



## **Green electricity strategy**

A1 Telekom Austria Group's strategy to raise the share of renewables in electricity to contribute to the Group's target of reaching net carbon neutrality in 2030

A1 Telekom Austria Group, listed on the Vienna Stock Exchange, is a leading provider of digital services and communications solutions in Central and Eastern Europe, currently operating in seven countries: Austria, Bulgaria, Croatia, Belarus, Slovenia, Serbia and North Macedonia. As a company with more than 25 million customers, we are well aware of our responsibility for the environment and society.

Digitalization and the underlying technologies are considered to have the potential to reduce negative environmental impacts such as CO<sub>2</sub> emissions, thereby helping to combat climate change. At the same time, the increasing use of digital technologies requires the expansion of important infrastructures and performance improvements of existing networks. This can be accompanied by increased electricity consumption.

Our commitment: To keep the impact on the environment to a minimum the A1 Telekom Austria Group is committed to increase its energy efficiency and to raise the share of renewables in electricity.

Our ambition: Our commitment to consume electricity from renewables is accompanied by an ambition to support the ongoing transformation of the power sector towards decarbonization through supporting those renewables with the highest positive impact on the climate (i.e. CO<sub>2</sub> reduction).

### **Objective of the Green electricity strategy**

The A1 Telekom Austria Group has set itself the target to reach net carbon neutrality by 2030. This will be achieved by decreasing the own carbon footprint and gradually switching to energy from renewable sources.

This green electricity strategy aims to ensure a group-wide common approach to raise the share of renewables in electricity in order to reduce CO<sub>2</sub> emissions. At the same time, it guides the Group's subsidiaries through different power sourcing options. This enables them to adapt the strategy to their local markets and needs. Overall, it ensures a common understanding while remaining flexible.

### **Our definition of green electricity**

The A1 Telekom Austria Group defines green electricity as electricity produced exclusively from the following renewable sources:

- Hydro
- Geothermal
- Wind
- Photovoltaic
- Biomass



A1 Telekom Austria Group clearly states that CO<sub>2</sub> emission compensation certificates are not seen as a valuable instrument as part of the company's green electricity strategy. While compensation projects, which are financed by these certificates, can help removing CO<sub>2</sub> from the atmosphere they are not directly linked to the electricity sourcing of the company. Therefore, having no impact on reducing CO<sub>2</sub> emissions in the first place nor increasing the company's share of renewable electricity. Moreover, most compensation projects do not have an disruptive impact on the energy market and therefore are not inline with the company's ambition described earlier.

### **Used instruments to raise the share of renewables in electricity**

Currently, A1 Telekom Austria Group sources its electricity from renewables through the instruments listed below. The Group is aware that some of these options are seen as more impactful and innovative than others. Therefore, the company aims to transfer to the most impactful instruments as time progresses. Less impactful instruments are only a valid option for the beginning of the Group's gradual transition to net carbon neutrality. However, the extent to which instruments are used also depends on local availability in the countries in which the A1 Telekom Austria Group operates.

#### On-site self-production of electricity from renewables

- The Group is clearly committed to investing in its self-production of electricity from renewable energy sources to an economically justifiable extent.
- On-site self-production of electricity from renewables is seen as impactful long-term option.

#### Power Purchasing Agreements (PPA)

- The Group sees PPAs as one of the long-term drivers for decarbonization. Referring to the company's step-by-step approach of transition, PPAs are an instrument that will become increasingly important over time.
- Power Purchasing Agreements are seen as impactful long-term option.

#### Tariffs and certificates (bundled)

- In the countries where "green tariffs" (physical electricity + certificates bundled) are available, the Group makes sure to enter into a contract with these providers.
- In countries where "green tariffs" are currently not available, the Group actively engages with energy suppliers to discuss the potentials of implementing this sourcing option.
- Tariffs and certificates (bundled) are seen as mid-term option.

#### Guarantees of origins (GoO)

- The Group acquires Guarantee of Origins (GoOs) when no other opportunities or investments are possible in the short term.
- Group-wide quality criteria for the procurement of GoOs ensure the greatest possible positive impact on the environment.
- GoOs are seen as quick win and short-term option.
- In a long-term perspective, A1 Telekom Austria Group strives to realize instruments that are more impactful (see above).



|   | Impact | Level of innovation | Time to impact |
|---|--------|---------------------|----------------|
| <b>Guarantees of Origin (GoOs)</b>        | Low    | Low                 | Low            |
| <b>Tariffs</b>                            | Medium | Medium              | Medium         |
| <b>Power Purchasing Agreements (PAAs)</b> | High   | High                | Medium - High  |
| <b>On-site self-production</b>            | High   | High                | High           |

While all four instruments described above are valuable options to increase the company's share of renewable electricity, the graph above also shows that the impact, level of innovation, and timeframe of applying these options differ:

- The A1 Telekom Austria Group defines the **level of impact** as the positive influence on the climate (i.e. CO<sub>2</sub> reduction).
- The **level of innovation** is seen as the potential to disrupt the electricity markets and, therefore, drive the change to a more sustainable electricity.
- The **time to impact** describes how long it takes until the option is implemented and in place. The more complex an option is, the longer it takes.

### Implementation and tracking

This group-wide strategy is implemented in all subsidiaries of A1 Telekom Austria Group on a local level. The planning and implementation include evaluating the suitability and availability of instruments, a cost analysis, an implementation of a roadmap, and estimations on CO<sub>2</sub> emission reductions. It has to be stated that the strategy remains flexible, as there might be changes in the availability of instruments as time progresses.

To guarantee the conscientious implementation of the strategy, the Group is committed to reporting its electricity consumption and subsequent CO<sub>2</sub> emissions transparently and documenting and disclosing the share of electricity from renewable sources. Thereof keeping track of the progress towards a company with 100% renewables in electricity.

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