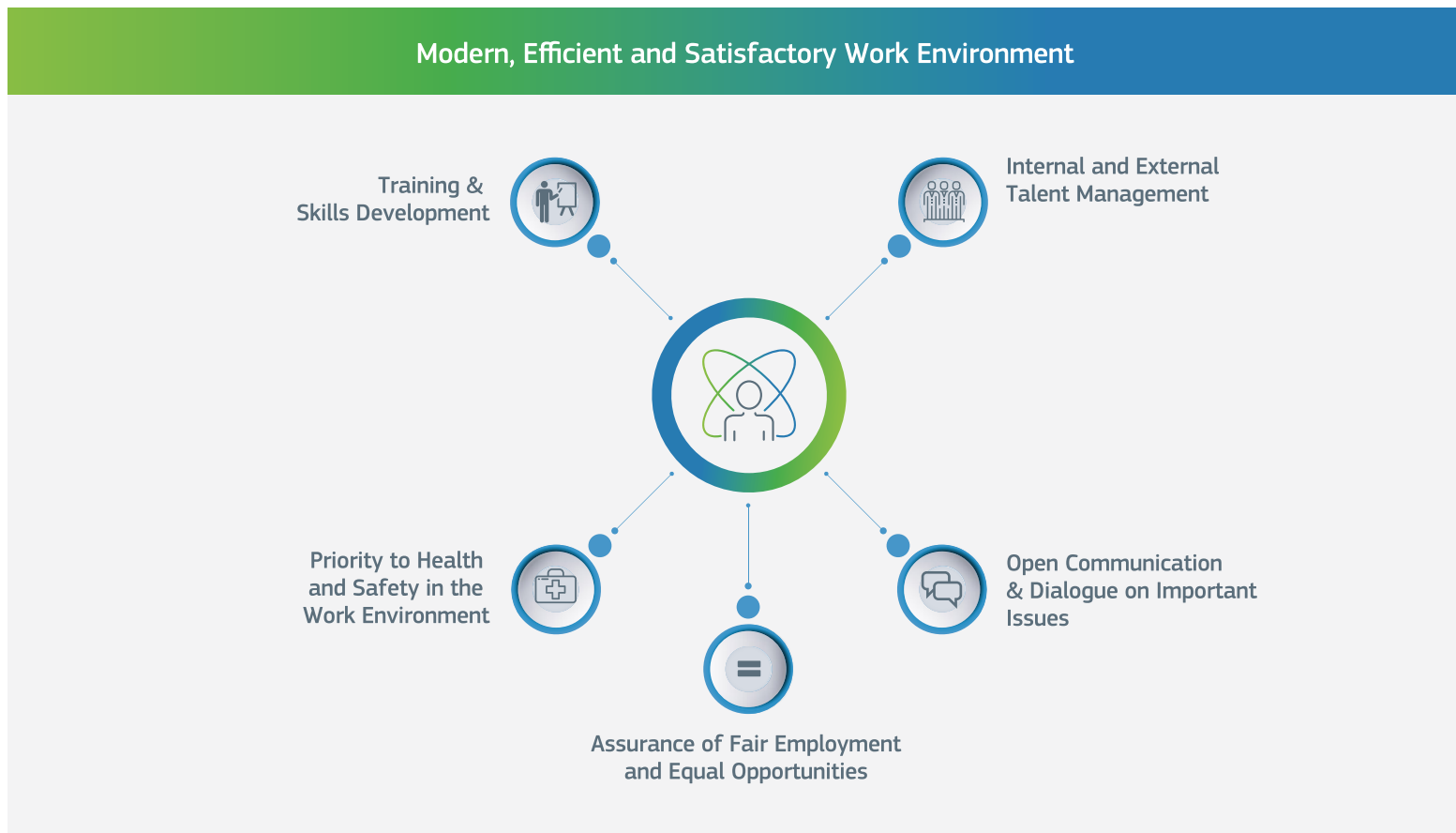
As a living organism that evolves and changes constantly, OTE Group takes care to cultivate an open communication environment and dialogue, aiming at its employees' satisfaction.

In the face of the new digital era, the Group develops digital tools to support systems and HR applications, while simplifying, standardizing and merging procedures (such as bureaucracy, approvals reduction, greater employee autonomy, self-service processes). At the same time, it applies digital skills development programs for employees.

Operational Framework

The basic framework of the OTE Group's Policy on Employee Relations, is based on respect for human rights, fair labor, non-discrimination, equal treatment for men and women, and combating child or forced labor.

The structure of responsibilities and duties of the OTE Group Chief Human Resources Officer Business Unit, comprises the **HR Competency Centers**, (Development Centers, policies, systems and procedures), the **HR Business Partners** (contact points of human resources with all Business Units) and **HR Shared services** (units for the

Modern, Efficient and Satisfactory Work Environment

Training & Skills Development

Internal and External Talent Management

Priority to Health and Safety in the Work Environment

Open Communication & Dialogue on Important Issues

Assurance of Fair Employment and Equal Opportunities

management and service regarding issues and procedures for human resources).

The Chief Human Resources Officer, who is responsible for the overall management of HR issues, is a member of the Management Team of OTE Group.

Organizational Transformation and Effectiveness

In 2016, in continuing the process of functional integration between Fixed and Mobile units, particular emphasis was

placed on the alignment and harmonization of policies, procedures and systems. The organizational structure has already began since 2015.

All interest remains focused on satisfaction, growth and career development of the employees.

In 2016, the design of OTE and COSMOTE Job Families Model was initiated. The new model, which is flexible and functional, aims to map all jobs of the organization in groups ("Position Families") in

accordance with the way they contribute to key organizational procedures and the corresponding results, in collaboration and interaction with other work positions in the same or different Business Units. Specifically, during 2016, the design of Job Families, their matching to Business Units, and the identification of their roles in each Business Unit was carried out.

4.2 Employment

On December 31, 2016, OTE and COSMOTE **employees numbered 10,481**.
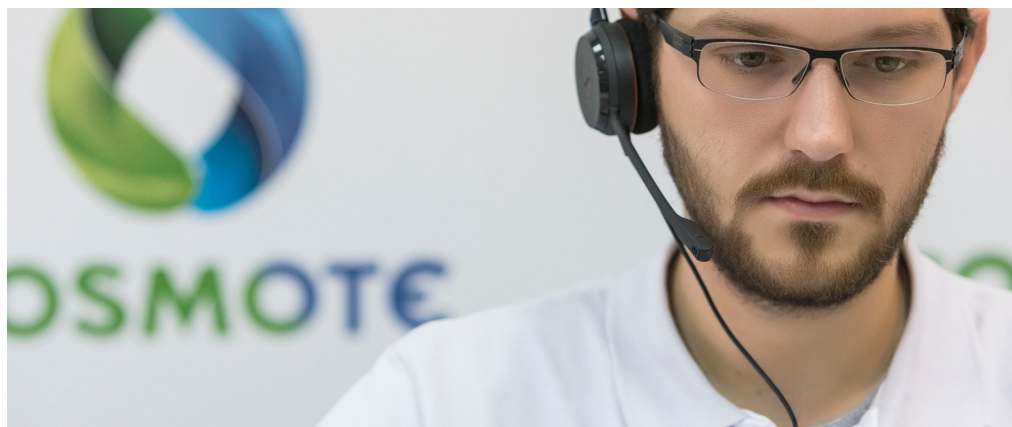
99% of OTE employees (8,405 employees) and all of COSMOTE employees employed on permanent contracts.

Women constitute 33% of the employees of both companies. OTE employs a large number of technical personnel (4,746 employees), the vast majority (91%) of whom are men. Of the non-technical personnel of the two companies, 53% are women.
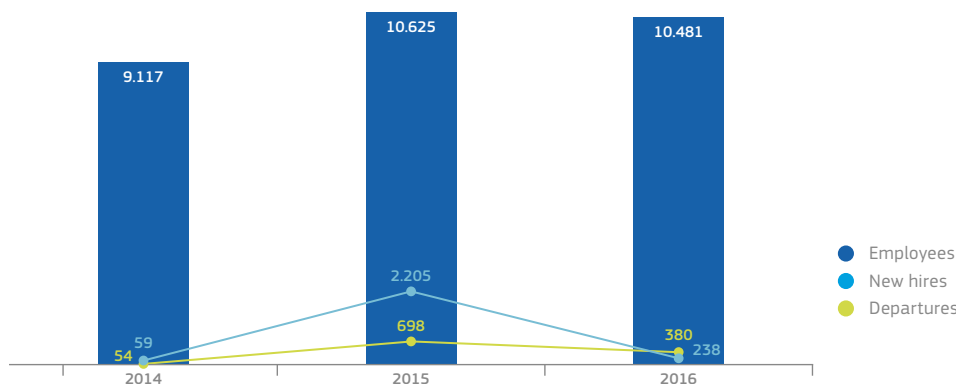
Having always as a priority to improve its employee experience, OTE Group renews and enhances the operation of the OTE Group Employees Service Center, «**MyHR**», which was launched in 2015. MyHR manages directly and simply, queries on issues and processes regarding human resources, while its services are constantly updated to provide prompt and quality service to all employees.

In 2016, in a difficult macroeconomic environment, a socially responsible program for the rationalization of human resources to increase competitiveness, reduce labor costs and improve operational efficiency through new hires was realized. 322 employees from OTE and COSMOTE accepted the incentives offered in the scope of the program and left the Group.

In addition to financial incentives, the companies provided to employees who left the Group personalized support throughout the process, group private insurance and preferential offers on products and services of the Group. The annual staff cost savings realized are estimated at more than € 16 million.

OTE-COSMOTE Employees

Employees
New hires
Departures

	2014	2015	2016
Employees	9.117	10.625	10.481
New hires	54	2.205	380
Departures	59	698	238

Departures

380
employees

88%
through voluntary exit schemes

66%
above 50 years old

Recruitments

238
employees

29%
below 30 years old

10,481
employed at OTE and COSMOTE

99%
with dependent employment on indeterminate term contracts

77%
between 30 and 50 years old

3%
with disabilities

62%
in Attica

45%
OTE technical staff

11%
in positions of responsibility

488
university and technical school students carried out their Intership at OTE Group in 2016

> 1,500
youth chose OTE Group for their Internship in the period 2014-2016

4.3 Fair Employment Policy Framework and Equal Opportunities

The **Group Fair Employment Policy** is based on respect of human rights, in accordance with the following:

- The regulatory framework in Greece and the EU
- The United Nations Global Compact
- The OTE Group Code of Conduct
- The OTE Group Policy on Employee Relations
- The OTE Group Social Charter

Companies' induction program for new employees «Welcome on board» includes a separate familiarization section on Compliance issues, on the Code of Ethics, Sustainable Development, as well as on internal policies of the Group.

Freedom of Association and Collective Labor Agreements

The three-year Collective Labor Agreement of OTE employees, signed in late 2014 and valid until 31.12.2017. Collective Labor Agreement for COSMOTE employees signed in March 2015 and valid until 31.12.2017. They both ensure jobs and regulate payroll issues, leaves, benefits, compensation and employees working hours issues.

In 2016, there were three strikes (lasting one day each) by OTE and COSMOTE employees, mainly due to proposed changes in the national social security policy.

99%
of OTE employees are covered by collective labor agreements

92%
of COSMOTE employees are covered by collective labor agreements

Combating Discrimination, Equal Opportunities and Diversity

The Code of Conduct is the framework guide for the behavior of all OTE Group employees. It connects Group's commitment to respect the laws and regulations, with specific commitments relating to ethical behavior which together with the five Guiding Principles, underpin the Group's success. Priority in formulation of all OTE and COSMOTE HR policies is meritocracy, transparency and non-discrimination, which govern all decisions and actions related to issues such as hiring, wages, employee growth and development, and contract maturity.

The promotion of diversity and the harmonious synthesis of different skills, talents and experience of employees, men and women, add extra value to the Group, thereby ensuring its developmental perspective, while respecting the society in which it operates.
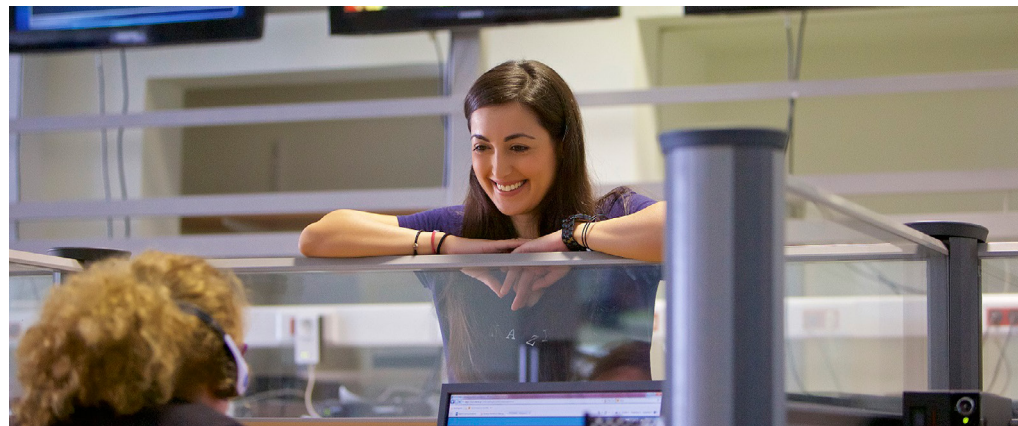
Progress of OTE and COSMOTE Women in Managerial Positions

Legend:
- Chief Officer
- Executive Directors
- Directors
- Deputy Directors
- Heads of Units
- Positions of responsibility (total)

Heads of Units: 32% (2014), 33% (2015), 34% (2016)
Positions of responsibility (total): 29% (2014), 30% (2015), 31% (2016)
Deputy Directors: 22% (2014), 24% (2015), 27% (2016)
Chief Officer: 19% (2014), 25% (2015), 25% (2016)
Directors: 20% (2014), 20% (2015), 20% (2016)
Executive Directors: 20% (2014), 24% (2015), 18% (2016)

2014 2015 2016
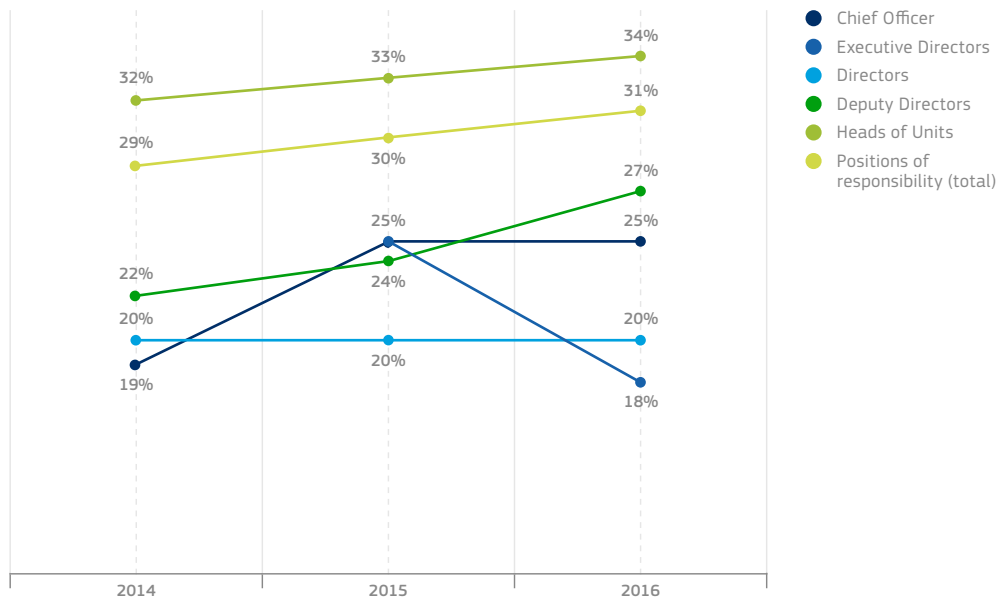
31%

is the percentage of women in positions of responsibility in OTE and COSMOTE (of a total of 1118 positions)

27%

is the percentage of women in the Management Team in OTE and COSMOTE (out of a total of 11 positions)

Non-discriminatory Compensation

In OTE and COSMOTE no distinction or differentiation on grounds of sex with regard to pay is practiced. The remuneration ratio between men and women gains is 1-to-1.

In OTE, in accordance with the applicable collective labor agreement, the wages of serving employees are determined by their level of education and years of employment. In COSMOTE, the wages of employees are determined by the level of position they hold, while, the minimum (basic) wage is adjusted according to the wage category the employee belongs to, as determined within the current Collective Labour Agreement.

The minimum (basic) salary for secondary education graduates is set by the applicable collective labor agreements, to € 755, which is 29% higher than the national minimum wage in Greece

Parental Leave for Childcare and Family Protection

The companies provide pregnancy leave, maternity and parental leave to care for children above the minimum required by law. Specifically, for 80% of employees, are

affored a total of 150 days for pregnancy leave – birth.

Parental leave, which is considered and paid as working time, is provided to working mothers or fathers immediately after the end of maternity leave.

For the first time in 2016, after the enactment of a relevant law, use of child care leave was extended to OTE and COSMOTE male employees who are fathers, under the same conditions, regardless of the type of activity performed by their spouse (eg self-employed), even if their spouse was unemployed.

Moreover, in 2016, an increase to 12 days of the parental leave days to monitor the performance of children was granted also to COSMOTE employees who have children with a disability of 67% or more.

299 women and

173 men

employed in OTE and COSMOTE made use of parental leave for childcare

22 women

employed in COSMOTE made use of parental leave without pay

5 employees

made use of parental leave for child upbringing at 1/3 pay

4.4 Health and Safety

Why it matters…

Health, safety, and quality of life of the OTE Group employees is a prerequisite for the sustainable development of the Group. Management and employees work systematically to ensure a safe and healthy work environment.

The Health and Safety issues are considered vital for the successful and sustainable future of the Group and have a direct impact on issues such as employee satisfaction, well-being, quality of work and corporate culture. Therefore, the OTE Group companies act proactively in this direction, considering the relevant provisions of Greek law and the respective management systems standards as minimum requirements.

In 2016, emphasis was placed on harmonizing health and safety approaches, through the commitment and active support of the Administration to implement the legislative and regulatory provisions of the country and the EU. Emphasis was also placed on the development of values in shaping Health and Safety prevention culture and of partnerships with external entities, suppliers and unions and Health and Safety committees. In this context, approaches were formulated with emphasis on a single regulatory framework with common procedures, work instructions and forms, as well as on digitization.

In 2016, the **Medical tool software** was developed. It is an application that allows

electronic management and monitoring of the work program of doctors to better protect the health of employees. The management of medical records of employees by occupational health physicians will now be done digitally.

Issues of Health and Safety at work are evaluated by employees, through the Employee Satisfaction Survey, in areas such as mental / physical well-being and work / life balance, and are the basis for improvement actions within the Group.

Health and Safety Policy

The OTE Group Health and Safety Policy aims to support the operational units of the Group and concerns actions related to:

- Simplification, alignment, and digitization of internal processes
- Compliance with legal and regulatory requirements
- Prevention and assessment of occupational hazards
- Expansion of the international Health Management and Safety standard (OHSAS 18001)
- Consultation between management and employees
- The management of accidents and incidents
- The systematic training and awareness of employees in Health and Safety at work with personal involvement and responsibility
- The audits / inspections for compliance with safety measures at the workplace
- Providing first aid, implementing medical screening and mental health support services
- Organizing Emergency Incident Response

groups with regular evacuation exercises
- Supervising employees' dining areas
- The Employee Blood Donation

Health and Safety Performance

In 2016, the Safety and Health Department received four distinctions regarding the development and implementation of good practices at work, as well as the promotion and prevention of health and safety of employees.

The Health supervision and Safety inspections of employees continued at the same level as in previous years.

Additionally, consultations were conducted by a group of 5 psychologists.

The number of accidents declined compared with the previous year.

13,431
hours of technical inspections

10,203
hours of occupation health inspections

2,057
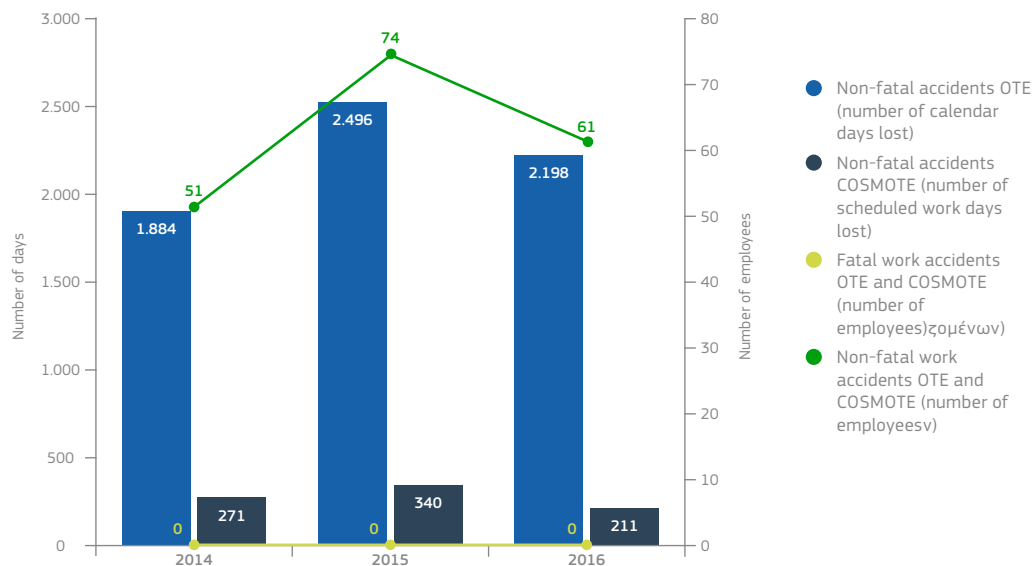hours of psychological support consulting services

61
employee injuries

0
employee fatalities

Evolution of Health and Safety Performance at OTE and COSMOTE

- Non-fatal accidents OTE (number of calendar days lost)
- Non-fatal accidents COSMOTE (number of scheduled work days lost)
- Fatal work accidents OTE and COSMOTE (number of employees)ζομένων)
- Non-fatal work accidents OTE and COSMOTE (number of employeesv)

Training and Awareness

During 2016, particular emphasis was placed on Health and Safety issues related to prevention and training of employees. Regularly offered and new training programs were implemented.

The development of the annual training plan on health and safety issues was based on the general evaluation of the activity of the previous year. Indicatively, results of monitoring / inspections performed by the occupational health physicians and technical safety personnel, accidents, and success of training programs were taken into account.

All employees receive information and training to ensure implementation of Health and Safety standards at work. In this context, a basic training program is offered immediately after recruitment, and additional training is provided when significant changes occur to employees' tasks.

The training covers the potential risks and the preventive measures that need to be taken. In addition, employees who work in difficult conditions, such as those employed in outdoor field work and climbers participate annually in training programs on the risks they face, the preventive measures to be taken and the checkpoints to be used.

0.35

hours of training in health and safety provided per OTE employee

0.97

hours of training in health and safety provided per COSMOTE employee

Programs on Health Issues

- First Aid training programs
- Audiometry examinations in 7 buildings
- «Live Better» Program, in 9 buildings of the Group involving approximately 2,000 employees –in and outside Attica, in the context of the European Week for Safety and Health at Work. Employees had the opportunity to carry out medical measurements and received instructions and useful health promotion information from specialized collaborating scientists. They contacted and received helpful advice from psychologists on topics such as stress management and quality sleep.

54 Articles on the Companies' Intranets

- on celebrating World or European days / weeks
- on the protection from and treatment of seasonal virus diseases / chronic diseases (e.g., preventing heat stress, seasonal influenza virus, Zika virus, HIV, etc.)
- on the protection from and treatment of seasonal hazards (eg instructions for ice and snow)
- on balancing life / health and work (e.g. nutrition and health, etc.)

Seminars and Briefings on Safety Issues

- Working above ground / pillar approach in adverse weather conditions
- Risks and work hazards in the workplace
- Work safely in the field / use of personal protective equipment (PPE)
- Protection against electrical hazards / Physical – Chemical - Biological agents
- Fire safety (use of fire extinguishers)

Awards

EFQM Excellence Awards 2016:

- EFQM Committed to Excellence Certificate – Committed to Excellence: 2 stars

Health & Safety Awards 2016:

- **Gold Award OTE**: «Safe and healthy workplaces for employees with chronic diseases»
- **Gold Award OTE**: «Dissemination program of psychological services in the OTE Group facilities in the provinces»

HR Awards 2016:

- **Silver Award OTE**: «Mountain trekking to approach mobile telephony pillars in adverse weather conditions for climbers and other technical staff» in the category Best Team Building

G4-DMA Υγεία και Ασφάλεια στην Εργασία

4.5 Employee Selection, Attracting and Retaining Talented Employees

OTE Group's approach to human resource development is based on the Guiding Principal "Best place to perform and grow".

The evaluation and performance management, the selection of suitable candidates for appropriate positions, and the recruitment, retention and talent management program form the OTE Group's profile as a modern and attractive employer.

Performance Management

The performance evaluation is a fundamental tool to identify the work output and contribution of employees and executives. The annual assessment applies to all hierarchical levels. It is a reliable guide for employee development and evolution. The OTE and COSMOTE evaluation system reflects the high-performance culture that companies cultivate.

The evaluation system emphasizes to enhancement of **excellence in customer experience** and, in line with the **Guiding Principles**, the **Leadership Principles** and the **OTE Group Code of Conduct**. It includes measurable targets, competencies and performance criteria. Revisions are performed when needed, to reflect developments in the telecommunications sector and the corresponding required expertise.

100%
of the OTE and COSMOTE employees were evaluated as to their performance

Adhering to the corporate responsibility principles, such as treatment of employees with respect and integrity, is taken into account in the annual performance evaluation process.

New employees with management responsibility undergo specific training on evaluating their teams and creating individual development plans.

Top Management Performance Evaluation

In 2016, for the third year, the **«Performance Dialogue»**, a multidimensional, holistic and transparent evaluation system for executives of OTE Group companies was applied. The system includes evaluation by superiors, self-assessment and feedback from colleagues and their team members. The results of the process are used in appropriate actions on matters of compensation, succession, and development.

Employee Selection

The aim of OTE Group is to select appropriate recruits for each specific position. Selection is based on transparent and merit based criteria. The Group aims to be the employer of first choice and to offer all candidates a positive experience, regardless of the outcome.

In 2016, there were 59 calls of interest to staff 171 internal posts to which a

total of 2,330 employees submitted CVs leading to 431 interviews. The recruitment process involves internal announcement / advertisement, interview and final selection enhanced by the application, in collaboration with an external consultant if needed, for specific evaluation / development tests.

In 2016 there were 25 calls of interest to recruit new staff, which garnered 8,679 responses, resulting in 548 interviews. The new staff recruitment process involves interviews and corresponding assessment activities with input from external consultants where necessary.

As a member of the Deutsche Telekom Group, OTE Group also offers additional international career opportunities.

Talents Attraction Program

In 2015, the demanding talent selection process of the first **«COSMOTE Graduate Trainee Program»** was completed. After an exciting "journey" lasting 19 months and exposure to the Group's main operational activities, 10 candidates of the «COSMOTE Graduate Trainee Program" program who stood out, were selected to proceed. Equipped with the knowledge and experience gained from projects undertaken, the 10 selected Graduate Trainees will begin in 2017, their career in the OTE Group by taking positions consistent with their qualifications, their personal preferences, and also the company's needs

At the same time, the first internal talent management program for existing

employees in OTE Group **"you.grow Internal Talent Program"** is in progress. The 9 candidates who stood out and came from different business operations, have the opportunity to further develop their skills and abilities through a tailored on-the-job personal development path. The first phase of integration in frontline operations has been completed and the employees chosen are already involved in major projects of key importance to the Group. The program won the gold award in the category "Best Talent Management Strategy & Initiative" of HR Awards 2016 organized by the "HR Professional" magazine and Boussias Communications.

4th position
as most desirable employer in the poll "Career and Generation" of the Athens University of Economics and Business in collaboration with kariera.gr

Participation in **9** career orientation and development events

4.6 Employee Training and Skills Development

OTE Group aims to excel as a work environment where everybody is able to perform at their full capacity and to develop professionally.

In accordance with the needs of the Group and the prospects created by the technology, programs to upgrade existing **(Upskilling)**, and learn new **(Reskilling)** skills of its employees are being designed and implemented. Moreover, leadership skills development tools are provided to executives with team management responsibility for their use.

6,421

OTE and COSMOTE employees were trained

10,204

participations in training programs

82%

of the participants in non managerial positions

17.03

training hours per OTE employee

12.84

training hours per COSMOTE employee

1,127

OTE and COSMOTE employees were certified in

33

classes of certification by equipment providers such as Cisco, Alcatel, HP, PMI, CISA, HUAWEI etc

> 3,500

OTE Group employees who work at retail network and customer care service centers attended

190,094

hours of training via e-learning

386

employees from different units participated via e-learning in training on topics related to supplies

2016 Representative Training Programs

▸ **ACT2 – Advanced Certification in Telecommunications Technologies** is a continuing education and skills development program in Telecommunications Technologies addressed to field technicians and telecommunications engineers. In 2016, 2,034 employees attended the program.

▸ **ACT2 for Non Techs** Its aim is to familiarize employees with the fixed and mobile network in a simulation environment. In 2016, 451 employees enrolled. Given the very high interest, this training program continues with great success.

▸ **BC2X – Branded Customer Experience Excellence Program** This program, realized for the 3rd consecutive year, aims to cultivate and strengthen the culture for enhancing customer experience. . In 2016, about 4,000 employees of OTE (OTE and OTE Estate) attended the second training day of the program.

▸ **Experience the Customer Experience** This is a new experiential customer experience program in frontline operations (retail network, call centers, field). Its purpose is to enable employees to better understand customer needs so as to continuously improve the Group's services. In 2016, the first phase was successfully completed, with the participation of all Chief Officers, Executives Directors, Directors and deputy Directors. 354 visits to 71 points of contact with the customers were realized, in 9 cities all over Greece. The program won the Bronze Award in the category "Best Change Management Strategy / Initiative" of HR Awards 2016.

▸ **S.TE.P – School for Technical Projects** It was designed and launched in 2016 to support technicians who monitor the implementation of OTE infrastructure for development. It includes meetings, live labs and on-the-job training. It is expected to be attended by more than 200 employees from the Technology Business Unit.

▸ **Simplicity** The program was designed to address the complexity of our daily operation. In order to put in practice the principle "my priority is the customer's enthusiasm, make things simple in my everyday life", 50 employees from different units participated in the pilot training phase that was implemented in 2016. The program combines theory and practice and is expected to continue in 2017.

▸ **Internal Audit Development Program** This is the first comprehensive program designed for executives of the Internal Audit OTE Group Business Unit. Through 7 different thematic units, participants enriched their knowledge, strengthened the practical tools they need to further their professional development and were informed about the latest trends and developments in their field.

▸ **Leadership Programs YouLead / Exelixis** In 2016, the leadership programs for empowering young executives with team management responsibility continued. Simultaneously, new leadership capacity development programs for experienced frontline executives were implemented.

The Group's leadership programs are based on the corporate values of the Group and are characterized by a dynamic, experiential and participatory learning process, focusing on the personality of each leader and the exchange of experiences.

G4-LA9, G4-LA10

About this Report | OTE Group | Sustainability | Responsible Business | Responsible Employment and Development | Digital Society | Better World for All | Sustainable Environment for All

4.7 Employee Communication, Engagement and Satisfaction

Information, participation, teamwork, collaboration, commitment, and overall employee satisfaction, shape the Group's own culture.

Employee Engagement

The aim of the OTE Group companies is to be staffed with dedicated employees and to attract the best candidates. For this purpose:

- **employees are systematically informed** on strategic, technological, and commercial issues, through the use of the available means of internal communication and of regular meetings of the units.
- **programs, workshops, and focus groups** are planned and implemented in an **experiential and interactive** way
- the entire Management Team meet **annually (Management Team Meeting) to** disseminate the corporate strategy and corporate objectives
- actions are being implemented to enable adherence to **corporate behavior and leadership principles** in the daily functioning of companies.
- regular **employee surveys** are carried out to assess the degree of job satisfaction and to be used as diagnostic tools to maintain the strengths and identify areas for improvement actions.

Representative Programs for Employee Commitment and Change Management

- "**Syntonizomaste**" – "**To be tuned**"
Experiential workshop for the diffusion of strategy, corporate objectives, and support of changes. Employees collaborate in groups and discuss creative issues on strategy and effective collaboration in their units. In 2016, more than 500 employees of OTE and COSMOTE participated in the program.

- "**Welcome on board**" for newly hired employees
In 2016, the welcome program for new OTE Group employees continued with a new design and a five- day duration. It is an experiential training for familiarization with technology and customer experience (ACT2 for non-Techs, VC2X) and visits to frontline operations (retail network, call centers, field). This gives the opportunity to new employees to understand specific corporate functions and the daily routines of their colleagues.

- **COSMOPlay**
Designed and first implemented in 2016, for the COSMOTE retail network employees to bolster team spirit and collaboration. It has competitive character and includes digital games and activities with an emphasis on teamwork.

Internal Communication

OTE Group aims to maintain transparent and interactive communication with employees, utilizing a range of media. The aim is to promote knowledge, teamwork, participation, and two-way communication. The companies use digital means, such as the Intranet, the e-Newsletter, e-mail messages, while implementing communicational campaigns and programs, promotional activities, brochures and posters, personal updates.

In 2016, **"mynet" created the first unified Intranet Site** for OTE, COSMOTE and Germanos employees. The aim of "mynet" is **the optimization of the digital experience of employees** and further strengthening of collaboration, communication, and participation. With its launch, more than **5,000 employees visit on a daily basis the unified corporate intranet (more than 90% of employees on a monthly basis).**

Since February 2016, **more than 5,700 employees in the Technology Team, have a dedicated online collaboration space available** (Collaboration Workspace- the Technology Portal), through which they can exchange news and expertise. In 2017, this tool will be gradually available to other groups within companies

In 2016 **24 Newsletters** were sent concerning more than 250 (+ 8% relative to 2015) subjects, boosting information diffusion. Also **16 campaigns and other support activities** for the Group's employees were implemented, **and conferences were organized for employees of the OTE Group, as well as of Deutsche Telecom Group:**

- with information / business / culture items – indicative areas: Group Security Conference (150 people), PAN IP event (200 people), T3 event (250 people), Management Team Meeting (1,300 people)
- on human resource issues for specific organizational units
- on the operational planning for the 48/24 Program for the Technology team

Indicative Internal Communications Campaigns & Employee Engagement Program

- Updates on and encouragement for participation in employee satisfaction surveys

- Information and awareness on Compliance issues. Over 3,000 employees were informed through the electronic educational game

- Information on the new intranet "mynet" and mobilization to learn / make use of it

- Mobilization to participate in the Voluntary Blood Donation Program

- Motivation of employees to «run for a good cause» in the Authentic Marathon of Athens

- Highlighting of the recycling program expansion into 9 more buildings

- Motivation of employees to contribute to the research on dementia by playing the game «Sea Hero Quest ''

- Motivation to purchase «gifts with love signature» from the Group's charity bazaars

- Update to the new employees service system for human resources issues

- Customer Care Program «your experience» for the Group's employees in call centers

- Cosmoplay Program for all the employees at Retail Network in Greece

Employee Satisfaction

The OTE Group employee satisfaction surveys have been established as part of its workplace culture. Recognizing the benefits of the research, the "**Pulse" Survey is conducted two times a year** and the **Employee Satisfaction Survey every two years**. These surveys are reliable diagnostic tools to identify possible improvement actions and changes, and to design action plans. The survey results are announced on corporate intranets and discussed extensively in meetings held at the level of organizational units across Greece, enhancing dialogue and feedback.

Participation in both **2016 Pulse Surveys reached 78%**, providing representative results.

In order for the companies to delve deeper in the results of these surveys and to upgrade them with quality findings, they designed and implemented the **"Focus Groups"** program. Grouped in three thematic units that focus on Recognition - Training and Development, Strategy – Changes, and Satisfaction - Collaboration, its results were openly discussed by the participants. Seven focus groups, in two cities were held with the participation of employees from different Business Units (cross-functional) and generated more than 1,000 comments and observations. The findings in their entirety, are to be evaluated in order to design targeted improvement actions per unit.

The feedback culture that is cultivated in the companies is also demonstrated by the employees' participation in other surveys, in 2015, such as the **Survey Data Protection survey and the Compliance Survey**.

Digital Society

5.1 Approach

OTE Group contributes into building a digital society, with respect for the consumer and the principles of free competition. The Group connects people to a world of unlimited digital capabilities, with the aim to improve their lives.

It invests into the research of **new technological solutions,** by participating in research projects on its own and in collaboration with other organizations. At the same time, leveraging the research results, it advances the **development of innovative products and services** that enable customers not only to meet their needs, but also contributes to sustainable development, in order to create environmental and social benefits.

The **communication of these products and services,** as well as the ones that are provided to its customers, is carried out in a **responsible way**. It specifically implements responsible marketing and advertising practices, as well as the pricing of products and services with full transparency. In addition, it ensures that the products offered are safe and with the appropriate labeling and information, in order to provide customers with product lifetime safety.

The ultimate goal and commitment continues to be the outstanding customer service and experience.
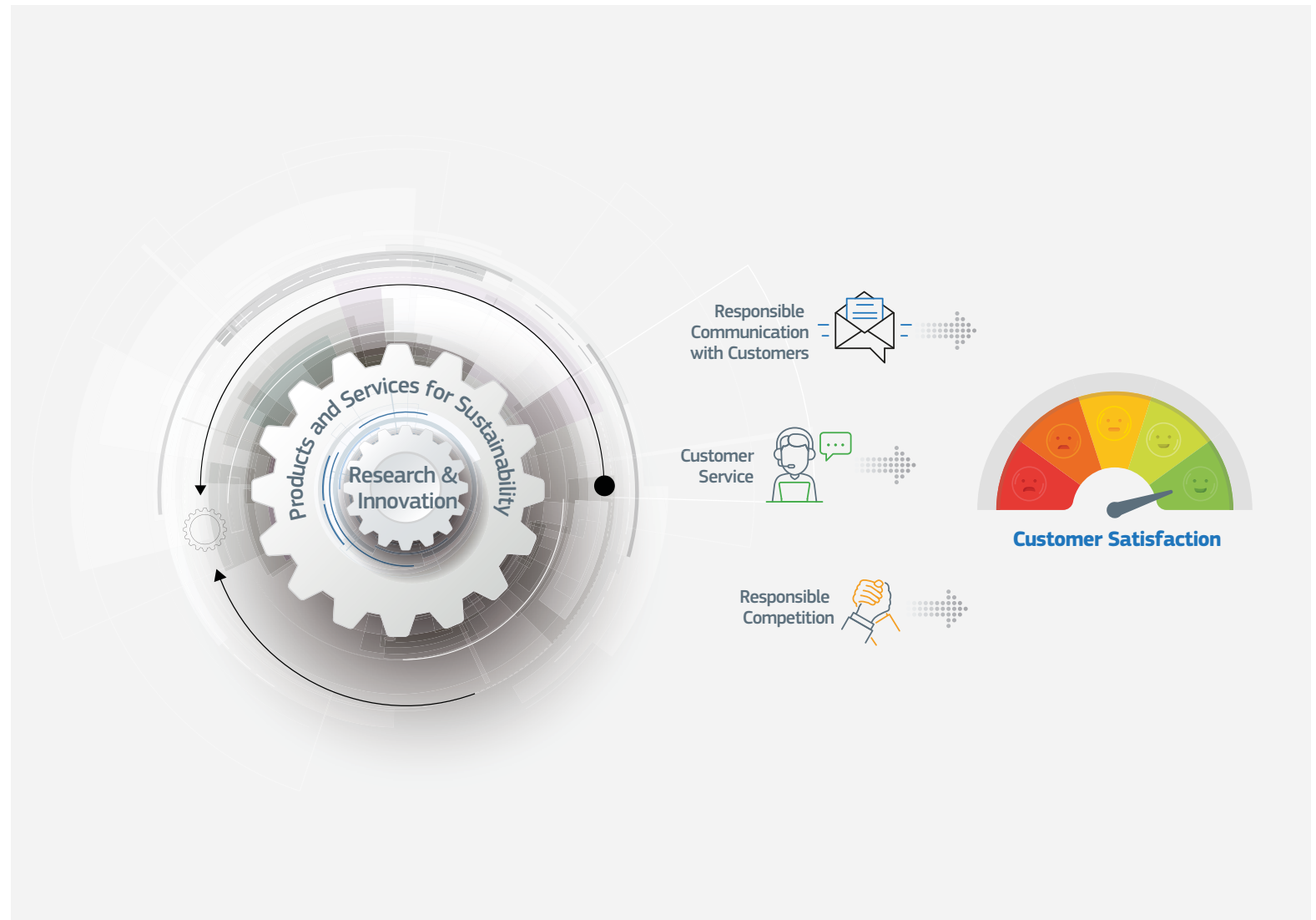
5.2 Products and Services for Sustainability

OTE Group offers integrated and innovative technology solutions to enhance business and its sustainable development.

Through products and services, customers appreciate the benefits of using broadband services to improve their operation, environmental performance and prosperity.

Specifically, in 2016, **COSMOTE's business IT solutions** were enriched to meet business IT needs and to increase their competitiveness in a sustainable way.

Business Cloud

+52%*
annual revenues

Cloud services for businesses, in order to improve their operations & flexibility, and to reduce their operating costs.

▸ **COSMOTE** **Business Cloud Servers**

▸ **COSMOTE Business Cloud** **Storage** **and** **Email**

▸ **Specialized cloud applications:** Soft1 SmartWorks, Soft1 SmartPros, Soft1 SmartBiz, Megaventory, Payslip, Tipoukeitos, My Health Angels

▸ **COSMOTE** **Video Conference**

▸ **Office 365** NEW

Smart Cities NEW

New "smart cities" solutions were launched in 2016. They include services such as Smart Parking, Smart Street Lighting, Smart Waste Management, Air Quality Monitoring.

Chalkida is the first Municipality in Greece, where "smart" parking and "smart" lighting systems have been installed to facilitate the process of finding parking spaces, decongest traffic and reduce energy consumption in the city.

e-Health

Solutions specifically designed for the health sector and implementation of large and complex IT Integration projects, with the aim to optimize operation of health care units, reduce their operating costs, improve the level of services provided to hospital patients and provide medical assistance from a distance.

▸ The **Papageorgiou Hospital in Thessaloniki** was transformed into a "smart" digital hospital.

▸ The «**e-Prescription**» project.

▸ The "**National Telemedicine Network**" project, which includes 43 telemedicine units, that link health centers in Aegean islands with central hospitals in Athens and other regions.

▸ The interconnection of 31 hospitals **with the National Research and Development Network.**

* Concerns COSMOTE Business Cloud Servers revenues, in relation to 2015

Fleet Management

Fleet tracking and management, to ensure "green" and safe driving, but also to reduce operating costs, through the use of machine-to-machine communication.

▸ **Driving Performance**

▸ **COSMOTE e-Track**

e-Tourism

Services aimed to upgrade the operation of tourist enterprises. They are used in hotel energy management, infrastructure management and maintenance of information systems and digital signage, as value added services to guests, teleconferencing services, etc.

▸ **Tourismart** NEW

Benefit to environment   Benefit to society

Smart grids

Grids which utilize machine to machine (M2M) communications to collect and process information (e.g. energy behavior of suppliers-consumers) in an automated way. Their aim is to improve energy and economic efficiency, reliability and sustainable production and distribution of electricity.

▶ Installation and activation of a total of 87,900 M2M connections for the Hellenic Electricity Distribution Network Operator (HEDNO).

e- Services to the Fire Service

By installing advanced information systems in the Fire Service Operations Center, there can be achieved better coordination of fire command centers, better management of incidents and resources, as well as timely and ongoing information of citizens in emergencies. This is a project that is expected to make a significant contribution to preventing and extinguishing fires.

Information regarding social products and service can be found at Better World for All.

* Concerns the turnover of Information Security, in relation to 2015

e-Energy

Solutions for better energy management consumption by businesses, so as to reduce their operating costs and build a "environmentally responsible" profile.

▶ Energy Management

Information Security

>+60%*
annual turnover

Services for the increasing needs of businesses' security while they are using the Internet.

▶ COSMOTE Business e-Secure NEW
▶ Mobile Device Management NEW

Development of electronic applications

Development of digital functionalities & applications (such as e-bill, e-payment, My COSMOTE App & Web, online submission of telecommunication providers requests, the "Your business.gr" and "Check for technical issue" services which contribute to better resource management and the reduction of paper consumption.

Benefit to environment   Benefit to society

G4-EC8

5.3 Research and Innovation

To consolidate its technological superiority, OTE Group systematically promotes research and innovation, with multiple benefits for society, customers and employees.

The Group actively participates in research projects, finances internal activities (such as developing tools / applications / products and test infrastructures), evaluates new technologies and equipment, collaborates with educational institutions, etc.

2009-2016

▸ Participation in **45** research programs

▸ Cooperation with **> 700** partners / organizations such as enterprises, university and research centers in Greece and other European countries

Based on research and innovation projects approved by the end of 2016, OTE Group will receive a total of € 4.5 million external funding for the period 2015-2017.

2016

▸ Participation in **23** research projects in total (Co) funded by the European Commission, regarding programs/initiatives, like the FP7 (7th Framework Program for Research and Technological Development Programme), Horizon 2020 Research Programme, 5G-PPP (5G Infrastructure Public Private Partnership)

▸ **20** research projects aim at Sustainable Development with benefits to society and the environment

▸ About **€ 800,000** self-financing of research projects

Research Projects

EMERALD, VIMSEN, SmarterEMC2, INPUT, E3NETWORK, SPIRIT, 5G-XHaul, CHARISMA, SESAME, COHERENT, VITAL, SANSA, CLOUDPERFECT

TEAM, i_HeERO, i-PROGNOSIS, CREDENTIAL, Privacy-Flag, FLEX, BigO

Subject matter – Projects Targets

▸ Protection of the environment with continuous reduction of energy consumption.

▸ Innovative applications with benefits to society (e.g. transportation – public transport, public safety, privacy protection, health – health care, nutrition, technology etc.)

Indicative Projects in 2016 with Notable Results or Innovative Targets

▸ **EMERALD**: The project **aims to improve the energy efficiency of Fully Electric Vehicles**. In 90% of cases, a significant reduction was made in energy consumption by 13% compared to minimum distance routes, and a 15% reduction compared to the routes proposed by commercial navigators (e.g. HERE Drive + Navigator). At the same time, the energy consumption prediction algorithm is almost twice as accurate as those based on distance calculation.

▸ **VIMSEN**: The project's aim is **to create a "commune" of small green RES producers** (e.g. households, farmers, municipalities) to participate in the energy market in better economic terms. More than 20 gateways were developed and installed in 2 pilot locations (Athens / Greece and Sentini / Italy) for piloting energy management and recommendations algorithms on energy consumption and production.

▸ **TEAM**: Upon its completion, 11 innovative applications, for passengers, drivers and road infrastructure managers, have been delivered in order to **improve both safety and efficiency of transport and travelers' experience.**

▸ **i-PROGNOSIS**: It aims at **diagnosing the symptoms of Parkinson's disease** at the earliest possible stages and improving the quality of patients' life, through interventions based on the use of technology. In 2016, the activities focused on information and public awareness (through web-survey, press releases, mass SMSs), as well as on the development of a mobile phone application aimed at early detection of the symptoms of the disease.

▸ **E3NETWORK** and **SPIRIT**: Their results have led to **the fabrication of energy efficient transceivers for current and future networks**. These transceivers improve network's capacity and flexibility, while also achieving a better environmentally friendly network design.

▸ **FLEX**: The project has developed a truly open and **functional experimental 4G infrastructure** that enables research community to experiment from a distance, on new services / applications and alternative algorithms and architectural networks. In 2016, OTE Group developed 3 applications / tools on user's mobility and network performance.

▸ **5G-XHaul**, **CHARISMA**, **SESAME** και **COHERENT**: Four (4) 5G-PPP projects related to **the design and development of 5th generation (5G) new technologies, infrastructures and services.** These projects, among other targets, aim at implementing more energy-efficient networks (up to 90% energy savings). In the projects, modern high-quality Internet of Things related services (e-health and wellness monitoring, smart cities applications, etc.) will be developed and demonstrated through the implementation of future technologies and mechanisms, e.g. self-x management and control, infrastructure sharing, small cells, SDN / NFV, sub-6 GHz, mm-wave, flexible spectrum management, dynamic allocation / sharing of network resources.

5.4 Responsible Competition

Why it matters...

OTE Group, with respect to the consumer, promotes a truly responsible competition. It also recognizes its role, complies with the laws of free competition and applies transparent business practices.

Competition and Regulation

OTE Group is firmly committed to **comply with national and European telecoms and television regulations** in Greece and the countries where its subsidiaries operate. It is committed to cooperate with government agencies, enterprises and other stakeholders, in order to ensure a regulatory framework that strengthens healthy competition and at the same time contributes to the overall social well-being.

OTE, since 2011 and COSMOTE since 2006 have developed relevant internal policies, in order to inform employees about the importance of compliance with competition rules and to systematize the relevant codes of conduct. The OTE Group Policy to comply with the legal basis of free competition, which came into force in 2013, sets out the operating framework for OTE Group companies and employees, according to the free competition legislation.

Regulatory Framework

The provision of electronic communications networks and services in Greece is governed by both the European Union and national competition law as well as by specific regulations for the electronic communications sector.

In 2016, following an auction on September 22nd , OTE continued being a universal service provider related to the provision of telephone directory information, subscriber lists and public payphones, for the next 5 years.

Also, in December 29th of 2016, with the publication of the Hellenic Telecommunications & Post Commission's (HTPC) decisions on wholesale local access markets at a fixed location (market 3a/ 2014) and wholesale central access to a fixed location for bulk products (market 3b/2014), OTE continues to have a significant power in the market and is subject to regulatory obligations.

In addition, within the framework of the HTPC 's decision on the market (market 3a/2014), HTPC introduces provisions, which allow VDSL Vectoring access to the network for the entire telecommunication market. The introduction of VDSL Vectoring technology will enable OTE to proceed with the implementation of investments in order to upgrade the service speed, to 100 Mbps.

In conclusion, according to a relevant decision of the HTPC, OTE is no longer under regulation in the retail market for access to the fixed telephone network on a fixed location via PSTN, ISDN BRA, managed VoIP and ISDN PRA (market 1/2007). However, despite the deregulation of this market, OTE's obligations regarding the oversight by HTPC of its retail prices through these wholesale access markets, are maintained. OTE believes that the development of competitive conditions in retail markets, should be accompanied by a substantial abolition of retail price control obligations, in order not to affect its business policy and to distort competition in the retail markets.

Contribution, Formulation and Operation of a Responsible Market

Given that the new telecommunication technologies are critical to future economic growth, social support and sustainability, the OTE Group plays an important role in sectorial and multi-stakeholder forums, associations and initiatives, both nationally and on a European level, in order to promote responsible competition, self-regulation and cooperation on social issues.

The Group's objective is the creation of a fair regulatory environment with equal rules of competition and regulatory predictability for investments, as well as the creation of a positive climate and the development of trusting relationships. The Group's positions on electronic communications on a national and European level, as well as its commercial, financial and regulatory strategy, are communicated and put out for consultation with the relevant stakeholders.

The Chief Legal and Regulatory Affairs Officer of OTE Group is responsible for shaping the strategy of issues, related to ensuring a fair regulatory environment.

The most important relevant participations of OTE and COSMOTE in 2016 are:

- ETNO
- ITU
- ICT Alliance for Safer Use of Connected Devices and Internet Services by Children and Young People in the EU.
- European Memorandum on the safe use of mobile phones by children and adolescents
- National Code of Conduct for Mobile Phones and User Protection
- Association of Mobile Telephony Companies

Regulatory Litigations 2016

At the beginning of 2016, one hearing was held against OTE before the HTPC, regarding a discount offer by COSMOTE.

The HTPC, imposed 2 financial penalties to OTE, worth €171,000 and €80,000 respectively, for the violation of provisions of the regulatory framework, for unbundled access to the local loop and for the misuse of its dominant position in the relevant market, in both cases. OTE appealed to the competent court for the annulment of these fines.

The General Secretariat for consumers imposed a fine of €5,000, for the violation of Law 3758/2009 for the Debt Information Agencies and OTE appealed to the competent court for the annulment of it.

Appeals in 2016		
Actions	OTE	COSMOTE
Number of fines	3	0
Number of appeals	3	0
Number of non-pecuniary penalties	0	0
Cost of fines (€)	256,000	0

Information about the evolution of previous important cases is included in the Annual Financial Report 2016.

5.5 Responsible Communication with Customers

OTE Group communicates with its customers with responsibility and sincerity.

Responsible Marketing

OTE and COSMOTE conform fully to the applicable laws and regulations regarding communication and advertising. The Marketing Communications Strategy, Fixed and Mobile, reviews all promotional material prior to its release to ensure that the contact material complies with applicable laws and is appropriate, fair, sincere and respects diversity. The companies follow the Committee of Communication Control's (CCC) Code of Responsible Marketing .

The two companies implement the Greek Code of Conduct for advertising and communication, in line with the guidelines from the CCC. With regard to non-compliance cases with these instructions, in 2016, the CCC issued a total of 11 decisions, at first and appellate level, of which 1 case involving OTE and 10 COSMOTE. In 1 case for OTE and 2 for COSMOTE, there were no irregularities, while in 8 cases for COSMOTE some modifications to advertising messages, were required.

It should be noted that in 2016 the Hellenic Data Protection Authority issued recommendations to the two companies, in order to modify / improve procedures for:

- telephone promotion of products and services through telephone calls, and
- declaration of inclusion of their subscribers in the register of Article 11 of Law 3471/06.

In 2016, the General Secretariat for Consumers imposed no fines on OTE and COSMOTE regarding communication, marketing and advertising issues.

Transparency in Pricing

OTE and COSMOTE are committed to clear, simple and transparent communication of pricing issues, in accordance with the current regulatory framework, as well as to provide a high level of service to their customers. OTE's product pricing and / or services are regulated by HTPC and promote effective competition for the benefit of consumers.

The transparency of pricing policies includes the disclosure of billing information within the set deadlines as defined by the regulatory framework. Pricing information is available on the websites of both companies and is also available through both the customer service centers and the brochures of the two companies.
Customers are also informed about billing details and any changes through their accounts, and the various solutions provided for cost control (see the "Cost Control Services" table), as a response to increased customer needs for thrift in view of the current economic conditions.

Table of "Cost Control" Services

Account handling

- **My COSMOTE** and **My COSMOTE App:** Registered users are able to be informed free of charge, for fixed and mobile bills and also check their usage statistics, so they can choose the most appropriate service package for them.
- **Account issuance / expiration SMS:** Customers receive a written message informing them about the date of issue and expiry of their bills (with the goal of a better payments programming) as well as reminders in the case where the payment deadline has passed**.**
- **Detailed bills:** They include billing information and any other information regarding price changes

Cost control services

- **COSMOTE My Internet:** mobile subscribers have a real cost control of their MBs and the security that they will not be charged a euro more than what they should without choosing it.
- **Automatic Update Service at 80%:** Automatically sends SMS when 80% of free usage has been exceeded (free talk time, text messages, volume of data).
- **"Balance Check" service:** Free SMS message, when requested by the customer, for use of SMS, MMS and MB free of charge.
- **Packages of additional usage**: Packages for extra minutes, messages and MBs whenever the subscriber needs it.
- **Real time check for prepaid subscribers'** balance, through the call number 1314**.**

Prevention of high charges

- **Selective barring of outgoing fixed calls** in specific call categories**.**
- **Multimedia Information Service (MIS) Billing Update:** Free information message during a fixed line call (MIS), informing about the charges and setting the maximum duration according to HTPC. For mobile calls, subscribers are free to block access to MIS numbers. In some categories of these numbers, the subscriber can select barring, for a specific destination and direction (for Premium SMS Services).
- **Excessive high charges**: OTE reviews customer cases, which are counterbalanced by fraud, while providing protection against unauthorized use of phones.
- **COSMOTE Mobile Split Bill**: Ability to fix in advance the amount of use for each connection in a company. In the case of exceedance of the usage limit, a second account for that particular employee is opened with a corresponding link. Early **charge warning** to users of "Your business.gr" service after the free 6-month period.
- **Roaming:** The COSMOTE Travel Pass service, allows contract subscribers to use their free talk time, data and SMS programs, in more than 70 countries around the world with a low daily charge, depending on the destination country and the possibility of free Roaming in EU countries. At the same time, the launching of **COSMOTE Travel & Talk** offers daily or weekly time and SMS packages at very low rates, while the **Travel & Surf** service to non-European countries continued to provide Internet navigation with absolute cost control and very low charges (in more than 100 countries in total). Finally, COSMOTE, in cooperation with most providers in Europe, gave its subscribers the ability to enjoy abroad mobile Internet at 4G speeds abroad.

Safe, Branded Customer Products

OTE Group considers it particularly important to supply safe products manufactured in accordance with the International Directives and Regulations. It does not distribute to the market products or services that are subject to prohibitions or the stakeholders (customers, consumer association, local society, etc.) have moved to prohibit their use.

The equipment that is sold in the Group's retail network, carries the statutory CE labeling (mandatory in the EU) and complies with EU regulations for Waste Electrical and Electronic Equipment (WEEE Directive 2012/19 / EU), Hazardous Substances Restriction (RoHS, Directive 2011/65 / EU) and Waste Packaging Materials. In addition, COSMOTE equipment for ADSL / VDSL and TV services is in line with the eco-design requirements of Directive 2009/125 / EC (Ecodesign).

Mobile phones comply with the International Commission on Non-Ionizing Radiation Protection (ICNIRP) regulations and EU Recommendation 1999/519/EC on the limitation of public exposure to electromagnetic fields (0 Hz to 300 GHz).

For mobile telephony devices, COSMOTE asks its suppliers for Specific Absorption Rate (SAR) data that are available to its customers within the product packaging and as well as in online form on retail network intranet, which is also available on hardcopy to customers if requested.

The equipment is also checked for the efficient use of the spectrum allocated to terrestrial radio communications and for the avoidance of harmful interferences, in accordance with the Radio and Telecommunications Terminal Equipment Directive 1999/5 / EC (RTTE) and Directives 2014/30 / EU (EMC) and 2014/35 / EU (LVD) for fixed telephony terminal equipment.

The products are accompanied by detailed installation instructions in their packaging, while on COSMOTE website are also available detailed manuals, for the safe use and installation of its equipment, in Greek and English.

Suppliers are obligated to attach the required certification of their products and to pay compensation for any damages due to non-compliance with European and national legislation.

In 2016, no financial penalties were imposed on OTE and COSMOTE for a non-compliance case for any of the above issues.

	Compliance with International and European Regulations	Labeling
Mobile telephony devices	RTTE, RoHS, ICNIRP	CE, WEEE, packaging material recycling
COSMOTE equipment for ADSL/ VDSL services and TV	RTTE, EMC, LVD, RoHS, Ecodesign	CE, WEEE, packaging material recycling

5.6 Customer Service and Satisfaction

OTE Group remains focused on delivering outstanding customer experience by stepping up its effort to provide its customers with uninterrupted connectivity, high quality services and network of telecommunications, a sense of trust and simple processes customized to their needs.

OTE and COSMOTE continue to offer **high-quality customer service**, achieve significant distinctions and provide integrated solutions and unique digital communication experiences, tailored to the customers individual needs.

In 2016, the companies upgraded their existing processes and developed new processes and tools to help customers **be served simply and easily** when

communicating with the Group about any request, thereby increasing their satisfaction.

Examples of different actions by the companies are:

- The **"Digital Transformation"** program, to enhance the digital experience of customers (see Digital Transformation).

- The **"Voice Of The Customer"** program, for timely recording of their views and needs, and the periodic conduction of market surveys.

- The **"COSMOTE DEALS for YOU"** Customer Loyalty Program, to offer exclusive privileges and unique experiences to COSMOTE customers.

Handling of Complaints and Requests

OTE and COSMOTE, with a unified service experience throughout 2016, have managed

more efficiently the demands of fixed, mobile and TV customers, through existing and new actions that have been implemented, including:

- **Adoption of uniform procedures and tactics for the management of complaints**, with the aim to enhance the customers' experience, retain them in the network, strengthen their loyalty and enhance the Corporate Image.

- **Implementing tailored negotiation strategies and effective communication methods** aiming at long-term collaborations of mutual benefits.
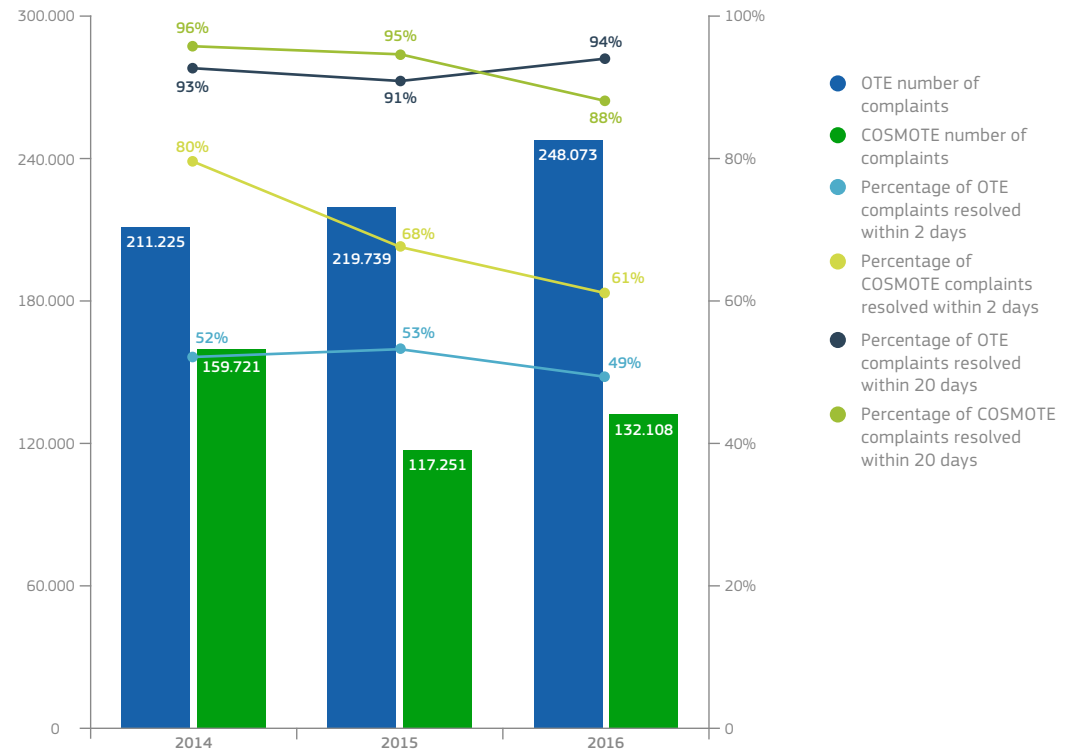
- **Manage customers** who maintain a fixed and mobile connection from a separate team, for a single, integrated service.

- **Personalized service** with increased telephone communication, in order to resolve complaints and technical issues.

- Increasing **First Contact Resolution**

- **Extensive training** for all employees in Customer Service.

- Significant **increase in digital customer demand management** (e-care, chat, etc.).

2016 Awards for COSMOTE Customer Service

- National Awards for Customer Service of the Greek Institute for Customer Service:
  - **First Place** in the category «**Organization of the Year: Customer Service (Large Enterprise)** and
  - **First Place** in the category «**Call Center Services of the year for Customers – Large Groups**» for the telephone number **13888**,

- **CRM Grand Prix 2015: First Place as the «Best Customer Service Center»** in the **Large Contact Centers category.**

In 2016, OTE and COSMOTE continued to offer **consolidated service experience** to all fixed, mobile and TV contact points, i.e.:

- Customer Service through consolidated call numbers 13888 for residential and 13818 for commercial customers,

- the COSMOTE retail network

- the consolidated webpage www.cosmote.gr,

- the applications My COSMOTE and WHAT'S UP, and

- the cultural networks.

Legend:
- OTE number of complaints
- COSMOTE number of complaints
- Percentage of OTE complaints resolved within 2 days
- Percentage of COSMOTE complaints resolved within 2 days
- Percentage of OTE complaints resolved within 20 days
- Percentage of COSMOTE complaints resolved within 20 days

Year	OTE number of complaints	COSMOTE number of complaints
2014	211.225	159.721
2015	219.739	117.251
2016	248.073	132.108

Year	OTE 20 days	COSMOTE 20 days	OTE 2 days	COSMOTE 2 days
2014	93%	96%	52%	80%
2015	91%	95%	53%	68%
2016	94%	88%	49%	61%

80%

of customer requests for technical support, service activation, responses to questions and complaints, bill payments:

▸ were resolved quicker, than in 2015:

▸ through the use of digital means (www. cosmote.gr, My COSMOTE and WHAT'S UP applications) and automated telephone answers

In 2016, companies received complaints 13% more than last year, for both fixed and mobile telephony.

The percentage of complaints resolved within 2 days decreased, due to the increase in incoming complaints and the type of the issues mentioned, which require longer management time.

Customer Surveys

OTE and COSMOTE place great emphasis on customers' opinions about the use of services provided and the customer service they receive. For this reason, they carry out surveys throughout the year. The surveys aim to collect valuable information to improve customer experience and strengthen customer trust.

Indicatively in 2016, OTE and COSMOTE maintained high scores on the **TRI*M loyalty index**, with relevant scores remaining stable compared to 2015. OTE and COSMOTE, remained on the same level as last year, on the index "How would you evaluate the company as to: whether the company makes me feel like I am in good hands?", with a high percentage of OTE customers responding "Excellent, Very Good or Good".

Better World for All

6.1 Approach

OTE Group aims to create a better world for all, through technology and innovation.

The Group contributes to the digital inclusion of all citizens through:

- Investing in the upgrading and expansion of infrastructure and increasing connectivity
- Offering products and services at affordable prices
- Giving access to new technologies

Additionally, the Group contributes to society through programs and initiatives. It supports vulnerable social groups, children, education, entrepreneurship, local communities, culture and sports.

Finally, it enables its employees to contribute to social actions, through corporate volunteering programs..

Connectivity for All

Affordable Prices for All

Access to All

OTE Group Social Contribution

Employee Volunteering

Vulnerable Social Groups and Children

Education

Local Communities

Entrepreunership

Culture

Sports

6.2 Connectivity for All

The Group contributes to achieving the Digital Agenda 2020 targets by investing in the upgrading and expansion of the telecommunications infrastructure in Greece.

OTE Group has the ability, expertise and financial basis to continue to support the country's transition to the new digital era.

OTE Group is the leading national investor in new technologies and infrastructure with over € 2 billion investments in Greece in the last six years, whilst implementing a current four-year € 1.5 billion investment plan, mainly in new generation networks. The investments are mainly implemented by the Commercial and Technology Divisions, addressing needs of the marketplace, its customers and society.

In 2016, based on the Digital Economy and Society Commission Index (DESI) assessing progress in the EU countries toward a digital economy and society, Greece is ranked 26th among the 28 EU Member States.

Even though there is wide availability of broadband services for fixed and mobile telephony covering almost 100% of households in Greece, only 66% use them. At lower levels is the use of broadband services via mobile telephony, with only 44% of citizens subscribing to these services (source: European Commission, DESI 2016 data for Greece).

> 95%

population coverage by ADSL broadband service

> 46%

population coverage by VDSL broadband service

99%

population coverage by 3G network

93%

population coverage by 4G network

82%

population coverage by 4G+ network

In Greece today, the telephone network covers the whole country including its most inaccessible places, broadband ADSL services are offered in more than 95% of the existing telephone connections, and VDSL speeds up to 50 Mbps, are already provided to 2 million households and companies. In mobile telephony, OTE Group is constantly evolving its 3G network, which covers **99%** of the country's population, while the population coverage of the COSMOTE **4G** network already amounts to **93%**, retaining its first place by a wide margin from the competition and with the **4G+** network coverage reaching **82%.** OTE Group is the first company in Greece and among the first in the world, to offer speeds up to 500 Mbps in Athens, Thessaloniki and other regions.

Fixed and Mobile Telephony (Greece)			
	31 Dec 2015	31 Dec 2016	Change 2015–2016
PSTN Connections	2,311,396	1,790,900	-22.5%
ISDN Connections (BRA και PRA)	308,514	266,931	-13.5%
Other Connections (MSAN & VoB)	79,002	610,055	
Total Access Line Connections (with WLR)	**2,698,912**	**2,667,886**	**-1.1%**
Of which Wholesale Line Rental – WLR	14,521	9,962	
Total active broadband connections	1,532,879	1,684,144	+9.9%
Of which active retail broadband connections	**1,506,909**	**1,635,736**	**+8.5%**
COSMOTE TV Subscribers (IPTV and satellite)	**446,499**	**502.696**	**+12.6%**
Unbundled connection to local loop – LLU (active)	2,047,268	2,085,248	+1.9%
Mobile telephony subscribers	**7,398,986**	**7,709,564**	**+4.2%**

G4-8, G4-EC7

6.3 Affordable Prices for All

The Group provides services and products at different prices and offers, to make them affordable for everyone in line with their needs.

OTE Group through its COSMOTE brand provides propositions at competitive prices to **residential customers**, covering their need to communicate, with a wide range of options in terms of voice calls to all national fixed and mobile destinations and Internet speeds.

Also, with the **COSMOTE Home Speed Booster** service, it provides fast Internet with speeds up to 100Mbps. Through the Hybrid Access technology, the speed of fixed broadband connection is combined with the speed of 3G and 4G networks.

For **business customers**, the double play and single play propositions have been enriched, without price increases.

The **COSMOTE Business One** program, where telephony solutions (fixed and mobile), internet (access from everywhere and presence with extremely high speeds), advanced call centers and Business Cloud (for management of company files) merge into "one" package, continues to be available to business customers, while new features have been designed and will be offered in 2017 to provide companies even greater flexibility, efficiency and economy.

In addition, the **Business Market Place** program was enriched and continues to be an on-line environment (accessible through www.cosmote.gr) through which businesses have direct and easy access to cloud applications to meet their operational needs (such as payroll, ERP, etc.) and reduce their operating costs.

Through the "**yourbusiness.gr**" service, small and medium-sized enterprises have the ability to obtain an easy and affordable complete solution for their presence on the Internet.

COSMOTE presented a new enhanced range of programs, giving subscribers increased free voice calls to all mobile and fixed networks, as well as new financial options for additional megabytes to cover their usual or occasional needs for Internet access. Also, for the first time, it offered a **free extra SIM card** to its customers to enable them to use their available megabytes on their tablet or any other device they choose, besides their mobile phone. Additionally, subscribers have the ability to choose between **reduction in price for the trade-in of mobile phones, or a reduction in the fixed cost part of the mobile telephony contracts**, with significant reductions of up to 30%. Moreover, free talk time and megabytes were offered on holidays throughout the year. Finally, penetration of 4G service to a large part of the subscriber base was promoted, so that subscribers can enjoy the very fast 4G network.

The **COSMOTE My Internet** service was opened to Prepaid and Mobile Cost-Control subscribers. Its subscribers can enjoy the instant notification service when their available megabytes run out, in order to decide how to continue navigating the Internet.

At the same time, the experience of COSMOTE One customers was improved by providing significant offers, such as free additional megabytes for use in COSMOTE TV GO service. In the COSMOTE One package, a 20% discount to the base rate of mobile COSMOTE service is still applicable if combined with fixed telephony service.

G4-EC8

About this Report   OTE Group   Sustainability   Responsible Business   Responsible Employment and Development   Digital Society   Better World for All   Sustainable Environment for All

6.4 Access to All

OTE Group actively supports equal access for all to new technologies, contributing to the transition of Greece to the new digital era.

OTE Group offers special products, services and discounts in order to facilitate access and communication of vulnerable social groups, people with disabilities, elderly people and students. At the same time, it implements and supports activities and social contribution programs, through the use of telecommunications products and services.

€ 2,086,498 — discounts to the elderly and to people with disabilities, in fixed telephony services

People with disabilities

15,768
people received discounts on fixed telephony and internet services

275
people with hearing problems received discounts of 50% on SMS and videocalls

Elderly people

29,511
fixed and mobile telephony products and accessories specially designed for elderly people and people with vision problems

14,886
people received discounts on fixed telephony services

478
people used the special instant warning service 'Alert'

Students

118,990
university students benefited from student offers for fixed and mobile telephony services

Fast Internet in Remote Areas

OTE group provided fast and reliable Internet with speed **up to 50Mbps** in remote areas, to bridge the digital gap between urban and rural areas.

Offer for Unemployed and Pensioners

COSMOTE supports the unemployed and pensioners, by providing a discount on their monthly fee of their mobile telephony service, since 2010.

Correctional Facilities and NGOs for Children

16,430
prepaid telephone cards and COSMOTE Top up cards with total value of

> € 74,000

European Emergency Number 112
Operated by OTE in Greece.
In 2016, it received

2,120,714
calls, of which

68,379
were re-directed to the emergency numbers 100, 199, 166, 108, 197 and 1056.

Facilitation of Communication in Emergency Situations

It is a priority for COSMOTE to support its subscribers in emergency situations by facilitating their needs for open communication. This encompasses applying temporary initiatives for regions in Greece and abroad, for example by bringing the barring processes for connections to an end, reconnecting mobile & fixed voice, internet and TV services, covering the costs of roaming and international calls and SMS, covering the reparation costs of affected TV services, etc. In 2016, support was provided for emergencies in Belgium, Turkey, France, Germany alongside regions in Greece.

G4-EC8

About this Report | OTE Group | Sustainability | Responsible Business | Responsible Employment and Development | Digital Society | Better World for All | Sustainable Environment for All

6.5 Social Contribution

During these challenging times for Greece's economy and society, OTE Group supports vulnerable social groups, children, education, entrepreneurship, local communities, culture and sports.

Specifically, the Group implements programs and participates in initiatives aiming to contribute to the communities where it operates.

In order to make a better word for all, through technology and innovation, the Group:

- Invests in the development of digital skills of people of all ages
- Supports the entrepreneurship through the possibilities offered by technology
- Supports children and young people, by covering their communication needs, but also through financial support
- Contributes to the promotion of culture through technology
- Offers special products and services for vulnerable social groups

For optimal management of all social programs and actions, OTE Group systematically develops internal mechanisms and processes for social contribution. Indicatively:

- The **Chairman and CEO, as well as the Senior Management oversee the goals and strategy of the major social activities** and are systematically informed about the social programs implemented.

- **The Chairman and CEO approves all social sponsorships and donations**, after their review and approval by the Executive Director of Compliance, Enterprise Risk Management and Insurance OTE Group.

- There is **systematic dialogue with stakeholders**. New social initiatives are proposed after taking into consideration the needs of interested parties, while data are collected to measure the impact of programs on society.

- The **strategy of both companies**, regarding social programs and the participation of stakeholders **applies to all (100%) their main business activities** in Greece.

The evaluation of the social contribution OTE and COSMOTE is based on measurement model for inputs, outputs and impacts of the **London Benchmarking Group**. This model is in line and compatible with international indicators and initiatives for sustainable development, such as the Dow Jones Sustainability Index (DJSI), the guidelines of the Global Reporting Initiative guidelines (GRI) and the Social Return on Investment methodology (SROI) for measuring social return on investment.

It is a constant goal of the OTE Group to try to measure, where possible, results from the application of these programs in order to evaluate and review its social contribution in the future.

€ 3,618,689
OTE and COSMOTE total social contribution

€ 4,421,428
total social investment (including the cost for the implementation of actions and voluntary participation of employees during working hours)
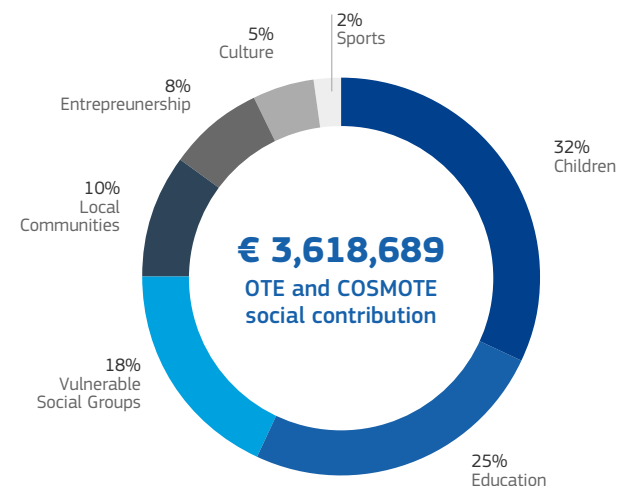
1,007,243
beneficiaries

82%
financial support

18%
in kind support

NOTE

Only the contribution in cash and the value of goods and services offered for free or covered by the companies, and not the operating costs for the design and implementation of actions, have been calculated in the amounts of the social contribution of the two companies. In order to fully inform all interested parties, the amounts presented in this Report include the amount of the contributions (financial and in kind) to support vulnerable social groups, children, education, entrepreneurship, culture, sport and local communities. These amounts and the number of beneficiaries, do not include amounts and data relating to social products, services and discounts (see. Section Access to All).

G4-EC7, G4-EC8

About this Report | OTE Group | Sustainability | Responsible Business | Responsible Employment and Development | Digital Society | Better World for All | Sustainable Environment for All

Children and Vulnerable Social Groups

OTE Group is constantly supporting of children in need and vulnerable social groups. It contributes to the work of non-profit organizations and institutions providing them financial support, free telecommunications products and services – important for their operation – but also through voluntary corporate actions. In 2016, OTE and COSMOTE supported the work of over 75 NGOs and institutions.

Helplines

OTE continued to provide telecommunications infrastructure and financial support for the operation of hotlines for the support of vulnerable groups, and especially children in need. Indicatively, the Group supports the operation of the following help lines:

- **SOS 1056**, 'The Smile of the Child' (17 years of support), 244,676 calls
- **European Hotline 116000 for missing children**, 'The Smile of the Child' (9 years of support), 10,065 calls
- **European Helpline for Children 116111**, 'The Smile of the Child', 7,581 calls
- **11525 Advice Helpline 'Together for Children'** (7 years of support), 6,931 calls

«I Offer» and «Televoting»

- The service **«I Offer»** of COSMOTE was activated more than **15 times** and the total amount of money raised and provided for charitable purposes amounted to over **€ 178,000**
- The **«Televoting»** service was utilized by **18 organizations** and the relevant amount of money, raised and offered by OTE amounted to approximately € 2,000

Equipment for Pediatric Clinics

> €140,000 for creation and equipment of Trauma Centers for children in **3** hospitals

In the last **5** years **> € 350,000** have been offered for the creation and equipment of Trauma Centers for children in **9** hospitals. Care has been provided to over **81,000** children

The programs is implemented in cooperation with the "Pediatric Trauma Care" Assosiation.

Hellenic Coast Guard Support

> €300,000 for the repair and maintenance of Hellenic Coast Guard vessels in 2016

In **2** years, **€600,000** were provided for the repair and maintenance of **65** vessels of the Coast Guard thus contributing to the rescue of **125,600** people in peril at sea.

Support of Organizations for Children

> €550,000 were donated to **16** charitable organizations who provide care for children

In the last **17** years, **55** charitable organizations for children were supported with **> € 7 million**

> 1,500 OTE Group employees participated in the internal voting process in order to choose 3 organizations to be supported

### Sea Hero Quest: Mobile Game for Dementia research

This is the first game in the world for a good cause, as it helps scientists understand the human brain's spatial navigation.

2 minutes of playing time by **100,000** individuals corresponds to more than **50** years of research

In less than a year, **110,000** individuals in Greece and **2.5 million** worldwide played the game

The next step is to modify the game for use under clinical conditions.

Initiative with digital aspect

Education

Education and development of technological skills is essential both for young people and for people of all ages. OTE Group invests in young people and contributes through technology and innovation to a better tomorrow. In this context, it develops, implements and supports programs and actions contributing to the development of digital skills and to addressing major educational challenges.
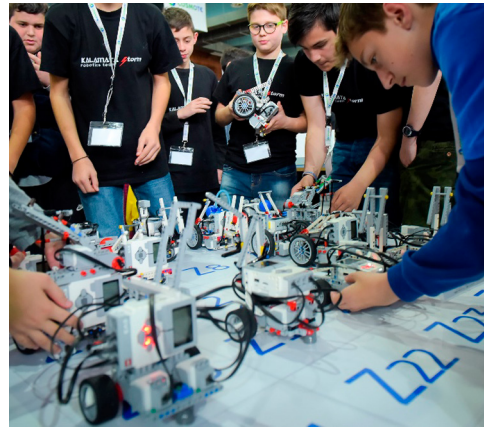
COSMOTE Scolarships Program

€ 770,000 were awarded to **51** first year university students who face financial and social difficulties

Additionally, telecommunications products and services and COSMOTE TV were provided for free

In the **15** years of the program > **€ 4.4 million** have been awarded to **581** university students

Access to Digital World Program

765 people of 64 years average age in, 3 municipalities of Attica, developed their digital skills through this program

> 2,000 people have participated in the program in the last **4** years.

This Program is implemented in collaboration with the NGO "50plus Hellas".

Educational Robotics Competitions – STEM

> 2,100 primary and junior high school students participated in the Pan-Hellenic Educational Robotics Competitions

> 1,000 teachers also participated in special workshops on robotics, in the scope of the competitions

5 teams from Greece participated in the World Robot Olympiad in India with the support of COSMOTE. The team from the 1st General Lyceum of Xanthi won **4th** place worldwide in the 'football' category.

This Program is implemented in collaboration with the NGO 'WRO Hellas'.

PC Donation Program

144 refurbished computers were offered to NGOs and schools.

The program is realized for the **11th** year

Initiative with digital aspect

Educational Programs in the OTE Group Telecommunications Museum

7th year in operation

In the September 2015 – August 2016 period **14,000** people visited the Museum

The programs are offered for **free** to school groups, families and individuals

In all of the programs, the visitors experience the telecommunications' history, from ancient times until today.

Indicatively, they include art workshops, educational programs, environmental programs, as well as theatrical plays.

Local Communities

OTE Group aims to improve living conditions and sustainability of the local communities in which it operates. The Group's approach is twofold: on the one hand, it tries to meet the demands of local communities and on the other, it considers as a primary responsibility to protect local communities from any negative impact that might result from its activities.

All potential impacts associated with the activities of OTE and COSMOTE, are estimated in the Environmental Impact Assessments that are prepared and submitted for approval by the companies to the competent authorities. Public consultation is one of the stages of the licensing process and all comments received are given due consideration.

OTE Group seeks the involvement of local communities in all its activities, and strives to maintain and expand its presence in these communities across the country. In this context, the Community Relations Section, Corporate Communications OTE Group analyzes and assesses the needs of local communities. It then designs and implements specific sponsorship programs which relate to financial help to local organizations, sports clubs, cultural events, etc

Indicatively, in 2016, OTE Group:

- Conducted for the 12th consecutive year, training seminars for mobile telecommunications, electromagnetic fields, and on the role of telecommunications in modern times. These seminars are aimed at secondary school and university students, associations, local communities and municipalities. **Over 700 residents of 30 cities** throughout Greece attended these sessions.

- Supported **104 actions** for local communities, contributing to improving the living conditions of inhabitants of the countryside and the viability of the local cultural identity.

G4-EC7, G4-EC8, G4-SO1, G4-SO2

About this Report | OTE Group | Sustainability | Responsible Business | Responsible Employment and Development | Digital Society | Better World for All | Sustainable Environment for All

Entrepreneurship

Recognizing the needs of modern enterprises, OTE Group offers the most effective and integrated communication and technology solutions, as well as a well-organized network of personalized service. Especially for small and medium businesses, it develops specialized services to meet their needs.

Additionally, OTE Group supports and strengthens entrepreneurship through innovative programs, while it promotes relative initiatives and conferences. In 2016, OTE Group has supported 55 conferences.

"Next Business Generation" Program

3 Greek family businesses won advertising promotion worth of **€ 60,000** in total, and free COSMOTE Business One service for **18** months
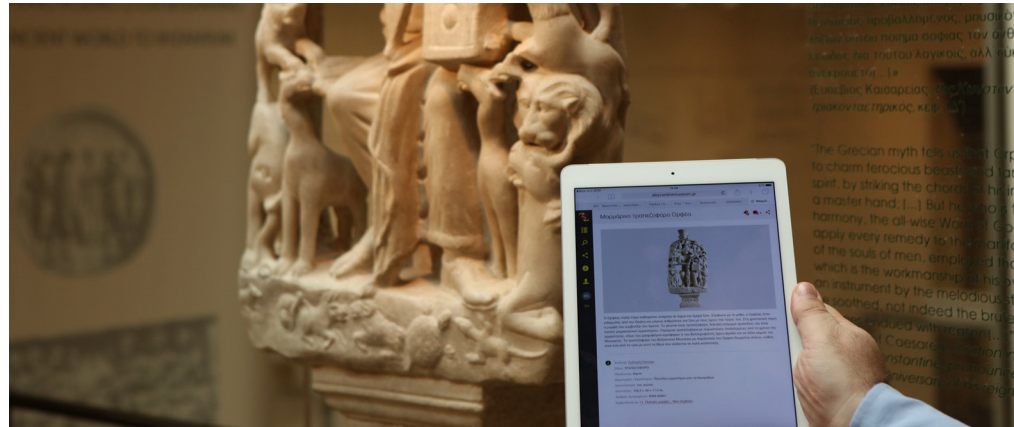
Culture

OTE Group aims to promote the country's cultural heritage through the use of technology and the support of cultural institutions and initiatives.

Free Wi Fi in Archaeological Sites

Free Wi-Fi will be available at **20** popular archaeological sites and museums of the country in collaboration with the Ministry of Culture and Sports

> € 2 million investment

This contribution includes: the design and development of wireless infrastructure, the supply of equipment, the operation and maintenance of networks, and in addition free wireless internet service for **3** years.

Digitization of the OTE Group Telecommunications Museum Collection

A new website www.otegroupmuseum.gr was developed for the Museum

Documentation and digitization of 24,000 items
that comprise the story of telecommunications. Specifically:

- **3,200** devices, items and instruments related to the history of telecommunications
- **13,500** telephotographs, from 1949 until the end of 1980
- **3,700** telegrams, which cover the period 1860-1980
- **300** archival materials, such as advertisements, newspapers et al.
- **100** hours of film from the TV studio
- **2,300** phone cards
- **1,200** slides / negatives of photos

Sports

OTE Group, aiming to promote participation and competitive athletic spirit, actively supports Greek athletics and major events, sports clubs and institutions.

In 2016, it supported a total of over 30 sports teams, clubs and events in Athens and nationwide. In order to cover the full sports spectrum it supported football, basketball and volleyball teams, as well as water sports and gymnastics clubs, swimming academies, running races, etc.

Initiative with digital aspect

G4-EC7, G4-EC8

6.6 Employee Volunteering

OTE Group motivates its employees to voluntarily participate, by providing the appropriate means to achieve the best possible outcome for the society.

The support, development and promotion of corporate volunteering programs and social contribution activities, give the employees the opportunity to actively express their social solidarity.

In 2016, OTE Group has continued to implement voluntary actions that meet the immediate needs of society. Through social contribution actions, it enabled its employees to actively support the work of **29 Non-Profit Organizations** caring for children and vulnerable social groups.

For yet another year, the OTE Group employees, through their positive attitude and responsiveness, demonstrated the corporate, but also their individual responsibility to address current social problems. Specifically, in 2016, their participations in social contribution initiatives **exceeded 10,500**.

Blood Donation Program

The Blood Donation Program of OTE Group has become an institution as it reached its **40 years** of implementation. In 2016, it collected a total of **2,604 units** of blood from OTE Group employees, of which, the 905 units were made available to meet the needs of employees and their families, while the remaining 1,699 were allocated for needs throughout Greece.

34th Athens Classic Marathon

OTE Group invited employees to take part in the 34th Athens Classic Marathon and run for 'a good cause'. **750** employees responded, participating voluntarily in all races. The record participation was reflected in the amount of **€ 18,000** gathered. This amount was allocated to support NGOs caring for vulnerable social groups, which for the first time, were selected by the employees themselves through an internal vote. The NGOs supported were "Arogi", "Food Bank Greece" and Mastological Society – Healing-/Support "E.M.E.I.S".

Organizing and Participation in Charity Bazaars

In 2016, charitable bazaars were conducted during Easter and Christmas in OTE Group premises in Athens, Thessaloniki and Xanthi. In these bazaars, 22 NGOs caring for children and 3 for the protection of the environment and animals participated, in order to collect money to support their cause. **Over 8,500** employees responded and **more than € 37,000** were raised.

Moreover, for yet another year, employees have responded to the call "Be a volunteer" and participated in charitable events and bazaars organized by NGOs themselves to raise money in order to support children in need. Specifically, employees contributed in the conducting of the charity bazaars of 'MDA Hellas' and of 'Friends of the Child'.

> 10,500
employee participations in social contribution initiatives

2,604
units of blood were collected from OTE Group employees

Sustainable Environment for all

7.1 Approach

OTE Group realizes fully that, though low, there are environmental impacts associated with Information and Communication Technologies (ICT) activities. At the same time, ICT products and services offer a number of opportunities for supporting sustainable development in many activities and sectors.

In this context, the objectives of the Environmental Strategy of OTE and COSMOTE are:

- Minimization of the environmental impacts from their activities
- Development and provision of products and services that enable environmental protection, and increases in productivity in other sectors of economic activity
- Raising of their stakeholders' awareness on acting more responsibly on the issue of environmental protection

To achieve these objectives OTE and COSMOTE:

- Implement energy conservation measures
- Strive to increase the utilization of Renewable Energy Sources
- Integrate the principles of circular economy into their activities by addressing reuse and recycling across their value chain, and by expanding the lifetime and overall utilization of the equipment provided to customers
- Develop specialized ICT products and services that meet their customers' needs while contributing to environmental protection

OTE Group Environmental Strategy

- Ensure that the levels of electromagnetic fields of base stations comply with the public exposure safety limits
- Conform with the eco-design requirements applicable to the equipment provided
- Secure high ratings by international sustainability and SRI analysts, and participate in national and international award events that evaluate good practices

Aiming at effective environmental management, an environmental policy, in which the commitment of OTE Group to environmental protection is stated, and a management scheme with common

structure and approach have been formulated, in the context of the Integrated Management System, that includes the Environmental Management System (EMS) certified according to ISO 14001:2004 standard at OTE and COSMOTE. Utilizing the framework of the Environmental Management System, OTE and COSMOTE analyze all activities, products and services with reference to applicable legislative requirements and their impact on the environment (energy consumption, emissions, waste, electromagnetic radiation, etc.) and try to improve environmental performance. In this, the two companies set goals, specify appropriate key quantitative performance indicators (KPIs) and take cost-effective actions.
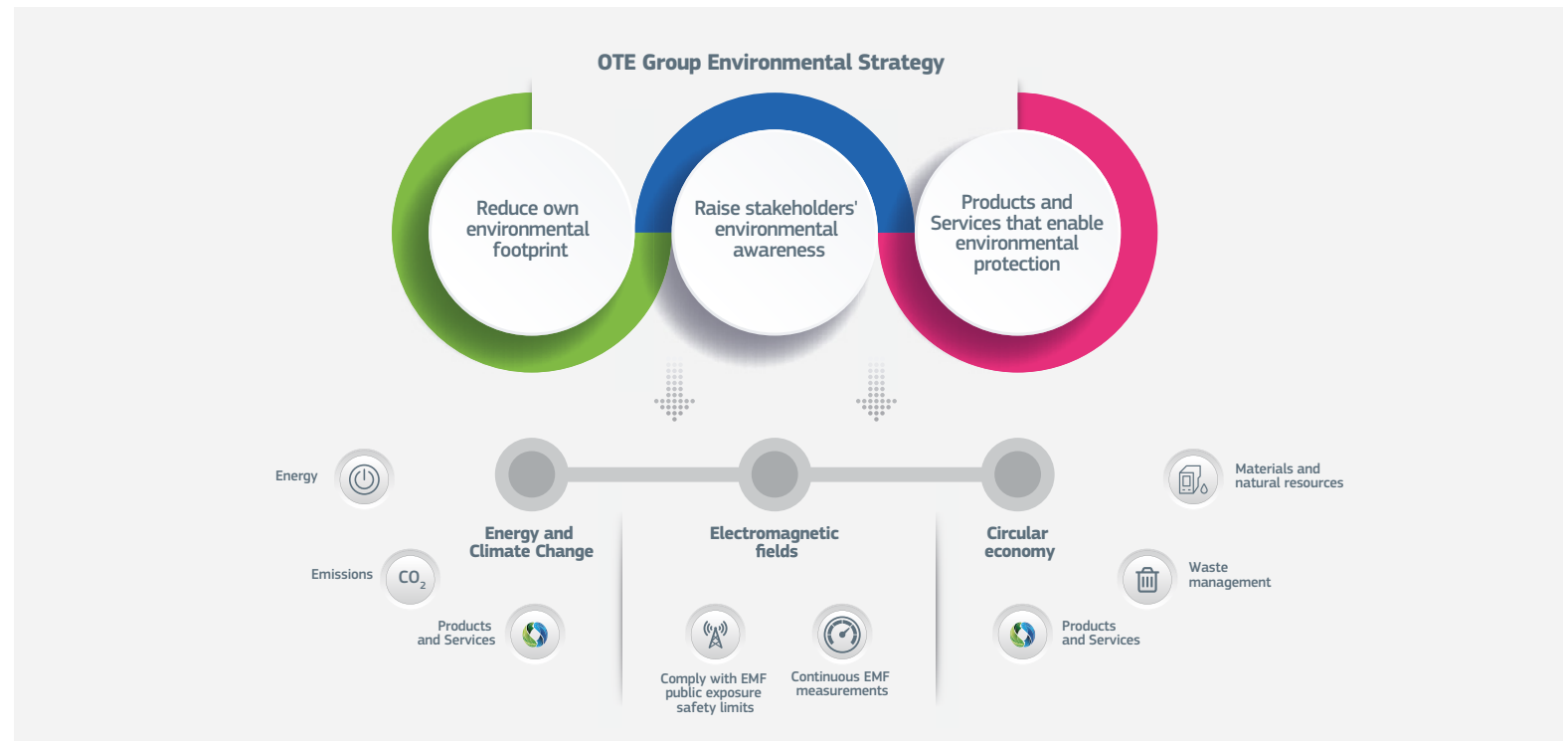
Energy Management System

Aiming at the continuous improvement of energy efficiency, the scope of the Integrated Management System was expanded, in 2016, with the development and certification of the Energy Management System according to the ISO 50001:2011 standard. At its present development stage, the System is implemented in two building complexes (that include office / administration activities, data center, call center and one store) and five base stations (mobile telephony). Gradually, the scope of the Energy Management System will be expanded to cover more OTE Group facilities.

G4-14

7.2 Energy and Climate Change

OTE Group recognizes that climate change is a global environmental problem the impacts of which affect its operation and stakeholders, and the whole range of anthropogenic activities (see Annual Financial Report 2016). Detailed information concerning climate change risks and opportunities identified, can be found in the latest response of OTE to CDP.

In this context, a comprehensive program has been formulated and implemented that includes:

(a) the monitoring of energy consumption

(b) the calculation of greenhouse gas (GHG) and other gas emissions in accordance with the GHG Protocol

(c) the identification of priorities, based on the results of the emission inventory

(d) the implementation of measures for the reduction of energy consumption and the associated GHG emissions

In addition, OTE and COSMOTE participate in the climate change strategy of DT Group which has set a reduction target of 20% for the DT Group's CO_2 emissions by 2020 (with 2008 as the base year).

Energy Consumption Monitoring > **GHG Emissions Calculation** > **Prioritization** > **Design and Implementation of Measures**

Energy Consumption Monitoring

In 2016, the total energy consumption of OTE and COSMOTE amounted to 500 GWh, with an increase of 2.6%, compared to 2015 (488 GWh). The increased activity, as depicted in the volume of data transferred which increased by 30%, and the number of active broadband and television subscribers that grew by 8.5% and 13% respectively, has contributed to this increase. The expansion/ modernization of the telecom network together with changes in the implementation rates of energy conservation measures have also affected energy consumption.

> In 2016, **energy intensity** (defined as electricity consumption to total revenues) was estimated at 163 MWh/mn € (OTE: 166, COSMOTE: 158) presenting an increase of 4.4% compared to 2015.

In 2016, energy consumption for network operations for OTE (220 GWh) and COSMOTE (158 GWh) increased by 3.9% and 5.3% respectively compared to 2015. At the same time, the efficiency of electricity use (i.e. electricity consumption per volume of data transferred) improved by 20% compared to 2015.

Energy Consumption in 2016 (in GWh)

OTE 302 GWh 2,0% ↑ compared to 2015
COSMOTE 198 GWh 3,5% ↑ compared to 2015
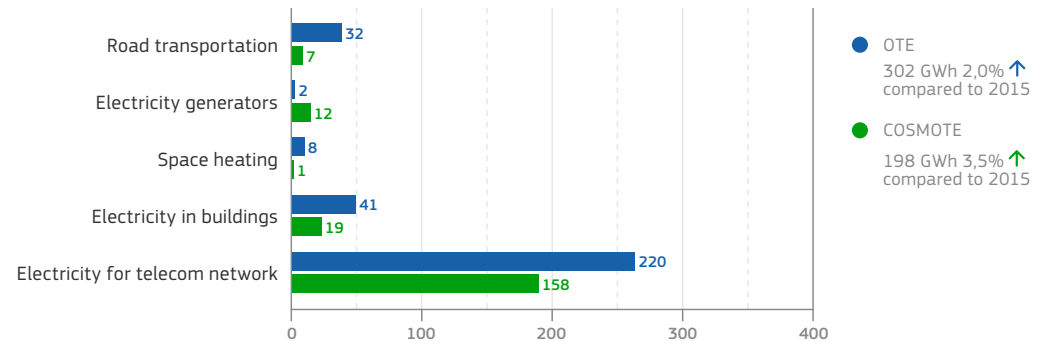
Road transportation includes service and company vehicles.

GHG Emission Calculations
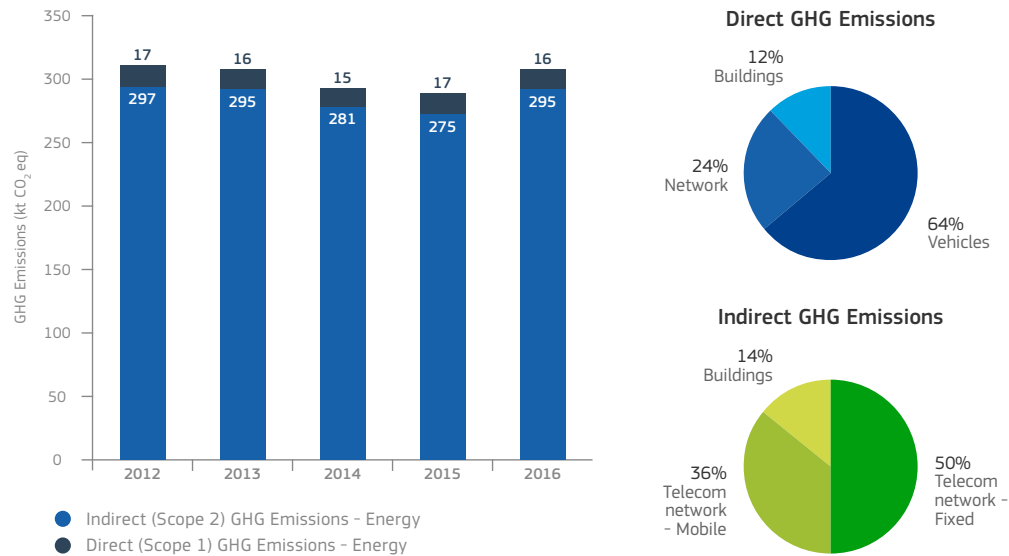
Direct and Indirect GHG Emissions from Energy

Direct (Scope 1) and indirect (scope 2) GHG emissions from energy consumption in 2016, amounted to 310,620 t CO_2 eq, that is 4.1% lower than 2008 emissions (OTE: –9.8%; COSMOTE: 5.7%) but 6.6% higher compared to 2015. Total GHG emissions (i.e. including direct emissions from f-gases use) were estimated at 322,059 t CO_2 eq (a 6% increase compared to 2015).

- In 2016, direct GHG emissions (Scope 1) from energy consumption amounted to 15,599 t CO_2 eq, presenting a decrease of 6.5% (1,085 t CO_2 eq) compared to 2015.

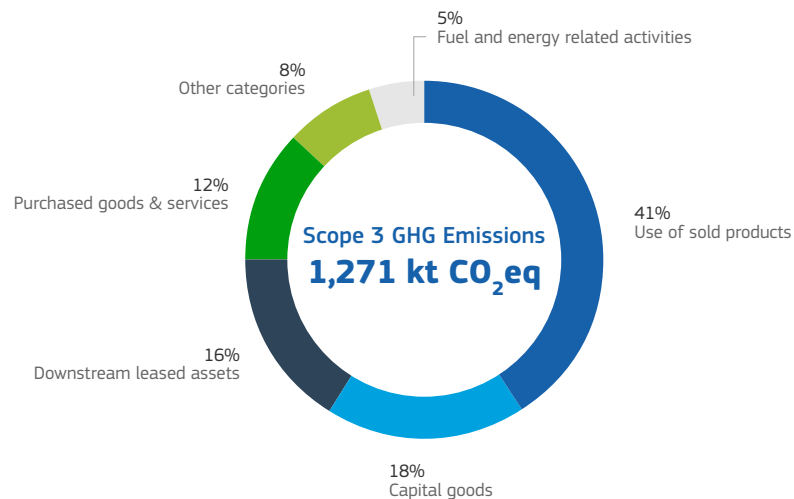- Indirect GHG emissions (scope 2 emissions from electricity and district heating use), for 2016, were estimated at 295,021 t CO_2 eq, presenting an increase of 7% compared to 2015.

> **GHG emissions intensity** (defined as total GHG emissions to total revenues) in 2016 was estimated at 120 t CO_2 eq/mn € (OTE: 125; COSMOTE: 112) presenting an increase of 6% compared to 2015.

Direct and indirect GHG Emissions from Energy

Direct and indirect GHG Emissions from Energy (bar chart, GHG Emissions kt CO_2 eq):

Year	Direct (Scope 1)	Indirect (Scope 2)
2012	17	297
2013	16	295
2014	15	281
2015	17	275
2016	16	295

- ● Indirect (Scope 2) GHG Emissions - Energy
- ● Direct (Scope 1) GHG Emissions - Energy

Direct GHG Emissions

- 12% Buildings
- 24% Network
- 64% Vehicles

Indirect GHG Emissions

- 14% Buildings
- 36% Telecom network – Mobile
- 50% Telecom network – Fixed

Indirect (Scope 3) GHG Emissions

Scope 3 GHG Emissions
1,271 kt CO_2eq

- 5% Fuel and energy related activities
- 8% Other categories
- 12% Purchased goods & services
- 16% Downstream leased assets
- 18% Capital goods
- 41% Use of sold products

1. GERMANOS is included
2. GHG emission estimates for solid waste disposal and use of sold products may be considered as indicative of the expected emissions during the lifetime of the waste disposed and the products sold respectively
3. GHG emissions from electricity consumption are not included in the category "Fuel- and energy-related activities"
4. "Other categories" include business travel, Waste generated in operations, employee commuting, upstream / downstream transportation & distribution and the End of life treatment of sold products.

Other Indirect GHG Emissions

OTE and COSMOTE have been extending the scope of their emissions inventory, in order to quantify the major indirect emissions (scope 3) associated with their operations and to get a better understanding of their emissions profile. This information will be utilized in identifying measures to reduce the total footprint of their activities (i.e. across their value chain) and maximizing the net benefit (in terms of GHG emissions) generated from the widespread adoption of ICT products and services.

For 2016, indirect (scope 3) GHG emissions were estimated at 1,271 kt CO_2 eq. The use of products and services sold by customers represent the main source of scope 3 GHG emissions.

Prioritization

OTE Group has set the following priorities for reducing energy consumption and the associated emissions:

(a) Energy conservation in

- **Telecom networks**, aiming at the transition to a more energy efficient network
- **Buildings, data centers and stores,** with emphasis on the efficient operation of the IT equipment installed
- **Road transportation**, focusing on the renewal of the vehicle fleet but also on the monitoring and control of transportation activity

(b) Covering electricity demand, directly or indirectly, by Renewable Energy Sources (RES)

(c) Further development and marketing of products and services that enable environmental protection and contribute to the economic development of OTE Group

Design and Implementation of Measures
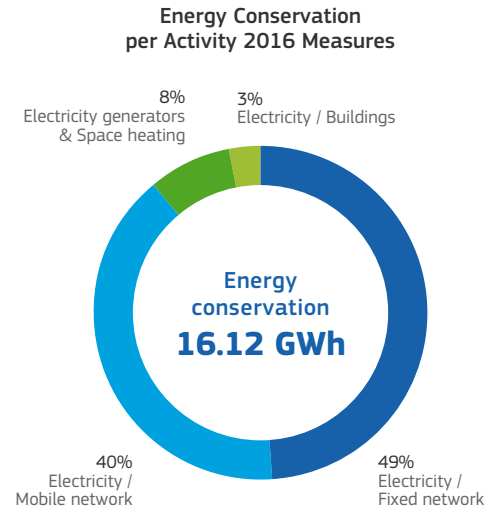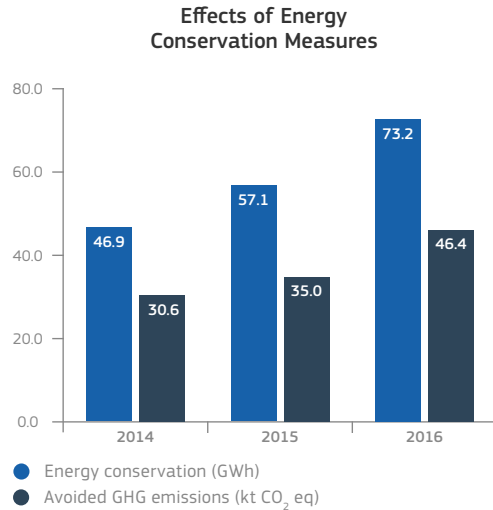
Energy Conservation

Because of the measures adopted since 2008 (base year for the DT Group for climate change strategy) and implemented in 2016, electricity conservation reached 65.5 GWh and diesel conservation amounted to 7.8 GWh. The avoided GHG emissions associated with the energy conservation achieved is estimated at 46,000 t CO_2 eq (about 15% of scope 1 and 2 GHG emissions from Energy of OTE and COSMOTE, in 2016). The overall economic effect (benefit) of the measures implemented on the operational cost of OTE and COSMOTE is estimated at € 8.8 million. A detailed list of the measures implemented in 2016 is presented in the file "Environmental Performance Data – Energy".

Renewable Energy Sources

- OTE Group has secured, for the 6th consecutive year, from PPC S.A., its electricity provider for 2016, Guarantees of Origin (GOs), assuring that for the total electricity consumption from PPC S.A., an equivalent amount of energy has been produced from Renewable Energy Sources. Taking these GOs into account, the effective scope 2 emissions are reduced to about 54,900 t CO_2 eq.

- RES electricity generation (autonomous photovoltaic and small wind turbines systems in 15 base stations and 2 roof–top photovoltaic systems of 222 kWp installed capacity) in 2016 amounted to about 485 MWh.

Energy Conservation and GHG Emissions Avoided

Effects of Energy Conservation Measures

- ● Energy conservation (GWh)
- ● Avoided GHG emissions (kt CO_2 eq)

Energy Conservation per Activity 2016 Measures

Energy conservation **16.12 GWh**

8% Electricity generators & Space heating

3% Electricity / Buildings

40% Electricity / Mobile network

49% Electricity / Fixed network

Reduction of Emissions during Use of Products Sold

OTE voluntarily participates (since September 2010) in an initiative established by the European Commission for maximizing energy efficiency of broadband equipment ("Code of Conduct on Energy Consumption of Broadband Equipment", BB CoC) both on the customer and the network side. Signatories of the BB CoC agree to make all reasonable efforts to achieve the power targets set (targets are subject to consultations between signatories every two years), for at least 90% of the new-model items introduced to the market.

Products and services that contribute to climate change mitigation

Holding the increase in the global average temperature to well below 2°C (Paris Agreement, December 2015), requires substantial emission reductions at global level, that will reach 40%-70% by 2050 compared to the 2010 emissions. In this framework, exploiting the available ICT potential, estimated at 12 Gt CO_2 eq in 2030, according to the SMARTer 2030 study of GeSI, becomes imperative.

OTE Group is fully aware of the ICT enabling role in tackling climate change and the opportunities this role offers for its further development, and is therefore developing products and services that address this potential (for more information see sections Products and Service for Sustainability and Research and Innovation). In this:

(a) **Broadband services** (broadband & mobile broadband) contribute to the reduction of transportation needs, to substitution of emissions-intensive products, processes, etc. (dematerialization), and to the development of e-commerce and e-governance.

(b) **ICT services** developed by OTE Group, in collaboration with specialized companies and based on **Cloud and M2M** (Machine to Machine) technologies allow for:

- The utilization of fully customized computational resources without requiring investments in IT infrastructure
- The monitoring and management of energy consumption
- The monitoring and management of vehicle fleets and driving behavior/performance
- The smooth and efficient operation of hotels and hospital units (energy equipment, IT systems, services offered to customers etc.)
- The development of smart electricity grids (transmission and distribution) that will facilitate the large-scale penetration of RES electricity
- The restriction of business travels by using the advanced telepresence infrastructure available (tele-/video-conference)

Indirect GHG emissions (scope 3) avoided are estimated at 3,300 t CO_2 eq. This reduction was estimated taking into account paper recycling, reduction of paper use and teleconferences for internal operational needs.

G4-EC2, G4-EN6, G4-EN7, G4-EN19

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7.3 Circular Economy

Circular economy refers to a development model in which emphasis is given in expanding the lifetime of products, reducing the consumption of non-renewable resources and promoting the reuse, recycle and recovery of energy and materials consumed. This new development approach enables sustainable growth, with multiple benefits for the society, the economy and the environment, while requiring changes to entire value chains, from the design up to final consumption of products.

OTE Group recognizes the scarcity of natural resources and consider a more efficient use of these resources a priority for sustainable development. To achieve this, principles of circular economy are integrated in its operations across its value chain by:

- Setting eco-design technical specifications for the products provided (see section Responsible Communication with Customers) and contractual terms covering CR issues (see section Responsible Procurement and Supply Chain Management)
- Applying the principle "Reduce – Reuse – Recycle" for its activities
- Expanding the lifetime and overall utilization of the equipment provided to customers, and facilitating the recycling of their discarded equipment
- Developing products and services that contribute to the rational and efficient use of natural resources and the reduction of waste generated (see section Products and Service for Sustainability)
- Informing and encouraging citizens to adopt recycling practices

The OTE Groups' Approach for Circular Economy
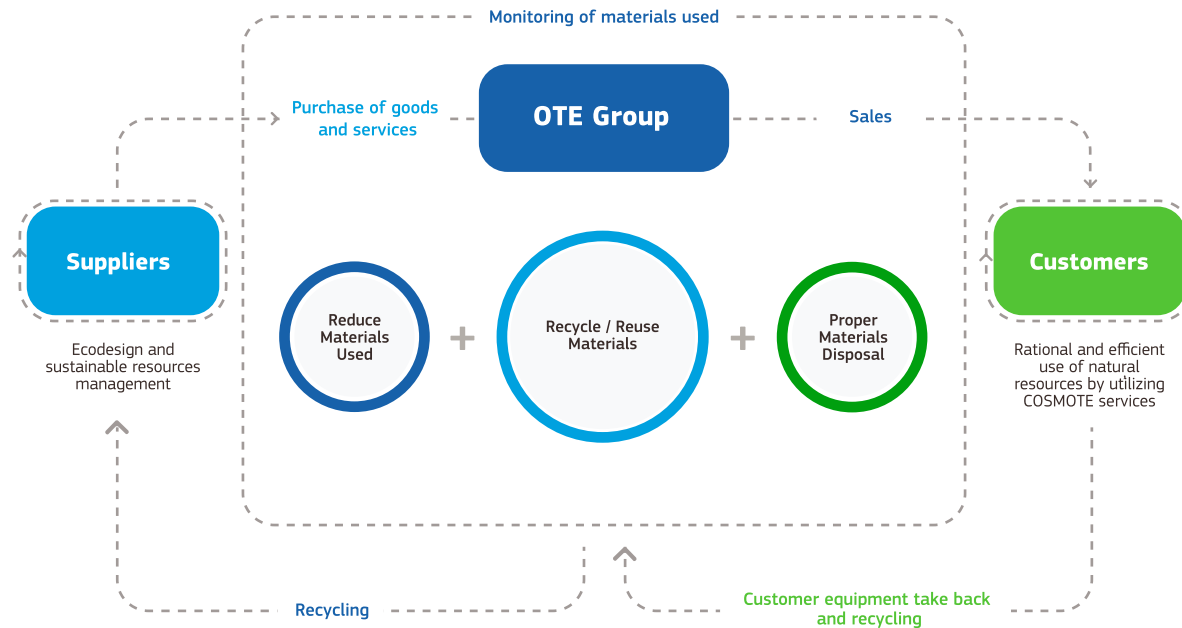
Materials and Natural Resources Management

OTE and COSMOTE are not actually manufacturing any products themselves but provide telecommunications services and therefore their use of materials is restricted to paper, packaging materials (for the products placed in the market) and ink cartridges / toners. In 2016:

- Paper consumption amounted to 212 t (a 4% decrease compared to 2015)
- The utilization of IT applications for intra-OTE and COSMOTE operations as well as for services provided to customers, resulted in 200 t of paper savings
- As of the end of 2016, all bills sent to customers are printed on FSC certified paper

- Paper, cardboard and plastic are the main packaging materials used. In 2016, the average weight of packaging was 82.5 g per unit for OTE and 5.4 g per unit for COSMOTE
- The use of refilled cartridges accounted for 87% (OTE) and 60% (COSMOTE) of total consumption

Since telecommunications operations have no specific need for water use, OTE and COSMOTE consume water (acquired solely from public water companies which are responsible not only for water supply but also for the sustainable uptake of water from the available water resource systems) exclusively for employees' hygiene, plant irrigation and office / stores cleaning. Thus, water sources are not significantly affected by OTE and COSMOTE activities.

Water consumption, in 2016, amounted to 152,000 m³, showing a marginal increase (0.2%) compared to 2015.

Wastewater generated from OTE and COSMOTE operations refers to domestic wastewater, which is directed to the available wastewater networks and is treated according to area–specific processes in the municipal wastewater facilities. No planned or unplanned water discharges to the environment as well as no significant spills occurred during 2016.

G4-DMA Effluents and Waste, G4-EN1, G4-EN2, G4-EN8, G4-EN9, G4-EN10, G4-EN22, G4-EN24, G4-EN26

Waste Management

Why it matters...

Proper management of waste generated, by adopting appropriate recycling practices, contributes to:

- the efficient operation of OTE Group,
- the control of its operational cost,
- the minimization of impacts on the environment, health and ecosystems from uncontrolled solid waste disposal and
- the compliance of the Group with environmental legislation.

Solid waste generated by the activities of OTE and COSMOTE derive from the development, maintenance and operation of the telecom networks and equipment, from offices and stores operation as well as from the management of the corporate vehicle fleet.

Aiming at the effective management of waste generated, an extensive network of collection, monitoring, storage and management/ recycling, which covers all activities nationwide, has been developed. In this context, OTE and COSMOTE work with certified / authorized companies to ensure (a) the proper management of waste generated (including cross-border transportation) and (b) the recovery of the materials contained (e.g. copper, iron and steel, etc.) and the conservation of natural resources.
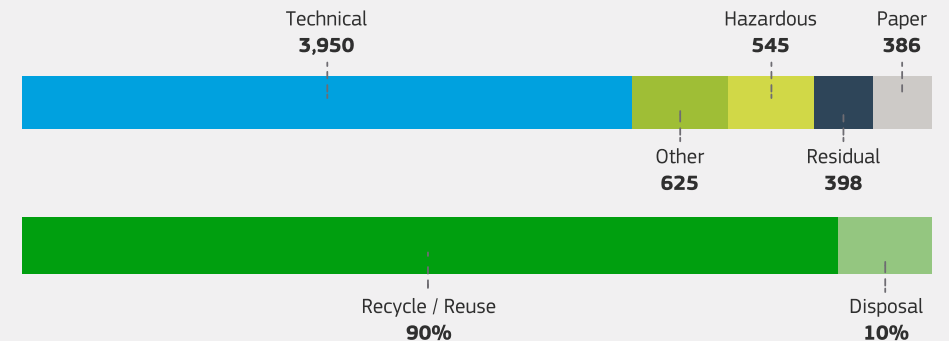
Existing recycling programs in 2016 covered 90% of waste generated.

With a view to expand the lifetime and overall utilization of the equipment provided to customers but also to ensure the proper end-of-life management of terminal equipment, contracts for fixed telephony, internet and TV include optional lease provisions for the equipment provided (assuming that the customer chooses to secure the necessary equipment from OTE Group) at no cost. According to these conditions, the equipment is covered by a guarantee for proper operation for as long as the client is under contract. Client is obliged to return equipment after the contract is up. Returned equipment undergo detailed control checks are repaired if necessary and put back in the market fully operational. Discarded equipment are forwarded for recycling through the authorized entities, with which the OTE Group cooperates. For 2016, all new contracts (residential and business customers) included lease options at no cost for terminal equipment.

Waste Management 2016

About **5,900 t** of waste were generated from the activities of OTE and COSMOTE, of which **90%** are recycled

Technical	Hazardous	Paper
3,950	**545**	**386**

Other	Residual
625	**398**

Recycle / Reuse	Disposal
90%	**10%**

- **Hazardous:** Waste that according to legislation require specific treatment (e.g. stationary engine batteries, lubricants, telephone poles impregnated with creosote oil)
- **Technical:** Materials and equipment used for the provision of telecom services (e.g. cables, metals, etc.) and products that make use of the telecom services provided (e.g. phones and related accessories, portable batteries, etc.)
- **Residual:** Typical municipal solid waste from buildings, packaging materials and waste related to office operation (e.g. ink cartridges)
- **Other**: Waste streams not included in the above-mentioned categories (e.g. end of life vehicles)
- **Paper**

G4-DMA Effluents and Waste, G4-EN23, G4-EN25

7.4 Electromagnetic fields

Why it matters...

Potential health effects of man–made electromagnetic fields (EMF) have received particular attention during the last 30 years. In this context, international scientific organizations have issued guidelines regarding exposure to EMF and a relevant legislative framework has been developed. OTE and COSMOTE pay particular attention to providing products and services that not only meet the increasing needs of their customers but are also safe and manufactured in accordance with international conventions and standards.
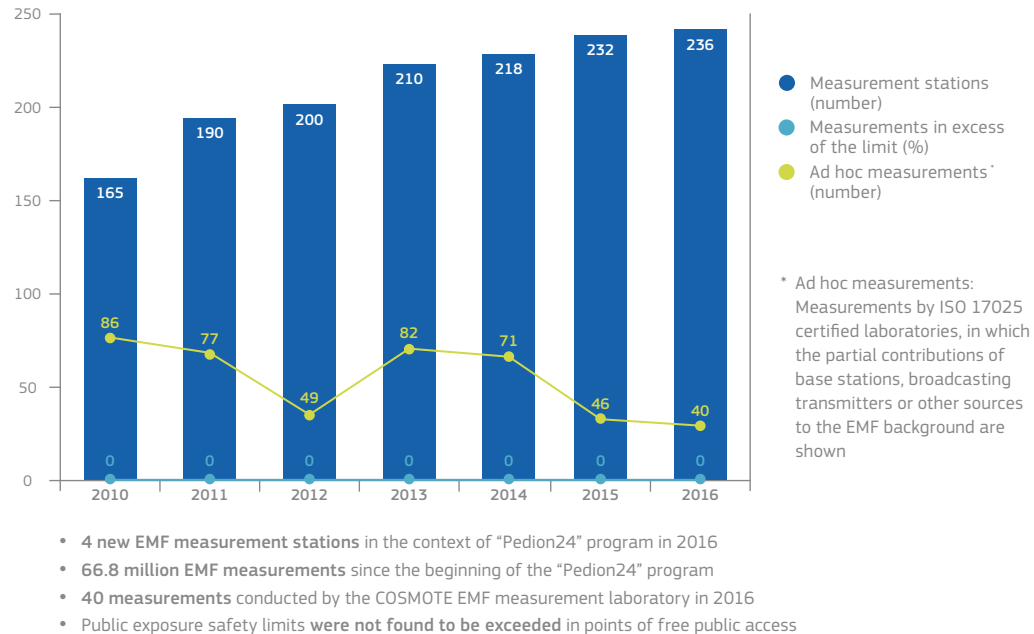
OTE Group has adopted and implements an EMF policy in which its commitment to

- apply the precautionary principle for the whole range of the products and services provided
- contribute to public protection through actions aiming to increase transparency, awareness, participation and scientific knowledge, is set out.

COSMOTE supports the "Pedion24" program of continuous electromagnetic fields measurements, the results of which are readily accessible to the public at the program's website, and operates the COSMOTE Environmental Electromagnetic Fields Measurement Laboratory (accredited according to EN ISO / IEC 17025).

In 2016, in addition to the measurements made in the context of the "Pedion24"

EMF Measurements

- **4 new EMF measurement stations** in the context of "Pedion24" program in 2016
- **66.8 million EMF measurements** since the beginning of the "Pedion24" program
- **40 measurements** conducted by the COSMOTE EMF measurement laboratory in 2016
- Public exposure safety limits **were not found to be exceeded** in points of free public access

program and by the COSMOTE laboratory, 14 more measurements were conducted by independent institutions (Universities, Greek Atomic Energy Commission) at COSMOTE's request. **Public exposure safety limits were not found to be exceeded in points of free public access**, while the measurements made by the Greek Atomic Energy Commission (to a sample of at least 20% of the base stations operating in urban areas each year) led to the same result.

To improve outreach, an e–mail address for questions regarding electromagnetic fields information is available (emfinfo@cosmote.gr).

Information Activities in 2016

1,000
leaflets "Pedion 24 – Continuous Measurements of Electromagnetic Radiation Program" and "How mobile telephony works" were distributed through the OTE Group retail network and in the context of the information dissemination activities carried out.

160
students were informed

450
employees were informed

Applying the Precautionary Principle

▸ The levels of electromagnetic fields, in all Base Stations, comply with the suggested limits of the World Health Organisation and the International Commission on Non-Ionizing Radiation Protection (ICNIRP), as well as with the latest national limits which are only 60–70% of the ICNIRP limits, in all points with free public access.

▸ For every wireless telecommunication station and mobile Base Station, a radio emission study and an electromagnetic background study (in some cases) is conducted, for an area of up to a radius of 50 meters and 300 meters respectively to ensure that all stations operate within legal limits. The amount spent on programs and studies concerning EMF in 2016 was about €260,000.

▸ All products placed in the retail network bear all necessary labels foreseen by national and EU legislation while all mobile phones sold operate within appropriate electromagnetic field safety limits (see section Responsible Communication with Customers).

G4-EC7, G4-EN27, G4-SO2, G4-DMA Customer Health and Safety, G4-PR1, G4-PR2

7.5 Other Environmental Aspects

Ozone

OTE and COSMOTE implement all appropriate procedures for the management for ozone-depleting substances used as refrigerants in line with the legislation in force. So far, about 2,000 kg of R22 (from replacement of refrigerant or change of equipment) have been replaced. Fire suppression systems already use suppressants with zero ozone depleting potential (ODP).

The quantity of hydrofluorocarbons (HFC) replenished for 2016 was about 5.6 t of refrigerants, which is equivalent to GHG emissions of about 11.4 kt CO_2 eq (decreased by 10% compared to 2015). These emissions account for about 4% of the GHG emissions from energy use (both scope 1 and scope 2). With a view to repair any potential leakages, a monitoring and maintenance program is in place.

Quantities of Refrigerants Replenished for OTE and COSMOTE			
	2014	2015	2016
OTE			
R22 (kg)	70.00	0.00	0.00
R407C (kg)	2,865.00	3,451.34	2,741.16
R410A (kg)	40.00	83.98	57.00
R134a (kg)		30.00	
R417A (kg)	1,490.00	1,996.70	2,114.40
R422 (kg)	145.00	220.00	79.00
COSMOTE			
R22 (kg)	226.10	0.00	0.00
R407C (kg)	346.80	330.40	333.30
R410A (kg)	126.70	224.00	224.30
R417A (kg)	14.00	81.30	76.80

1. Ozone depleting potential (ODP) is measured as R11 (CFC-11) equivalent. The ODP value for R22 is 0.055.

2. Global Warming Potential (GWP) values applied are those included in the Annex III of Decision 24/CP.19 and derive from the 4th Assessment Report of IPCC.
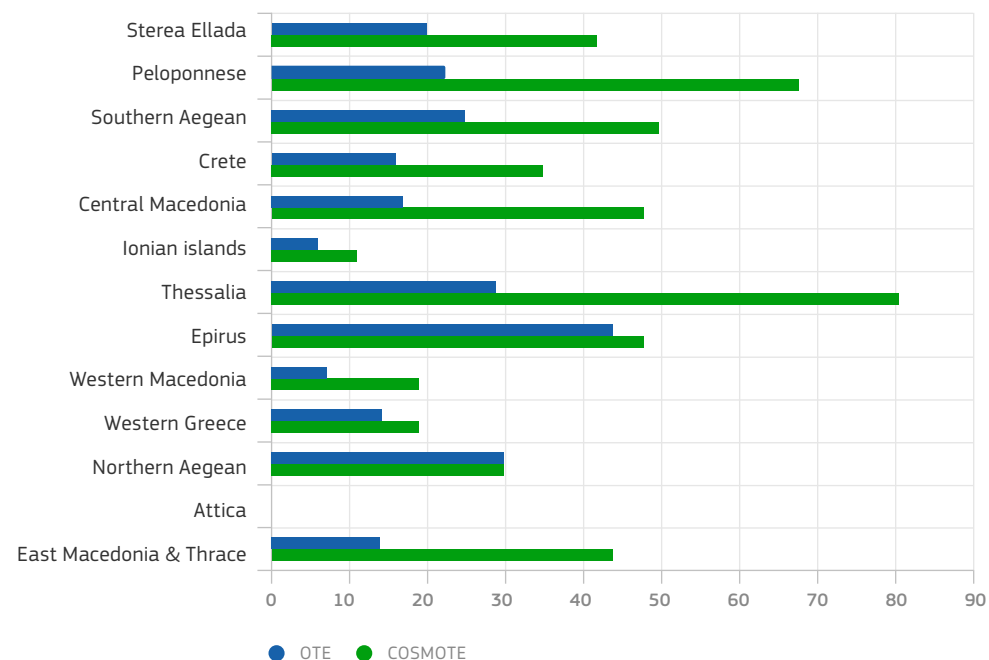
Biodiversity

OTE Group is aware of the high value of biodiversity for Greece and recognizes the close relationship between biodiversity, sustainable development and human well–being. At the same time, the provision of high quality telecommunication services everywhere and at any time necessitates the operation of a geographically extensive network of telecommunication installations (base stations and wireless communication stations) including, inevitably, in NATURA 2000 sites.

In 2016, there were 495 COSMOTE base stations and 244 OTE base stations installed in 190 and 106 Natura sites respectively, covering areas of 2.475 and 31.43 hectares, respectively. More information on the Greek Natura 2000 sites (e.g. location, maps, area, protected species, etc.) is available on the relevant website of the Ministry of Environment and Energy. All stations operating in NATURA sites are fully licensed by the Hellenic Telecommunications and Posts Committee and listed in website. All buildings / installations / telecom lines that are currently in use and / or installed by OTE and COSMOTE are also registered and relevant information is available.

Number of OTE and COSMOTE Base Stations in Natura Sites per Administrative Region

OTE · COSMOTE