



UN Global Compact Communication on Progress Report 2011





About Vip mobile

Vip mobile is a private mobile phone operator and a member of Telekom Austria Group, which offers fixed-net and mobile communication services in Central and Eastern Europe, currently connecting almost 23 million users in Austria, Bulgaria, Croatia, Slovenia, Liechtenstein Macedonia, Belarus and Serbia. Telekom Austria Group is recognized as a leader in innovations, for it continually develops new technologies and services and is the first one to introduce them to the market.

Vip offers a full portfolio of mobile services for prepaid, postpaid and business users and was the first to introduce BlackBerry® from Vodafone to the market. Company is the biggest Greenfield investment in Serbia to-date, having invested EUR 705.8 million of capital expenditures in licence, network roll-out, purchase and implementation of the latest IT equipment, opening of own shops, education of employees and marketing activities.

Vip is the exclusive strategic partner of Vodafone in Serbia. Thanks to the partnership, Vip customers now enjoy even more innovative services, exclusive handsets and the international roaming footprint of Vodafone. Both partners continued to operate as independent companies, but Vip has exclusive rights to offer Vodafone products and services to its customers.

At the end of March 2012, Vip served more than 1.6 million active subscribers and employed over 900 experts and managers.



Letter of Mr. Thanasis Katsiroumpas, CEO Vip mobile

This is the fifth year of Vip mobile's operations in Serbia and the fifth year of our commitment to make our environment better and to behave always as a corporate responsible citizen.

Despite tough economic climate in 2011 we have continued giving strong support to our customers, employees, environment and the society.

The general principles of Vip mobile's CSR effort are based on internationally adopted conventions on human rights, employee rights, environmental protection and anti-corruption and we actively work to promote compliance with these conventions.

Our focus remains on CSR activities directed to youth, education, culture and sports targeting young population (up to 35) which adds true value.

We will continue with implementation of corporate social responsibility based on UN Global Compact principles and lead other companies as a good example of permanent and stable CSR practice in the Serbian business sector.



10 PRINCIPLES OF UN GLOBAL COMPACT

HUMAN RIGHTS

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;
- Principle 2: make sure that they are not complicit in human rights abuses.

LABOUR

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

ANTICORRUPTION

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



HUMAN RIGHTS AND LABOUR

Our business practice

Vip mobile, as a member of Telekom Austria Group complies with the highest corporate management standards, which are a foundation for establishing an excellent and long-term relationship with our customers, partners and relevant state institutions. Telekom Austria is listed on Vienna Stock Exchange and operates in accordance with Austria security trade acts as well as with the stock exchange regulations.

Vip mobile operates in accordance with all laws and regulations in force in the Republic of Serbia and with all business ethics principles. Vip is also fully committed to transparency in business reporting.

We look up to the great examples of the best business practices within Telekom Austria Group and regularly participate in activities organized by American Chamber of Commerce and Foreign Investor Council in Serbia aimed to improve business environment in the country.

Care for employees

Junior Talent Competition

In 2011, Vip mobile started the program "Junior Talent Competition" designed with a goal to strongly boost development of Vip Juniors who went an extra mile in everyday work. Vip managers and Human Resources Department had a challenging task to choose from large number of employees the best ones among the youngest. At the same time, they had to consider following criteria: performance, readiness for going an extra mile, as well as the level of the competencies – solution focus, striving for results, and achievement of top quality in implementation, operation and innovation. Vip has chosen 27 Vip employees who will have a chance to go through the individual program designed for development of targeted skills and knowledge, organized in 4 training modules. The top 5 Juniors got a unique chance to be a part of the program for young talents named "Group Young Potential Program" which is realized on the level of Telekom Austria Group.

Equal opportunities

Our Code of Conduct promotes equal rights for all employees regardless of gender, religion or any other characteristic. Beside this, we developed different programs in order to ensure equal opportunities for men and women. This is clearly shown in the gender ratio of employees in Vip mobile - 45% men and 55% women (at the level that directly reports to Board Members, we have 55% men and 45% women). Programs that support gender equality are planning of training and development budget for all employees. This way we support both men and women to continue with education and specialization. All



our employees get a gift for a newborn child no matter of gender. Also, each new employee has the same chance to be well adapted to a new job by our mentorship program.

Wide range of benefits for employees

At the beginning of 2011, Vip mobile put strong effort in boosting the employee benefits. The main goal of this action was to raise the engagement and strengthen the work-life balance enabling the employees to use different products and services of other companies with special discounts that go up to 80%. We created four categories of benefits – health and recreation, shopping, banking and benefits for culture and entertainment. The most significant health benefit was great discount of 30% for all kind of medical checkups and treatments in private health center “Dr. Ristic” which is also applicable to all family members of employees. During the season of holidays, we put additional effort to attract more travel agencies to provide vacation offers with special discounts. We also added several retailers of technical goods to our employee benefits list so our colleagues can enjoy significant discounts when buying home and kitchen appliances with their families. All acquired benefits brought an additional value into the work-life balance of our employees.

Improvement of work conditions in shops

During the 2011, Vip mobile brought bar chairs into points of sales thus improving work conditions for the shop staff. The need was detected during the analyses of the results of evaluation of employee satisfaction survey that was conducted by a local company Infostud in large number of companies in Serbia. In this survey Vip mobile was, for the second time, declared the 3rd best employer of choice in the country. In the analyses of information our employees provided during this survey, there was a clear feedback from colleagues from shops regarding the need of introducing chairs into shops which was related to improvement of physical conditions in their work environment. This action had additional impact on motivation and engagement of employees in shops.

Care for our customers

Vip’s goal is to be the most customer-oriented company in the telecommunications sector in Serbia. For us every customer is VIP, because our business is based on his or her satisfaction and trust. That is why we constantly invest in our network, promote attractive offers and provide innovative services.

Vip bases its products on surveys of the needs and satisfaction of customers and sets new standards in both portfolio and quality. Due to innovative approach, creative communications solutions and high quality of service, we are using our best endeavors every day to go beyond the expectations of our customers and to provide them with the



best quality vs. price ratio on the Serbian market. Vip team is always ready to provide the best solution for customers' mobile communication.



ENVIRONMENT

Being a telecommunications service provider, Vip mobile is not categorized as a major polluter. However, we use our best endeavors to reduce the impact of our operations to environment.

All our business processes include responsible attitude toward the environment. Vip systematically focuses on energy consumption reduction, materials and waste management and ICT equipment safety issues. We undertake concrete measures like obtaining devices which consume less energy, balanced usage of air conditioning and supporting usage of alternative sources of energy within the company. We also possess vehicles driven by gas and electricity. Vip employees are very active in various Eco activities.

Our long term strategy:

- To become an environmentally friendly company focused on the reduction of environmental impacts through eco-friendly, innovative policies, products & services, programs and initiatives
- To be recognized as an environmentally friendly company and to lead other companies and individuals by good examples



Internal Eco initiatives in 2011

- Waste management:
 - Recycling bins for paper are placed in all offices
- Energy efficiency:
 - Reduction of lighting, unnecessary lighting turned off

External Eco Activities in 2011

- Setting up the first base station powered by renewable solar and wind energy
- Participation in Eco Profit project aimed at reduction of cost and environmental impact
- Setting up the structure for environmental data management
- Participation in collection and recycling of e-waste initiative organized by German Business Association in Belgrade
- Increased energy efficiency in the area of technical infrastructure (introduction of Power Savings Feature)

- Packaging reductions: withdrawal of branded boxes, plastic bags replaced by paper bags
- Employee eco awareness activities on the occasion of Car-free day, Earth Day and many others



Renewable energy powered base station

To reduce environmental impact of the company's mobile phone base stations Vip mobile has introduced base stations powered by clean energy. By using renewable energy sources such as solar power systems and wind turbines augmented by an emergency backup system in the form of a diesel generator it is possible to positively contribute to climate protection. With this solution we will experience a significant reduction in diesel usage and CO₂ emissions against a round-the-clock diesel powered site. We believe that the 'green' mobile initiative will improve operations and minimize base stations' environmental impact. The new green and highly cost efficient base station solution makes not only environmental sense, but also financial sense for our company: It doesn't need cabling, less fuel needs to be shipped to the location or even burned in a remote power station. It can also reduce the cost associated with connecting a base station to the larger grid. Estimated yearly diesel savings are about 9 360 l. Estimated yearly CO₂ emissions cut is about 24 tons.

ANTICORRUPTION

Code of Business Conduct sets out the principles that guide business activities of Vip mobile and form core elements of its corporate culture. It defines behavior rules and standards and applies to all employees, officers and managing heads group-wide and to all areas of business.

As a subsidiary of a listed company Vip is subject to strict regulations and high standards of financial behavior, risk management and internal control which Vip strictly complies with. Vip emphasizes the importance of transparency towards its shareholders but is also committed to confidentiality where it is required.



All employees are required to comply with applicable law, to reject all forms of bribery and corruption, avoid conflict of interests, protect company assets and keep business secrets confidential. Undertaking of facilitation payments or any other illegal activities of any kind are strictly forbidden. Unlawful activities will be subject to disciplinary action including dismissal.

SUPPORT TO THE COMMUNITY

Education – “Be a Vip student”

Initiated in November 2007, “Be a Vip student” is one of the biggest long term CSR projects in the field of high education named “Be a Vip student”, dedicated to development of future experts and leaders in the area of telecommunications in Serbia. Over 750 excellent students from 20 faculties all over Serbia applied for scholarships in the last four years; average grade of the students that applied for the project was above 8,5; So far Vip awarded 77 students, out of which 12 of them got a job in Vip.

The project is under the patronage of the Digital Agenda and the biggest four public universities in Serbia (Universities in Belgrade, Nis, Novi Sad and Kragujevac).



Support to vulnerable social groups - New Year’s donation

Since 2008, on the occasion of New Year's holidays, Vip mobile has supported through donations the most vulnerable communities, such as children without parental care, children with disabilities, and in 2011 the blind and visually impaired persons in Serbia. Financial means are collected by redirecting part of the income gained by SMS traffic for New Year’s Eve to humanitarian causes, as well as with support of Vip customers who sent their humanitarian SMS to number 2001. In implementation of this project, Vip mobile was supported by the People’s Office of the President of the Republic, the Serbian Association of Blind People and Pupin Telecom.



Internet Center "Living room" and internet workshops

Thanks to support of Vip mobile the Internet center "Living Room" was opened on 30th of September 2011 at Children's Cultural Center in Belgrade. This internet center offers usage of internet for free for all youngsters from Belgrade as well as free workshops organized by Vip employees on the topic of "Safe flight through the Internet world" for elementary school children and their parents, free of charge, during entire school year.



Individual projects

Vip is very active in providing donations and support to many social groups in Serbia through unsolicited or joint activities. Vip joined UNICEF, Caritas and other humanitarian organizations in special programs that are aimed to collect financial resources for people in need. The company also supports numerous humanitarian SMS campaigns by waiving its turnover gained from SMS messages traffic.