



Sustainability Report 2017

«Odysseus» is one of the protected bird species
living in the premises of OTE Group Headquarters

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Access to additional information that might interest you.



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RELEVANT WEBPAGE



RELEVANT VIDEO

SUSTAINABILITY REPORT 2017

About this Report

Message from the Chairman and CEO



Driven by technology and innovation, in 2017 the people of OTE Group worked with faith and commitment in order to build **a better world for all**.

To make our world a better place, we need to run a **sustainable business** and to **operate responsibly**, thus enhancing our **positive impact on the economy, the society and the environment**.

Despite the challenging environment, in 2017 OTE Group **continued performing strong**, being the largest technology provider in South Eastern Europe:

- The **Group's revenues** reached €3.9 billion, with EBITDA remaining strong (33.8%).
- Our **subscriber base grew** in all markets, from fixed and mobile telephony to pay-TV.
- In **fixed telephony**, we intensified our network expansion, consolidating our position as **the fiber optics company** of Greece. Already, 2.7 million households and businesses have access to advanced broadband services through fiber optics, thus enjoying speeds of up to 200Mbps. In Romania, respectively, over 2.6 million customers enjoy fast Internet through fiber optics. OTE Group plans to invest more than **€2 billion by 2022**, mainly in next-generation networks, and in providing fiber optics access to critical social infrastructure, such as universities, industrial parks and public buildings.
- In **mobile telephony**, we continued expanding our 4G and 4G+ networks footprint, covering almost the entire Greek population. In Romania, 4G population coverage has reached 85%. We are already preparing for the **development of the 5th generation mobile network (5G)**, as a precondition for the Gigabit Society.

- We enhanced our **services** by providing larger **data packages** and **new digital tools** and developed new products that improve our customers' lifestyle. We designed new communication channels for our customer servicing to be faster and simpler.
- We launched **new business services** that enhance efficiency, collaboration and remote access. Moreover, we supported the digital transformation of private and public sectors by undertaking large-scale ICT projects.

Digital transformation is our No 1 priority. We want everyone to go digital, without exclusions and we take action on social issues so that no one is left behind.

Recognising the increased needs of the Greek society, we stand by the people in need. **In 2017, OTE Group's social contribution exceeded €4.2 million**, for projects aimed at empowering children and vulnerable social groups, developing the digital skills of youngsters and older people, as well as supporting local communities. These actions include the 17-year long COSMOTE Scholarships Program which supports students facing financial and social challenges.

Environmental protection is not just optional. It is a duty for all of us, if we want to deliver a viable environment to next generations. In 2017, OTE Group improved its energy efficiency by approximately 20% and continued to reduce its greenhouse gas emissions. We recycled 70% of the waste generated by our activities. In Greece alone, we saved 320 tons of paper by drastically reducing consumption.

Through its actions on society and the environment, OTE Group contributes to the **Sustainable Development Goals** adopted by the **United Nations** to address global

challenges such as access to education, economic development, climate change and energy.

None of what we have achieved so far would have been feasible without **our people** whose passion and professionalism support the Group's vision to build a better world for all. Therefore, our priority is to provide them with a safe and creative environment to work and evolve. With the aim to support the Group's digital transformation, we foster new working models and develop our employees' digital skills.

In 2018, we continue our sustainability actions in all the countries where we operate, focusing on society and environment. We aim to build **a better world for all** through technology, our positive impact on the economy, the society, the environment and with the strength of our people.

Michael Tsamaz
Chairman and CEO of OTE Group

Report Profile

The 2017 OTE Group Sustainability Report refers to the Group's companies activities.

Report Scope and Boundary

This Sustainability Report covers the period from January 1 to December 31, 2017 (unless otherwise stated) and is addressed to all OTE Group stakeholders groups.

This is the first OTE Group sustainability report, which presents consolidated data for the Group. Information has been collected from the following companies that contribute around 99% of OTE Group revenues and employ around 98% of OTE Group employees:

- OTE, COSMOTE, GERMANOS, OTE Globe, OTE Academy and COSMOTE e-value (all with headquarters in Greece),
- Telekom Romania Communications and Telekom Romania Mobile Communications (with headquarters in Romania),
- Telekom Albania (with headquarters in Albania).

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's strategic pillars for Sustainability
- The outcomes of the stakeholders dialogue
- The most significant Sustainability issues that resulted from the Materiality Analysis
- The stakeholders' feedback for the 2016 Sustainability Report for OTE Group companies.

The Sustainability Report is subject to external assurance, covering the Principles of Standard AA1000 and specific performance indicators of OTE Group companies (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, based on information provided by the Operational Divisions of the companies. The collection and presentation of the data were undergone by following the definitions and parameters of the GRI guidelines, as well as internal guidelines. Further information on measurement techniques and methods for the assessment of data is included in the Report.

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

Compilation in Accordance with GRI Guidelines

The 2017 Sustainability Report has been written in accordance with the core option of GRI G4 Guidelines.

Full information on the fulfillment of GRI G4 requirements is provided in the [Global Reporting Initiative Content Index](#).

Online Presentation of 2017 Sustainability Data

By visiting the www.otegroupsustainability2017.gr website, stakeholders can be easily and quickly informed about OTE Group's strategy and performance, concerning Sustainability issues, for 2017.

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.

1. OTE Group

1.1 Group Presentation

OTE Group is the largest telecommunications provider in the Greek market and together with its subsidiaries, forms one of the leading telecom groups in South-eastern Europe.

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

In 2017, the companies in which OTE Group participates, employed 20,305 employees. The Group's consolidated revenues for 2017 stood at € 3,857.1 million while its market capitalization stood at € 5.6 billion.

For the third consecutive year, the Greek fixed-line operations achieved a positive performance, with revenues increasing by 1.0%, as a result of the solid performance in broadband services which benefited from the impressive take up of fiber services and the COSMOTE TV revenues, driven by subscriber growth. Greek mobile operations posted a revenue increase of 0.7% in 2017, reflecting data uptake and the Roam Like Home regulation impact.

In Romania, fixed-line operations posted total revenues of € 607.7 million in 2017, which were higher by 0.9% compared to 2016, reflecting higher contribution from fixed-mobile convergence services along with good performance in wholesale services. Revenue in Romania mobile was increased by 1.7% in 2017 reaching €464.9 million, driven from increased handset and other mobile revenue.

In Albania, revenues declined by 11.8% compared to 2016, mainly due to lower

international traffic which was partially offset by the increased retail revenue.

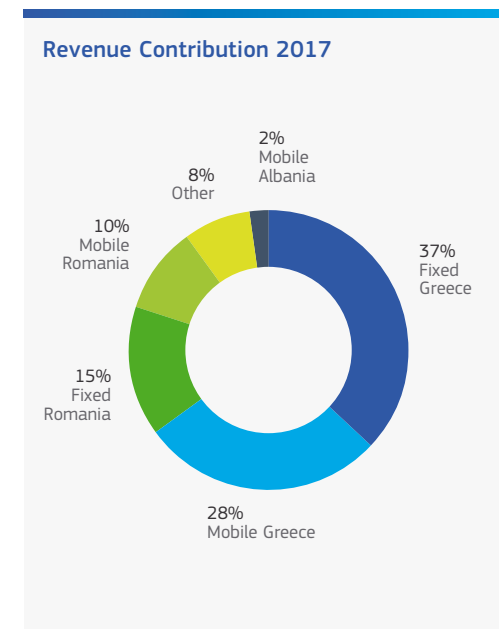
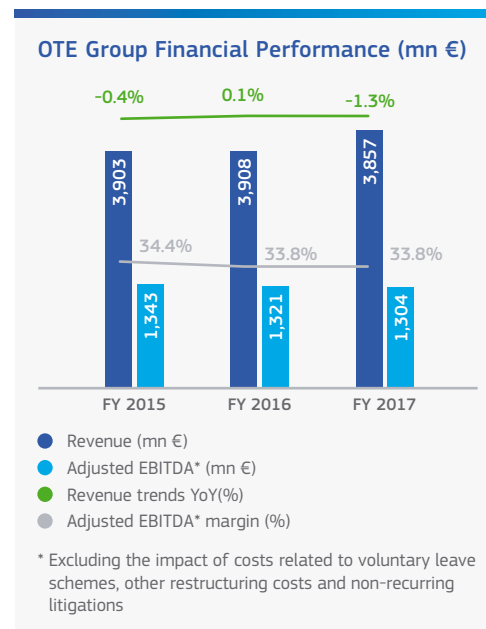
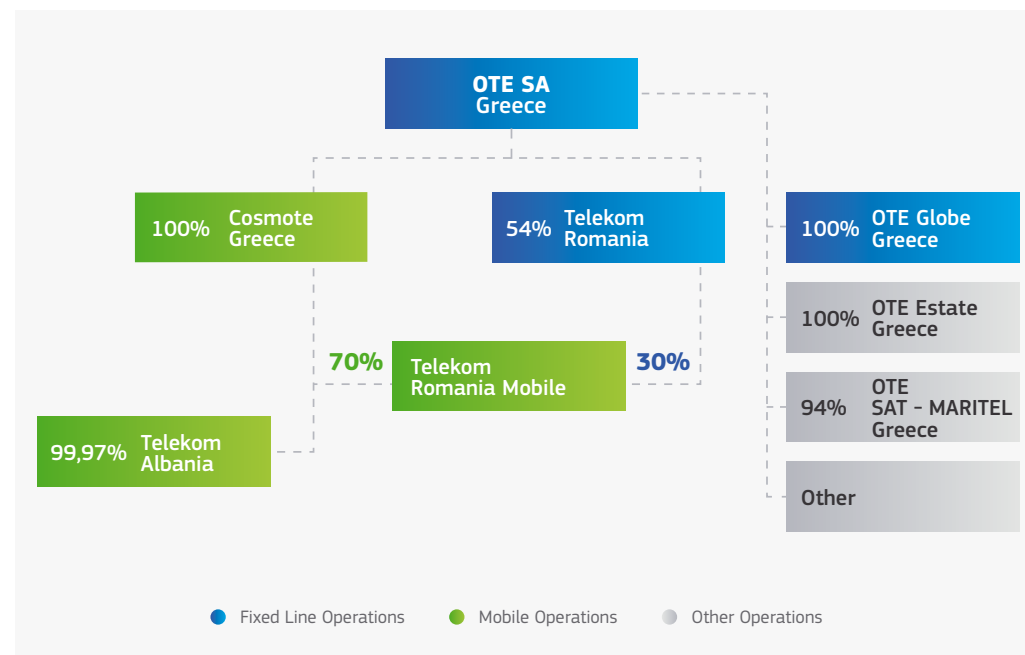
Group's adjusted EBITDA stood at € 1,303.9 million in 2017 exhibiting a decline of 1.3% compared to 2016, resulting in a 33.8% adjusted EBITDA margin, which was stable compared to 2016.

At country level, adjusted EBITDA in Greece increased by 0.5% in 2017, with an adjusted EBITDA margin at 40.2%.

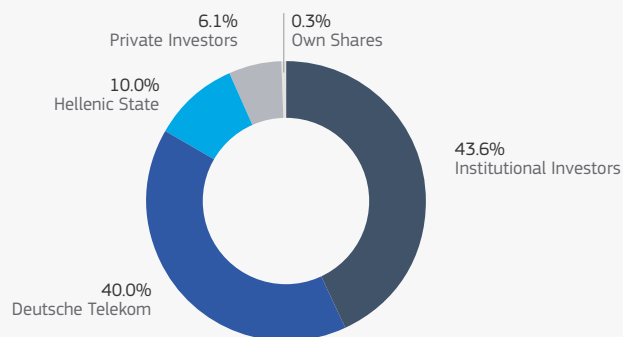
Adjusted Group profit after minority interests (excluding one-off items) stood at €192.7million in 2017, as compared to € 201.5 million in 2016.

In 2017, the adjusted Capital Expenditure amounted to € 797.5 million, mainly reflecting investments in fixed-line operations in Greece to support future growth.

In early 2018, OTE announced a medium-term Shareholder Remuneration Policy. Should the economic environment remain stable, the Company intends to distribute to its shareholders, through a combination of dividend and share buyback, the free cash flow it generates every year, after incorporating consideration for spectrum acquisitions and one-off items. The split between ordinary dividends and share buybacks is targeted at approximately 65% and 35%, respectively, in 2018 and in the medium term. Pursuant to the new shareholder remuneration policy, the extraordinary General Meeting of Shareholders held on February 15, 2018, approved the share buyback for up to 10% of the Company's total paid up share capital for a period of 24 months, beginning February 15, 2018. The shares acquired will be cancelled. The Board of Directors of OTE will propose to the Company's Annual General Assembly of the Shareholders the distribution of a dividend of € 0.35 per share outstanding.



OTE Group Ownership 31.12.2017



Greece

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

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

OTE Group also established COSMOTE as the single commercial brand for all fixed, mobile, internet and television products 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 of 299 GERMANOS and 133 COSMOTE stores. Details of all the products and services of the Group are available on the COSMOTE web site.

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.

Romania

Telekom Romania is a dynamic brand offering approximately 10 million consolidated services in fixed and mobile telephony to its' customers.

Telekom Romania's solutions open a world of infinite opportunities that allow for the beauty of life to be shared

amongst the families, friends, partners, colleagues and citizens related to the company. The Company's mission is to enrich people's lives, by offering fixed and mobile integrated services, state-of-the-art technologies, like 4G, optical fiber, as well as Internet TV, which introduces users to a new entertainment experience, with access to exclusive and quality content and advanced interactive features on all screens. Telekom Romania is the trusted partner for companies, providing them with complete communications and ITC solutions, enabling people to "come closer" via new technologies, ensuring a better, safer and simpler future.

Telekom Romania has been active in the Romanian market since 2014, after the joint rebranding of Romtelecom and COSMOTE Romania.

Telekom is a brand pertaining to Deutsche Telekom, one of the world's leading integrated telecommunications companies.

Albania

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

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

€ 1,204 mil.

OTE Group 2017 Taxes and Insurance Contributions

Greece

€ 1,074 mil.

Romania

€ 122.4 mil.

Albania

€ 7.6 mil.

Why it matters

The financial performance of OTE Group is a key priority for management and its shareholders.

The Group provides information on the economic value generated by its operation, and the value distributed so that the direct value added to the community and stakeholders is better understood.

Direct Economic Value in 2017 (in millions €) was...		OTE Group	OTE
...GENERATED	total revenues	3,857.1	1,583.8
...DISTRIBUTED	operating costs*	2,043.5	659.8
	employee wages and benefits	622.5	286.4
	dividends paid to company's owners	78.1	78.1
	income tax paid	211.9	129.7
	social contribution	4.2	1.7
...RETAINED		896.9	428.1

* Excluding employee wages and benefits, depreciation, amortization and impairments.

Key 2017 Financial and Market Figures

Key financial and market figures are presented for major OTE Group operations.

	OTE	COSMOTE	Other activities in Greece	Telekom Romania Communications	Telekom Romania Mobile Communications	Telekom Albania
Revenue	€ 1,583.8 mn	€ 1,116.9 mn	€ 845.2 mn	€ 607.7 mn	€ 464.9 mn	€ 68.1 mn
EBITDA	€ 645.7 mn	€ 381.6 mn	€ 73.8 mn	€ 85.3 mn	€ 55.2 mn	€ 5.9 mn
CAPEX investments (incl. Spectrum charges)	€ 409.9 mn	€ 270.6 mn	€ 31.0 mn	€ 139.4 mn	€ 53.3 mn	€ 15.7 mn
Subscribers	2,639,132 fixed telephony 1,759,752 broadband connections 524,770 COSMOTE TV subscribers	7,981,236 mobile telephony		2,098,052 fixed telephony* 1,180,192 broadband subscribers* 1,470,341 TV subscribers	4,748,905 mobile telephony	1,941,324 mobile telephony

* Including FMC

Key 2017 Sustainability Figures

GREECE

73% revenue contribution

92% local purchases

12,768 employees

38% women

41% trained

€ 3.3 million social contribution

101 social programs

1,042,936 beneficiaries

533 GWh total energy consumption

289,880 t CO₂ eq GHG emissions from energy

4,556 t waste managed

ROMANIA

25% revenue contribution

84% local purchases

6,373 employees

43% women

100% trained

€ 0.8 million social contribution

77 social programs

172,796 beneficiaries

271 GWh total energy consumption

85,566 t CO₂ eq GHG emissions from energy

3,240 t waste managed

ALBANIA

2% revenue contribution

82% local purchases

385 employees

63% women

40% trained

€ 0.1 million social contribution

13 social programs

31,899 beneficiaries

23 GWh total energy consumption

1,630 t CO₂ eq GHG emissions from energy

50 t waste managed

1.2 Corporate Governance

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

In respect of OTE S.A. (hereinafter “OTE” or the “Company”) please note that it constitutes 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 follows corporate governance practices voluntarily. In this context, OTE complies with the Hellenic Corporate Governance Code (HCG Code) for Listed Companies. According to applicable 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 Code (principle of “comply or explain”).

Relevant obligations and practices are in their majority, incorporated in the [Articles of Incorporation](#), the Internal Regulation of Operations, the [OTE Group Code of Conduct](#) and other, internal Regulations and Policies or best practices, 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

existing 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](#)).

Board of Directors

The Board of Directors (BoD) of OTE constitutes the top administrative body of the Company, without prejudice to the General Assembly’s exclusive powers under applicable legislation. Its duty is to safeguard the general interests of the Company and ensure its operational efficiency.

The General Assembly of OTE’s Shareholders is the highest corporate body in terms of hierarchy and elects the Board members, including the Independent - non executive members, in accordance with the requirements of legislation.

Please note that the competent General Assemblies of other OTE Group Companies, also elect their Board of Directors members. However the necessity to designate the BoD members competencies as executive, non-executive and independent non-executive, is applicable only to OTE due to the fact that it is a Company with listed shares.

Regarding OTE Corporate Responsibility, the Chairman and CEO requests from the Board of Directors information and their opinions on Corporate Responsibility issues

during the annual revision of the strategic objectives.

The [OTE Board of Directors](#), on 31 December 2017, was comprised of nine (9) members, 2 executive and 7 non-executive, of whom 2 independent. All OTE BoD members were male.

The current evaluation and remuneration policy for the executive members of the Board, as well as decisions of the General Assembly regarding the remuneration of non - executive members, and its Committees are stated in the Corporate Governance Statement (which is comprised in the Annual Report of the Board of Directors and is included in the [Annual Financial Report](#)).

Committees

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

- the Audit Committee
- the Compensation and Human Resources Committee

The Audit Committee, it is mandatory to be consisted of three (3) non - executive members, who mandatorily are non-executive members of the Board of Directors, which in their majority, are independent non-executive members (including its Chairman).

The Compensation and Human Resources Committee consists of at least three (3) Board members, two (2) of which it is mandatory to be non-executive members. In 31.12.2017 the Committee consisted of three (3) non-executive members of the Board of Directors.

OTE’s Compensation and Human Resources Committee is, amongst other things, responsible for defining the principles of

Corporate Social Responsibility policies.

In addition to the foregoing, the activity of OTE’s Board of Directors is supported by the OTE Group Compliance, Enterprise Risks and Corporate Governance Committee, whose primary mission is the support, review and monitoring of the implementation of the Compliance and Risk Management Systems (CMS and RMS) and issues of Corporate Governance at OTE Group level.

2. Sustainability

2.1 Sustainability Strategy

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

OTE Group uses technology to create a better world for all. 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:

- Leadership Technology
- Excellent customer experience
- Innovation and development of new sources of revenue
- Leading position in the market it operates

- Digitalization, simplification and cost optimization
- Development culture

In addition, the Group seeks to enhance its sustainable business, contributing to the support of society and the preservation of the environment. The Group's Sustainability Strategy is an integral part of its business strategy, having its Sustainability Principles integrated into its operation.

The OTE Group has identified 5 thematic priorities of its 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

With the goal to further incorporate the United Nation's Sustainable Development Goals (SDGs) into its business strategy, OTE Group has linked the identified priority SDGs (see [Contribution to the United Nations' Sustainable Development Goals](#) section) with its sustainability strategic pillars.

Business Model

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

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 allow 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 the OTE Group defines the working conditions and social standards under which its products and services are developed and provided. It sets the rules that ought to be followed by the whole Group, on matters such as human rights, sustainability and environmental protection, equal opportunities, health and safety and employees' rights. It acts as behavioral guide for of all employees, investors and suppliers of the Group.

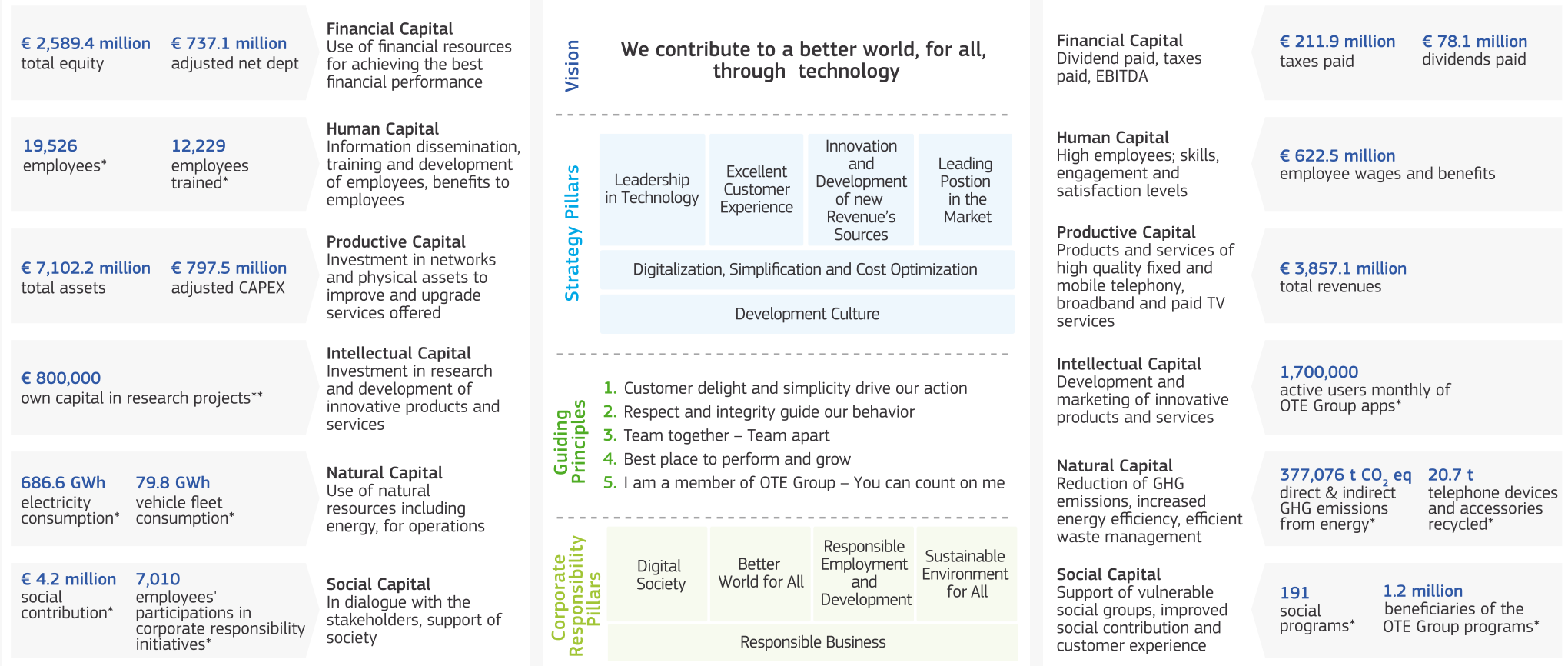
It has been developed in accordance with internationally recognized standards, guidelines and rules, the International Bill of Human Rights and the Core Conventions of the International Labor Organization. It takes into account the Organization for Economic Cooperation and Development (OECD) Guidelines,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

Sustainability Strategy



Sustainability Business Model

OTE Group Governance



* Values covering OTE, COSMOTE, GERMANOS, OTE Globe, OTE Academy, COSMOTE e-value, Telekom Romania Communications, Telekom Romania Mobile Communications and Telekom Albania

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.

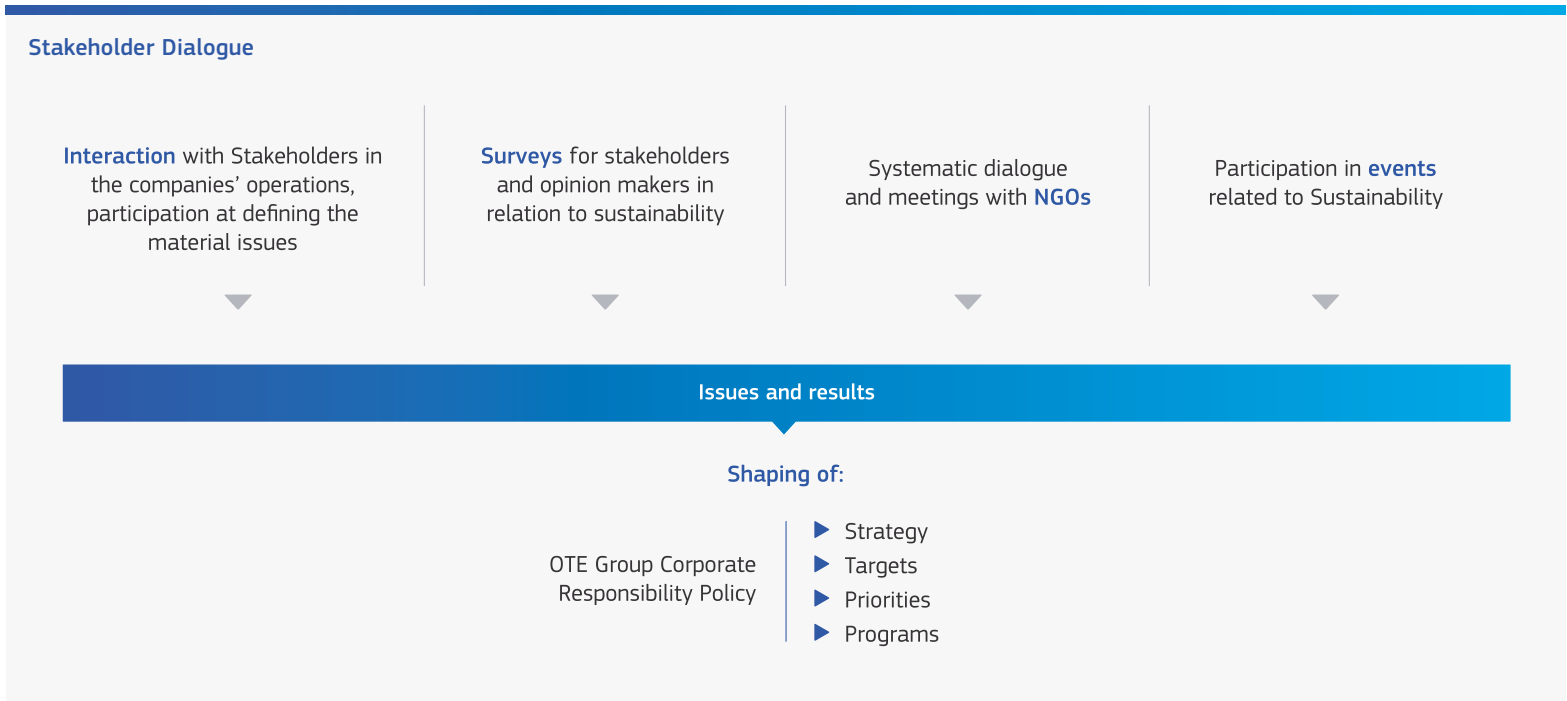
Indicatively, in 2017, more than 40 meetings were held in Greece, with representatives of nonprofit organizations, aiming to exchange know-how and opinions about the management and implementation of major social initiatives, as well as on specific issues, such as corporate volunteering.

OTE Group companies responded to the concerns of the NGOs for innovation in education and young entrepreneurship, by enhancing their respective initiatives. Indicatively, COSMOTE supported the National Educational Robotics Competition, whose winners participate in the World Robot Olympiad, and the “Access to the Digital World” program was expanded in 13 municipalities of Attica.

More information for the communication with the Stakeholders can be found in the [Appendix](#).

AA1000 AccountAbility Principles Standard

OTE Group companies comply with the principles of the “AA1000 AccountAbility Principles” Standard, namely Inclusivity, Materiality and Responsiveness.



OTE Group Stakeholders



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.

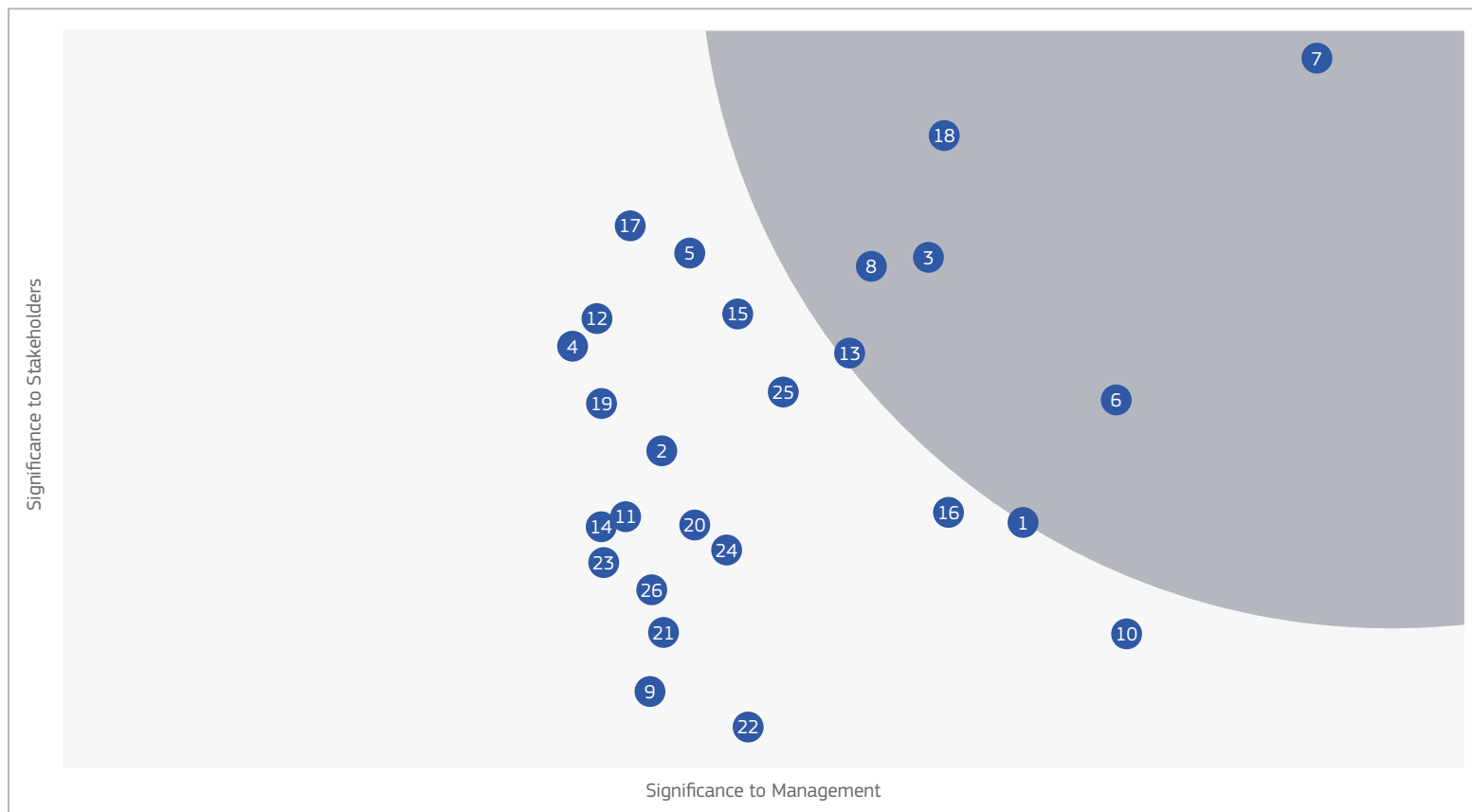
In 2017, the materiality of sustainability issues was determined through the participation of OTE Group’s Senior Management (meetings with Senior Management members in Greece, Romania and Albania) and stakeholders (18,184 responses via an online questionnaire from all stakeholder groups in Greece, Romania and Albania). For the first time, this analysis was conducted for the entire Group rather than on a company level.

In addition, the compliance risk assessment process was integrated in the materiality analysis process. OTE Group has merged its sustainability, compliance and risk management procedures, developing a holistic approach, according to best practices.

To consolidate the data at a Group level, weighing financial, social and environmental factors were used. The results were validated by the OTE Group Management. All available data were evaluated in order to be used in the planning of the Group’s actions and strategy, while the most important issues were included in the Group’s risk map.

The 2017 Sustainability Report refers to all 26 issues, with special focus on the 7 issues identified by Management and stakeholders as the most material.

More information is presented in the [Appendix](#).



- | | |
|---|--|
| 1 Economic performance | 14 Products and services for sustainability |
| 2 Governance and management | 15 Research and innovation |
| 3 Corporate compliance policies | 16 Responsible competition |
| 4 Employees’ compliance and grievance mechanisms | 17 Responsible communication with customers |
| 5 Human rights | 18 Customer service and satisfaction |
| 6 Business resilience | 19 Digital inclusion |
| 7 Data security and privacy | 20 Support education on ICT |
| 8 Safe and responsible use of technology | 21 Managing impacts to society and the local community |
| 9 Responsible procurement and supply chain management | 22 Stakeholder engagement |
| 10 Employment | 23 Energy and climate change |
| 11 Fair employment and equal opportunities | 24 Circular economy |
| 12 Employee health, safety and wellness | 25 Electromagnetic fields (EMF) |
| 13 Employee training and skills development | 26 Other environmental aspects |

Stakeholder Participation in 2017 Materiality Analysis

Greece:
6,704

Romania:
11,113

Albania:
367

2.4 Contribution to the United Nations' Sustainable Development Goals

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

In September 2015, the United Nations adopted the 17 Sustainable Development Goals (SDGs). OTE Group has analyzed its impact to the SDGs throughout its value chain and has identified 7 SDGs that it mostly contributes to. These priority SDGs were linked to the Group's sustainability strategic pillars and actions.

SDGs with Significant Contribution by OTE Group



OTE Group Actions Contributing to SDGs

OTE Group:		Read more in sections:
	<ul style="list-style-type: none"> + 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. 	<ul style="list-style-type: none"> Products and Services for Sustainability Research and Innovation Safe and Responsible Use of Technology Health and Safety
	<ul style="list-style-type: none"> + Supports education and digital skills' development programs for people of all ages, and continues to enhance internal employee training programs. 	<ul style="list-style-type: none"> Employee Training and Skills Development Products and Services for Sustainability Research and Innovation Social Contribution
	<ul style="list-style-type: none"> + Offers solutions for better energy management (e-Energy) and smart grids. 	<ul style="list-style-type: none"> Products and Services for Sustainability Research and Innovation
	<ul style="list-style-type: none"> + 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. 	<ul style="list-style-type: none"> Responsible Procurement and Supply Chain Management Fair Employment Policy Framework and Equal Opportunities Products and Services for Sustainability Research and Innovation
	<ul style="list-style-type: none"> + 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). 	<ul style="list-style-type: none"> Products and Services for Sustainability Research and Innovation Connectivity for All
	<ul style="list-style-type: none"> + Develops products and services that contribute to the rational management of natural resources and reduction of waste generated. - Incorporates the principles of circular economy throughout its value chain. Sets responsible management conditions for its suppliers. Helps its customers to recycle their old equipment. 	<ul style="list-style-type: none"> Products and Services for Sustainability Research and Innovation Responsible Procurement and Supply Chain Management Circular Economy
	<ul style="list-style-type: none"> + Offers products and services that contribute to climate change mitigation (broadband, Cloud and M2M technologies). - Takes measures to improve its energy efficiency. 	<ul style="list-style-type: none"> Products and Services for Sustainability Research and Innovation Energy and Climate Change

+ Maximization of positive impacts - Minimization of negative impacts

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 Group's corporate responsibility performance and represents its interests in matters of corporate responsibility (CR) and sustainability. Supervision is entrusted to the Chairman and CEO of the 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 OTE Group Corporate Communications Executive Director 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, members of the Corporate Responsibility Department participated, in 2017, in training sessions and seminars that pertained current and running corporate responsibility and sustainability issues (e.g. training for the application of 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

Oversees 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

Interdivisional Sustainability Team

OTE Group’s Sustainability Team, consisting of more than 50 representatives from all business units, is responsible for the management of Sustainability issues. The Head of the Sustainability Team is the Executive Director Corporate Communications OTE Group.

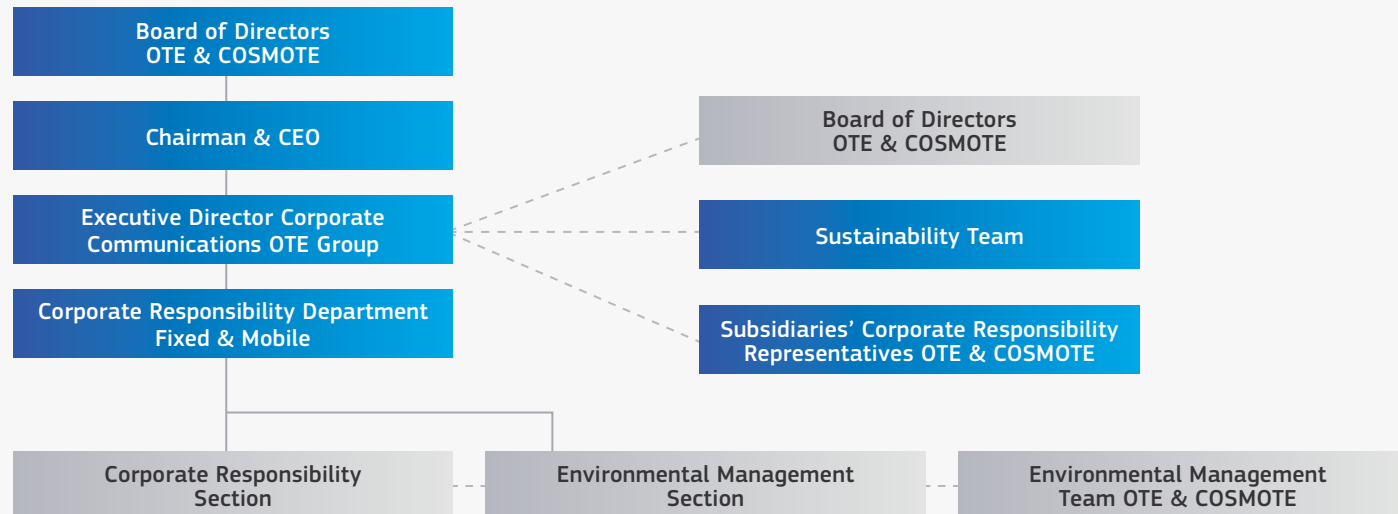
Team Goals:

- Further disseminate the principles and Sustainability actions to the different business units of the companies
- Raise awareness and mobilize employees
- Collect information on sustainability performance
- Create a common corporate culture and achieve the corporate goals for sustainable development.

Sustainability 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 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



2.6 Memberships, Ratings and Awards

Memberships

OTE Group companies actively participate in and are informed about the trends and developments on Corporate Responsibility and Sustainability issues. In 2017, OTE Group companies maintained their voluntary participation, through their membership in a number of strategically important national and international bodies.

More information presented in the [Appendix](#).



Ratings

The 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.



OTE, as of December 2017, remained in the Vigeo Eiris Best Emerging Markets performers ranking (the 100 most advanced companies in its Emerging Markets universe). OTE improved its score and remains the only Greek company that is a member of this index.



In a 2017 assessment, OTE improved its rating (from C+ to B-) and kept its status

as a "Prime" company, a title awarded to companies-leaders of each sector by oekom research, in recognition of OTE's negotiable bonds and shares qualify for responsible investment.



In 2017, following MSCI ESG Research's assessment, OTE improved its ESG rating, from 'BBB' to 'A'.



OTE has been reconfirmed for inclusion in the Ethibel EXCELLENCE Investment Register and selected for inclusion in the Ethibel PIONEER register since February 2018. This selection by Forum ETHIBEL indicates that the company can be qualified as a sector leader in terms of corporate social responsibility.



Since 2010, OTE has been participating in the CDP on Climate Change by communicating the required information to its platform. In the 2017 evaluation, OTE

received the B (Management) rating, putting it above the average of all companies in the sector.

Awards

During 2017, OTE Group companies received more than 25 awards and distinctions for their sustainability performance.

In Greece:

- **7th Corporate Social Responsibility Conference organized by Capital Link.** The Greek "2017 Capital Link CSR Leadership Award" was presented to Mr. Michael Tsamaz, OTE Group Chairman and CEO.
- **Hellenic Advertisers' Association (SDE) Corporate Responsibility Awards.** OTE Group received 5 excellence awards in the following categories:
 - Innovation
 - Society, Culture and Sports
 - Constant Commitment and Support:
 - Environment
 - Society and People
- **2017 Hrima Business Award:** OTE Group earned the 1st Corporate Social Responsibility Award at the "2017 Hrima Business Awards"
- **2017 Sustainability Performance Directory:** OTE Group was recognized as one of "The Most Sustainable Companies 2017"
- **Bravo Sustainability Awards 2017.** OTE Group received:
 - An award in the category **Bravo Governance**
 - An accolade in the **Bravo Market**
 - An accolade in the **Bravo Education**

- **Energy Mastering Awards 2017.** OTE Group received significant awards for energy efficiency and sustainability practices:
 - **Two Gold Awards** in the “**Energy Efficiency Certification**”
 - **Gold Award** in the “**Energy Efficiency in Public Buildings**” category
 - **Silver Award** in the “**Energy Efficiency Management**” category
- **Waste and Recycling Awards 2017.** OTE Group received the following accolades for effective materials and waste management practices:
 - “**Winner**” in the “**Smart Cities Waste Management Applications**” category
 - “**Winner**” in the “**Closing the Loop Commitment**” category
 - “**Winner**” in the category “**Sustainable Business**”
 - “**Highly Commended**” in the “**Reuse**” category
- **Mobile Excellence Awards 2017. Gold Award** to COSMOTE

In Romania:

- **Communic@tti Mobile Gala.** “Best CEO” and “Best Mobile Technology” awards
- **CSR Awards 2017.** Telekom Romania Foundation won 2nd place, in the CSR Awards 2017 Gala, in the category “Supporting employees”
- **Gala Capital Awards.** Ruxandra Voda, President of the Telekom Romania Foundation won second place for the best CSR manager.

- **Business Woman Gala.** “Excelenta in comunicarea de brand” – Excellence in Brand Communication 2017 Award.
- **Telekom Banking awarded at the Piata Financiara Awards Gala.** Together with Alior Bank, Telekom Romania received the award for the best digital banking project in 2017.
- **Telekom in top 10 CSR Index 2017.** Telekom and 8 other companies were the only ones out of the 100 analyzed in the study to have a score over 50% in transparency and involvement in the CR field.

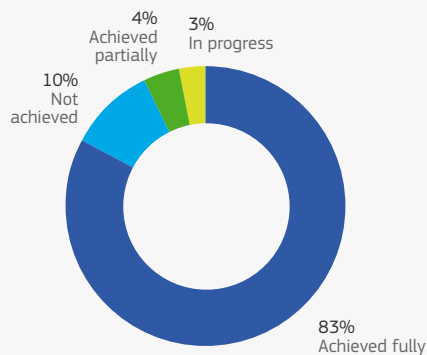
2.7 2017 Performance and 2018 Targets

OTE Group companies 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 are then distributed throughout the Group, in the form of individual objectives for each organizational unit and activity.

In the 2016 Sustainability Report, 30 annual targets were presented for OTE and COSMOTE. The objectives were qualitative and quantitative, covering different functions, and were subsequently 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.

30 targets for 2017



The companies' performance per target is presented in the [Appendix](#).

2018 Targets

Sustainability

OTE Group: Sustainability Report according to new GRI standards.

OTE Group: Enhance Stakeholder approach.

OTE-COSMOTE: Promote further Sustainability Team role.

Digital Society

OTE-COSMOTE: Internal development on IoT and testing of 5G technologies.

OTE-COSMOTE: Contribution to technology superiority for a better world for all.

OTE-COSMOTE: Handling of at least 70% of complaints within 2 days.

Better World for All

OTE-COSMOTE: Educational programs for the enhancement of Digital Skills for all ages.

OTE-COSMOTE: Development of programs for the enhancement of entrepreneurial skills of small-medium enterprises and young entrepreneurs.

OTE Group: Support of vulnerable Social Groups and programs that contribute to Society.

Responsible Employment and Development

OTE-COSMOTE: Develop a culture of ongoing learning, sharing knowledge and best practice.

OTE-COSMOTE: Develop employees by enhancing Digital Skills and providing Rotation programs.

OTE-COSMOTE: Set the basis for virtual collaboration and matrix teams and simplify internal processes.

Responsible Business

OTE Group: Maintain the attestations according to ISO 31000:2009 "Risk Management - Principles and Guidelines" standard.

OTE Group: New Code on Human Rights and Social Principles, OTE Group.

OTE Group: Further enhance compliance awareness within the company.

OTE Group: Redesign Business Continuity and Disaster Recovery plans and validate them.

OTE-COSMOTE: COSMOTE One App and What's up App to exceed 2 million monthly active users.

OTE-COSMOTE: e-Bill penetration to 50% of customer base.

OTE-COSMOTE: Introduce digital workplace features for companies' employees (Mobile App, Collaboration tools and platforms).

OTE-COSMOTE: Compliance with the General Data Protection Regulation (GDPR).

OTE-COSMOTE: Usage of User Behavior Analytics (UBA) to analyze and detect malicious user actions.

Sustainable Environment for All

OTE Group: Contribution to the achievement of the CO₂ emissions reduction target set for 2020 at DT Group level (20% reduction compared to 2008), by planning and implementing measures for energy conservation and CO₂ emissions reduction.

OTE Group: Implementation of the revised environmental risk assessment methodology in telecom companies (Albania, Romania).

OTE-COSMOTE: Reduction of CO₂ emissions (scope 1 and scope 2) by 10% compared to 2008 levels.

OTE Group: Stabilization of electricity consumption in the telecom network at 2017 levels.

OTE-COSMOTE: Improvement of energy performance of vehicles fleet by 5%.

OTE Group: Recycling of 100% of hazardous and technical waste withdrawn.

COSMOTE: Installation of 4 additional EMF measurement stations.

OTE: Relocation and operational upgrade of the new OTE plant for the refurbishment of end devices (ADSL & VDSL modems, TV decoders).

3. Responsible Business

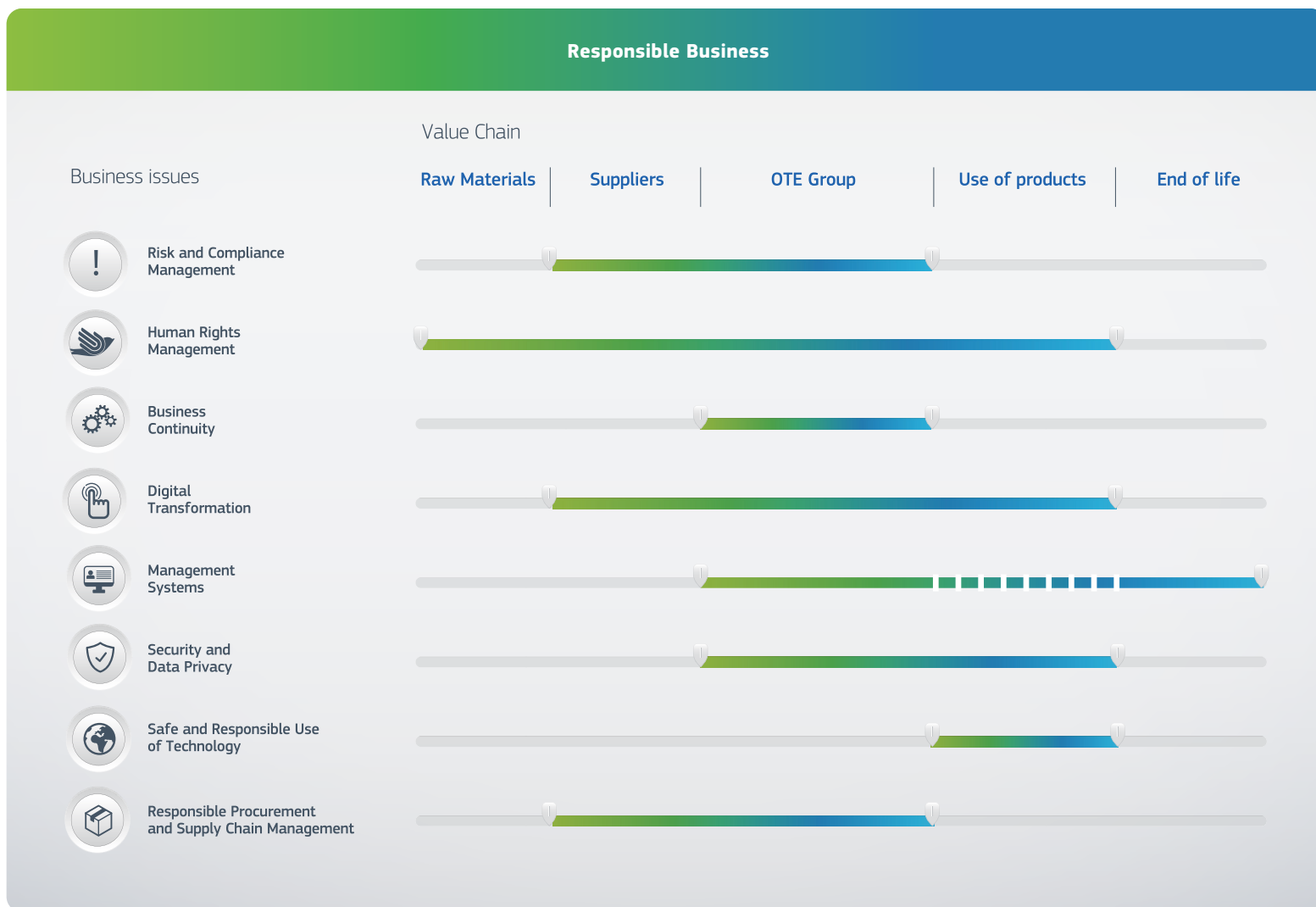
3.1 Approach

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 its customers, employees and partners / vendors with an integrated digital experience, the Group, by utilizing the new digital capabilities, proceeds towards its digital transformation. The transformation involves the design and offering of new digital products that develop its employees' digital skills, as well as simplify transactions with suppliers and partners.



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 (mainly customers, shareholders and investors, the media, the state and the suppliers) effectively require the Group to comply with laws and regulations and to exhibit zero tolerance for corruption, blackmailing and bribery.

Enterprise Risk Management

OTE Group has developed and implemented an Enterprise Risk Management System (ERM), aiming to safeguard a linear business model and the Group's future business success. The ERM System supports the Management in making strategic decisions by identifying, evaluating, communicating and addressing corporate risks. OTE Group Corporate Risk Management system is based on the COSO ERM model and the ISO 31000:2009 "Risk Management - Principles and Guidelines" standard. The ERM System has been

certified according to ISO 31000:2009, for OTE, COSMOTE, Telekom Romania Communications and Telekom Romania Mobile Communications.

All corporate risk descriptions are kept centrally in the Group Corporate Risk Register.

Important accomplishments in 2017:

- **Update of the OTE Group Enterprise Risk and Insurance Management Policy.**
- **Adoption of the "Risk Appetite Approach"** by the OTE Group Compliance, Enterprise Risks and Corporate Governance Committee (GRC Committee). This is an ongoing process aiming to strengthen the risk culture within the organization.

OTE Group Enterprise Risk Management department is in the process of defining, collecting and analyzing relevant data and establishing **Key Risk Indicators** (and their thresholds / tolerance levels), aiming to ensure compatibility with corporate strategic performance indicators and their related mapping in the Corporate Risk Register.

- Embedment of the results from the individual risk assessments of business units and subsidiaries into the **OTE Group Corporate Risk Register**, aiming to a systematic analysis and structured

monitoring of corporate risks.

- **Presentation of 4 OTE Group Enterprise Risk Management Reports** to the OTE Group GRC 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.
- **Establishment of an insurance dashboard, to present the existing insurance programs, the analysis of claims** and also to identify potential risks that are not covered by the insurance programs.
- Approval by the OTE Audit Committee of the **self-assessment, regarding the implemented Risk and Insurance Management System** at OTE, COSMOTE, Telekom Romania Communications, Telekom Romania Mobile Communications and Telekom Albania.

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



Compliance Management

For OTE Group, the assurance of compliance is one of the top priorities. Compliance stands for a solid commitment to the principles of integrity, transparency, justice, and of respect to the rules; principles which are essential to govern the functioning of the Group. In this respect, a Compliance Management System (CMS) has been established, whose main focus is on prevention.

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

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

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

Major achievements in 2017 include:

- An **ISO 37001:2016 Certification on Anti-Bribery Management Systems** and an **ISO 19600:2014 Attestation on Compliance Management System (CMS)** were obtained by OTE, COSMOTE, Telekom Romania Communications, Telekom Romania Mobile Communications and Telekom Albania. The Certification Audits were performed by the Certification body “TUV Hellas (TUV Nord)” according to the requirements of the abovementioned Standards. The Audits confirmed the adequacy and effective implementation of the Systems and processes. The above mentioned OTE Group companies were among the first telecommunication companies in Europe which obtained the above ISOs.

- **A Compliance Management System (CMS) Certification on Anti-Corruption (Assurance Standard 980)** was obtained by OTE, COSMOTE, Telekom Romania Communications and Telekom Albania.

In the context of Deutsche Telekom’s CMS certification, an audit was performed by KPMG (external auditor). The audit examined whether the CMS was effectively implemented, under the guidelines outlined in the IDW Assurance Standard 980. The auditor confirmed that CMS was effectively implemented.

- **A Compliance Risk Assessment** (including, among others, risks related to corruption) for OTE Group took place along with the Sustainability Materiality Analysis (see [Materiality Analysis](#)). The Chief Officers and Executive Directors who participated in this Analysis represented the 100% of the companies’ functions.
- **More than 1,600 Group employees were involved in the Compliance Training program** (training seminars for anti-corruption and introductory training for new entrants). In March 2017 the 1st Top Management Compliance Training (TMCT) with external

keynote speakers took place. 116 OTE Group managers participated in this training.

Moreover, all employees promoted to a managerial position attend a Compliance Training program and are provided with a “Compliance Guide for Managers”, to familiarize themselves with the upcoming compliance challenges.

In addition, 983 new employees were trained in 2017 as part of the “Welcome on Board program” and “Customer Care induction program”, which include a specific module on Compliance issues.

In 2017, there was a significant increase both in total number of trained employees (47% increase over 2016) and in employee participation rate (8.32% increase over 2016).

- **The OTE Group Code of Conduct and the OTE Group Supplier Code of Conduct were amended.** Updating the **OTE Group Code of Conduct** was deemed necessary to simplify its content on the rules and principles of corporate behavior. Similarly, the OTE Group Supplier Code of Conduct was updated in line with modern commercial requirements. The Code applies equally to all OTE Group companies.

- **Annual Statements were signed by the Senior Financial Officers** regarding their compliance with the applicable Code of Ethics for Senior Financial Officers, aiming at honest and ethical professional conduct.

- **A Compliance based Corporate Culture Survey** was addressed to employees of OTE, COSMOTE, Telekom Romania Communications, Telekom Romania Mobile Communications and Telekom Albania in the first quarter of 2017. The survey was organized by the European School of Management and Technology (ESMT) and the Hertie School of Governance under the auspices of DT. The goals of the survey included the assessment of company culture regarding compliance and ethics, the identification of drivers for unethical behavior within the companies, the development of measures to strengthen corporate culture and the avoidance of serious compliance incidents. The participation was voluntary, and the anonymity and confidentiality of the participants’ input was guaranteed. An independent body of experts supervised the survey. Following the completion of the survey, measures will be developed and announced to be incorporated in the Compliance Measure Plan 2018.

- **A Group-wide Anti-Corruption Awareness Campaign took place**, on the occasion of the International Anti-Corruption Day (9 December) designated by United Nations. Campaign Title: **“We build relationships on Trust”**.

- **Internal communications of important Compliance issues were addressed to Employees and Management** (e.g. the guidelines on gifts and invitations to events during holiday periods).

- **Presentation of 4 OTE Group Compliance Reports** to the OTE Group GRC Committee for the review, evaluation and subsequent

Key Elements of Compliance Management System

1 Prevention of Misconduct and Compliance with the Policies in Place

- > 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

2 Management of Compliance Violations

- > Detection of compliance violations
- > Investigation of compliance violations
- > Submission of proposals and corrective actions or measures deemed necessary

submission to the competent corporate bodies.

The effectiveness and efficiency of the above systems are monitored by the OTE Group Compliance, Enterprise Risks and Corporate Governance Committee (GRC Committee), the Audit Committee and the Board of Directors.

Additional information regarding the compliance risk management can be found in the [Annual Financial Report 2017](#).

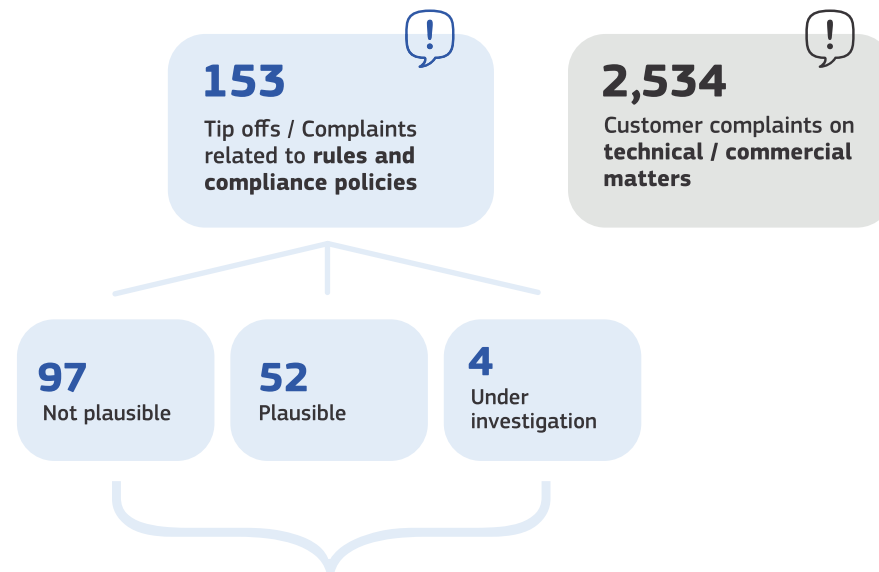
Compliance Codes and Policies

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

Significant Data 2017

- > With respect to fraud incidents and serious violations of the OTE Group Code of Conduct:
 - 12 cases occurred, that a termination of contract of OTE Group employees took place,
 - 5 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, that resulted in the termination of the contract or its non-renewal.
- > 3 cases occurred concerning OTE Group suppliers leading to their exclusion from the 2017 tender procedures.
- > There have been no court convictions for corruption issues against OTE Group or its employees in relation to their professional activities.
- > No fine or non-pecuniary penalty (e.g. a recommendation) for corruption issues was imposed on OTE Group companies.

2,687 Tip offs / Complaints received at the the relevant compliance communication channels in 2017



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

The 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 Code of Conduct includes basic rules of conduct, principles and values, such as equality, respect for diversity, trust, credibility, 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 strives 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 and participates in the initiative CFSI (Conflict-Free Sourcing Initiative) to prevent the use of conflict minerals.

In accordance with OTE Group Corporate



Responsibility Policy, the Executive Director Compliance, Enterprise Risk Management and Insurance OTE Group, has been appointed as the coordinator responsible for human rights issues. Any inquiries and complaints (from internal and external sources) related to human rights are addressed to the existing Compliance communication channels, and are handled according to the requirements of the "Ask Me" and "Tell me" Compliance processes.

In 2017, 944 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 OTE Group Supplier

Code of Conduct. None of the questions were related to discrimination issues.

In addition, 47 complaints were filed via "Tell Me" channels by employees of OTE Group. Moreover, one (1) complaint concerned a customer discrimination issue (alleged improper behavior by a Shop's employee about the customer's country of origin). Following a relevant investigation by the OTE Group Compliance Office, the complaint was found to be not plausible and an official message was sent to the complainant. However, the employee was transferred to another Cosmote Shop after the incident, as a measure for the company's reputation at the local community. Also, 1 tip-off concerned an employee's post

on a social network's open account group. The employee made an inappropriate comment regarding a customer's nationality. Following a relevant investigation, the tip-off was confirmed as plausible. Reprimand by the HR Business partner was made to the employee and the relevant posting was deleted from his account at the social network.

In the Compliance Training material (see the section on Policies and Management of Enterprise Risk and Compliance), a section regarding human rights and the Group's approach on the matter (e.g. communication channels and related Policy) is included. Human rights are included in the first section of the Group's induction training material.

In 2017, on the occasion of the International Human Rights Day (10th of December), the OTE Group Chairman and CEO, in an internal message, noted that the protection of human rights is a matter that should concern all employees. He referred to corporate core values, such as transparency, integrity and responsibility, with which the trust of the Group's employees, customers, shareholders and the society is earned. He noted OTE Group's human rights management approach through OTE Group guidelines, the OTE Group Code of Conduct and the Social Charter. He also mentioned the policies adopted by the Group in the context of the Compliance Management System, through which the Group fights corruption and ensures its seamless operation and good reputation.

There were no convictions of OTE Group 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 Group customers require from the Group to provide uninterrupted high quality products and services. OTE Group strives for high caliber Customer Experience and 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 processes of the Group.



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

In 2017, OTE successfully completed the annual audit of the OTE and COSMOTE Business Continuity Management System according to ISO 22301:2012 requirements.

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

- Extensive Business Impact Analysis study; covering the critical processes which support the key products and services in most of the companies of the OTE Group.
- Development of new / update existing Business Continuity and Disaster Recovery Plans.
- Exercising of all Business Continuity and Disaster Recovery Plans.

- Participation in business continuity exercises at DT Group level.
- Conducting multiple types of targeted training of teams with a business continuity management (BCM) role.
- Informing employees on business security and continuity issues (inductions, e-learning, newsletters).
- Implementation of risk assessment studies in critical buildings.
- Successful incident 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 2017, business continuity programs continued to be implemented in the Group subsidiaries.

OTE Group Situation Center

In 2017, in response to the OTE Group official point of reporting business continuity incidents:

- > **44 events** of business continuity were evaluated,
- > **131 potential and minor events** which **could affect** the business continuity were investigated,
- > **20 outbound notifications** were sent to the Situation Center of DT (providing safe travel instructions),
- > **490 SMS notifications** were sent to targeted groups internally (providing info about incidents).

3.5 Digital Transformation

OTE Group aspires to be the leading provider of digital services in Greece, and at the same time become a model company at European level for the transition to the new digital age.

To achieve this goal, OTE Group, through its Digital Transformation program, invests in enhancing the digital experience for its Customers, Employees and Suppliers-Partners. More than 130 projects, implemented by OTE Group, contribute into performing tasks in a simpler, faster and more efficient manner by utilizing modern digital capabilities.

The digital experience of customers at the center

- ▶ “Everything we do for our customers they should be able to do for themselves via our digital touchpoints”

Each customer has a **Mobile app and Digital ID** to

- ▶ access and manage all his/her accounts and services with OTE Group

Offer of **unique experience** through digital and

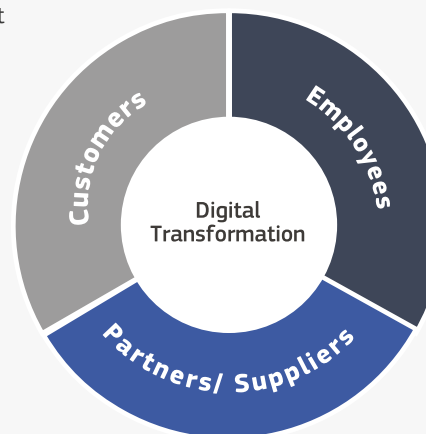
- ▶ physical touchpoints (omnichannel)

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

- ▶ **Digital tools** accessible from **any device, anywhere** to facilitate work and collaboration online
- ▶ **Simplification, unification and automation** of processes and functions
- ▶ Creation of **unified workflows** without ‘digital gaps’ to reduce paper and bureaucracy at work
- ▶ **Digital skills and culture**, growth and innovation mindset

Simplification of transactions 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

Greece: Significant Data 2017

- › New **COSMOTE One App & What's up App** launched with enhanced user experience and self-service capabilities for all fixed and mobile services of a user – rated >4* on app stores
- › > **1,500,000** active users monthly, 45% of the smartphone customers (from 900K active users in 2016), performing nearly 2 million transactions
- › ~**1,500,000** customers are receiving their bills electronically (from 950K in 2016); thus, saving 28 million printed paper sheets and reducing post office use
- › **Payment** through the Group's digital touchpoints has become easier and >**8%** of the prepaid top-ups have been completed through the Group's **1-click** digital purchase option (from 2.5% in 2016)
- › OTE Group has introduced digital features in Customer Service, such as **video-based assistance** to customers for resolving technical issues remotely through the “**U fix it**” service
- › Order capture at shops has become paperless with “**eSign**”, saving 11.5 million printed paper sheets
- › All of OTE Group's **internal approval workflows are online and paperless** resulting to reduced printing by 138,260 pages and avoiding the overhead of moving paper documents around
- › All Human Resources processes have been merged, simplified and digitalized on “**SmartHR**” platform. Launched online training platforms include Skillsoft, Learnlight and Magenta MOOC
- › “**Purchase2Pay**” journey is digitalized through the supplier portal for vendors' online registration, supply contract e-signature and vendor invoices digitalization and automation
- › OTE Group continues the **digitalization of tools and processes for the field force** – e.g. delivery and replacement of broadband routers by OTE Group field force is now a fully paperless process
- › Digitalization of network operations has resulted in **automatic handling of 40%** of fixed network issues, with automatic root cause analysis for 36% of issues and automatic resolution for 17%

Romania: Significant Data 2017

- › **50%** increase in Telekom Mobile apps users, with namely >**100,000** users per calendar month
- › **4%** of the smartphone customers, manage their accounts through Telekom Mobile apps
- › **1 in 60** sales were carried out through electronic orders and e-channel
- › >**4%** fixed service and >**6%** mobile service customers have been paying their bills using the company's website or through the Mobile app MyAccount
- › **2.5%** of prepaid mobile top-ups were completed on the company's website or through the Mobile app MyAccount

Albania: Significant Data 2017

- › Since its launch in September 2017, the **MyTelekom** app recorded **96,000** downloads and >**100,000** active user per calendar month
- › **11%** of the smartphone customers, manage their accounts through the MyTelekom app
- › Since the launch of the company's mobile application, payment of bills through electronic means increased by **80%**
- › **7%** increase of online mobile top-ups since 2016
- › Online sales were increased by **25%** compared to 2016

3.6 Integrated Management System

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

The Corporate Process Model and its systematic documentation for assessment and improvement, form the basis of the Integrated Management System (IMS) implemented in OTE Group. The Integrated Management System comprised of certifications for:

- PAS99
- Quality Management (ISO 9001)
- Environmental Management (ISO 14001)
- Health and Safety at work (OHSAS 18001)
- Information Security (ISO 27001)
- Business Continuity Management (ISO 22301)
- IT Service Management (ISO 20000)
- Energy Management (ISO 50001)
- Risk Management (ISO 31000)
- Anti-bribery Management (ISO 37001)
- Compliance Management (ISO 19600)

The Integrated Management System of OTE and COSMOTE also includes certifications in accordance with ISAE 3402 (SOC 1 TYPE II) and ISAE 3000 (SOC 2 TYPE II and SOC 3) "Assurance Reports on Controls at a Service Organization" of the International Auditing and Assurance Standards Board by international auditing company. The certifications refer to the correct design, efficient operation of the processes and the control service's environment (ICT Hosting Services) delivered to ICT customers.

In addition, the COSMOTE Environmental Electromagnetic Fields Measurement Laboratory is certified according to ISO 17025.

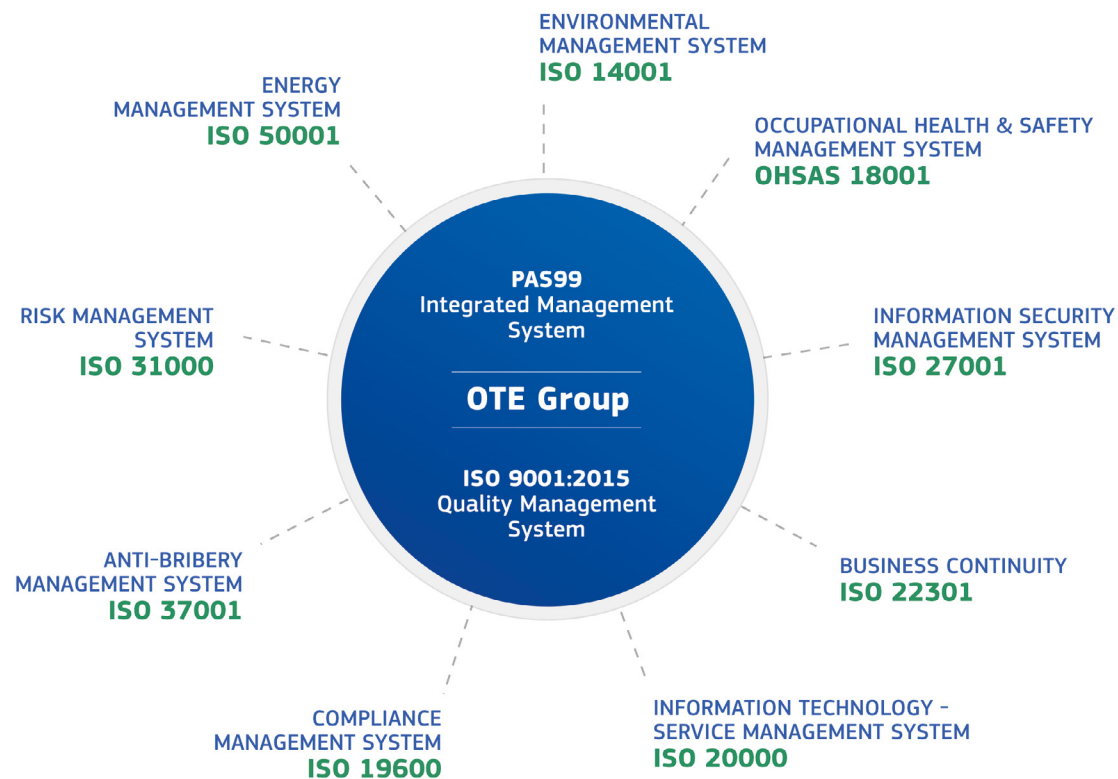
COSMOTE has authorized approval from the Greek Defense Ministry according to the Regulation of Industrial Safety, "Government Gazette B 336 - 16.03.2005".

Finally, OTE and COSMOTE have been attested according to the Principles and Guidelines for Good Distribution Practice of Medical Devices (Decision No. 1348/04 of the Greek Ministry for Health and Welfare).

The certified Management Systems per OTE Group company, for the largest companies, are presented in the [Appendix](#).

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

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



3.7 Security and Data Privacy

Why it matters

Data is a key element of OTE Group operation. The security and privacy of personal data is a major requirement demanded by customers and a primary concern of the Companies of the OTE Group.

Data Security and Privacy

Data security and privacy are of utmost importance in OTE Group. All OTE Group companies have adopted the Binding Corporate Rules on Privacy (BCRP), specifying how personal data must be collected, stored, and processed in the Group.

The companies also have in place policies covering information security topics (e.g. systems security, information security, human resources security, physical security).

Data privacy and security also play a key role in the development of products and services. Our Privacy and Security Assessment (PSA) procedure allows us to review the security of our systems in each step of the development process. This procedure applies to newly developed systems as well as existing systems that undergo changes in technology or in the way data are processed.

A Group Data Protection Officer (DPO) has been assigned for all the subsidiaries in Greece, and local DPOs are in place in Romania and Albania.

Monitoring and auditing processes are in place to ensure compliance with the security framework and BCRP. For instance, in OTE and COSMOTE, user access rights are regularly reviewed and certified and access to communications data is systematically audited.

Timely response to security incidents is also

paramount for OTE Group. A Security and Privacy Hotline was introduced for employees to report any security and privacy related incidents to the Security Operations Center that operates 24/7/365.

Under the terms and conditions set forth in the existing legislation, the companies process privacy waiving requests, to the judicial and police authorities, provided that they present the required legal orders. Detailed information on surveillance measures are available in the [transparency report](#).

In Greece, the legal basis for processing these requests, of lawful interception and data provisioning is Article 19 of the Greek Constitution (Law 3115/2003 on the Establishment of 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 2017, the Companies (OTE and COSMOTE) processed requests for:

- lawful interception on 4,724 telephone lines,
- provisioning of external communication data on 13,492 telephone numbers,
- provisioning of subscribers' personal data from 10.561 telephone numbers,
- provisioning of subscriber personal information from 1407 IP addresses.

These requests are forwarded to the ADAE, who includes them in its Annual Activity Report.

In Romania, the legal basis for lawful interception and traffic data provisioning activities consists of Law 14/1992 on the organization of the Romanian Intelligence Agency, Law 51/1991 on National Security, Decision 338/2010 of the President of ANCOM (i.e. Romanian regulatory body in information

technology and communications industry), Law 508/2004 on the organization of DIICOT (department under the Public Ministry in charge with investigating the cases of organized crime and terrorism), the Criminal Procedural Code and Law 235/2015 modifying the Law 506/2004 on processing personal data and the protection of private life in the field of electronic communication.

In 2017, OTE and COSMOTE investigated 25 customer requests, regarding confidentiality of communications / security customer data, and 16 requests from the Hellenic Authority for Communications Security and Privacy (ADAE). In none of these cases any suspect finding was detected.

In 2017, Telekom Romania companies received 84 requests, regarding data privacy issues.

In 2017, Telekom Albania did not receive any customer requests regarding confidentiality of communications/customer for data privacy.

Aiming at continuous improvement on the level of information security, the OTE Group companies have launched a series of information security actions and projects, such as:

- Preparation for compliance with European General Data Protection Regulation (GDPR) (Greece). This includes significant investments in the implementation of controls, such as pseudonymization, encryption, consent management etc.
- Expansion of the Data Leakage Prevention System in franchise shops.
- Expansion of the Identity Management System (Greece).
- Expansion of the Database Activity Monitoring System.
- Re-certification of the Information Security Management System in OTE, COSMOTE,

Telekom Romania Communications and Telekom Romania Mobile Communications (in accordance with ISO 27001)

- Implementation of email encryption and Public Key Infrastructure in order e-mails exchanged within OTE Group to be digitally signed and encrypted (Greece).
- Upgrade of the secure remote access system in Greece.
- Mass deployment of HDD encryption based on Windows BitLocker (Romania).
- Participation in national and international cyber-attack defense exercises.

Greece: Significant Data 2017

- > Completion of **66 security & privacy audits / risk assessments** on internal systems and processes, to determine compliance with corporate policies and security procedures.
- > **320GB** of log files **per day** collected and **13,000 events per sec** are **logged** in in the Security Incident and Event Management platform
- > **Audit of 219,159 (~100%) authorized user accesses** in data processing systems.
- > Establishment of **security requirements for the implementation of 110 new systems or services** and completion of security testing to verify the secure implementation.

Romania: Significant Data 2017

- > Implementation of **10 vulnerability assessments** for critical systems and processes to determine compliance with corporate policies and security procedures.

Albania: Significant Data 2017

- > Completion of **10 information security awareness conferences**.
- > Closing of **3 information security audits**.
- > Blocking of **98,177 internet security threats**.

- Support for tendering and contracting security services at country level in Romania.
- Installation of HD DVR for premises in Lapraka and Kashari, increasing the HDD capacity with recording footage for up to 60 days (Albania)
- Creating/updating new physical security policies and procedures (Albania).

Greece: Significant Data 2017

- > **1,122 physical security incidents**, of which 251 characterized as serious, were recorded and managed.
- > **5,207 access control cards** and **4,951 entrance permits** to OTE Group premises were issued.
- > **3,815 requests for access rights** were processed and 750 access control failures were resolved.
- > **6,384 access cards** to technical subcontractors of were administered.
- > **176 requests for access rights and keys** for outdoor cabins were issued (new task).
- > **459 alarms and 220 preventive checks in outdoor connection cabinets and cabins**, and **55 other emergencies** (marches / demonstrations) were managed.
- > **2,066 checks of control stations**, **120 preventive checks for the detection of explosives** and **73 checks** of subcontractors of technical works were conducted.
- > **126 inspections** in Group stores nationwide, **483 checks** of premises for privacy assurance, **125 retrievals of stores' CCTV recordings** and **studies** of physical safety in **112 stores** were completed.

Romania: Significant Data 2017

- > **23 physical security incidents** were recorded and managed.
- > **2,900 access control cards** and **600 corporate badges** were issued.
- > **~4,800 access requests** were processed by Security Dispatch.
- > Provided **event and close protection services** for 32 events.
- > Reviewed 150 and performed 31 new **physical security risk assessments** (legal obligation).
- > Upgraded the security systems in **47 retail stores**.
- > Performed **222 physical security on-site inspection visits**.

Albania: Significant Data 2017

- > **4 physical security incidents** were recorded and managed.
- > **40 access control cards** for new employees were issued.
- > **20 evacuation drills** were held with the participation of 335 employees.
- > **190 hours of physical security inspections in owned stores** were performed.

Awareness and Training

In 2017, awareness and training programs were implemented on Information Security, Physical Security and Business Continuity areas, such as:

- Briefing regarding Physical Security, Information Security and Business Continuity during the introductory training of all newly recruited employees.

- Special security awareness campaign titled "Think - Check - Share" addressed to the employees. This project dealt with Information Security issues such as:
 - Social engineering and Phishing attacks
 - Workspace security (locking of workstations, use of strong passwords, clear desk policy etc.)
 - Information confidentiality
 - Handling of personal and corporate data inside and outside work
 - Secure use of Social Media
 - GDPR awareness.

Significant Data 2017

- > "Data Privacy e-learning" related to the Group's commitment to data privacy and information protection.
- > Electronic information and training related to Information Security and Business Continuity at all OTE Group stores. Additionally, 72 training seminars, throughout the country related to Physical Security with 360 participants, were conducted.
- > 2 electronic surveys, related to Information Security and Business Continuity issues addressed to a sample of employees to improve OTE Group's security.
- > Updating, training and testing of Building Incident Controllers and Incident Response Teams.

Physical Security

Indicative actions that were implemented in 2017 are as follows:

- Continuance of interventions in Physical Security, Electronic and Structural Improvement in 20 OTE premises, including OTE Headquarters in Marousi and Peania and other integral premises.
- Management of competition regarding the enhancement of Physical Security at the integral premises of Nemea, Keramikos and Finikas (Thessaloniki).
- Finalization of roll-out of Security Systems under the Rural project (19 sites).
- Rollout of the video verification project in 18 Base Stations in Greece.
- Upgrade of major Secure Corporate Network (SCN) in Greece.
- Provision of new X-Ray systems in Keramikos and Karolou Ntil premises.
- Continuance of interventions in OTE Group's privately-owned branches in Greece, with the improvement of physical security of 32 additional branches of physical security.
- Completion and successful audit on the fully automated assignment of access rights as requested/approved in IDM (Greece).
- The Physical Security, Information Security and Business Continuity departments were consolidated into one as part of New Telekom project (Romania).

3.8 Safe and Responsible Use of Technology

Why it matters

Safe and responsible use of technology has been identified as “material” by OTE Group’s stakeholders. 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 about the safe use of the Internet by children.

Products and services for safe use

OTE Group provides a range of services and products specifically designed for children, aiming at their use of the Group’s technological means is performed safely.

- **COSMOTE Total Security:** This service is a complete solution, regardless whether the user is connected to the Internet or not, for the protection of the user’s computer, smartphone and tablet. It includes Anti-Virus, Anti-Spam, Firewall, Banking Protection, Browsing Protection, and Parental Controls, which provide safety while surfing the Internet. Since 2018, COSMOTE offers [additional solutions and parental control tools](#), tailored to the parents’ needs for the safe and correct use of new technologies by minors, such as the Family Data Limits and the advanced application Family Safety, with all COSMOTE Mobile Family plans.
- **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. Additionally, subscribers can restrict access to the Television channels of their choice.

- **Telekom Romania safe** use instructive material for all age groups. The company provides content related to the safe use of its services.
- **“PRS restriction” service** was launched by Telekom Romania Mobile Communications. Through PRS, parents can restrict access to adult content sent or received via SMS by third parties.
- **“MyKid” smart watch** is a watch specifically designed for children aged 4-12. The watch, offered by Telekom Albania, is equipped with a SIM card, GPS receiver and a touch screen interface. It is an excellent device that allows parents to track their child’s location and monitor his/her safety.

Informing the public

- **Dedicated website:** Up until 2017, parents were informed about how technology can be more user-friendly and safe for children, via useful advices and answers to issues that concern them, through the www.safekids.gr website.

In 2018, COSMOTE developed and launched a new improved portal, www.e-parenting.gr, with upgraded content on the safe use of new technologies and children’s safety on the Internet.

- **Informative Meetings for Safe Internet Navigation 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. In the period September 2016 - August 2017, over

255 middle school students participated in the Museum’s monthly discussions on safe use of the Internet.

- **Theatrical plays at the OTE Group Telecommunications Museum:** The OTE Group Telecommunications Museum hosted for the 4th consecutive year the theatrical play “The Internet Farm”, aimed at pre-school and primary school children. In the period September 2016-August 2017, 1,109 children and teachers attended the play.
- **Information on the safe use of internet** is presented on [Telekom Romania’s](#) and [Telekom Albania’s](#) websites.

Cooperation with recognized bodies:

- **Cyber Crime Unit:** For the 6th consecutive year, COSMOTE supported the nationwide workshops on the safe navigation of the Internet, organized by the Cyber Crime Unit. In 2017, approximately 30,000 children, parents and teachers attended the workshops.
- **The Smile of the Child:** COSMOTE and GERMANOS support, the 1st Information Education and Technology Mobile Laboratory, “ODYSSEAS”. Through this initiative, students, parents and teachers are informed about issues such as safe use of the internet. In 2017, interactive interventions were implemented, through “The Smile of the Child” Organization provided prevention services to 2,161 students.
- **Romanian Safer Node – OradeNet:** Telekom Romania supports the OradeNet initiative, coordinated by the Save the Children Association, to run awareness campaigns on the platform.

Participation in self-regulatory initiatives

Of particular importance is the participation of OTE Group companies, through Deutsche

Telekom, in the “[ICT Coalition for the Safer Use of Connected Devices And Online Services by Children and Young People in the EU](#)”.

At the same time, OTE Group companies have undertaken self-regulatory initiatives at European and national level, as mentioned in the [Additional Information for GRI Indicators](#).

Mobile Phone and Road Safety

COSMOTE, in the context of its commitment to contribute to people’s safety, supports actions to inform the public and raise awareness about the responsible use of mobile phones while driving.

Specifically, in 2017:

- COSMOTE organized the campaign “Keep your eyes on the street, not on your mobile”, in 2 phases. The first phase “for you to check this sms...”, ran in February and March, and was promoted on the radio and the internet. Subsequently, the second phase “let their fantasy free...”, that ran from April to July, included the upload of relative posts on social media for the promotion of the initiative.
- For the 8th consecutive year, COSMOTE was a member of the Road Safety Institute “Panos Mylonas” and its alliance on Safety and Culture on the Road “Roads in the Future”.
- For yet another year, COSMOTE supported the “Iaveris” School of Road Behavior, enhancing its awareness actions on road behavior.



3.9 Responsible Procurement and Supply Chain Management

The 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

OTE Group companies pursue similar procurement practices based on OTE Group 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 Procurement Policy does not distinguish between local and non-local suppliers. However it is common practice for the Group Companies to support domestic suppliers.

OTE Group Companies aim to pay off timely their suppliers as defined in the contracts that have been concluded. For 2017, the payment time for ranged from 30 to 120 days, depending on the type and amount of the procurement.

Percentage of Procurement from Domestic Suppliers

Greece:
92%

Romania:
84%

Albania:
82%

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.

OTE Group Companies has lists of suppliers (Vendor Register), renewed in the context of the development of a sustainable supply chain. For instance, in 2017, the list consisted of 874 suppliers for OTE, 692 for COSMOTE, 100 for GERMANOS, 823 suppliers for Telekom Romania Communications, 339 for Telekom Romania Mobile Communications and 278 for Telekom Albania. The lists include both multinationals and local companies for the purchase of materials and equipment or the provision / lease of services.

Each 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.

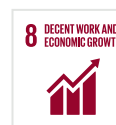
Supplier Selection

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 [OTE Group Supplier Code of Conduct](#), which reflects the intention of the companies to collaborate with socially and environmentally responsible suppliers. This intention of the Group is reinforced by [OTE Group Social Charter](#).

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 their compliance with OTE Group Supplier Code of Conduct.

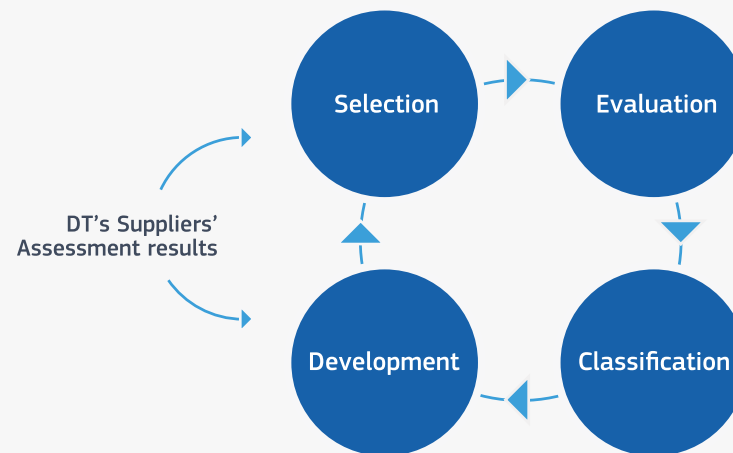
Integrity Check and Compliance Business Assessment of potential suppliers

- > **2,020 integrity checks** of suppliers, consultants and partners were carried out
- > **100%** of potential suppliers for any purchase exceeding **€ 50,000** were reviewed and checked, unless they had been checked within the last 2 years
- > **100%** of potential consultants regardless of the fee value were checked
- > **14 suppliers** were barred from competing for contracts because, following the integrity check, they were found to be in violation of the OTE Group Supplier Code of Conduct



Supplier's 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



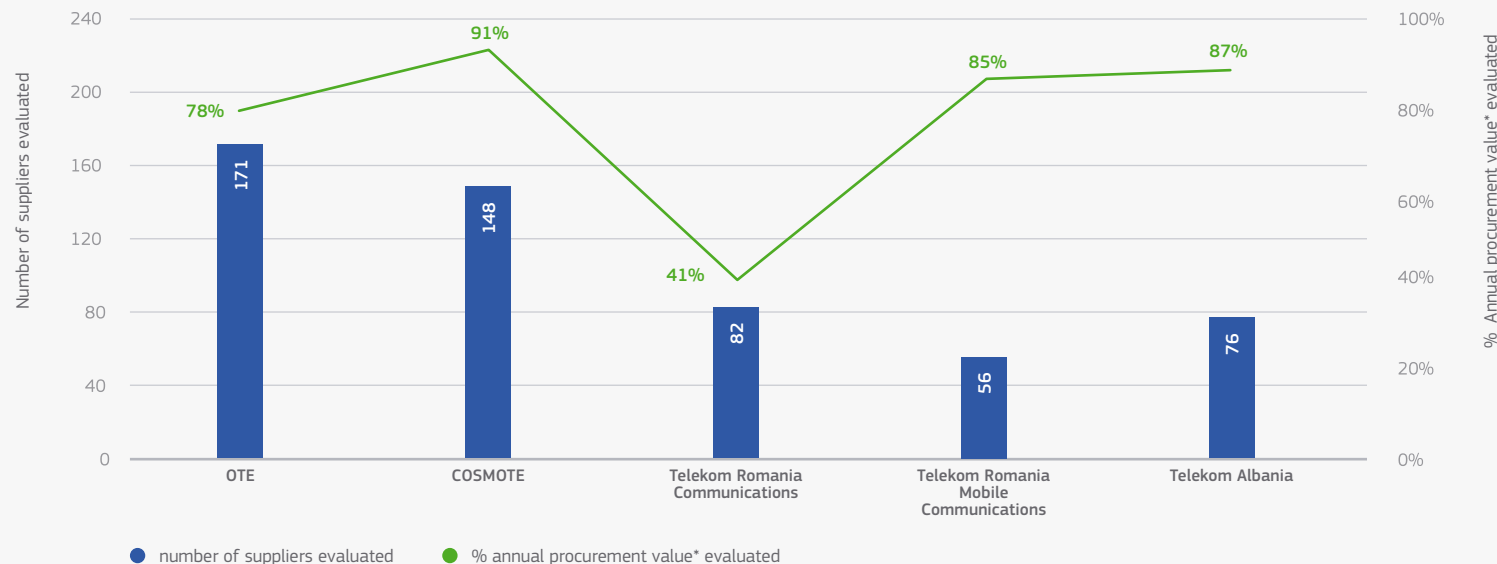
- ▶ Specify plans to work on the improvement of “weak” vendors
- ▶ Monitoring of actions and results
- ▶ Communication to Group of excluded vendors
- ▶ Classification of suppliers' based on quantitative assessment results
- ▶ Presentation of assessment results to OTE Group Management



OTE Group Supplier Evaluation 2017

OTE Group evaluated in total **387** unique suppliers, who account for **76%** of OTE Group companies' annual procurement value*

Supplier Evaluation for 2017 for the Largest 5 OTE Group Companies



* 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).

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 2017, the selection of suppliers for evaluation was based on all orders issued between 1/10/2015 - 30/9/2016, on behalf of OTE, COSMOTE, GERMANOS, Rural North, Rural South, Germanos Telecom Romania, e-Value SA, e-Value Ltd, e-Value International Telekom Albania, Telekom Romania Communications, Telekom Romania Mobile Communications, Telemobil and Sunlight Romania.

OTE Group's supplier evaluation included:

- all suppliers with orders of more than 2 million (for all the companies mentioned above),
- 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,
- all suppliers of products/services related to the Group Consolidated Management System, and
- certain suppliers who did not meet the above criteria but were proposed for evaluation by OTE Group Managers.



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, human rights, environment, health and safety, quality and business continuity. Questions refer to the suppliers' performance, as well as their suppliers' and sub-contractors' performance.

Classification and Development of Suppliers

The ratings of suppliers by the OTE Group Companies' 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 Group Companies 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 Group Companies are informed and they in turn remove that supplier from the list of their eligible suppliers.

It should be noted that OTE Group has established different communication channels (e.g. Tell me! whistleblower portal, regular post, telephone, e-mail) to enable anyone to submit information concerning possible violations of legal obligations or internal policies and regulations. It is also possible to file a report anonymously via the Electronic Compliance Form. Any information provided is treated as strictly confidential and is checked for plausibility by specifically trained persons who are obligated to confidentiality.

Finally, the OTE Group Supplier Code of Conduct, as revised in 2017, sets the framework for social, environmental and compliance audits. OTE Group and/or its authorized representative are entitled to conduct monitoring activities on the supplier and its subcontractors to effectively evaluate the supplier's and subcontractors' actual conformity with the Code's Principles. This includes the right for OTE Group and/or its authorized representative to perform audits including on-site inspections, questionnaires and/or interviews with selected employees at supplier's premises, construction sites and/or other locations where work is carried out on behalf of the supplier. The supplier acknowledges that OTE Group has the right to request and receive further information (e.g. through the OTE Group evaluation systems/ EcoVadis/E-TASC/self-assessments), if deemed necessary. At the request of OTE Group, the supplier shall inform OTE Group of the

measures adopted to ensure compliance with the Principles. In the case of non-conformity with the Principles, any non-conformity shall be notified to OTE Group and a dedicated improvement plan, has to be filed to be implemented in due course.



4. Responsible Employment and Development

4.1 Approach

OTE Group provides a sustainable work environment that encourages employee development, recognizes high performance and offers equal opportunities to grow.

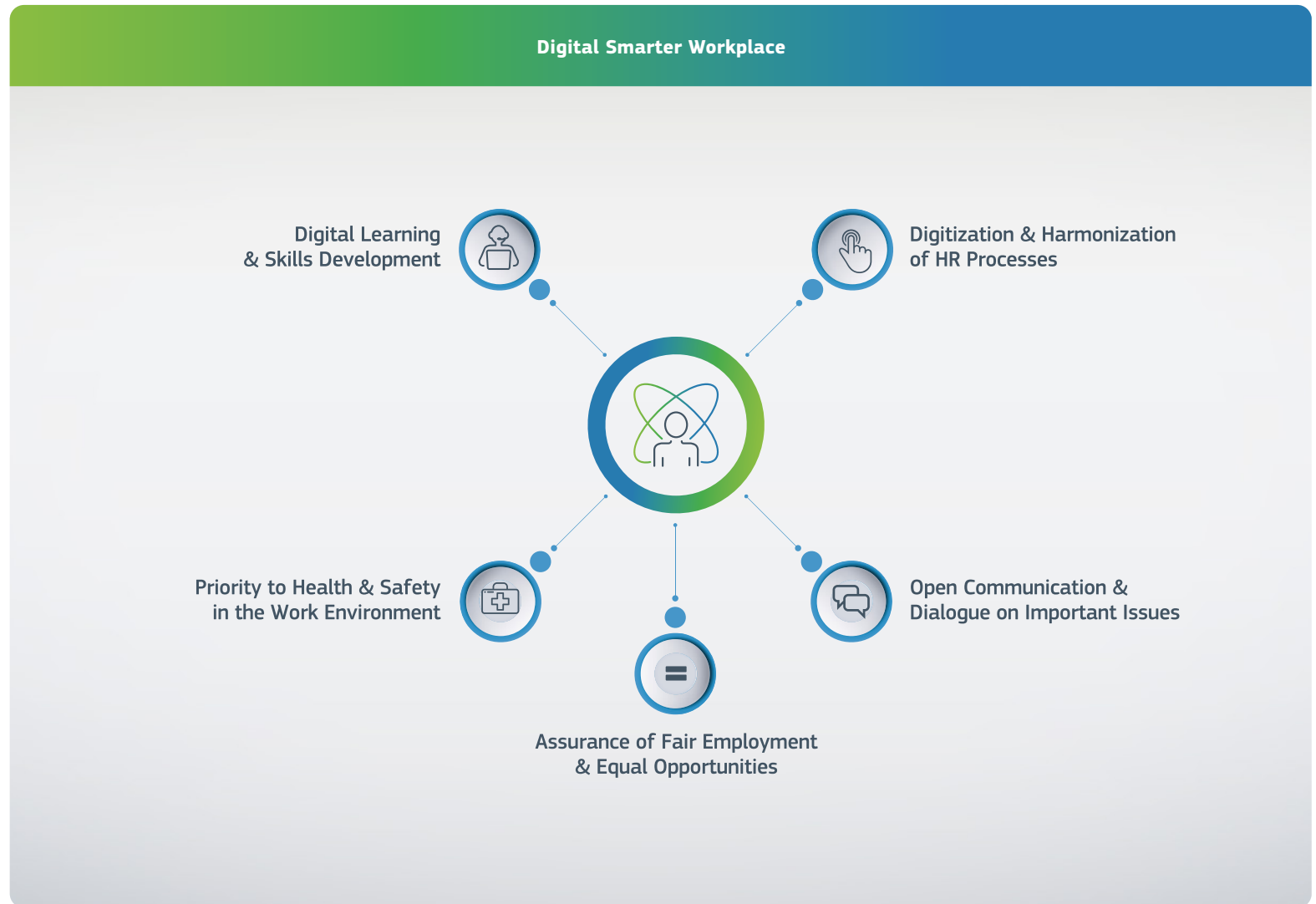
Furthermore, OTE Group seeks to cultivate a uniform high-performance, collaborative and teamwork company culture, as well as to introduce an open feedback and communication environment, aiming for employee satisfaction.

As an active organization that constantly evolves, OTE Group dynamically endures its course towards digital transformation. By grasping the possibilities offered by the digital age, OTE Group develops a modern, digital and technologically smarter workplace.

With the use of new digital tools, such as the HR document management system “HR DigiFile” and “HR DigiFlow Platform”, OTE Group strives to support systems and HR applications, while simplifying, formalizing and merging procedures. At the same time, it improves its employees’ overall day-to-day experience. Indicative improvements include the reduction of bureaucracy and approvals, the increase of employee autonomy and the deployment of self-service and paperless processes.

In addition, OTE Group organizes digital-skills development programs, accessible to all employees, through which they can enhance their digital skills.

Above all, OTE Group aims to be perceived as an attractive and desirable employer for existing and new employees, creating through technology and innovation “a better world for all”.



Operational Framework

The principal framework of OTE Group's Policy on Employee Relations advocates principles, such as respect for human rights, fair labor, non-discrimination, equal treatment for men and women, and combating child or forced labor.

The layout of the Group's Chief Human Resources Officer Business Unit responsibilities and duties framework comprises:

- **HR Competency Centers** (Development Centers, policies, systems and procedures),
- **HR Business Partners** (contact point between human resources and all other business units)
- **HR Business Partner Operations** (unit safeguarding compliance, labor law and legal regulations)
- **HR Shared Services** (unit dealing with Human Resources' operations such as employees' and employment data updates).

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

Organizational Transformation and Effectiveness

In 2017, the design of the integrated Job Family Model, for fixed and mobile telecom activities for all employee positions, was completed and was complemented by the identification and analysis of all discrete roles within all Business Units. In addition, the structured leveling model, matching roles to employee levels, was completed, contributing



to a lean organizational structure. The cooperation and insight of Top Management was an imperative of the approach to ensure transparency, equity and acceptance across the organization.

Also, during 2017, OTE Group successfully introduced common organizational modules through the design and development of a shared HRM System (SmarHR). This new integrated system serves as the backbone for further system and process alignment, and facilitates day-to-day operations.

Finally, having successfully completed the business transformation and fixed-mobile integration, as well as recent initiatives relating to the simplification and digitization of the Companies' business processes, the overall structure of the integrated organization was reviewed in cooperation with Top Management. This led to actions for the application of a linear structure, with fewer management roles at all levels, that increased agility in decision

making, set up effective communication channels across functions and levels, and empowered the engagement between middle management and staff.

This effort will be complemented by the completion and implementation of the Middle Management Framework (namely defining the guiding principles for the organizational structure development and re-design), within 2018.

4.2 Employment

On December 31, 2017, OTE Group employees numbered 19,526*.

97% of OTE Group employees (18,882 employees) were employed on indeterminate term contracts.

Women constitute 40% of the Group's employees. OTE and Telekom Romania Communications employ a large number of technical personnel (6,321 employees), the vast majority of whom are men.

Having always as a priority to improve its employee experience, OTE Group remodels and enhances the operation of the OTE Group Employees Service Center, "MyHR", which was launched in 2015. MyHR manages queries on issues and processes regarding human resources, while its services are regularly updated and enhanced to provide prompt and quality service to all employees.

From September 2016 to October 2017, MyHR received more than 58,000 requests from approximately 9,000 employees. The most recurrent requests that MyHR dealt with, were leaves of absences and updates of employees' family status. The MyHR Center was evaluated with a high satisfaction rate of 8.1/10.

In 2017, voluntary exit programs with financial incentives were implemented in Greece and Romania, aiming at further rationalization of human resources and the respective labor cost, as well as the creation

of a flexible and efficient organization. In a difficult microeconomic environment 200 employees in Greece and 601 employees in Romania, accepted the incentives offered by the socially responsible program and left the Group.

Aside from financial incentives, the companies provided to the employees who left the Group personalized support throughout the process, Group private health insurance and preferential offers on products and services of the Group.

Significant Data 2017

19,526 employees
97% with dependent employment on indeterminate term contracts
74% between 30 and 50 years old
2% with disabilities
65% in Greece
34% fieldwork staff (mainly technical)
13% in positions of responsibility

Recruitments

1,394 employees
50% women
46% below 30 years old
13% employed internally within OTE Group

Departures

2,059 employees
41% through voluntary exit schemes
22% above 50 years old

Greece: Significant Data 2017

12,768 employees
99% with dependent employment on indeterminate term contracts
38% women
74% between 30 and 50 years old
430 recruitments
394 departures
548 university and technical school students completed an Internship

Albania: Significant Data 2017

385 employees
100% with dependent employment on indeterminate term contracts
63% women
76% between 30 and 50 years old
28 recruitments
79 departures
45 students completed an Internship

Romania: Significant Data 2017

6,373 employees
91% with dependent employment on indeterminate term contracts
43% women
69% between 30 and 50 years old
936 recruitments
1,586 departures
33 students completed an Internship

* OTE Group HR activities presented in this Chapter refer to OTE, COSMOTE, GERMANOS, OTE Globe, OTE Academy, COSMOTE e-value, Telekom Romania Communications, Telekom Romania Mobile Communications and Telekom Albania employees.

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 national regulatory frameworks in countries of operation 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 programs for new employees include a separate 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 the Collective Labor Agreement for COSMOTE employees signed in March 2015, were valid until 31.12.2017.

In March 2018, a new two-year Collective Labor Agreement of OTE employees and of COSMOTE employees, were signed with similar terms, valid from 1 January 2018 until 31 December 2019.

Similarly, two two-year Collective Labor Agreements of Telekom Romania Communications and Telekom Romania Mobile Communications employees signed in June 2016 were valid until 1.3.2018.

The Collective Agreements ensure that employees will not be dismissed due to financial or technical reasons and regulate payroll issues, leaves, benefits, compensation, employees working hours and issues regarding health and safety.

In 2017, there were three strikes (lasting two days each) by OTE Group employees, regarding the expiry of OTE and COSMOTE collective agreements and the inclusion of new terms in the forthcoming agreements.

97% of employees, working within the 5 largest OTE Group telecom companies, are covered by Collective Labor Agreements

Combating Discrimination, Equal Opportunities and Diversity

The Code of Conduct and OTE Group Social Charter constitute the framework guide for the behavior of all OTE Group employees. They connect the Group's respect towards laws and regulations, together with specific commitments relating to ethical behavior. Combination of the two, together with the five Guiding Principles, underpins the Group's success. Priority in formulation of all OTE Group's Human Resources policies is meritocracy, transparency and non-discrimination. These values govern all decisions and actions related to issues, such as hiring, wages, employee growth and development, and contract maturity.

Promotion of diversity and the harmonious synthesis of different skills, talents and experience of employees, for both men and women, add extra value to the Group, thereby ensuring its developmental perspective, while respecting the society in which it operates.

OTE complies with the Hellenic Corporate Governance (HCG) Code, which states that "the board should be diversified as to gender and include a diversity of skills, views, competences, knowledge, qualifications and experience, relevant to the business objectives of the company. Within such

context, the company should pursue the optimum diversity, including gender balance, in the composition of its board and senior executive team." Respecting the importance of avoiding unlawful gender discrimination, OTE Group introduced, in 2010, a quota on the employment of women, aiming that at least 30% of the upper and middle OTE managerial positions would be held by women by the end of 2015. The target has been achieved.

Furthermore, in 2010, OTE Group, OME – OTE (OTE's largest Union) and UNI (Union Network International) signed a global agreement for the prohibition of discrimination on grounds of gender, race, religion, political opinion, etc.

In that direction, local and International HR executives (from OTE and DT Group) have set up working groups to promote a culture of inclusive transformation that embraces diversity, accelerates innovation and empowers trust and high performance. These communities have been established for the exchange of ideas and best practices, among the countries - members of the DT Group.

34% of the employees with position of responsibility are women

30% of OTE Group Management Team members (out of 11 members) are women

Non-discriminatory Compensation

In OTE Group no sexual distinction or differentiation regarding pay is practiced. The remuneration ratio between men and women gains is 1-to-1.

In OTE Group companies, the wages of employees are determined by their level of education, years of employment and the level of the position they hold. The minimum

(basic) wage is adjusted according to the wage category the employee belongs to.

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

Parental Leave for Childcare and Family Protection

OTE Group companies provide pregnancy leave, maternity and parental leave to care for children that are above the minimum leave set by law.

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

In Greece, after the enactment of a relevant law, use of child care leave has been extended to male employees, under the same conditions, regardless of the type of activity performed by their spouse (e.g. self-employed, unemployed).

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

560 women and **243 men** employed in OTE Group made use of parental leave for childcare

75 women and **1 man** employed in OTE Group made use of parental leave without pay

4.4 Health and Safety

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.

OTE Group companies act proactively in this direction, considering the relevant provisions of the Greek law and the respective management systems standards.

In 2017, issues of Health and Safety at work, in areas such as communication, education and raising of awareness were strongly emphasized. By developing Health and Safety culture, through specific programs and actions, the Group improves the mental and physical well-being, as well as the work life balance of the employees. Emphasis was also given on shaping Health and Safety prevention framework by embedding common procedures and innovative wellness activities.

Issues of Health and Safety at work, such as mental / physical well-being and work / life balance, are evaluated by employees, through the Employee Satisfaction Survey and the quarterly meetings of Health and Safety Committees.

Health and Safety Policy

The OTE Group Health and Safety Policy aims to assure all the operational units of the Group with the following actions:

- Compliance with legal and regulatory requirements
- Prevention and assessment of occupational risk
- Audits and inspections for compliance with safety measures at first line workplace
- Providing and implementing medical screening, health and mental support services, first aid support
- Management and investigations of accidents and incidents in workplace
- Expansion of the international Health Management and Safety standard (OHSAS 18001)
- Simplification, alignment and digitization of internal processes
- Systematic training and awareness of employees on Health and Safety issues with personal involvement and responsibility
- Creation of Emergency Incident Response groups with regular evacuation drills
- Operation management and implementation of hygiene standards model (HACCP) on employees' dining areas
- Management of Blood Donation Program of OTE Group
- Consultation between management and employees

Health and Safety Performance

OTE Group monitors its performance in order to identify areas for improvement, to record its progress and to implement best health and safety practices, based on European and International standards.

In 2017, an employee of Telekom Romania Communications was involved in a fatal traffic accident on his way to repair a technical malfunction. All field technicians were trained based on the outcome of the accident investigation. The actions established following the accident investigation aimed at preventing accident reoccurrence. These were implemented and reported to the Safety Committee and Labor Authorities. In addition, the Health and Safety, and Transport Departments are developing an action plan for 2018 to increase employees' awareness when driving company cars.

15,485 hours of technical inspections
11,478 hours of occupation health inspections
87 employee injuries

>97,500 hours of training in health and safety
4.85 hours of training in health and safety provided per OTE Group employee
673 hours of training to employees of the Group of companies on business incident controlling and response issues (BIC-IRT)
2,055 hours of psychological support consulting services (Greece)

Awareness and Prevention

During 2017, particular emphasis was given to Health and Safety issues and training programs for prevention and awareness of employees were carried out.

The development of the annual training and awareness plan on health and safety issues was based on the review of Health and Safety KPIs and performance results. The factors that contributed mostly to the selection of the programs were the following:

- the feedback from the monitoring and inspections activities performed by the occupational health physicians and safety technicians
- the kind of workplace accidents and the evaluation of the incidents
- the modulation of new Health and Safety culture on wellness

The aim was for all employees to receive information to ensure their compliance with the Health and Safety standards at work. Sufficient information provided to employees, allows them to adopt helpful practices on Health and Safety issues that can be applied to their everyday life.

Online Health & Safety Risks Guide

A guide of health and safety risks is available on telekom.ro web site. The aim is to enhance health and safety communication with Telekom Romania service providers and thus enable them to review their respective risk assessment practices and work instructions that will result in the implementation of safer operations.

Briefings on Health issues

“We live better...” Program:

- Roadshow in 42 retail stores in Attica. Over 300 employees of first line support (salesmen) had the opportunity to carry out medical measurements and received helpful advice from the companies’ health expert team and psychologists on physical and mental health.
- Daily events in 5 large premises all over Greece. Almost 1,000 employees had the opportunity to carry out Body Mass Index (BMI) measurements, received nutrition advices from expert dieticians and physiotherapists.
- Over 300 employees participated, on a weekly basis, in “Wellness Groups”, which consisted:
 - Mild physical exercise
 - Sessions with dieticians and health advices
 - Treatment of musculoskeletal body disorders
- Health team training programs on AED, placed in 4 critical premises. AED is a semi-automatic defibrillator that is technologically advanced, including all mission critical features necessary to provide first aid for Sudden Cardiac Arrest
- First Aid training programs for employees

Briefings on Psychological Support consulting services

- Over 400 employees had the opportunity to receive helpful advices and counseling from psychologists, in order to apply proactive methods on their daily work life environment.
- “I think right, I feel good” training and “Child Raising” training fulfilled the creation of an advisory framework for almost 120 employees who participated.

Briefings on Safety issues

- Height Fall Protection training program for approaching telecommunication towers under adverse weather conditions
- “Using Personal Protective Equipment, work safely” training program
- Incident response teams training and fire safety
- Work instructions, workplace accident prevention (concerns Personal Protective Equipment use)
- Authorizing Risk assessments
- “Safe driving” training in 4 premises. ~ 400 employees participated and over 120 technicians were trained on-site in a specially designed driving area.
- Safety professionals regularly participated in monthly meetings with Telekom Romania Mobile Communications’ Retail Sales Representatives
- Awareness Sessions on handling loads and work safely in warehouses (Telekom Albania).

ASSET Award for General Practitioners

The ASSET project concerned health experts who have implemented an action or intervention to reduce the absenteeism of the Group’s employees, through raising awareness.

In OTE Group in Greece, a team of health experts (10 occupational health physicians, 3 nurses and 6 health visitors) worked for the prevention and handling of various health issues ensuring healthy work environment for employees, customers and partners.

More specifically, the aim was to raise awareness for vaccination in high risk groups. Target population was field technicians, shop and call centers employees, as well as employees with chronic diseases.

All employees received information to ensure prevention on their health standards in daily life.

Results were directly raised:

- Awareness of employees and their families
- Reduction of absenteeism
- Reduction of unnecessary use of antibiotics

ASSET – best practice award was used to participate in the European Scientific Conference on Applied Infectious Disease Epidemiology 2017.



4.5 Employee Selection, Attracting and Retaining Talented Employees

OTE Group's approach to Human Resource development is based on the Guiding Principle "Best place to perform and grow".

Performance management, recruitment, selection of suitable candidates for the right positions, retention and talent management form OTE Group's profile as a modern and attractive employer.

Performance Management

Performance management is a fundamental tool in identifying the work output and contribution of employees and executives. The annual performance evaluation applies to all hierarchical levels. It is a reliable guide for employee development and career progress. OTE Group's performance management system reflects the high-performance culture that the companies cultivate.

The system emphasizes on the enhancement of excellence of customer experience and complies 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.

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

New employees with management responsibility undergo specific training on evaluating their teams and creating individual development plans. In 2017, 137 newly appointed managers attended the relevant Performance Management training.

Employee Performance Evaluation in 2017

100% of OTE, COSMOTE, GERMANOS and OTE Globe employees

99% of Telekom Romania employees

97% of Telekom Albania employees

94% of COSMOTE e-value employees

Top Management Performance Evaluation

In 2017, for the fourth consecutive year, the multidimensional, holistic and transparent evaluation system for the executives of OTE Group companies, "Performance Dialogue", was applied. The system includes evaluation by superiors and self-assessment, as well as feedback from peers and team members. The evaluation results are then assessed for actions on matters of compensation, succession and development.

Employee Selection

The aim of OTE Group is to select the most suitable recruits for each 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.

The recruitment process for internal positions involves internal announcement of job postings, interview and final selection. The process is supplemented by an assessment exam, which, if required, takes place in collaboration with an external consultant. In 2017, 177 positions were internally filled with OTE Group employees.

The new staff recruitment process involves interviews and corresponding assessment activities with input from external

consultants, where necessary. In 2017, 1,217 employees were hired by OTE Group companies.

Additionally, more than 4,500 candidates sent their CV at OTE Group's database, expressing an interest in joining the Group.

As of 2017, employees have access to the corporate digital job search platform, "HR-Suite", where they can apply for positions within the OTE Group and explore international career opportunities within the Deutsche Telekom Group. HR-Suite is based on a cloud system, which combines and interconnects different Human Resources products in one HR IT System.

Talent Management

In 2017, the 1st cycle of the two OTE Group talent programs, namely "COSMOTE Graduate Trainee Program" and "you.grow Internal Talent Program", was successfully completed.

After an 18-month developmental and job rotational "journey", spent within key business functions of the company, the 10 Graduate Trainees, who gained important work experience and strong professional networking, took on job roles consistent with their qualifications, their personal preferences and the companies' needs.

Besides attracting young people from the market, OTE Group also invests in its existing employees and their professional development. The 9 "you.grow Internal Talent Program" participants spent a 16-month job rotational and developmental "journey", during which they had the opportunity to collaborate and build a wide professional network.

At KPMG 20th Symposium on Human Recourses, held in 2017, OTE Group received an award in the category "Selection and Retention of Employees" for the "you.grow Internal Talent Program".

In 2017, Telekom Romania carried out, for the second consecutive year, the Management Trainee Program in the Strategy, Transformation and Wholesales Division, for 5 of its employees. The program offered the employees the opportunity to work and gain experience in some of the core operating divisions of the company. Part of their day-to-day training, was to engage with team members in the divisions, learn about their work and gain in depth insight on the operating structure and functions of each division. Also, for the whole course of the program, they were assigned a mentor from the Strategy division and were offered additional skills developing programs.

4.6 Employee Training and Skills Development

Why it matters

Employee training and skills development of OTE Group employees is a prerequisite for the sustainable development of the Group. OTE Group aims to excel as a working environment where everybody is able to perform at their full capacity and develop professionally.

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

Besides in-classroom training courses, OTE Group, as a technology organization and a top digital services provider, striving to enhance digital and life-long learning, provided its employees access to digital training platforms, offering them a wide range of training subjects.

In 2017, OTE Group, in the context of the digitalization of human resources tools and applications and leveraging synergies offered within DT Group, launched the new Learning functionality "HR-Suite". This module provides easy access to all digital learning applications. In Greece, the new system is available for all OTE, COSMOTE and GERMANOS employees, offering access to digital learning tools. Gradually, HR-Suite is expected to accommodate all new educational programs that will be implemented in the Group, available for all companies.

343,070* hours of training

63% of OTE Group employees were trained (65% of total male employees and 56% of female employees)

31,545 participations in training programs

17.02 training hours per OTE Group employee

274 OTE Group employees in Greece and Albania were certified in 64 classes of certification by equipment providers, such as Cisco, Alcatel, HP, PMI, CISA, HUAWEI

Awards

In 2017, **Technology Training Programs** (ACT2, ACT2 for Non Techs), **CX Training Programs** (BC2X, Experience the Customer Experience) and **Leadership Programs YouLead** won the higher prize in the category "Managing Change" and 'Best Change Management Strategy/Initiative' of HR Excellence Awards and HR Awards respectively.

* These training hours were recorded by the HR Departments of the companies. Additional training hours (e.g. 1,519 hours on the e-learning platform for OTE Group employees in Greece etc.) are not included in the reported total numbers.

2017 Representative Training Programs in Greece

ACT2 – Advanced Certification in Telecommunications Technologies

It is an ongoing education and skills development program in Telecommunications Technologies addressed to field technicians and telecommunications engineers. In 2017, 1,261 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 2017, 239 employees enrolled.

BC2X – Branded Customer Experience Excellence Program

This program, held for the 4th consecutive year, aims to cultivate and strengthen the culture for enhancing customer experience. In 2017, 1,771 OTE Group employees (from OTE and its subsidiaries) attended the second training day of the program.

Experience the Customer Experience

The new experiential customer experience program in frontline operations (retail network, call centers, field) was launched in 2016. Its purpose is to enable employees to better understand customer needs so as to continuously improve the Group's services. In 2017, the second phase of the experiential customer experience program was successfully completed, with the participation of 850 Section Managers (OTE, COSMOTE, GERMANOS), 121 Subsidiaries' Managers and 169 CX Ambassadors. 806 visits took place in frontline operations to 227 points of contact with the customers, in 64 cities all over Greece.

S.T.E.P – School for Technical Projects

Its aim is to support technicians who monitor the progress of OTE infrastructure development

projects. It includes meetings, live labs and on-the-job training. In 2017, it was attended by 67 employees from the Technology business unit.

Simplicity

The program was designed to address the complexity of the companies' daily operation and put in practice the principle "my priority is the customer's enthusiasm, make things simple in my everyday life". The program, which combines theory and practice, continued in 2017, with great success and the participation of 155 employees.

B2B Power Performance: Expertise-Solutions-Simplicity

Under the B2B Power Performance training umbrella, this program aims to train sales employees in products and ICT solutions for corporate clients. In 2017, the Fixed-FMCC course was designed and successfully completed. The number of participants was 210. The training is expected to continue in 2018.

Leadership Programs YouLead / Exelisis

The leadership programs for empowering young executives with team management responsibility and the new leadership capacity development programs for experienced frontline executives continued. The number of participants in Leadership Program Exelisis 1 and 2 totaled 742.

Digital Learning

Emphasising on digital learning, OTE, COSMOTE and GERMANOS employees are offered the opportunity to develop their Business, Office and IT skills via platforms and have access in digital eBooks. At the same time, English and German language learning is supported via online, interactive, self-study programs (Global English Program and Global German Program).



4.7 Employee Communication, Engagement and Satisfaction

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

Employee Engagement

The aim of OTE Group companies is to employ dedicated personnel and attract the best candidates. For this purpose:

- Employees are systematically informed on strategic, technological and commercial issues, through the use of the internal communication's available resources and via regular meetings of the units.
- Programs and workshops are planned and implemented in an experiential and interactive way.
- The entire Management Team meets annually, to disseminate the corporate strategy and corporate objectives.
- Actions are being implemented to enable adherence to corporate behavior and leadership principles in the daily operation 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 in Greece 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 cooperation in their units. In 2017, approximately 120 employees of OTE and COSMOTE participated in the program.

"Welcome on board" for newly hired Employees

For yet another year, the induction program for new OTE Group employees continues 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), including visits to frontline operations (retail network, call centers, field). The program gives the opportunity to new employees to understand specific corporate functions and the daily routines of their colleagues. In 2017, approximately 70 employees of OTE attended the program.

COSMOTE Artists – Brand Engagement Project

Utilizing the results of Pulse Survey 2016 and in order to strengthen "Brand Engagement" of employees, with an emphasis on Technology Business Unit, 260 technicians, employees of OTE Group, were invited to attend "COSMOTE Artists" artistic expression workshops.

In response to the question "what does COSMOTE brand mean to you", the employees became "brand-artists", creating art that is displayed in the companies' communal office areas. To express themselves better, in an artistic way, they received painting lessons from a professor of Fine Arts.

At the same time, in the form of interaction, the involvement of all employees was triggered, by electronic voting on the company's intranet, in order to reach the top 13 winner arts.

The intense involvement of participants in the workshops enabled the intense involvement of their colleagues at the polls. Approximately 1,300 employees voted via the company's intranet.

The brand engagement project "COSMOTE Artists", held in March-April 2017, in 13 towns all over Greece, won accolades with the immediacy, spontaneity and teamwork spirit.

Internal Communications

OTE Group aims to maintain transparent and interactive communication with its employees, utilizing a range of communication tools, platforms and programs. The aim is to promote knowledge, teamwork, participation and a two-way communication channel.

Greece: Significant Data 2017

The main objectives were the strategy cascade, the brand enhancement and the employee engagement. The tools and platforms utilized were:

> OTE Group Newsletter

From a bi-weekly issue became a weekly newsletter, since June 2017. 36 editions sent out and over 300 corporate news items covered. **80% average open rate.**

> Intranet – "mynet"

The first unified Intranet portal for all OTE, COSMOTE and GERMANOS employees. One out of two employees visit the intranet on a daily basis, while 50 news are published on a monthly basis. **my.net.go is the mobile application** of the companies' intranet portal. The beta version was completed at the end of 2017 and mass availability launch is planned for 2018.

> Campaigns & Below the line activations

13 full scale campaigns and more than **10 below the line activations** across Greece were implemented.

> Engagement programs

3 different engagement programs reaching over **8,000 employees** were designed, co-ordinated and implemented, focusing on front-line employees. Average **evaluation rate from employees is over 90%.**

> Corporate events

Over 64 cross-group (DT), cross-company or functional corporate meetings were designed and organized for over **3,200 participants.**

* Some events include also Deutsche Telekom Group employees.

Romania: Significant Data 2017

- 49 issues of weekly newsletters were sent to more than 6,300 employees
- over 649 articles were communicated, out of which 81 were on corporate social responsibility topics
- 36 internal campaigns and other support activities for the employees were commenced

Indicative Internal Communications Campaigns and Program for the Employees' Engagement

- Updates on and encouragement for participation in employee satisfaction surveys.
- Information and awareness on compliance issues.
- Motivation to participate in the corporate volunteering actions and the companies' social initiatives (see the section on [Employee Volunteering](#)).
- Customer Care Program "Grand Cosmotel" for the Group's call center employees in Greece.
- "Cosmoplay" Program for all the employees in the Greek Retail Network.
- Invitation to participate in a virtual reality experience, playing the video game "Sea Hero Quest", in Romania's headquarters.
- Invitation for employees to promote "The Electronic Catalog", which is an educational management package developed by Telekom Romania, offering a complete communication experience for teachers, directors, parents and students.
- Awareness on the recycling of waste electrical and electronic equipment (WEEE). Invitation to participate in the WEEE pilot-project, which is active in 10 headquarter buildings in Bucharest.

Employee Satisfaction

The OTE Group employee satisfaction surveys have been established, as part of its workplace culture. Recognizing the benefits of the surveys, the "Pulse" Survey is conducted two times a year and the Employee Satisfaction Survey every two years.

Participation numbers were high throughout the Group. In 2017, in Greece, 80% of the employees participated in the Employee Satisfaction Survey and 77% in the November Pulse Survey. In Albania, 87.5% of the employees participated in the 2 Pulse Surveys conducted in 2017. The high participation displays the strong interest of employees to engage and express their views on important issues which affect their working environment.

The latest surveys in Romania showed that Telekom Romania's transformation, performed in 2016, have a positive effect on employees.

Digitization, innovation and future workplace, are the new themes introduced in this year's survey, reflecting the vision of tomorrow and give direction for changes that will be launched in the future working environment.

The Employee Satisfaction Survey is a dynamic instrument and a reliable diagnostic tool, which identifies possible improvement actions and changes. The Survey contributes to the designing of future plans by the units. It evolves to reflect elements of the strategy and

the objectives of OTE Group, as well as trends of the external environment.

The survey results are announced on corporate intranets and discussed extensively in meetings held at the level of business units from all over Greece, enhancing dialogue and feedback.

The high level of participation in the survey produces reliable results and generates an open dialogue for all employee levels.

The feedback culture that is cultivated in the companies of OTE Group is also demonstrated by the employees' participation in other surveys, held in 2017, such as the Survey Data Protection survey and the Regulatory Compliance Survey.

5. Digital Society

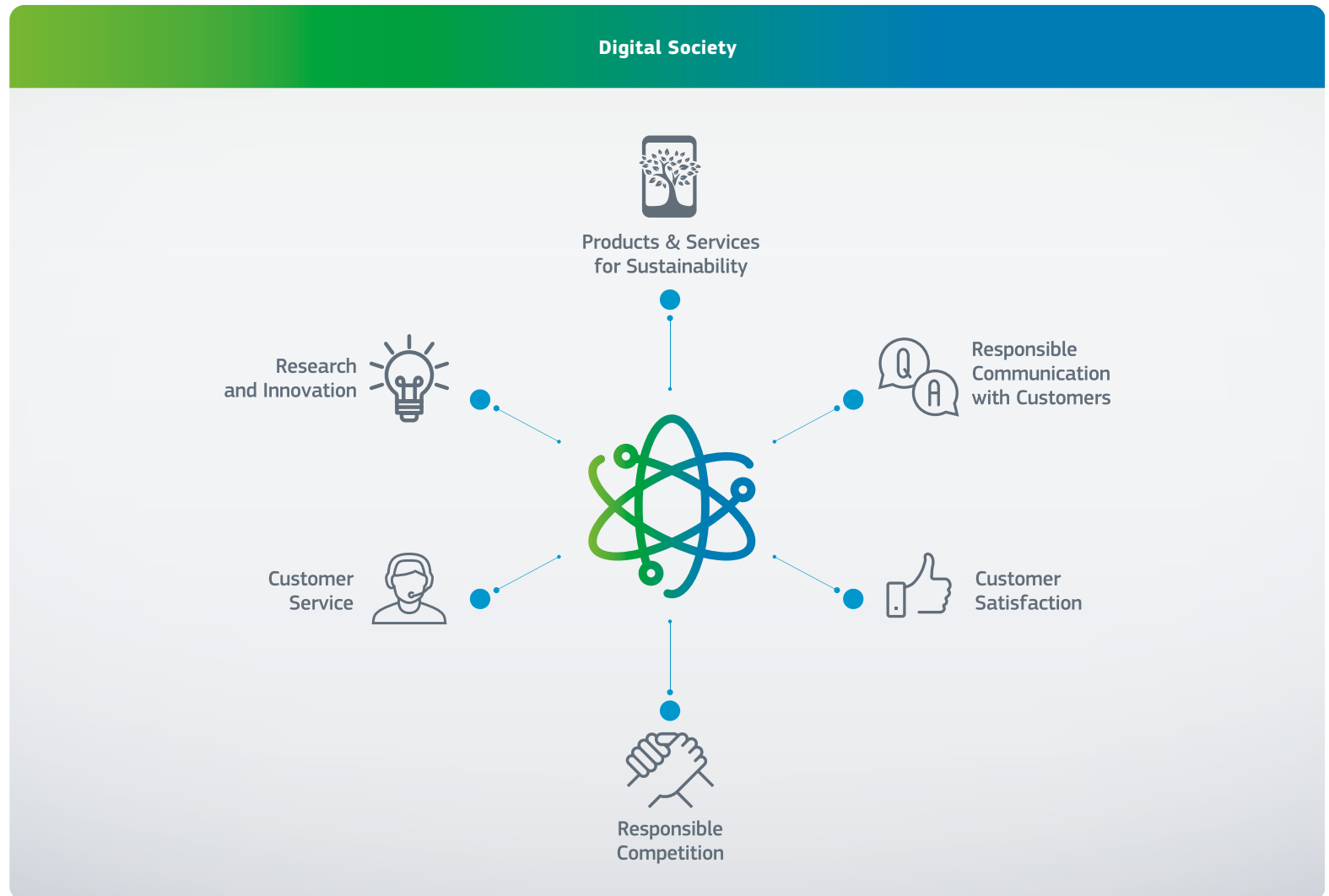
5.1 Approach

OTE Group contributes into building a digital society. To achieve this goal, OTE Group, through its [Digital Transformation](#) program, invests in enhancing the digital experience for its customers, employees and partners-suppliers. The Group connects people to a world of unlimited digital capabilities, aiming to improve their lives, respecting the consumer and the principles of free competition.

It invests in research of new technological solutions, by participating in research projects and collaborating with other organizations. At the same time, leveraging the research results, it advances towards the development of innovative products and services that enable customers not only to meet their needs, but also to contribute to sustainability practices, creating environmental and social benefits.

The communication of all products and services offered to its customers is conducted in a responsible manner. More specifically, responsible marketing and advertising practices are implemented and the pricing of products and services is carried out with full transparency. In addition, it is ensured that the products offered are safe and carry the appropriate labeling and information, in order to achieve safe product use by customers for the products' lifespan.

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 sustainable development.

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

Specifically, in 2017, COSMOTE's business IT solutions were enriched to meet business IT needs and to increase their competitiveness in a sustainable way.

Fleet Management

+27%¹ annual revenues
+29%² customers

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

- > [Driving Performance](#)
- > [COSMOTE e-Track](#)
- > [e-Fuel Management](#) **NEW**

Business Cloud

+26%³ annual revenues

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

- > [COSMOTE Business Cloud Servers](#)
- > [COSMOTE Business Email](#)
- > [Specialized cloud applications:](#)
[Soft1 SmartWorks](#), [Soft1 SmartPros](#),
[Soft1 SmartBiz](#), [Megaventory](#), [Payslip](#),
[Tipoukeitos](#), [My Health Angels](#), [Top Checks](#), [Sedona Mobile POS](#), [Cloud Computer](#)
- > [COSMOTE Video Conference](#)
- > [Office 365](#)

Smart Cities

The "smart cities" portfolio was enriched in 2017, including solutions such as Smart Parking, Smart Traffic Management, Smart Street Lighting, Smart Waste Management, Air Quality Monitoring, Smart Water Management and Electric Vehicle Charges.

Chalkida is the first Municipality in Greece, where four "smart" solutions have been installed: "smart" parking, "smart" lighting, "smart" waste management and air quality monitoring.

In the Municipality of **Patra**, Narrow-Band Internet of Things (NB-IoT) technology was installed for the first time in Greece and



among the first in Europe. The pilot project included the installation of "smart" parking and "smart" lighting solutions at selected city center locations.

The Municipality of **Agios Dimitrios** deployed a local energy management program that aims to reduce energy costs, enhance environment protection policies and improve residents' quality of life.

In **Constanta** (Romania), a multifunctional tower was installed, fitted with a surveillance camera and temperature, wind, and noise sensors. The tower's information was utilized by the local administration, to improve the citizen's quality of life. Also a parking lot sensor and a "smart" lighting solution were installed.

The pilot project in **Piatra Neamt** (Romania) had a smart piece of street furniture in its design plans. The plans included the installation of a solar powered smart bench, where customers can charge their phones or connect to the Municipality's WiFi services. In addition, an air quality monitoring station, "smart" lighting solution and a smart video surveillance component were installed.

In the Municipality of **Tirana** customers can pay for parking lots, in designated areas of the city through digital platform. The initiative aimed to reduce the printing footprint of parking tickets and at the same time provide comfort to the citizens of Tirana, to renew their parking ticket wirelessly, through their phone and without the need to pay in cash.

Smart Home

Telekom Romania and Vivid presented the first modular smart home project in Romania to integrate a complete Smart Home solution that will offer to the owner a safe, comfortable and data secure environment as well as optimize electricity and heat consumption.

The smart home platform allows the user to control the house's functions, such as its lighting system, through dedicated apps on his/hers smartphone and tablet.

Information Security

+48%⁴ annual revenues

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

- > [COSMOTE Business e-Secure](#)
- > [Mobile Device Management](#)
- > [COSMOTE Mobile Security](#) **NEW**
- > [Anti DDoS](#)


1 Refers to fleet management revenues in Greece compared to 2016 figures.

2 Refers to customers using the fleet management service in Greece compared to 2016.

3 Refers to COSMOTE Business Cloud Servers revenues in Greece compared to 2016 figures.


4 Refers to Information Security and ICT Security services revenues in Greece compared to 2016 figures.



 **Solutions for Hospitals**

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

- > 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**.
- > **IASO Group**, one of the biggest medical groups in Greece, adopted e-health solutions to provide a faster service for both its patients and partners, by upgrading the provided services and reducing the operational costs.


 **e-Energy**

Solutions for better energy management consumption by businesses, to reduce their operating costs and build an “environmentally responsible” profile.

> **Energy Management**

 **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.

 **e- Services to the Fire Service**

Installation of advanced information systems in the Fire Service Operations Center (in Greece) will result in improved coordination within fire command centers, efficient management of incidents and resources as well as the timely and continuous notification of the citizens in case of emergencies. The project is expected to significantly contribute to the prevention and extinguishment of fires.

In 2017, during the program, effective and efficient coordination and management of:

- 3,000 vehicles
- 15,000 firefighters
- 350 mobile units
- one UAV took place

A rich set of command and control applications were utilized. These involved:

- 250 workstations
- 350 smartphones
- 300 tablets

that helped to manage an average of 250 incidents per day.

 **Solutions for Hotels**

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**

 **Development of Electronic Applications**

Development and improvement of applications, digital self-care functionalities and on-line services, which contribute to efficient resource management and the reduction of paper consumption. Examples of digital functionalities and applications are **My COSMOTE App** and Web, e-invoice, e-payment, online submission of telecommunication providers’ requests and **“Check for technical issue”**.

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



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.

Based on research and innovation projects approved by the end of 2017, OTE Group has received a total of about € 3 million external funding for the period 2016-2017, while it has secured funding of about € 4,3 million for next years (without considering new projects to come).

2009-2017

- > Participation in **54** research programs
- > Cooperation with > **700** partners / organizations such as enterprises, university and research centers in Greece and other European countries

2017

- > Participation in **28** research projects in total (Co) funded by the European Commission, regarding programs / initiatives, like the FP7 (7th Framework Program for Research and Technological Development Program), Horizon 2020 Research Program, 5G-PPP (5G Infrastructure Public Private Partnership)
- > Participation in **11 out of the total 40** approved EU funded 5G-PPP research projects, 4 in Phase I and 7 in Phase II, having co-ordination roles in 3 of them; thus contributing actively in shaping and evaluation of future 5G technologies, infrastructures and services and novel business models in various vertically intergrated markets
- > **24** research projects aim at Sustainable Development with benefits to society and the environment
- > More than **€ 800,000** self-financing of research projects

Research Projects

5G-ESSENCE, 5G-PICTURE, MATILDA, 5G-PHOS, 5G-MEDIA, SLICENET, BLUESPACE, 5G-XHaul, CHARISMA, SESAME, COHERENT, INPUT, VITAL, SANSA, VIMSEN, CLOUDPERFECT, SmarterEMC2

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

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 2017 with Notable Results or Innovative Targets

CHARISMA, one of the first 5G-PPP projects that was completed in December 2017, developed an innovative cloud-based 5G network infrastructure of high end-to-end security and high performance capable of supporting e-health, wellness monitoring, IoT and smart cities applications, while achieving low energy consumption by moving heavy-duty processing to less energy-hungry network entities (closer to the network edge).

INPUT, completed in December 2017, delivered a novel software platform enabling the dynamic provisioning of highly demanding next generation personal Cloud services with guaranteed quality of service/experience, anywhere, anytime, while ensuring significant energy efficiency (up to 20% reduction). The INPUT technologies go beyond classical service models, allowing to replace physical smart devices for home entertainment and automation (e.g. set-top-boxes, DVD players/recorders, MP3 players, IoT devices), with Cloud applications offered to the users "as a Service".

BigO aims at community-targeted policy strategies to address the major global and European problem of childhood and adolescent obesity by evaluating the obesity prevalence risk based on objective evidence at a local level. To achieve the above, in a period of 4 years (2017-2020), the project has planned to collect data in a strict anonymous

way – via an Android App- from around 7,000 children (9-18 years old) from 4 countries, as well as from similarly aged obese clinical groups from 3 countries. The first release of the smartphone / watch App was launched in March 2018.

i-HeERO aims at the coordination of the European countries for the full and timely implementation of the pan-European eCall emergency system for cars (including heavy goods vehicles, long distance coaches and powered two wheeled vehicles), which is based on 112 call number, while focusing on the evaluation and upgrade of the Public Safety Answering Point (PSAP) of the member states across Europe. More than 2,500 field test eCalls were performed successfully for 2.5 months at 3 different regions in Greece, with the participation of COSMOTE and the Greek PSAP located in Athens.

i-Prognosis aims to arrest symptoms of Parkinson's Disease (PD) at the earliest possible stage and apply interventions to counter the risks identified. In 2017, activities on raising public awareness continued ([videos on Youtube](#), informative events, press releases etc.), a [mobile App](#) for early PD detection became available, while activities on additional diagnostic methods are in progress (e-games, smart belts and smartwatch App).

5G-ESSENCE, 5G-PICTURE, 5G-MEDIA, MATILDA, 5G-PHOS, SLICENET, BLUESPACE:

Seven (7) 5G-PPP Phase II projects capitalize and properly extend the valuable knowledge and outcomes of the 5G-PPP Phase I projects started in 2015, to culminate with the demonstration of 5G system in real-life use cases associated to vertically intergrated industries (e.g. smart city environment, crowded events in stadiums, 5G railways, 5G emergency communications, in-flight communications, VR applications, self-healing, connected ambulance), through the implementation of future technologies and mechanisms (e.g. self-x management and control, infrastructure / network resources sharing, small cells, SDN / NFV, sub-6 GHz, mm-wave, flexible spectrum management). Among other targets, these projects aim at implementing more energy-efficient networks (up to 90% energy savings).

SmarterEMC2 implemented a set of novel ICT tools to support the emerging Smart Grid business models and services, by facilitating customers' access to the electricity market and Renewable Energy Sources (RES) integration, in order to address the ever increasing concerns for environmental and energy sustainability. In the context of Smarter EMC2, OTE Group developed simulation procedures to reveal and validate the effectiveness of the communication networks to support massive uptake of novel 5G services.



5.4 Responsible Competition

OTE Group, with respect for the consumer, promotes a truly responsible competition. It 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, audiovisual media services and content 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 establish a regulatory framework that strengthens healthy competition and at the same time contributes to the overall social well-being.

OTE Group has 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 is governed by national laws and regulations in all countries of OTE Group operation. In Greece it is governed by both the European Union and national competition law as well as by specific regulations for the electronic communications sector.

Following a 2016 auction regarding the provision of Universal Service, OTE continues to be a universal service provider related to

the provision of directory enquiry services, directories and public payphones, until 31 January 2021.

OTE, according to relevant Hellenic Telecommunications and Post Commission's (HTPC) decisions, issued at the end of December 2016, continues to have a significant market power and is subject to regulatory obligations in wholesale local access market at a fixed location (market 3a/ 2014) and wholesale central access at a fixed location for mass-market products (market 3b/2014). By virtue of a corresponding HTPC decision issued at the same time, OTE ceased to be under regulation in the retail market for access to the fixed telephone network on a fixed location via PSTN, ISDN BRA, managed by VoIP and ISDN PRA (market 1/2007). However, despite the deregulation of this market, and the existence of competitive conditions, ex-ante control of OTE's retail prices by the HTPC is maintained as a remedy within the context of the wholesale markets' regulation. OTE believe that any ex-ante price control of its retail services should be withdrawn in order to refrain from distorting market dynamics and competition in the retail markets.

In addition, following the decision on market 3a / 2014, the introduction of Vectoring technology into the access network has been allowed; thus, enabling the provision of speeds higher than 100 Mbps. OTE is fully committed to fulfill the relevant obligations imposed by the HTPC for the roll-out and the provision of access services.

Detailed information on the regulatory frameworks in Romania and Albania is presented in Telekom Romania's and Albania's Corporate Responsibility Reports.

Regulatory Litigations 2017

On 25 September 2017, HTPC imposed a fine of 6.3 million on OTE, for an alleged abuse of its dominant position in the provision of local access to its fixed telecommunications network (Local Loop Unbundling), in the period 2012-2014.

Actions 2017	OTE	COSMOTE	Telekom Romania Communications	Telekom Romania Mobile Communications	Telekom Albania
Number of fines	1	-	-	-	-
Number of appeals	1	-	-	-	-
Number of non-pecuniary penalties	-	-	-	-	-
Cost of fines (€)	6.3 mn	-	-	-	-

Information about the evolution of previous important cases is included in the [Annual Financial Report](#).

Contribution, Formulation and Operation of a Responsible Market

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

The Group's objective is the promotion of a fair regulatory environment with fair 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 on issues related to ensuring a fair regulatory environment.

OTE and Telekom Romania Communications are registered in the EU Transparency Register and thus have committed to comply with the Transparency Register Code of Conduct.

The most important relevant participations of OTE Group companies in 2017 are presented in the [Appendix Additional Information for GRI Indicators](#).

In 2016, Telekom Albania signed a Code of Conduct, prepared by the Committee of Customer Protection and the AKEP (Electronic and Postal Communications Authority). The Code sets standards for ethical behavior, fair and reasonable actions and promotes transparency and competition in the electronic communication market. It aims at fair competition and protection of the customers. The Code came into force in 2017.

5.5 Responsible Communication with Customers

OTE Group communicates with its customers with responsibility and sincerity.

Responsible Marketing

OTE Group conforms to the applicable laws and regulations regarding communication and advertising.

The companies review all promotional material prior to its release to ensure that the content material abides with applicable laws. They also ensure that the promotional material is suitable, impartial, genuine and respects diversity.

In Greece, the companies follow the Committee of Communication Control (CCC) Code of Responsible Marketing. They implement the Greek Code of Conduct for advertising and communication, in line with the CCC guidelines. In 2017, the CCC issued at first and appellate level, 2 decisions regarding non-compliance with the Code that involving OTE and 8 that involving COSMOTE. For the 2 cases for OTE and 2 for COSMOTE, no irregularities were found. For the rest 6 cases for COSMOTE, some amendments to the advertising messages were required.

It should be noted that in 2017 the Hellenic Data Protection Authority issued a recommendation to OTE, in order to modify / improve its procedures for:

- Recording of telephone calls for the promotion of products and services, and
- The deletion of the above-mentioned calls unless they contain evidence of a commercial transaction.

In 2017, the Greek General Secretariat

for Consumers did not impose fines on OTE and COSMOTE regarding communication, marketing and advertising issues.

In Romania, the companies follow the Romanian Advertising Council (RAC) Code of Conduct for advertising and communication. In 2017, regarding the cases where the code's instructions were not adhered, RAC considered 1 complaint for the "Netliberare" advertising campaign. It was decided that no changes in the promotional materials were required.

Telekom Albania follows all applicable laws and the respective regulations put in place by the AudioVisual Media Authority, the Electronic and Postal Communications Authority (AKEP), and the Competition and Consumer Protection Authority. In 2017, no fines were imposed on Telekom Albania regarding communication, marketing, and advertising issues.

Customers' Rights

Customers can communicate with Customer Service via phone, application platforms, e-mail or social media, or visit an OTE Group store and request information about their rights, according to the service they use (fixed, mobile, etc.). Information is available on the service contract and general terms are provided in printed form or are sent to customers by e-mail. Additionally, through the companies' official websites, existing and prospective customers can be informed about the Terms of Use of all services and about their rights at any point in time. Each web page, for each service, contains, among others, the application forms, and terms and conditions.

Transparency in Pricing

OTE Group, in accordance with the current regulatory framework, is committed to addressing its pricing issues in a concise,

simple and transparent manner, as well as to provide a high level of service to its customers.

In Greece, OTE's product pricing and / or services are regulated by the Hellenic Telecommunications and Post Commission. In Romania, Telekom Romania's product pricing and / or services are regulated by the National Authority for Management and Regulation in Communications (ANCOM).

The transparency of pricing policies includes the disclosure of billing information within the set timeframes defined by the regulatory framework. Pricing information is available on the webpages of the companies, through their customer service centers and brochures.

Customers are also informed about billing details and any abrupt changes through their accounts. On the other hand the various solutions, in view of the current economic conditions, provide cost control, as a response to the increased customer needs for control of their spending. In order to meet its customers' needs, OTE Group has:

- Developed apps to enable better account handling. The apps inform customers through messages and provide detailed description of their bills.
- Provided cost control services (e.g. COSMOTE My Internet, "Balance Check" service, Real time check for prepaid subscribers' balance, Cost Control Service 1515, USSD 1, USSD 2, IVR etc.) to enable customers to manage their funds and expenditures.
- Developed numerous services (e.g. Multimedia Information Service (MIS) Billing Update, COSMOTE Mobile Split Bill etc.) to prevent its overcharging of its customers.

Safe, Branded Customer Products

OTE Group believes that it is of particular importance to supply safe products that comply with the applicable Directives and Regulations. It does not distribute products or services to the market that are subject to prohibitions or that have been prohibited by stakeholders' (customers, consumer association, local society, etc.) actions.

The equipment that is sold in the Group's retail stores, carries the statutory CE labeling (mandatory in the EU) and complies with national and applicable EU regulations (in Greece and Romania), such as the Radio Equipment Directive 2014 / 53 / EU (RED), the Waste Electrical and Electronic Equipment (WEEE) Directive 2012 / 19 / EU, the Restriction of Hazardous Substances (RoHS) Directive 2011 / 65 / EU, the EU packaging and packaging waste legislation. In addition, COSMOTE equipment for ADSL / VDSL and TV services complies with the eco-design requirements of the 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 restraint of public exposure to electromagnetic fields (0 Hz to 300 GHz).

For mobile telephony devices, OTE Group

requests from its suppliers Specific Absorption Rate (SAR) data. The data are available to its customers inside product packages and upon request at the Group's retail network.

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 RED and Directives 2014 / 30 / EU (EMC) (or its predecessor 2004 / 108 / EC) and 2014 / 35 / EU (LVD) for fixed telephony terminal equipment.

The products include a detailed installation manual in their packaging. Manuals, for the safe use and installation of COSMOTE equipment, are also made available on COSMOTE's website in Greek and English.

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

In 2017, no financial penalties were imposed on OTE Group companies (i.e. OTE, COSMOTE, Telekom Romania Communications, Telekom Romania Mobile Communications and Telekom Albania) for a non-compliance case for any of the above issues.



	Compliance with international and European Regulations	Labeling
Mobile telephony devices (Greece and Romania)	RED, RoHS, ICNIRP	CE, WEEE, packaging material recycling
Mobile telephony devices (Albania)	RED, RoHS, ICNIRP	CE
COSMOTE equipment for ADSL/VDSL services and TV	RED, EMC, LVD, RoHS, Ecodesign	CE, WEEE, packaging material recycling

5.6 Customer Service and Satisfaction

Why it matters

Customer satisfaction is paramount for an organization's long-term success. As a result OTE Group strives to continuously enhance its customer service and detect with accuracy the perception of the Group's products and services by its customers.

OTE Group's primary aim is to provide seamless connectivity and excellent customer service by establishing communication channels that collect and manage customer requests quickly and with ease at any time. Requests can be addressed and managed via phone, through the Group's website and social media accounts, via application platforms, via e-mail or in any OTE Group store.

In 2017, OTE Group focused its effort towards providing digital solutions and state-of-the-art technologies to facilitate customers' needs to live and communicate better in both the physical and digital world.

2017 Awards for COSMOTE Customer Service

- > **The Hellenic Institute of Customer Service** awarded Cosmote 13888 the award of **"best Contact Center in Customer Service"** at national level (Large Enterprise category).
- > **Social Bakers (analytics- metrics)** nominated COSMOTE and What's up Facebook pages in the category **"Socially Devoted"** for Q1, Q2, Q3 and Q4.

Examples of different actions taken are:

- The **"Digital Transformation"** program that enhances customers' digital experience (see Digital Transformation).
- The **"Voice of The Customer"** program that allows for the immediate recording of customers' views and needs, and the periodic conduction of market surveys.
- The **"COSMOTE DEALS for YOU"** Customer Loyalty Program that offers exclusive privileges and unique experiences to COSMOTE customers.
- The **"Customer Experience Program"** that fosters employees' empathy and customer-centric culture through the actions of Customer Experience Ambassadors and managers' visits at customer touch points.
- The **"Fault To Repair"** and **"Order To Bill"** programs that improve the experience of customers who report a technical problem, request new services or modify their services.

Greece: Highlights 2017

- Enhancement of digital experience in stores: digital signature in 99% of customer contracts, product information and comparison of its characteristics with other products sent by e-mail upon customer request.
- Real-time appointment arrangement in cases that customers request for fixed line activation or line-transfer.
- Systems upgrade and integration brought faster customer service in stores.
- Free Wi-Fi in all stores.
- Great variety in digital and non-digital products.

Albania: Highlights 2017

- Facebook Chatbox: automatic Bot tool dealing with customers' issues. The technology is the first of its kind to be deployed at country and IT sector level.
- Significant increase in digital customer demand management services (e-care, chat, etc.).
- Resolution of 12,777 complaints, where 91% of them were resolved within 2 days.

Romania: Highlights 2017

- Telekom Romania, with a unified service experience throughout 2017, sustained its path towards efficient demand management of fixed, mobile, internet and TV customers. To this end the company moved the mobile services' client data on the fixed company's IT platforms. The move resulted in an increase in complaints. To address them, the company accelerated its efforts to return to its normal mode of operation.
- Compensation gifts (i.e. free options of data, voice or SMS for 2 months) were offered to clients affected by the IT systems integration.
- In addition, the Customer Network Experience Board was launched, i.e. regular team meetings between the commercial and technical divisions at all managerial levels. In these meetings, the customer feedback is addressed with respect to operational and technical issues. Concrete actions are proposed and further implemented to enhance customer experience.

OTE Group continuously works to simplify processes and reduce the effort needed by its customers in every customer contact. **Customer satisfaction and loyalty are regularly monitored** through outbound calls and in turn use customers' feedback, to improve the Group's processes and services. Selected customer satisfaction survey results are associated with the managers' variable salary components, influencing their respective performance assessments.

Handling of Complaints and Requests

COSMOTE Customer Service 13888 offers a unique digital customer experience and develops advanced innovative solutions, i.e.:

- **Video call via portal:** Customer Service personalizes its contacts through video call functionality. The service is available also for sign language speakers.
- **COSMOTE UFixIt,** Customer service experts, resolve issues by gaining access to the customers' camera and guide end users step-by-step through problem resolution and do-it-yourself installations.
- **Chat via portal and Mobile App** for instant and interactive communication.
- **COSMOTE@YourService,** to serve without limits, for all household and business needs.

OTE Group, throughout 2017, with its integrated service experience, has efficiently managed customer inquiries related to fixed, mobile and TV services, through existing and new actions, including:

- Adoption of unified procedures for complaint management to enhance customers' experience and loyalty, and the corporate image.

- Implementation of advanced personalized strategies and effective communication methods aiming at long-term commitment and collaboration.
- Personalized service for FMC customers providing a seamless and unified experience through a dedicated team.
- First contact resolution improvement.
- On-going training workshops for all Customer Service employees.
- Digital e-care growth (chat, messenger etc.).

In 2017, OTE and COSMOTE enhanced their “requests and complaints” recording practices by keeping records of additional request categories. The companies aimed to discover areas to further improve their customer satisfaction. This led to an increase of registered requests and complaints by 62% (in total 614,732), compared to 2016.

OTE Group strives to handle and resolve its customers’ complaints in an ever more effective manner. In 2017, around 62% of complaints in Greece were solved within 2 days. The percentage of complaints solved by OTE and COSMOTE within 2 days, compared to 2016, increased by 25% and 10% respectively.

Customer Surveys

OTE Group, in 2017, conducted several customer surveys to measure customer satisfaction and loyalty and thus capture customers’ opinions on their relationship with the Group’s companies, the companies’ products and services, and their overall experience via touchpoints (i.e. call center, stores and the website).

Indicatively in 2017, OTE Group companies maintained high scores on the **TRI*M Loyalty Index**¹, showcasing strong customer loyalty. Additionally, the companies scored high on the question “How would you evaluate the company as to: whether the company makes me feel like I am in good hands?”, since the majority of customers responded “Excellent, Very Good or Good”.

OTE Group collects real-time feedback on customer experience using the **NG ICCA Program**². Following the customers contact with the Group’s touch points (i.e. call center, stores and technical service), questions on the employees’ quality attributes (e.g. employee knowledge) and the touch points’ overall service (e.g. waiting time), are put forward. In 2017, OTE Group in Greece scored higher in the NG ICCA Customer Satisfaction Index, compared to last year, showcasing its consistent and ever-growing strong customer satisfaction.

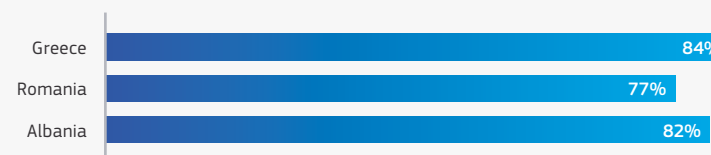
Overall OTE Group customers are satisfied with their experience in call centers, stores and the website.

2017 Customer Survey Results³

“How would you rate the company’s performance overall?”
Customers who responded “Excellent, Very Good or Good”.



“How would you evaluate the company as to: whether the company makes me feel like I am in good hands?”
Customers who responded “Excellent, Very Good or Good”.



1 TRI*M Loyalty Survey, designed at an international level, measures and monitors customer loyalty across countries with DT’s presence. The survey was redesigned in 2017. As a result past data were calibrated in order to be compared with currently available ones.

2 NG ICCA Program, designed at an international level, monitors and improves the Group’s business processes by following and measuring customers’ perceptions. The program’s questionnaire consists of maximum 4 questions that are assessed at a scale of 1-5. Questions are answered on the phone via Dual-Tone Multi-Frequency Interactive Voice Response (DTMF IVR) replies.

3 Indicative results from TRI*M Loyalty Survey.

6. Better World for All

6.1 Approach

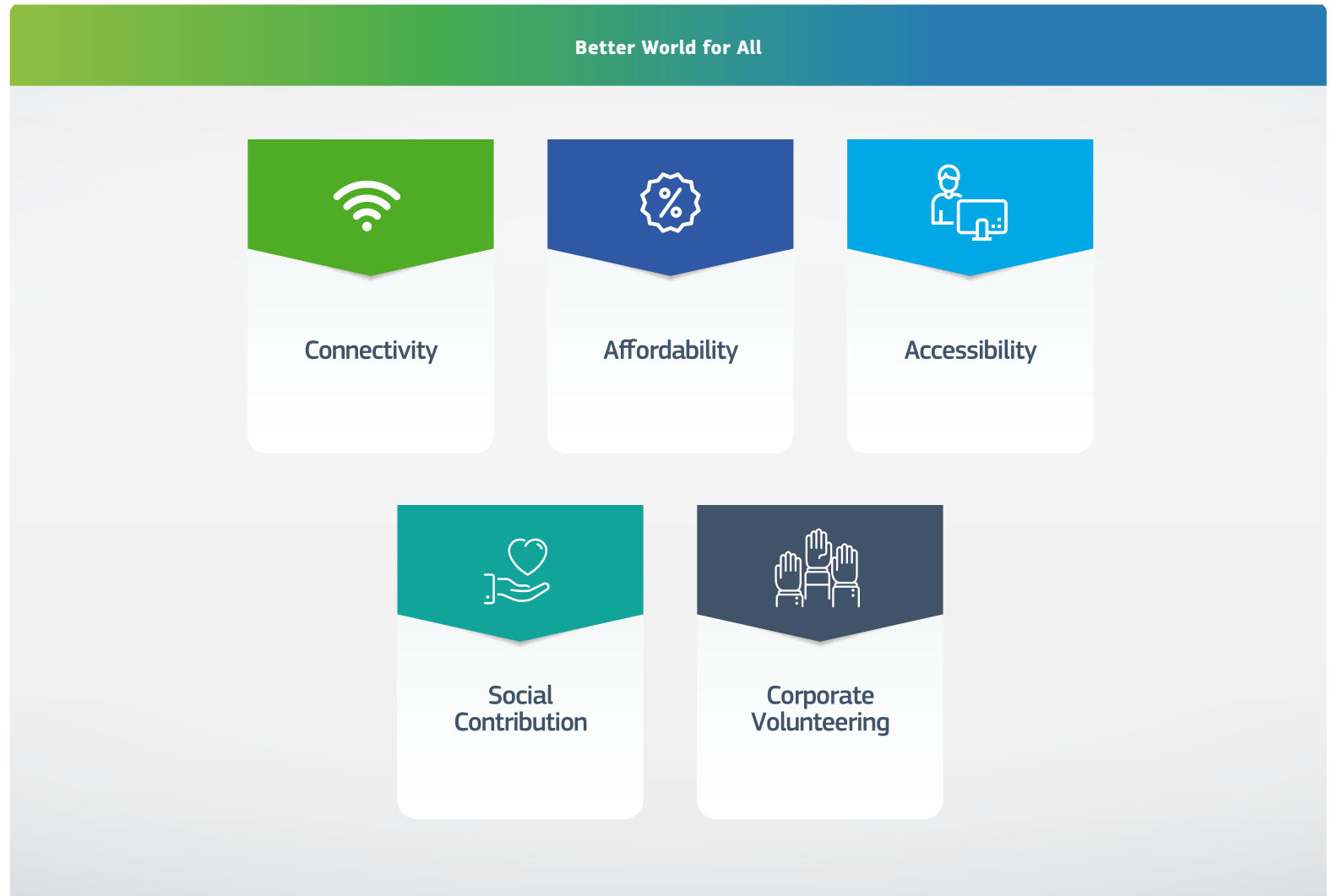
OTE Group contributes to a better world for all, through technology. The Group aims to make technology accessible to all, so as to reduce the digital divide and to gain equal access to the opportunities of the digital era. Its vision is to offer technological capabilities to all, overcoming inequalities and obstacles, so that everyone can benefit from today's opportunities and build a better future.

Toward the digital inclusion of all citizens the Group:

- Invests in the upgrade and expansion of its infrastructure and increasing the opportunities of citizens' network connectability
- Offers 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 initiatives, through corporate volunteering programs.



6.2 Connectivity for All

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

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

The group is the leading national investor in new technologies and infrastructure. Until 2022, the total OTE Group investments in Greece, mainly for infrastructure and new generation networks, will reach approximately € 2 billion. The investments are mainly implemented by the Commercial and Technology Divisions, addressing the needs of the marketplace, its customers and society.

In 2017, based on the Digital Economy and Society Commission Index (DESI) that assesses the progress of the EU countries toward a digital economy and society, Greece and Romania ranked 26th and 28th respectively, 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 and 90% in Romania, only 66% and 63% use the services respectively. The use of broadband services in Greece through mobile telephony is at low levels, with only 50% of citizens subscribing to these services. In comparison with Romania where 71% of citizens use mobile broadband (source: European Commission, DESI 2017 data for Greece and Romania).

Greece

In Greece today, the telephone network covers the whole country, including some of the most remote areas. Broadband ADSL

Greece

> 95% population coverage by ADSL broadband service

> 70% population coverage by VDSL broadband service

Optic fiber network in Greece, with a total route length of 43,000 km

services are offered in more than 95% of the existing telephone connections. VDSL speeds up to 50 Mbps, are already provided to 2 million households and companies. In mobile telephony, OTE Group is constantly upgrading its 3G network, which covers 99% of the country's population. The population coverage of the COSMOTE 4G network amounts to 98%, retaining its first place by a wide margin from the competition. In addition, the 4G+ network coverage reaches 92%. OTE Group is the first company in Greece and among the first in the world, to offer speeds of up to 500 Mbps in Athens, Thessaloniki and other regions.

In 2017, the new pilot of Fiber to the Home (FTTH) was developed by the company, for the Municipality of Athens, offering fast Internet speeds of up to 1 Gbps. As part of this program, the copper cables were fully replaced with fiber optics, at selected areas in the center of Athens.

Moreover, along with Nokia, the first 5G live demo in Greece was showcased within 2017. COSMOTE reached speeds up to 4.5 Gbps.

Romania

In the beginning of the year, the population coverage of the 4G network in Romania was less than 40%. However, at the end of the year, the company's network reached 88.54% of the population. The radio-link access network was modernized with Ready 5G

components. In 2018 the company expects to have the entire mobile network 5G ready. The company constantly optimizes its network to ensure that quality services are delivered to customers; its performance is highlighted by P3 measurements.

The FTTH deployment was continued in 2017. Telekom Romania replaced the copper wires with fiber optics for 330,000 subscribers. Overall, the company has installed fiber optic cables to 2.6 million households.

In 2017, Telekom Romania, together with its technology partner Ericsson, organized the first 5G live test in the CEE region, showcasing the capabilities of the telecom agenda. The 4G base stations deployed by Telekom are 5G compatible; thus, the network will be largely based on infrastructure investments made this year.

Albania

Telekom Albania's network coverage was extended all over the country, offering network connection and uninterrupted communication, even in harsh weather conditions, to the most remote areas of the country. Approximately 97% of the population uses the company's 3G services, with 85% of them having 4G coverage. At the same time, over half of the population uses the company's 4G+ data service.

The mobile communications tests for Deutsche Telekom Group, held in 2017, ranked Telekom Albania's performance outstanding; placing the company in the first place of data performance, according to P3.

Greece

99% population coverage by 3G network
98% population coverage by 4G network
92% population coverage by 4G+ network

Romania

86% population coverage by 3G network
89% population coverage by 4G network

Albania

97% population coverage by 3G network
85% population coverage by 4G network
52% population coverage by 4G+ network

6.3 Affordable Prices for All

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

OTE Group, through its brands, offers packages at competitive prices to residential customers, addressing their communication needs, by providing a wide range of options in terms of internet speeds and voice calls (to all national fixed and mobile destinations).

Greece

OTE Group invests in new generation infrastructures and networks, by continuously improving customers' internet experience across Greece and responding to the need for high speeds that strengthen the new digital era. In fixed telephony, the average real speed, being offered to COSMOTE subscribers, has increased by 22% over the past year, with cost per Mbps, down by 21%. In mobile telephony, the average Internet speed that can be accessed through the COSMOTE network, has increased by 50% over the last 2 years while the average charge per GB has decreased by almost 75%, over a 4 year period. The population coverage of COSMOTE's 4G/4G+ networks exceeds, 98% and 92% respectively, making OTE Group the No1 mobile network in Greece, today.

COSMOTE Fiber is the largest fiber optic network in Greece with a 43,000 km route length and approximately 13,000 cabins connected with fiber optics. It offers Internet connections with speeds of 30, 50, 100 and 200 Mbps and provides, for the first time ever, actual speed guarantee for fixed lines.

Also, the COSMOTE Home Speed Booster service provides a fast and reliable Internet connection, with speeds up to 100Mbps,

through fixed and mobile network convergence to customers living in areas where the COSMOTE Fiber network is still under development. Through the Hybrid Access technology, the speed of fixed broadband connection is matched with the speed of 3G and 4G networks.

The use of COSMOTE Total Security service allows COSMOTE users to surf the Internet securely from all household devices (laptop, PC, tablet, smartphone) without worrying about possible viruses and harmful website content. Furthermore, the new service COSMOTE Mobile Security ensures mobile protection from online threats coming from either the COSMOTE mobile network (3G/4G) or any Wi-Fi.

For business customers, the COSMOTE Business One program has been relaunched with new features to enable businesses to function more effectively and cost-efficiently. Among others, the program includes communication solutions for each one of the business' employees, extremely fast Internet speeds via the largest fiber optic network in Greece (COSMOTE Fiber), as well as advanced PBX services, security services for both fixed and mobile devices, and cloud services.

In addition, the Business Market Place program continues to be an on-line platform (accessible through www.cosmote.gr/hub/) where businesses have direct and easy access to cloud applications that meet their operational needs (such as payroll, ERP etc.) and reduce their operating costs. In 2017 a free 2 month trial has been offered for all Business Market Place services.

In 2017, new innovative and very affordable mobile internet add-ons were offered to customers, adjusted to their current internet needs.

COSMOTE subscribers can choose between programs with a discount in mobile phones purchase or a reduction in their contract's fixed cost. Cost reductions can reach up to 30%. Moreover, free voice minutes and megabytes were offered on holidays throughout the year. Finally, the use of 4G services was promoted to a large part of the subscriber base, allowing subscribers to access very fast 4G and 4G+ network connections.

At the same time, with COSMOTE One, customers enjoy free family communication and discount on the monthly mobile fee.

Romania

In 2017, Telecom Romania simplified its portfolio of their products and services for residential and business customers. The company, through #Netliberare (B2C) and #BusinessLiber (B2B) campaigns, offered Internet access and extended communication benefits for residential and business customers, at a starting price of € 5 per month.

The #BusinessLiber has no minimal contract period, and can be subscribed as long as service is required and fits the business needs.

The offer had immediate results on the B2B segment. Telekom doubled its sales and registered an increase in the number of companies choosing Telekom's services.

In December 2017, the company offered the opportunity to all its business customers to test the capability of the company's 4G network, by offering them unlimited data usage.

Albania

Telekom Albania telecommunication services, for the year of 2017, were addressed to individuals, families, public institutions and companies. Some of their main products and

services are the Post-paid (contract) and pre-paid services, Broadband Internet services and Mobile TV for smartphone display. The post-paid and pre-paid services are directed to retail and business customers with various rate plans, customized based on their needs and their company's size. The Broadband Internet services give the opportunity to customers, for speeds of up to 225 Mbps in 4G+ network. The Mobile TV for smartphone display is offered in cooperation with the Tring digital platform and allows subscribers to choose up to 40TV programs on their screen, including premium content, such as football events (e.g. Champions League).

6.4 Access to All

OTE Group actively supports equal access to new technologies for all.

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.

Greece

People with Disabilities

14,124

people received discounts on fixed telephony and internet services

242

people with hearing problems received discounts of 50% on SMS and video calls

Elderly People

31,383

Fixed and mobile telephony products and accessories specially designed for elderly people and people with eyesight problems

12,362

people received discounts on fixed telephony services

1,002

people used the instant warning service 'Alert'

€ 2,269,442 discounts to the elderly and to people with disabilities, in fixed telephony services

Students

What's Up Student offers, fully covered the needs of students, with innovative and exceptionally competitive services.

Students had a variety of offers, as shown below:

Mobile Offers:

- Prepaid (monthly offers and competitive packages and deals)
- Postpaid (one of the lowest monthly fees in the market)

Double Play: highest VDSL speeds

Mobile Internet: Various options of GB with 4G speeds, which can only be accessed through the COSMOTE network.

European Emergency Number 112 operated by OTE in Greece

Received **1,884,354** calls, of which **63,669** were re-directed to the emergency numbers 100, 199, 166, 108, 197 and 1056.

Offer for Unemployed and Pensioners

COSMOTE, since 2010, has been supporting unemployed people and pensioners, by providing a discount on their monthly fee on their mobile telephony service.

Correctional Facilities and NGO for Children

15,500 prepaid telephone cards and COSMOTE Top up cards with total value of **> € 62,000**

Facilitation of Communication in Emergency Situations

Greece:

It is a priority for COSMOTE to support its subscribers in emergency situations, in Greece and abroad, by facilitating their needs for open communication. This includes applying short-term initiatives such as offering free calls to its mobile service subscribers, postponing the barring processes due to unpaid bills, etc. In 2017, emergency support was provided to subscribers in the United Kingdom, Mexico as well as regions in Greece e.g. Lesvos, Kos, Kythira islands and Attica.

Albania:

Telekom Albania was active during the floods of December 2017 in several areas of the country, by providing its technology services to inhabitants and those working to rehabilitate the affected areas. Thousands of people in these areas were given 100 minutes of free calls. The Committee of Coordinating and Managing the National Emergencies used the company's mobile networks to inform citizens on necessary measures to take, to avoid any repercussion caused from flooding.

Bringing Fast Internet to Remote Areas

RoNet is a very important infrastructure project for the extension of the internet network coverage in remote areas and for which Telekom Romania is specifically constructing a backhaul network. Telekom Romania has currently covered 446 localities, with 662 being under construction.

6.5 Social Contribution

OTE Group supports the vulnerable social groups, children, education, entrepreneurship, local communities, culture and sports.

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

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

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

To achieve optimal management for all of its social programs and actions, OTE Group systematically develops internal mechanisms and processes for its 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 (in Greece) or the Compliance Manager (in Romania and Albania).

- 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 programs' impact on society.

The evaluation of OTE Group's social contribution is based on the 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.

Only the financial contribution and the value of goods and services offered for free or covered by the companies, have been calculated in the amounts of the social contribution of the companies. The operating costs for the design and implementation of actions are not included in the calculation. 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 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](#)).

It is a continuous goal of OTE Group to quantify, where possible, the results of these programs in order to evaluate and review its social contribution for the future.

€ 4.2 mil. OTE Group total social contribution

83% financial support and 17% support in kind

€ 4.9 mil. total social investment (including the cost for the implementation of actions and voluntary participation of employees during working hours)

~ 200 social contribution initiatives / programs

> 1.2 mil. beneficiaries

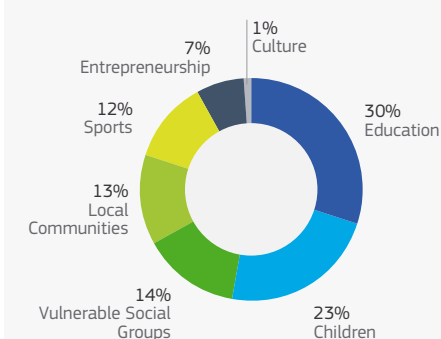
~ 75,000 beneficiaries developing digital skills

OTE Group Telecommunications Museum

The OTE Group Telecommunications Museum aspires to be an innovative cultural institution that creates an unforgettable experience to all visitors, while instilling a sense of pride to the OTE Group employees. Furthermore, it strives to comprise a top destination for visitors in Greece and one of the major Telecommunications Museums in Europe.

The Museum unfolds stories of communication, from "Friktores" to telephones, satellites, the internet and mobile phones. At the same time, it rolls out the history of the company, which is closely linked to Greece and its development. Its collection includes more than 3,400 items and archival material with over 23,000 documents, maps and photographs, as well as audiovisual material and more than 22,000 digitized objects. The scope of the museum includes organization of exhibitions, guided tours for groups and individual visitors, planning & implementation of innovative educational programs, use and development of new technologies, curating, digitization, documentation and technical support and preservation of its collection.

€ 4.2 million OTE Group Social Contribution



Telekom Romania Foundation

Telekom Romania Foundation is a non-profit organization, which supports different groups of people in special situations, social causes, children with serious diseases and talented young people and answers to humanitarian calls in case of natural disasters. Moreover, it acts as the link between Telekom Romania and the communities in which it operates.

Telekom Romania Foundation continues the projects and the initiatives of Romtelecom Foundation for Romanians, which was launched in 2008. The Foundation organizes different social, humanitarian, educational, environmental and disaster response projects and campaigns.

The foundation aims to identify, through direct interaction with the employees and the communities, the areas and the social categories that require more focus and support.

Children and Vulnerable Social Groups

OTE Group constantly supports children in need and vulnerable social groups. It contributes towards the work of non-profit organizations and institutions providing them financial support, free telecommunications products and services (which are important for their operation), but also through voluntary corporate actions. **In 2017, OTE Group companies supported the work of more than 100 NGOs and institutions.**

Help Lines

OTE continued to provide telecommunications infrastructure and financial support for the operation of hotlines that provide support to 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' (18 years of support), 221,152 calls
- **European Hotline 116000** for missing children, 'The Smile of the Child' (10 years of support), 9,379 calls
- **European Helpline for Children 116111**, 'The Smile of the Child', 6,332 calls
- **11525 Advice Helpline** 'Together for Children' (8 years of support), 6,300 calls

PC Donation Program

132 refurbished computers were offered to NGOs and schools in Greece.

The program was implemented for the 12th year.



Support for Children in need in Greece

> **€570,000** were donated to **17** charitable organizations who provide care for children

In the last **18** years, the work of **58** NGOs was supported, by offering > **€7.5 million**

> **1,200** OTE Group employees participated in the internal voting process, where employees voted for 3 organizations they want the Group to support

Hellenic Coast Guard Support

> **€ 160,000** were given for the repair and maintenance of vessels and the coverage of the cost of the telecommunication needs in 125 locations where Harbor Authorities of the Hellenic Coast Guard are located.

In **3** years, **€ 700,000** has been provided for the repair and maintenance of **65** vessels of the Coast Guard that contributed to the rescue of **125,600** people in danger at sea.

Support of Children's Healthcare by Telekom Albania

- Hospital equipment was offered to **2** hospitals, which provide medical care to approximately **15,000** people annually.
- Support of a charity concert organized by "Foundation to help patients" for the provision of implants to hearing impaired children.



Support of Children and Vulnerable Social Groups in need by Telekom Romania

- **150** children and young people from E.G.A.L." day centers received support from Telekom Romania, during Christmas. Specifically, they received a hot meal daily, assistance with homework and life skills development sessions, to improve their attendance, grades and overall performance at school.
- The **2** polyclinics of the Regina Maria CMU Foundation, in partnership with Telekom Romania, offered free medical services at a very low cost, to patients without any income or on a low income.

City of Athens Reception and Solidarity Centre

€ 95,000 was donated for the **5th** consecutive year, by COSMOTE, to cover the everyday needs of **200** families facing financial difficulties.

The COARSC is a public organization, which supports vulnerable social groups, by contributing to the resolution of issues that lead to poverty and social isolation.



Initiative with digital aspect

Education

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

COSMOTE 2017 Scholarship Program

€ 620,000 were awarded to 41 first year university students with financial and social difficulties

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

In the 16 years of the program > € 5 million has been awarded to 622 university students

Access to the Digital World

4,200 participations from 12 municipalities of Attica within a year - 4 times higher than 2016.

The participants' average age was 64 years. The program aimed at making the everyday life of elderly people easier. They learned how to use a tablet, navigate the internet, enter the "world" of social media,

> 6,500 elderly have participated in the program in the last 5 years.

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



Educational Robotics Competitions - STEM

COSMOTE:

> 4,100 primary, junior high and high school students participated in the National Educational Robotics Competitions

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

11 teams from Greece participated in the World Robot Olympiad in Costa Rica. The team "SMARTBIRDS NEXT" from Patra won 3rd place in the 'Open Elementary' category.

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

COSMOTE e-value:

In collaboration with the NGO "Robospecials", located in Xanthi, the company supported High School Students' participation in the International Robotics Competition "FIRST Global", held in Washington DC, where students from 160 countries participated. The aim of the initiative was the enhancement of educational robotics in Greece.

Telekom Romania:

230 children, between 6 and 17 years old, participated in the CoderDojo programming and robotics workshops.

The workshops are held on a monthly basis and are divided into themes and skills levels (beginners and advanced). The children are guided by 22 volunteer mentors with a background in programming.

CoderDojo Bucharest North is an international movement initiated in Ireland in 2011, supported by Telekom Romania and the Telekom Romania Foundation.



COSMOTE HISTORY Channel

The only Greek documentary channel, with content exclusively about Greek History and Civilization, created by the OTE Group.

2 years of operation

60 original documentaries and documentary series (productions or co-productions)

>1,000 documentaries of prominent Greek and foreign artists

The channel collaborates with various organizations and institutions, such as the War Museum, and the American School of Classical Studies, for the preservation, digitization and airing of rare film archives and videos of great historical value.

The Group, aiming at promoting Greek history, is planning to offer COSMOTE HISTORY's content to students' educational or recreational needs, with the vision to make the channel a heritage for future generations by providing its content to teachers and students.

Educational Programs in the OTE Group Telecommunications Museum

8th consecutive year of operation

Between September 2016 & August 2017, more than 14,000 people visited the Museum, in order to attend guided tours and educational programs.

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

School programs included art workshops, technological workshops, environmental programs, safer internet workshops as well as a theatrical play. Additionally, the Museum offered programs throughout the year, specifically for families with children aged 4 -12 years old.



Initiative with digital aspect

Hosting of NGO's Seminars by OTE Academy

Offer of OTE Academy's premises, for free, to **9** NGOs and organizations, supporting social and environmental causes, to perform their educational seminars.

Implementation of **42** seminars/events
>2,500 people supported

Support of Students in Albania

IT Infrastructure offered to the Polytechnic School of the University of Tirana by Telekom Albania, for building a network that will allow information to be exchanged between faculty and students.



Digitalization of Romanian schools

Provision of telecommunications products and services, such as tablets, internet connectivity and access to an educational management platform, to **30** schools throughout Romania.

Through this initiative an electronic school catalogue is offered to support the digitalization of Romanian schools, by contributing to the efficient organization of the school, the improvement of teaching means, and the increase of interactivity between teachers, students and parents.

63% fewer absences and an improvement in test results of Schools, which were introduced to the platform in 2016.



Local Communities

OTE Group aims to improve the 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 carries as its main responsibility, the protection of local communities from any negative impact that may result from its activity.

In this context, the companies analyze and assess of the local communities' needs and implement specific sponsorship programs, which include financial help to local organizations, sports clubs, cultural events, etc.

Indicatively, in 2017, OTE Group:

- For the 13th consecutive year, training seminars and informative meetings were conducted, for mobile telecommunications, electromagnetic fields, and on the role of telecommunications in the modern era. These seminars are aimed for secondary education students, associations, local communities and municipalities. Over 700 residents across 30 cities throughout Greece attended these sessions and meetings.
- Supported 97 actions, for local communities in Greece, with the aim to improve the living conditions of inhabitants that live the countryside and sustain the viability of the local cultural identity.

Free Broadband Connection to Residents of Remote Islands in Greece

The residents of **47** remote Greek islands, were offered 10GB of mobile internet at a cost of €10/month. The cost of the initiative is fully funded by the Ministry of Digital Policy, Telecommunications and Media.



Teimplici.ro

Teimplici.ro was launched in 2014 and it focuses on identifying needs in communities where new information technologies improve the fields of education, health, environment, innovation, development, and social protection. The aim is to identify partners that are promoting beneficial applications of ICT in local communities.



Act Now

Telekom Albania supported the "Act Now" organization with their project "Social Glow". The aim of the project was to tackle social problems such as unemployment and poverty in vulnerable groups in the city of Tirana. This project serves as a social center where people with disabilities, financial difficulties and divorced women from rural areas can attend workshops, reading nights and events.

Support of Entrepreneurship

Recognizing the needs of modern enterprises, OTE Group offers the most effective and integrated communication and technology solutions, as well as an organized network of personalized service. For small and medium businesses, OTE develops specialized services for the businesses' needs.

Additionally, OTE Group supports and strengthens entrepreneurship through innovative programs, while promoting relative initiatives and conferences.

In 2017, OTE Group supported 70 conferences in Greece and 4 in Albania. Several entrepreneurship events were also supported in Romania, such as the event "Circular Economy for Everyone" targeted for NGOs (300 participants), and "Back2Business - Joint International Trade Networking" together with the Romanian-German Chamber of Commerce, where 500 representatives of the business environment met.

COSMOTE HACKATHON

The **1st COSMOTE HACKATHON's**, primary objective was to raise the level of creative innovation in Greece.

100 Teams of more than **300** young people and entrepreneurs created and expanded ideas that was closely related to technology and innovation.



Initiative with digital aspect



#GrowYourBusiness

#GrowYourBusiness is the umbrella under which COSMOTE supports the growth of small-medium enterprises in the digital era. This initiative, offered digital seminars (live presentations and via live streaming) to more than **1,800** professionals. The seminars took place in **6** Greek cities (Athens, Thessaloniki, Patra, Ioannina, Heraklion, Larissa).



Internet for the Tech Community

Oficina is an entrepreneurship and innovation lab that aims to connect people interested in technology. It has organized several events that focus on start-ups, new business models, technology-related courses, etc. Given Telekom Albania's dedication to innovation and its primary goal to make technology available to society, the company offered Oficina with internet connection for the whole 2017.



1st Albanian Communication Forum

Telekom Albania sponsored the 1st Albanian Communication Forum on "Challenges of the Millennials", aimed at identifying and demonstrating successful communication strategies between young people and professionals. Representatives from businesses and the media industry gave real life examples to graduate students and young professionals to enhance their knowledge of the core elements of effective communication.



Initiative with digital aspect

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

In collaboration with the Ministry of Culture and Sports, this technical infrastructure division, was delivered to the archaeological sites of:

- Acropolis Athens
- Akrotiri Santorini
- Delos
- Delphi

Expansion and improvement of internet coverage in the archaeological sites of:

- Byzantine and Christian Museum in Athens
- Archaeological Museum in Rhodes

This is a €2 million investment by COSMOTE, aiming to promote the Greek cultural heritage with the power of technology.

The development of an additional 10 archaeological sites and museums is scheduled, including the National Archaeological Museum.



City of Readers

Telekom Albania collaborated with the Municipality of Tirana and the "Art, Culture, Integration" Centre, in their "City of Readers" project. They managed to build a functional library network for all age groups and at the same time transform the libraries of the city into interactive environments that will offer cultural and recreational events.



Digitization of the OTE Group Telecommunications Museum Collection

In addition to the website and the Documentation & Digitization project of the exhibits, the Museum started from September 2017, to successfully operate an online booking system for school, family and individual visits. It is the first museum in Greece that initiated an online booking system for all the educational programs offered to the public. The visits from the online bookings during the period of September - December 2017 are shown below:

- More than 3,700 students attended various educational programs and guided tours
- 645 individual visitors attended the educational programs for families with children



Sports

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

In 2017, it supported more than 27 sports teams, clubs and events in Greece. To cover the full sports spectrum, financial support was provided to football, basketball and volleyball teams as well as water sports and gymnastics clubs, swimming academies, field races, etc.

Telekom Romania continued to finance the Romanian National Football Team as their main sponsor. This initiative underpins Telekom's strategic commercial policy of offering customers top sports content and experiences, and Deutsche Telekom's International sponsorship strategy.

The "Biggest Sports Hour" 2017

During June and July 2017, Telekom Romania in partnership with SmartAthletic organized the 7th edition of the sports event "The Biggest Sports Hour" in the cities of Bucharest, Braşov, and Mamaia. More than 50,000 people from 21 cities in Romania attended the event. It featured around 35 fitness classes, coordinated by 118 instructors, and a range of 18 different sports.

Telekom Skating Arena

Another project with great visibility in the local society is the Telekom Skating Arena, operated by the Ion Tiriac Foundation. Telekom Romania supported the construction of the only existing rink in the Bucharest Ilfov district at the time, with the aim of engaging children and young people with sports and at the same time support local sports teams.



6.8 Employee Volunteering

OTE Group motivates its employees to act as volunteers, by providing the appropriate resources, 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 solidarity towards society.

In 2017, OTE Group continued to organize corporate volunteer programs that meet the immediate needs of society. Through social contribution actions, it enabled its employees in Greece to actively support the work of 19 Non-Profit Organizations that support children and vulnerable social groups.

For yet another year, OTE Group employees, through their positive attitude and responsiveness, proved their corporate and individual responsibility on current social problems. Specifically, in 2017, there was more than 6,300 employees' participation in Greece and 267 employees' participation in Romania, in social contribution initiatives.

> **6,500** employees' participation in social contribution initiatives

> **2,700** blood units collected from OTE Group employees

Blood Donation Program

The Blood Donation Program of OTE Group in Greece has been running for more than 40 years and has since become a part of the Group's culture. In 2017, it collected a total of 2,629 units of blood from OTE Group employees. 817 units were made available to meet the needs of employees and their families, while the remaining 1,812 were given to cover social needs throughout Greece.

In addition, 70 and 36 units of bloods were collected from Telekom Romania and Albania respectively.

Employees' Participation in Marathons

OTE Group invited employees to take part and run for 'a good cause' in the Authentic Athens Marathon and the International Marathon "Alexander the Great" held in Greece. Over 800 employees competed in both Marathons, resulting in the donation of € 15,000 to "Pisti"; a Non-Governmental Organization for children with neoplastic diseases, and € 2,000 to the Cerebral Palsy Association of Northern Greece.

Organizing and Participating in Charity Bazaars

In 2017, OTE Group organized charitable Christmas bazaars in Greece, with the participation of 13 NGOs supporting children, aiming at raising funds for their cause. Over 1,500 employees contributed and more than € 25,000 were raised.

Moreover, for yet another year, employees responded to the call «Be a volunteer» and participated in charitable events and bazaars organized by NGOs. The aim of the events and the bazaars was to raise money to support children in need. Specifically, employees helped in the organization of the charity bazaars of 'MDA Hellas' and 'Friends of the Child'.

Telekom Romania Employee Volunteering

In January 2017, Telekom Romania in partnership with the Telekom Romania Foundation and the Red Cross organized a campaign to distribute goods to people affected by the heavy snowfall in three Romanian regions. Telekom Romania's employees and volunteers from the Red Cross distributed firewood, non-perishable food and sleeping bags to 100 families.

Telecom Romania cooperated, for the 9th consecutive year, with the [Telekom Romania Foundation](#) and the P.A.V.E.L. Association, to make Christmas a joyous occasion for children with cancer. The volunteers of the two organizations shared fruits, sweets, and gifts with a total of 220 patients at the pediatric oncology and hematology departments of Oncological and Clinical and Emergency Hospitals for Children.

7. Sustainable Environment for All

7.1 Approach

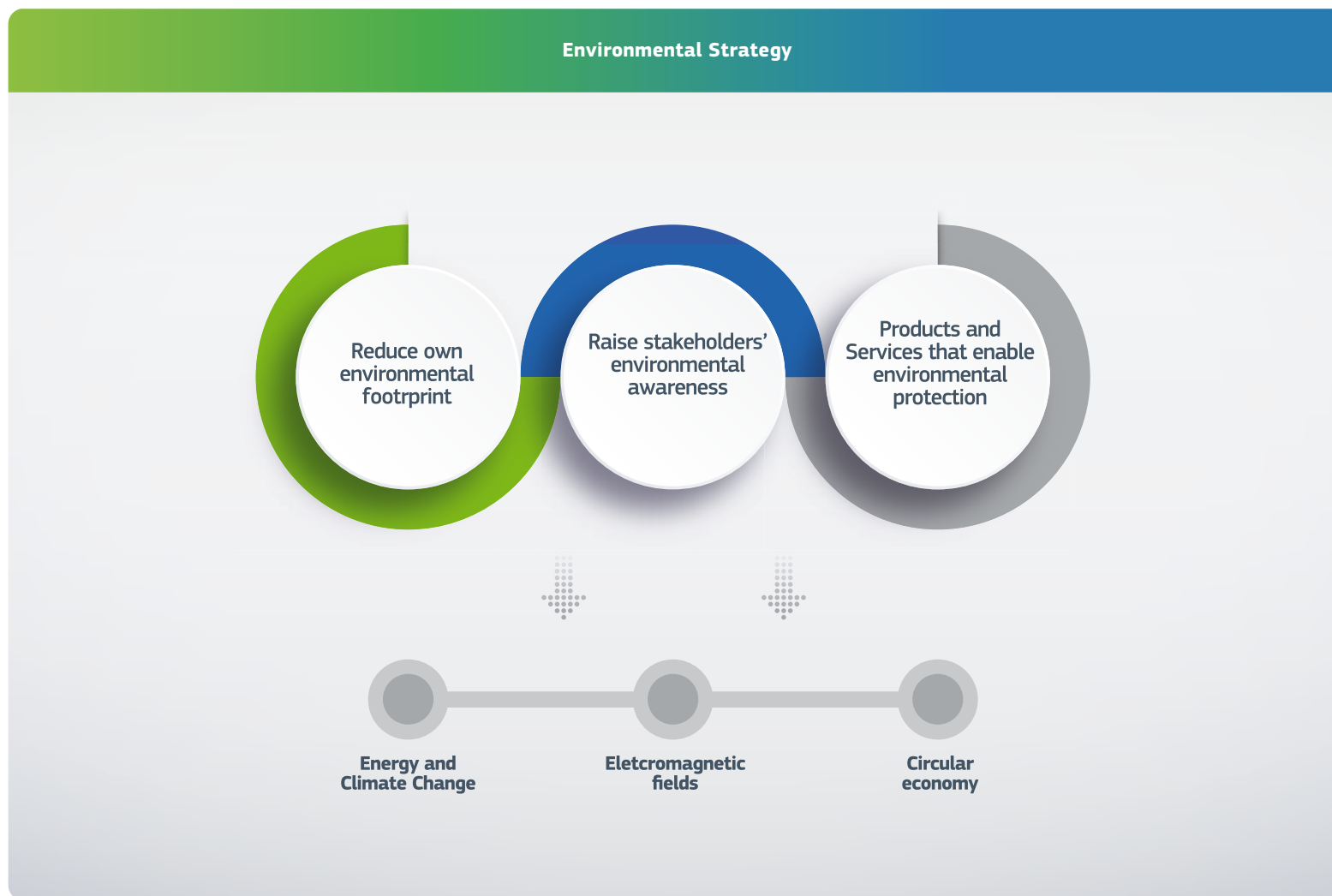
The OTE Group realizes fully that, though low, there are environmental impacts associated with Information and Communication Technologies (ICT) activities. At the same time, ICT products and services offer a number of opportunities for supporting sustainable development in many activities and sectors.

In this context, the objectives are:

- The minimization of the environmental impacts from its activities.
- The development and provision of products and services that enable environmental protection and increases in productivity in other sectors of economic activity.
- The raising of its stakeholders' awareness on acting more responsibly on the issue of environmental protection.

To achieve these objectives OTE Group:

- Implements energy conservation measures.
- Strives to increase the utilization of Renewable Energy Sources.
- Integrates the principles of circular economy into its activities.
- Develops specialized ICT products and services that meet their customers' needs while contributing to environmental protection.
- Ensures that the levels of electromagnetic fields of base stations comply with the public exposure safety limits.
- Conforms with the eco-design requirements applicable to the equipment provided.
- Secures 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 along the entire value chain, all telecom companies of OTE Group implement, in the context of the Integrated Management System, Environmental Management Systems (EMS) certified according to ISO 14001 standard. The systems share similar structure, approach and policy, in which the commitment of OTE Group companies to environmental protection is stated.

Utilizing the framework of the Environmental Management System, OTE Group companies 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 companies set goals, specify appropriate key quantitative performance indicators (KPIs) and take cost-effective actions.

With a view to ensure adequate control of risks associated with environmental impacts from energy consumption, the scope of the Integrated Management System in Greece was expanded, in 2016, with the development and certification of the Energy Management System according to the ISO 50001 standard. At its present development stage, the System is implemented in 9 building complexes (that include technology and office buildings, data centers, call centers and the head office of the OTE Group) and 12 base stations. The first results of the implementation of the Energy Management System are quite encouraging as they show an energy conservation of about 3.5% per building and 16% per base

station. The strategic aim of OTE Group for 2018, is to further enrich its portfolio with facilities certified according to ISO 50001 (Greece).

Governance of Management Systems

The Chairman of the Board of Directors and CEO oversees corporate responsibility strategy and performance, including environment. The Board of Directors approves Group-wide corporate responsibility policies, position papers and significant strategic projects, as needed.

To assist the Board of Directors, high level Management Systems Steering Committees have been established in each country, in the framework of the Integrated Management System in place. These committees are, among others, responsible for the annual review of the system.

Top managers have been appointed as the Environmental Management Representative (e.g. the Executive Director Corporate Communications, OTE Group for the EMS of OTE and COSMOTE in Greece).

Environmental Risk Assessment

In 2017, OTE Group updated (applicable to OTE, COSMOTE, GERMANOS and COSMOTE e-Value in Greece) its environmental risk assessment. The scope of the analysis was to identify risks and opportunities associated with the activities of the companies and manage them effectively.

The analysis was carried out along the value chain of the companies (life-cycle perspective). In addition, parameters, both internal and external including environmental, that may affect the operation of the companies were also examined.

With a view to improve harmonization and ensure that the Board of Directors receives consistent information on risks and opportunities, the Enterprise Risk Management methodology was applied.

Electricity consumption, GHG emissions and waste management (especially hazardous) along the value chain, as well as EMF have been recognized as significant environmental issues. In addition, climate change impacts were highly ranked as risk and opportunity factors.

To manage risks and opportunities a number of policies – measures – actions are in place that include, among others, the Business continuity management system, revenues transformation towards ICT solutions, the suppliers' code of conduct, energy conservation measures targeting all activities and participation in the Code of Conduct for Broadband Equipment.

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 2017](#)).

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 Group companies participate in the climate change strategy of DT Group which has set a reduction target of 20% for the DT Group's CO₂ emissions by 2020 (with 2008 as the base year).

Energy Consumption Monitoring

Total energy consumption of OTE Group in 2017 amounted to 826.7 GWh. In line with the distribution of revenues per country of operation, Greece accounts for 64%

of total energy consumption, followed by Romania (33%) and Albania (3%). Electricity consumption contributes to 83% of total consumption. The rest 17% concerns fuels' and district heating consumption (10% for vehicles and 7% for stationary engines and space heating).

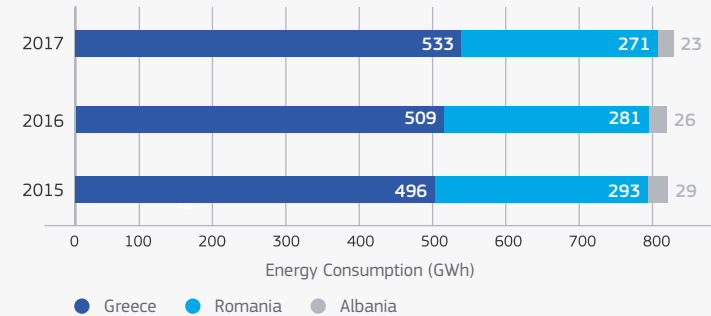
Energy consumption increased by 1.3% compared to 2016 (815.7 GWh), mainly due to the increase of energy consumption in the telecom network. More specifically, telecom network electricity consumption in Greece increased by 4.2% compared to 2016 (2.6% for OTE and 6.5% for COSMOTE) and decreased by 2.6% in Romania and 4.3% in Albania.

The increased activity, as depicted in the volume of data transferred which increased by 23%, and the number of active broadband and television subscribers that grew by 4.2% and 1.4% respectively (all figures are at Group level), has contributed to the increase at Group level. The expansion / modernization of the telecom network together with changes in the implementation rates of energy conservation measures have also affected energy consumption.

At the same time, the efficiency of energy use in OTE Group telecom companies (i.e. total energy consumption per volume of data transferred) improved by 18% compared to 2016, reaching a value of 157 kWh/TB in 2017.

OTE Group Energy Consumption

(a) per country for 2015 - 2017

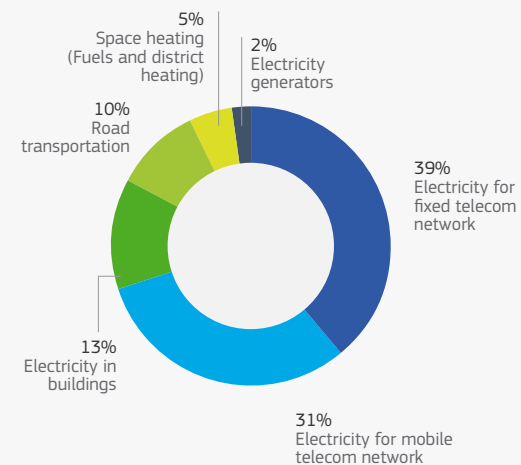


NOTE

The consumption of OTE Globe and OTE Academy is reported only for 2017 (about 5.9 GWh)

826.7 GWh OTE Group Energy Consumption

(b) per activity for 2017



GHG Emissions Calculation

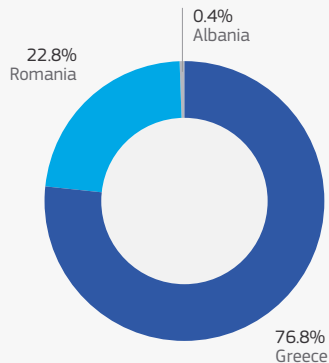
Direct and indirect GHG emissions from Energy

Direct (Scope 1) and indirect (scope 2) GHG emissions from energy consumption in 2017, amounted to 377,076 t CO₂ eq, that is 6.3% lower than 2016 emissions.

Total GHG emissions (i.e. including f-gases fugitive emissions) were estimated at 395,049 t CO₂ eq (a 5.8% decrease compared to 2016).

Total GHG emissions of OTE Group per country 2017

395 kt CO₂ eq



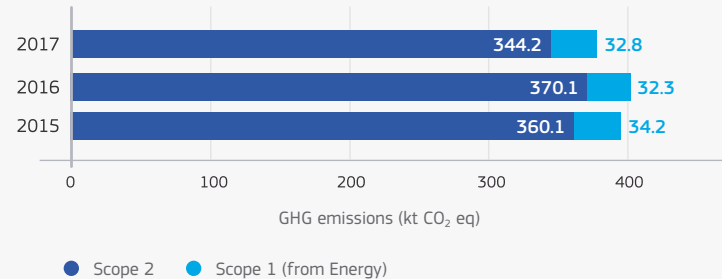
NOTE
Total GHG emissions include f-gases fugitive emissions

Other indirect GHG emissions

OTE Group is extending the scope of its emissions inventory, in order to quantify the major indirect emissions (scope 3) associated with its operations and to get a better understanding of its emissions profile. This information will be utilized in identifying measures to reduce the footprint of its activities across its value chain and maximizing the net benefit (in terms of GHG

GHG Emissions from Energy OTE Group 2015 - 2017

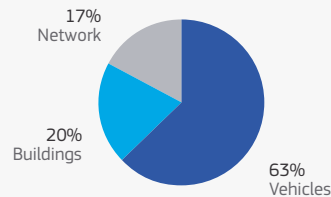
GHG Emissions from Energy



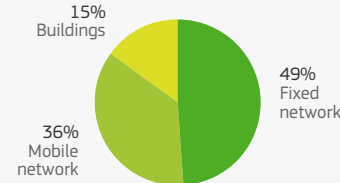
NOTES

1. Direct and indirect GHG emissions from energy consumption of OTE and COSMOTE decreased by 13% compared to 2008.
2. GHG emissions of OTE Globe and OTE Academy are reported only for 2017 (about 3,100 t CO₂ eq).

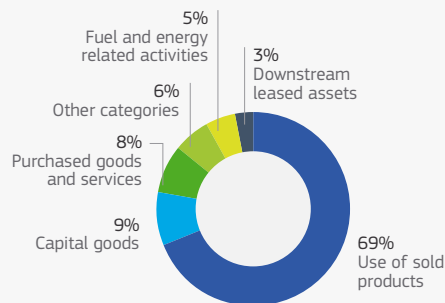
Scope 1 GHG Emissions from Energy (2017)



Scope 2 GHG Emissions (2017)



1,717 kt CO₂ eq Indirect (Scope 3) GHG Emissions OTE Group 2017



NOTES

1. 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
2. GHG emissions from electricity consumption are not included in the category "Fuel - and energy - related activities"
3. "Other categories" include business travel, Waste generated in operations, employee commuting, upstream / downstream transportation & distribution and the End of life treatment of sold products.

emissions) generated from the widespread adoption of ICT products and services.

For 2017, indirect (scope 3) GHG emissions were estimated at 1,717 kt CO₂ eq. The use of products and services sold by customers represent the main source of scope 3 GHG emissions (almost 70% of total scope 3 emissions).

Scope 3 GHG emissions avoided are estimated at 2,900 t CO₂ eq (Greece). This estimation takes into account paper recycling, reduction of paper use and teleconferences for internal operational needs.

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

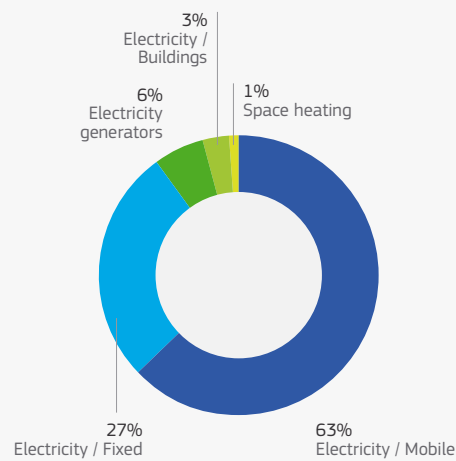
In 2017, energy efficiency projects implemented at OTE Group level resulted in an energy conservation of 19.5 GWh (2.4% of OTE Group energy consumption in 2017). 90% of these savings are achieved in telecom networks (63% in mobile and 27% in fixed telecom network), while the rest 10% concerns buildings (electricity, district heating and fuels) and electricity generators. Savings in operational costs are estimated at € 2.5 million.

The total effect of energy conservation measures implemented in OTE Group companies in Greece since 2008 (base year for the DT Group for climate change strategy but also for the annual GHG emissions reduction target for OTE and COSMOTE), is estimated at 94.8 GWh (electricity 85.9 GWh; diesel 8.9 GWh). The avoided GHG emissions associated with the energy conservation achieved is about 53,000 t CO₂ eq (about 18% of scope 1 and 2 GHG emissions from Energy of OTE Group in Greece, in 2017). The overall economic effect (benefit) of the measures implemented on the operational cost is estimated at € 11.6 million.

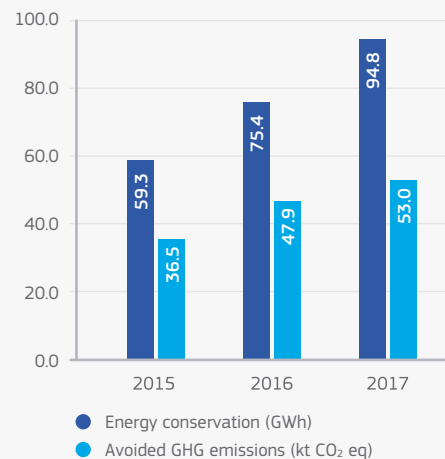
A detailed list of the measures implemented in 2017 is presented in the file “[Environmental Performance Data – Energy](#)”.

19.5 GWh Energy Conservation and GHG Emissions avoided

Energy efficiency projects - OTE Group 2017

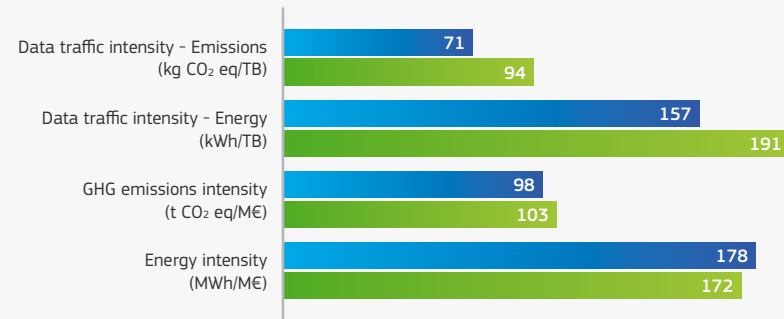


Details on the Effects of Energy Conservation Measures (Greece)

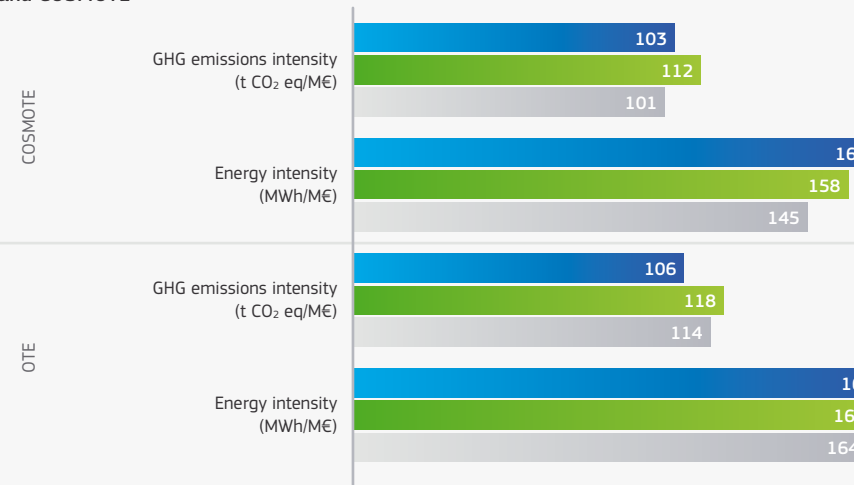


Energy and GHG Emissions Intensities

OTE Group



OTE and COSMOTE



● 2017 ● 2016 ● 2015

NOTES

Energy intensity: Total electricity consumption per revenues
 GHG emissions intensity: GHG emissions from Energy per revenues
 Data traffic intensity-Energy: Total energy per data transferred
 Data traffic intensity- Emissions : Scope 1& 2 GHG emissions from Energy per data transferred



Renewable Energy Sources

- OTE Group (Greece) has secured, for the 7th consecutive year, from PPC S.A., one of its electricity providers for 2017, 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 at Group level are reduced to 167,542 t CO₂ eq.
- RES electricity generation (autonomous photovoltaic and small wind turbines systems in 18 base stations and 2 roof-top photovoltaic systems of 222 kWp installed capacity) in 2017 amounted to about 600 MWh (Greece).

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 CO₂ 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 Services 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)

More information on the energy consumption and the associated GHG emissions of OTE Group are provided in the file “[Environmental Performance Data – Energy](#)”.

Smart City Applications

OTE Group supports in practice the transition of current urban infrastructures into new, Smart City structures. Via innovative technologies Internet of Things (IoT), it proposes solutions on a wide range of issues related to cities operation (from car parking and street lighting to energy, waste and water management, and air quality monitoring).

Municipalities of [Chalkida](#) in Greece and [Constanta](#) in Romania, installed and operate «smart» systems for parking, lighting and air quality monitoring. Expected results include:

- A reduction of time spent looking for parking, the decongestion of traffic and the reduction of emission of pollutants from vehicles, while the Municipality can more effectively manage the parking spaces.
- Energy conservation through the replacement of conventional light bulbs with the smart lighting system of SSL/LED technology and the dynamic lighting adjustment.
- Air quality monitoring, utilizing top-quality sensors that identify emissions in the atmosphere and three types of particles. Temperature, humidity and atmospheric pressure are also measured, thus enabling the Municipal Authority to optimize plans and implement actions for reducing air pollution and improving residents’ well-being.

An IoT Testbed Platform

In 2017, the R&D Department of OTE Group (Greece), utilizing funds from EU research projects, designed and developed an integrated platform (sensors, gateway, backend) that supports (a) the monitoring of environmental and energy indices; (b) energy management; (c) intelligent automation in a wide range of applications (energy, environment, agriculture, security, transport, etc.). The platform is already operational on OTE Academy premises and ready to be used in new research projects.



7.3 Circular Economy

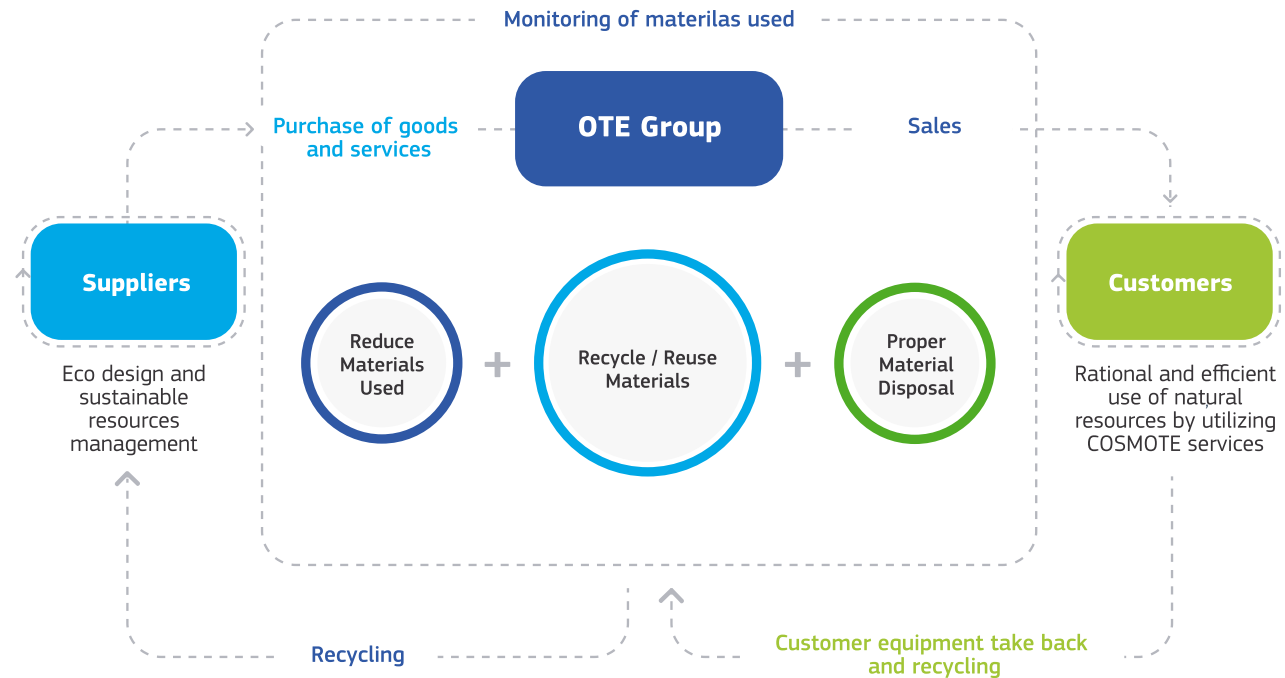
Circular economy refers to a development model in which emphasis is given in expanding the lifetime of products, reducing the consumption of non-renewable resources and promoting the reuse, recycle and recovery of energy and materials consumed.

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 Marketing](#)) and contractual terms covering sustainability 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 Services for Sustainability](#)) and
- Informing and encouraging citizens to adopt recycling practices.

The OTE Groups' Approach for Circular Economy



Materials and Natural Resources Management

Aiming at the efficient use of materials and natural resources that are necessary for the provision of ICT services (OTE Group companies are not actually manufacturing any products themselves), the procurement policy of OTE Group sets sustainability criteria to its suppliers (see section [Responsible Procurement and Supply Chain Management](#)). Internally, natural resources conservation is addressed through the efficient operation and maintenance of the telecom network, the digitization of internal processes and the development of waste management practices that contribute to the increase of materials recovery and the decrease of waste disposed.

With respect to materials use in offices, in 2017:

- Paper consumption amounted to 400 t (about 20 kg per employee) showing a 4% increase compared to 2016.
- The utilization of IT applications in the context of the broader digital transformation program of OTE Group, resulted in 320 t of paper savings (Greece).
- As of the end of 2016, all bills sent to customers in Greece are printed on [FSC](#) certified paper
- Paper, cardboard and plastic are the main packaging materials used. In 2017, packaging materials consumption decreased by 17% compared to 2016.

- The use of refilled cartridges accounted for about 50% of total consumption at Group level.

Since telecommunications operations have no specific need for water use, OTE Group companies 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 Group activities.

Water consumption, in 2017, amounted to 313,448 m³ (about 16 m³ per employee), showing an increase of 13% compared to 2016.

Wastewater generated from OTE Group 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 2017.

Waste Management

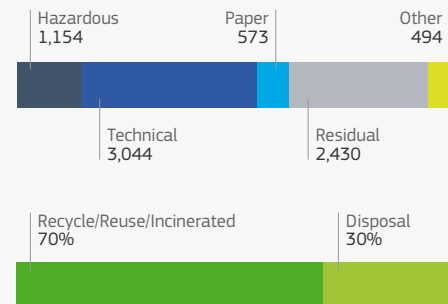
Solid waste generated by the OTE Group activities derive from the development, maintenance and operation of the telecom networks and equipment, from offices and stores operation as well as from the management of the corporate vehicle fleet. In addition, products sold / leased at the end of their lifetime represent another, indirect, source of solid waste (downstream).

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 Group companies 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.

OTE Group has set up a take-back scheme (for phones and accessories, tablets, home batteries and ink cartridges) through its

Waste Management 2017

7,695 t of waste were generated from the OTE Group activities, of which 70% are recycled, reused or incinerated.



- **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.)
- **Paper**
- **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)

retail network in the countries it operates to facilitate the recycling of products sold / leased at the end of their useful lifetime. In 2017, about 13 t of customers' phones were collected and forwarded for recycling.

Existing recycling programs in 2017 covered 70% of waste generated at OTE Group level.

Refurbishment of End Devices

With a view to expand the lifetime and overall utilization of the equipment provided to customers (a key target under the circular economy) but also to ensure the proper end-of-life management of end devices, a project that concerns the refurbishment or retrofitting of end devices has been developed (Greece). These include ADSL, VDSL, VoIP modems, etc., and TV decoders (Satellite & IP).

End devices received from customer premises, collected through OTE Group retail network, or returned by customers at the end of their contract (in line with the contractual terms that include lease options at no cost for end devices) are among the sources of equipment to be refurbished.

Equipment entered the refurbishment plant undergo detailed control checks, are repaired if necessary, and put back in the market fully operational and in compliance with environmental legislation. Discarded equipment are forwarded for recycling through the authorized entities, with which the OTE Group cooperates.

OTE was the first, and still is the only company in Greece, to employ refurbishment processes for end devices. Furthermore, during the last two years, OTE completed a major investment in a new plant, especially for the refurbishment process. In 2017, more than 110,000 end devices (ADSL & VDSL modems, TV decoders) were refurbished, while during the period 2013-2017, around 80,000 pieces have been recycled, through this route.

More information on the quantities of waste generated/recycled is provided in the file «Environmental Performance Data-Waste».

Smart Applications for Resources Management Developed by OTE Group

Smart Waste Management is a system that allows the remote measurement of the remaining capacity of waste containers in order to optimize waste collection and transport. It consists of a wireless ultrasonic sensor that measures the available capacity percentage, a web application in order to manage the system and analyze data and a mobile application in order to guide the drivers and manage the project commands. Optimization of waste collection by reducing the routes of the garbage trucks will provide an immediate cost reduction of up to 50%. Moreover, it will contribute in reducing the CO₂ emissions and it will prevent the overflowing of waste containers, thus contributing in creating a cleaner and more sustainable environment.

Smart Water Management. Municipal water-supply networks face many problems, the most serious of which being that a significant percentage (up to 60%) of the consumed water is not charged. In addition, other problems include leaks, illegal connections and high energy consumption. Smart Water Management installs sensors, gauges and pressure controllers to the main water-supply network that result in the stabilization of water pressure, quality measurement, detection of leakage and illegal connections and reduction of energy consumption.



7.4 Electromagnetic Fields

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,

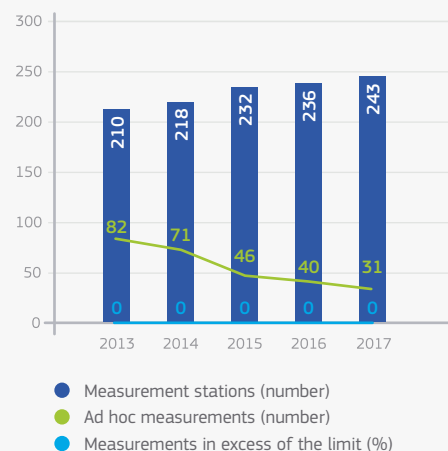
is set out.

In Greece, 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 2017, in addition to the measurements made in the context of the “[Pedion24](#)” program and by the COSMOTE laboratory, 20 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).

EMF Measurements in Greece



Ad hoc measurements: Measurements by ISO 17025 certified laboratories, in which the partial contributions of base stations, broadcasting transmitters or other sources to the EMF background are shown

- 7 new EMF measurement stations in the context of “[Pedion24](#)” program in 2017
- 69.2 million EMF measurements since the beginning of the “[Pedion24](#)” program
- 31 measurements conducted by the COSMOTE EMF measurement laboratory in 2017
- Public exposure safety limits were not found to be exceeded in points of free public access

In 2017, there were 39 EMF measurements performed by ANCOM (National Authority for Management and Regulation in Communications) on Telekom Romania sites at the request of external stakeholders. Public exposure safety limits, as set by the

Order of the Minister of Public Health no. 1193/2006, were not found to be exceeded in points of free public access.

Through fixed monitoring sensors installed in urban centers, ANCOM makes measurement results available to the public in real time. In addition, ANCOM performs measurements with mobile equipment which are also publicly available.

More about EMF Continuous monitoring in Romania can be found [here](#).

In Telekom Albania premises and own shops, EMF measurements are conducted on quarterly basis. The results (published in company’s intranet as part of the program monitoring working conditions) showed that public exposure safety limits were not exceeded. The measurements are performed by the Radio Transmission Department.

Information Activities in 2017

- 700 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.
- 360 students were informed.
- More than 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 2017 was € 261,300.
- 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 Marketing](#)).

7.5 Other Environmental Aspects

Ozone

OTE Group companies implement all appropriate procedures for the management of ozone-depleting substances used as refrigerants and in line with regulations and national legislation in force.

These procedures include replacement of legacy equipment or replacement of the refrigerant in legacy equipment. Fire suppression systems already use suppressants with zero ozone depleting potential (ODP).

The quantity of hydrofluorocarbons (HFC) replenished for 2017 was about 8.9 t of

refrigerants, which is equivalent to GHG emissions of about 18 kt CO₂ eq (increased by 6% compared to 2016). These emissions account for about 4.8% of the GHG emissions from energy use (both scope 1 and scope 2). With a view to repair any potential leakages, monitoring and maintenance programs are in place.

Biodiversity

OTE Group is aware of the high value of biodiversity in the countries it operates 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, RAMSAR and other protected areas.

In Greece, there were, in 2017, 499 COSMOTE base stations and 219 OTE base stations installed in 191 and 117 Natura sites respectively, covering areas of 2.495 and 30.35 hectares, respectively. In Romania there were 32 installations (31 base stations and 1 building) in Natura sites, covering an area of 1.7 hectares, while no facilities are

installed in protected areas in Albania (2017). More information on the protected areas (e.g. location, maps, area, protected species, etc.) is available on the relevant website of the [European Commission](#) (NATURA 2000 sites) and the [RAMSAR convention](#).

All installations operating in NATURA sites are fully licensed by regulatory authorities in Greece ([Hellenic Telecommunications and Posts Committee](#)) and Romania ([National Authority for Management and Regulation in Communications](#)). All buildings / installations / telecom lines that are currently in use and / or installed by OTE Group are also registered and relevant information is available.

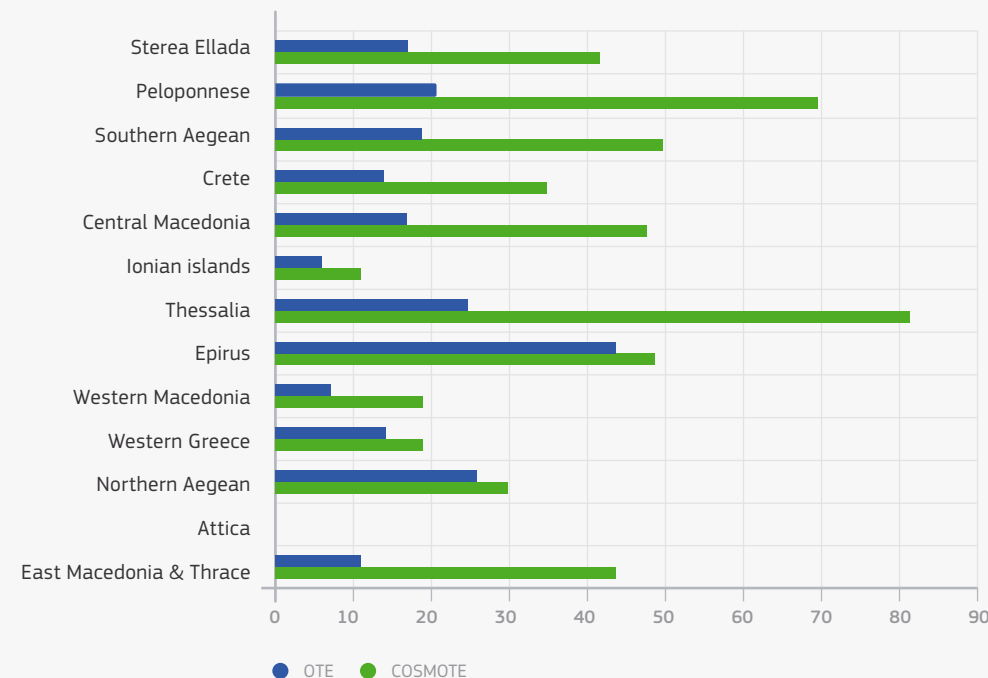
Quantities of Refrigerants Replenished

	2015	2016	2017
R407C (kg)	4,475.54	4,091.16	4,367.94
R410A (kg)	1,197.73	1,321.58	1,340.95
R134a (kg)	36.30	38.55	60.00
R417A (kg)	2,078.00	2,191.20	2,436.75
R422 (kg)	220.00	79.00	121.00
R404 (kg)	0.00	0.00	0.00
R427a (kg)	500.00	668.00	605.00

NOTES:

- Information on the quantities replenished is not available for Telekom Albania.
- 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
- About 2,300 kg of R22 (from replacement of refrigerant or change of equipment) have been replaced

Number of OTE and COSMOTE installations in Natura Sites per Administrative Region in Greece



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cosmote.gr