

A photograph of a woman with dark hair tied back, smiling and holding a large bouquet of white daisies. A young girl with long brown hair is kissing her on the cheek. They are outdoors, with a green leafy hedge in the background and a stone wall on the right. A large, semi-transparent pink shape is overlaid on the left side of the image, containing the text.

# SUSTAINABILITY REPORT

# 2021



Együtt.  
Veled





# STAKEHOLDERS



Együtt.  
Veled



## 5 GENDER EQUALITY



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The stakeholders of the Magyar Telekom Group include those groups that have an impact on or hold an interest in achieving the company's goals. The Company earlier identified its stakeholders through a review of its management systems and benchmark studies and maintains continuous contact with them to ensure that their interests are taken into consideration in the course of its operations. Their opinion and critical comments are important for us with respect to our sustainability activities. We have had the opportunity to meet with our stakeholders on several occasions at forums and surveys as well as in person where we could discuss our sustainability activities and challenges.

Our most important stakeholders are considered to be the investors, the customers, the employees, the regulators, the communities, the NGOs, the suppliers and partners, the media and the future generations.



## STAKEHOLDER SURVEY

When preparing the Sustainability Report of Magyar Telekom we rely on our preliminary research findings and regularly monitor the opinions of our stakeholders concerning the importance of our sustainability topics. In our annual questionnaire survey we seek to find out how different stakeholder groups evaluate the corporate sustainability practices of our company.

Our questionnaire offers the rating of 37 topics on a 1–5 scale where 1 stands for the least important and 5 for the most important topic. The analysis and evaluation of the answers play crucial role in the importance rating of our sustainability activities. All topics are important contributing elements to the successful delivery of our strategic goals, nevertheless, we pay particular attention to those that our stakeholders rated as medium or high importance.

Next to the rating of topics, our stakeholder survey poses the following questions as well:

- suggestion of other relevant sustainability topics that are not listed,
- examples of important scientific findings that would be important and worthy of consideration for ICT companies,
- threats and opportunities for companies in relation to their sustainability approach,
- the most commonly-used communication platforms of Magyar Telekom from where its sustainability activities and approach are accessible,
- the global Sustainable Development Goals (SDGs) Magyar Telekom should consider as priorities, based on its activities.

The latest survey, conducted in December 2021, shows that **waste management**, a **service availability** and **innovation for sustainability** are the most important areas for our stakeholders.

As to risks and opportunities, the respondents mentioned climate protection, electromagnetic fields and circular economy. Our stakeholders found that Telekom can contribute most to the achievement of **SDG4: Quality Education**, **SDG11: Sustainable cities and communities** and **SDG12: Responsible consumption and production objectives**.

We wish to continue on joint thinking and cooperation with our stakeholders therefore we encourage everyone to share their comments, ideas and opinion with us by sending them via the **stakeholder survey** or to the **sustainability@telekom.hu** email address.

## Topics evaluated by the stakeholder groups and their importance

	Regulator	NGO	Employee	Media	Customer	Futur generation	Supplier/ Partner	Investor	Local community	Average
Waste management	4.00	5.00	4.43	4.50	4.43	3.73	4.24	3.26	3.25	3.99
Service availability	5.00	5.00	4.06	5.00	4.06	3.19	4.11	3.25	2.88	3.97
Innovation for sustainability	4.00	5.00	4.23	5.00	4.23	3.47	4.00	3.37	3.12	3.95
Sustainability in the supply chain	4.00	5.00	4.22	4.50	4.22	3.52	4.38	3.09	3.05	3.90
Protection of minors in the Digital Age	4.00	5.00	4.44	4.00	4.44	3.61	3.84	3.29	3.27	3.89
Sustainability coordination	5.00	5.00	4.20	4.00	4.20	3.58	3.62	2.98	2.97	3.85
Risk management	5.00	4.00	4.05	4.50	4.05	3.37	4.04	3.38	2.88	3.83
Climate protection and energy efficiency	3.00	5.00	4.48	3.50	4.48	3.73	4.00	3.54	3.29	3.79
Corporate compliance	5.00	4.00	3.97	4.00	3.97	3.34	3.84	3.31	2.85	3.73
Environmental targets. costs and compliance	3.00	4.00	4.33	4.50	4.33	3.59	4.24	3.29	3.15	3.73
Occupational health and safety	5.00	4.00	4.17	4.00	4.17	3.42	3.76	2.88	2.98	3.72
Emissions	3.00	5.00	4.27	3.50	4.27	3.56	3.98	3.49	3.07	3.69
Involvement of our customers	4.00	4.00	3.80	5.00	3.80	3.06	4.44	3.17	2.64	3.69
Resource consumption	3.00	5.00	4.33	3.50	4.33	3.58	3.87	3.32	3.12	3.68
Talent management	4.00	5.00	3.78	4.50	3.78	3.13	3.82	3.08	2.62	3.66
Cooperation in environmental and social issues	4.00	4.00	4.21	4.00	4.21	3.53	3.73	3.05	3.01	3.65
Regulatory compliance	3.00	5.00	3.85	5.00	3.85	3.26	3.56	2.78	2.70	3.58
Customer satisfaction	4.00	3.00	4.25	4.00	4.25	3.41	3.87	3.25	3.19	3.60
Addressing legal and ethical aspects of content service providing	3.00	5.00	3.85	5.00	3.85	3.26	3.56	2.78	2.81	3.59
Our employees as corporate citizens	3.00	5.00	3.89	4.50	3.89	3.16	3.91	3.00	2.73	3.59
Data protection	3.00	4.00	4.21	4.50	4.21	3.38	3.71	3.05	3.08	3.58
Supplier relations	4.00	4.00	3.88	4.00	3.88	3.05	4.07	3.26	2.72	3.57
ICT for sustainability	3.00	4.00	3.91	4.50	3.91	3.35	4.13	3.34	2.72	3.57
Human rights. equal opportunities	4.00	4.00	4.12	3.00	4.12	3.53	3.58	3.32	3.01	3.54
Suppliers' Award	4.00	4.00	3.69	4.50	3.69	3.01	3.71	3.00	2.59	3.50
Informing of customers	3.00	4.00	4.23	3.50	4.23	3.33	3.56	3.22	3.07	3.47
Local procurement	4.00	3.00	4.09	3.50	4.09	3.35	3.78	3.05	3.00	3.44
Managing changes	3.00	4.00	3.91	4.00	3.91	3.15	3.84	2.98	2.82	3.42
Involvement of employees	2.00	4.00	4.18	4.00	4.18	3.32	3.73	3.17	3.00	3.41
Professional cooperation	3.00	4.00	3.77	3.50	3.77	3.16	3.89	2.88	2.67	3.32
Investor relations	4.00	4.00	3.47	3.50	3.47	2.81	3.44	3.15	2.43	3.30
Digital competency	3.00	4.00	3.87	3.50	3.87	3.04	3.00	2.91	2.69	3.22
Donations	3.00	4.00	3.43	4.00	3.43	2.89	3.62	2.78	2.43	3.21
Safe use of mobile phones. electromagnetic fields	2.00	4.00	3.82	3.50	3.82	3.04	3.44	3.15	2.83	3.20
Sponsorship	4.00	4.00	3.11	3.00	3.11	2.44	3.02	2.49	2.11	2.96
<b>Average</b>	<b>3.63</b>	<b>4.31</b>	<b>4.01</b>	<b>4.09</b>	<b>4.01</b>	<b>3.30</b>	<b>3.81</b>	<b>3.12</b>	<b>2.88</b>	

## MATERIALITY

### Magyar Telekom Sustainability Methodology:

When preparing this report – in compliance with the “Comprehensive” level of the Global Reporting Initiative Standard (GRI Standard) – we put emphasis on materiality, stakeholder inclusiveness, completeness, accuracy, comparability, timeliness, reliability, balance and sustainability.

The Sustainability Squad’s tasks include approving the reporting process and methodology, and appointing the expert staff responsible for reporting for each data area.

In addition to the GRI requirements, the data elements reported will be managed in line with Deutsche Telekom’s sustainability objectives, Magyar Telekom’s sustainability strategy and the responsible stakeholder expectations detailed below.

During the reporting process, the responsible experts sometimes use external professional methodologies (e.g. Greenhouse Gas Protocol) to determine the data, which are always described at the relevant point in the report.

The scope and the content of the report were defined on the basis of Magyar Telekom’s materiality analysis and as an external source, we also used the questions of responsible investor analysts (ISS ESG Rating, FTSE Russell, MSCI, Robeco SAM) as well as the materiality analysis and manual of the Global e-Sustainability Initiative (GeSI) prepared for the ICT sector.

Magyar Telekom’s materiality analysis helps to define all sustainability topics that are important and currently emphasized for the company and its stakeholders and support the implementation of the stakeholders’ interests into business processes and strategic objectives.

The topics were defined, prioritized and grouped primarily during the preparation of Magyar Telekom Group’s Sustainability Strategy, and during its annual reporting to the management (Leadership Squad). Continuous harmonization with the strategies of the company’s other areas also helps to shape the materiality process.

When defining the scope, content and structure of the year 2021 report we took into account the results of the stakeholder survey. Based on the comparison of the sustainability strategy priorities for the period between 2021 and 2030 and the priorities of the stakeholders the ranking and groups of the materiality of sustainability topics are as follows:

### Materiality of sustainability topics of Magyar Telekom in 2021

HIGH PRIORITY TOPICS	MEDIUM PRIORITY TOPICS	LOW PRIORITY TOPICS
Waste management	Sustainability in the supplier chain	Occupational health and safety
Service availability	Protection of Minors in the Digital Age	Addressing legal and ethical aspects of content service provision
Innovation for sustainability	Corporate governance	Regulatory compliance
Risk management	Corporate compliance	Supplier’s Award
Climate protection and energy efficiency	Talent management	Involvement of our employees
Environmental targets, costs and compliance	Cooperation in environmental and social issues	Donation
Emissions	Our employees as corporate citizens	Safe use of mobile phones, electromagnetic fields
Involvement of our customers	Data protection	Sponsorship
Resource consumption	Supplier relations	
Customer satisfaction	Informing our customers	
ICT for sustainability	Local procurement	
Human rights, equal opportunities	Investor relations	
Managing changes		
Professional cooperation		
Initiatives to eliminate the digital divide		

Based on the analysis and the materiality ranking we believe that all topics have significance both inside and outside the company. The structure of the report follows the priorities of the sustainability strategy and the materiality analysis: high priority topics are presented in detail, information on medium priority topics is provided partly in the chapters, partly in the GRI table of contents whereas low priority topics are primarily provided in the GRI table of contents to provide as transparent information as possible to all stakeholders on the company’s corporate governance, environmental and social impact as well as the underlying risks and opportunities.

## PROCESS FOR DETERMINING THE CONTENT OF THE REPORT

### OBJECTIVE AND USE OF THE REPORT

The objective is to give a full-scope picture, as the report is an information source for all stakeholders; however the entirety of the report is primarily prepared for our shareholders and investors, and among them chiefly our responsible investors and sustainability analysts.

### SPECIFICATION OF THE TOPICS

The topics of the report were determined on the basis of the information required by responsible investor analysts, investors and regulators.

### INVOLVEMENT, TESTING VALIDATION

Continuous collection information, analysis of trends, harmonization with the company’s organizational units, involvement of stakeholders, incorporation of feedback into the material.

### PRIORITIZATION OF THE TOPICS

Prioritization is provided in the strategy however, the Sustainability report is a reporting tool, therefore it covers all specific topics.



## SUPPLIERS

Anti-corruption measures and ethical conduct are important cornerstones of operation for Magyar Telekom. Consequently, the company requires its suppliers to adopt Telekom's Anti-corruption statement, the Suppliers Code of Conduct and the Coltan Policy of Magyar Telekom. As part of the contractual terms each and every supplier must know, approve and comply with these requirements as stated.

The **Suppliers Code of Conduct** includes the following principles:

- **Code of Conduct**
- **Social Charter**
- **Diversity Policy**
- **Magyar Telekom Group's Environmental Policy**
- **Financial Code of Ethics**
- **Corporate Governance Report**
- **Magyar Telekom Group's Quality Policy**

Because of its size, Magyar Telekom Group has significant impact on other stakeholders of the economy, thus the scope of its responsibilities cannot be limited to the company itself. As part of our risk management strategy, we maintain our ambition to do business with suppliers who appropriate a high level of social, economic and environmental performance and standards. In order to ensure this, the group manages its supplier contacts with a strong commitment to fostering a sustainable supply chain. The group-level coordination of vendor relations is ensured by the Procurement, Logistics and Real Estate Management HUB, partly through the provision of centralized procurement services, and partly through the coordination of the member companies' functional organizations.

Suppliers are selected in compliance with the laws, in procurement procedures that ensure fair competition, transparency, and documented processes, which are under continuous control by the Internal Control System (ICS) used jointly with Deutsche Telekom Group. Besides providing proper controls the system encourages us to improve and accelerate our processes, with respect to contracting, the company seeks to develop mutually advantageous, value-creating partner relations. To ensure cost-efficient operation, the company continuously rationalizes its processes by tapping the synergies of the parent company and group-level procurement.

One of the main interfaces for supplier relations is the interactive **website of the Procurement**, and Logistics HUB, where suppliers – upon registration – can directly reach the newsletter service, the supplier qualification system, the OneSource system where quotations and auctions are managed, privacy policy, electronic invoicing description and may find useful information on our procurement processes and sustainability requirements.

The references, financial standing, quality assurance and sustainability capabilities of the suppliers are audited in a prequalification system which is also operated on the internet site of the Procurement, Logistics and Real Estate Management HUB. The company's enhanced vendor prequalification system enables registered suppliers to complete the sustainability-focused questionnaire and also its evaluation. The results ensure the identification of risks and the possibility of joint improvement with the suppliers. The qualification results are important factors in the supplier selection process.

The company buys services and products from qualified suppliers. After filling out the questionnaire, we inform registered suppliers about their results in the vendor qualification system. In 2021 we procured more than 80%✓ of the value of the orders from prequalified external suppliers, through 776✓ partners.

Magyar Telekom is continuing its Sustainability web audit, a questionnaire on environmental, social and business ethics topics.

There is a special focus in the assessment process on whether the suppliers have any sustainability expectations declared towards their partners or not. The final score is calculated with an industry weighing of the supplier. In 2021, 20 companies participated directly in this survey which translates to 13.39%✓ of the purchase value (this value was 21.07% in 2017, 26.42% in 2018, 4.11% in 2019 and 57.98% in 2020). In 2021, our 53 suppliers had a valid evaluation, representing 56.86%✓ of the purchase value. Respondents were informed about their results, and they also received topic-specific feedback on their performance. Upon request, we have also provided further information via email or phone to partners who requested it. There was no incident risk or non-compliance identified in 2021.

Throughout its operations, Magyar Telekom is keen on maintaining sustainability throughout its operations in a transparent manner and encourages its partners to do their share of sustainable development. Therefore, we highly appreciate all partnerships through which we can gain a better understanding of our partners' sustainability-related strategies and operations.

Due to the virus situation and the restrictions imposed, the „Magyar Telekom TOP3 Sustainable Supplier” award ceremony was cancelled for 2021.

In 2021, the „Magyar Telekom's TOP3 sustainable supplier” title was given to: Sagemcom Broadband SAS, Nokia Solutions and Networks Kft. and ALD Automotive Hungary Kft.

For the purpose of the sustainability evaluation of our active suppliers we use the internationally recognized and operated EcoVadis system, which is also supported by Deutsche Telekom. We invited strategically important and high-risk suppliers to declare their operational practices based on the detailed EcoVadis criteria. As a result, 3 suppliers have received direct and 12 suppliers indirect evaluation of social, environmental, economic and sustainable procurement aspects in 2021. These suppliers accounted for 36.56%✓ of the overall procurement value, which value was 40.59% in 2017, 45.06% in 2018, 44.40% in 2019 and 38.30% in 2020. The validity of the EcoVadis ratings is two years, thus the results of 2020 and 2021 were taken into consideration.

Our 2021–2030 sustainability strategy's objective is to ensure that Magyar Telekom's commitment to sustainability becomes part of the suppliers' business and that our suppliers' CO<sub>2</sub> emission decrease.

An e-learning course is available for all Magyar Telekom employees about sustainable supply chain processes and in 2021 we informed our colleagues about these topics through several channels. The e-learning material is available on the intranet and contains all processes, their detailed description and the list of contacts of topic owners.

As part of the sustainable supplier chain management process, and in order to support effective operations, we created a working group, the members of which are responsible for and take action in the event of negative environmental, work practices, human rights or social impacts arising in connection with suppliers. The permanent members of the working group include employees of the procurement and legal areas supplemented by the staff of the ordering organization affected by the incident and experts of the incident-provoking issue. In order to support these efforts, we established an incident management process that defines the relevant actions in such cases.

The incident management process analyses the event that triggers the incident, the strategic importance of the supplier, the severity of the given case, the supplier's reaction and provides guidance on potential remedies. In 2021 no such process was called for as the audits did not identify any negative environmental, labor practice, human rights or social cases of non-compliance.

As part of the sustainability process, our procurement and compliance organization has an ongoing monitoring process responsible for the identification of legal or economic non-compliance cases. There were no such cases identified in 2021.

Deutsche Telekom provides significant support for the sustainable improvement of supplier relations through sectoral initiatives such as JAC – Joint Audit Cooperation. As a result, audits are being conducted worldwide for the selected suppliers. The integrated audit criteria assure compliance with the basic social and environmental benchmarks when it comes to shared suppliers of different subsidiaries. Proving compliance with the common group standards, in 2021 a total of 9 indirect Magyar Telekom suppliers were involved in Deutsche Telekom audits which accounted for 34.68%✓ of the overall procurement value. This value was 36.91% in 2017, 40.14% in 2018, 38.87% in 2019 and 12.34% in 2020. Depending on the results of the audits, corrective action plans are given to poorly performing suppliers, followed by a repeated audit if necessary.



The risk criteria of the evaluations applied to our company's suppliers have been identified based on the following:

		ECOVADIS	MT WEBAUDIT	AUDIT	PRE- QUALIFICATION	SUPPLIER SCORE CARD	GESI
ECONOMICS	Anti-corruption and Bribery	✓	✓	✓	✓	✓	✓
	Conflict of interest	✓	✓	✓	✓	✓	✓
	Fraud	✓	✓	✓	✓	✓	✓
	Money laundering	✓	✓	✓	✓	✓	✓
	Anti-competitive practices	✓	✓	-	✓	✓	✓
	Respect of intellectual property rights	✓	✓	✓	-	✓	✓
	Truthfulness of marketing and advertising messages	✓	✓	✓	-	✓	✓
	Consumer/client data protection and privacy	✓	✓	✓	✓	✓	✓
	Access to essential services or products	✓	✓	-	-	-	-
	Partner/supplier data protection and privacy	-	✓	-	✓	✓	✓
	Associate/employee data protection and privacy	-	✓	✓	✓	✓	✓
	Business Continuity Management	-	✓	-	-	-	-
ENVIRONMENT	Reduction of production-related environmental risks	✓	✓	✓	✓	✓	✓
	Energy Consumption and GHGs	✓	✓	✓	✓	✓	✓
	Water management	✓	✓	✓	-	✓	✓
	Biodiversity	✓	✓	✓	✓	✓	✓
	Local Pollutions	✓	✓	✓	-	✓	✓
	Materials, Chemicals management	✓	✓	✓	-	✓	✓
	Waste management	✓	✓	✓	-	✓	✓
	Product lifecycle management	✓	✓	✓	✓	✓	✓
	Property lifecycle management	✓	✓	✓	-	✓	✓
	Promotion of sustainable consumption	✓	✓	-	✓	✓	✓
	Sustainable forest / paper policy	-	✓	-	-	-	-
	Customer health and safety	✓	-	✓	-	-	-
SOCIETY	Employees health and safety	✓	✓	✓	✓	✓	✓
	Working Conditions	✓	✓	✓	✓	✓	✓
	Labor Relations	✓	✓	✓	✓	✓	✓
	Career Management	✓	✓	-	✓	-	-
	Child and Forced Labor	✓	✓	✓	✓	✓	✓
	Discrimination	✓	✓	✓	✓	✓	✓
	Fundamental human rights	✓	✓	✓	✓	✓	✓
	Customer health and safety	-	✓	-	-	-	-

		ECOVADIS	MT WEBAUDIT	AUDIT	PRE- QUALIFICATION	SUPPLIER SCORE CARD	GESI
PROCUREMENT	Sustainable procurement charter	✓	✓	-	-	-	-
	Training of buyers on issues within the supply chain	✓	✓	-	-	-	-
	Integration of social or environmental contract clauses	✓	✓	✓	-	✓	✓
	Regular supplier assessment	✓	✓	-	-	-	-
	Audit of suppliers	✓	✓	-	-	-	-
	Corrective action to facilitate supplier capacity building	✓	✓	-	-	-	-
	Sustainable buyers performance appraisal	✓	✓	✓	✓	-	-
	Pre-qualification of suppliers before evaluation	-	✓	-	-	-	-
	Identified risks and impacts	✓	✓	✓	-	✓	✓
	Conflicts minerals	✓	✓	✓	-	-	-

The procurement processes constitute a significant part of vendor relations and are implemented with the support of IT systems. Internal procurement processes are initiated mostly through electronic systems. The suppliers' selection process is supported by an internet-based RPF and tool (OneSource), orders are also placed/confirmed through an electronic commerce solution (CPEx) or e-mail, managing transactions growing from year to year.

These electronic solutions substantially reduce the processing time of the procurement processes and the e-mail-based placement of orders further reduces the quantity of paper-based documents. In past years, direct electronic procurement transactions (CPEx) hit a steady high level and in 2021 reached 95,58% of all items ordered (in 2017: 91.3%, 2018: 92.35%, 2019: 93.78%, 2020: 94.73%).

In 2021, the proportion of requests submitted electronically in the order support system for network-relevant real estate assets and technological area asset movements (PSL) running in the improved corporate governance system (DT Group One.ERP) in 2016–2017 was 97.2% (2017: 95.4%, 2018: 99.65%, 2019: 97.41%, 2020: 97.2%). The total number of orders sent electronically without intervention in the procurement area was 89.8% in 2021.

In 2017, we explored areas where robotization could be applied to improve our procurement business processes. In 2020, the diligence process for the entire supplier base was robotized.

We ensure compliance with the statutory and corporate expectations by including sustainability, environmental clauses in the supplier contracts. We expect our suppliers to use environmentally-friendly materials, technology and energy-saving solutions

In the office stationery catalogue, the supplier already marks "green" products, and we encourage our colleagues to order such items.

As to products, there is a blacklist and a grey list of ingredients, i.e. products that contain any of the listed materials are banned from procurement (blacklist) or are not recommended to be procured (grey list) by Magyar Telekom.

In an effort to prevent any damage and minimize transportation time, hazardous materials purchased are transported directly to the internal customer, with the exception of storing a minimum inventory. In an effort to raise cost efficiency and reduce transportation, we increase the percentage of stocks managed by the suppliers. We study the possibility of this jointly with the supplier when entering into the contract.



Despite the globalization of procurement, we continue to purchase a considerable amount of products and services from local<sup>1</sup> suppliers. In 2021 88,87% of our suppliers belonged to this category. By ordering products and services from local suppliers we significantly contribute to the retention of jobs.

#### Value ratio of products and services from local suppliers, Magyar Telekom Group ✓

SUBSIDIARIES <sup>2</sup>	2017	2018	2019	2020	2021
Magyar Telekom Plc.	77.8%	85.56%	81.09%	78.14%	80.53%
T-Systems Hungary	84.32%	82.87%	80.92%	86.62%	89.48%
Makedoski Telekom	65%	61%	75%	73%	69%

<sup>1</sup> Suppliers with headquarters in a given country.

<sup>2</sup> Magyar Telekom Group member companies with significant procurement value.

## CUSTOMERS

### CUSTOMER SATISFACTION

Magyar Telekom performs customer satisfaction surveys with ongoing data collection, among residential customers, by applying the internationally used TRI\*M customer satisfaction research method. With the help of this method, the company can continuously monitor the general expectation levels of subscribers as well as their level of satisfaction with Telekom services.

These surveys produce a composite index reflecting customer satisfaction for all Magyar Telekom customers and for individual customer groups, respectively, which helps in tracing and easily interpreting the changes over time. Moreover, the detailed analysis of service elements enables detection of the current perception of factors impacting customer satisfaction, identifying the fields where Magyar Telekom delivers outstanding performance according to customer feedback, and the fields where actions are necessary for quality improvement in comparison to earlier performance or results from competitors.

#### TRI\*M - Residential customers

Followed by the first Covid wave, we managed to take the satisfaction level of Magyar Telekom customers to a new, elevated level, which was continuously maintained throughout the past year. Within the customer base, the satisfaction of customers in the Magenta1 segment continues to be extraordinary. The even performance of individual customer groups should be also emphasized reflecting the stabilization of our customer loyalty.

Due to the restrictions related to the 2020 Covid epidemic, digitalization was given a huge emphasis: working from home, studying and keeping in touch through the digital space typically had an impact on all customer segments. Magyar Telekom, living up to the challenge presented by a surge in network usage provided telecom services required for keeping in touch, content consumption and the operation of IT systems, quickly and efficiently reacting to unexpected changes to our living conditions, helping the customers with free-of-charge and discount rated services, devices and service solutions during the crisis. We can see these steps in action from our customers' feedback.

One of the principal strengths of Magyar Telekom is the renewing choices of fixed and mobile services, new tariffs and range of equipment, handsets. In comparison to other market players, Magyar Telekom customers have evaluated the reliability and stability of TV service with above market marks as well as showed high satisfaction levels with regard to the available TV channels.

Furthermore, Magyar Telekom's evaluations were exceptional at questions related to mobile network coverage and experience with network when making calls. In 2021, Magyar Telekom managed to make information of services and products available in the most appreciated way.

The customer satisfaction regarding Flip, the second brand of Magyar Telekom offering a service package including three fixed-line elements (telephone, Internet and television), has been measured on a six-monthly basis since 2018. The Flip customer base is the most satisfied among customers of telecom providers present on the market.

#### NG ICCA – Residential customers

In addition to general satisfaction measurement, we also measure the satisfaction of our customers with the given customer service cases throughout the year in the framework of the Next Generation International Customer Contact Analysis (NG ICCA) research. The purpose of the survey is to monitor the quality of our customer care service as experienced by our customers and collect information about their satisfaction and experience with the customer service and self-service of Magyar Telekom. The research is transaction-based: we poll our residential and micro enterprise customer base within 2–48 hours of their customer care event. The overall satisfaction is measured on a scale from -200 to +200.

A couple of years ago, the questionnaires were extended to apply the Net Promoter Score (NPS) methodology, which is aimed at measuring the willingness of recommending the service provider to others. Customers can provide their answers to the question: "Based on your recent experience, would you recommend Telekom to friends, family?" from 0 ("would not recommend at all") to 10 ("would definitely recommend"), thus enabling us to precisely identify the transaction types that need to be addressed to improve customer satisfaction. We have further refined the data processing related to the new method in 2020.

At the Call Centre, in the same year, we introduced immediate post-call evaluation, in order to get a better picture of the satisfaction of our customers with the provided service. The new method significantly increased the sample size, hence we have been analyzing feedback on an even more detailed level.

The satisfaction level of our customers showed a steadily rising curve during 2021. Magyar Telekom managed to reach great growth in willingness to recommend (NPS) and customer effort score (CES) evaluations in case of the Call Center and website users.



Due to the Covid19 epidemic, Magyar Telekom has adapted to the changed expectations, so our Call Center agents periodically worked from home, and our personal sales colleagues and shop agents also took on Telesales responsibilities part-time. Based on our research results, these Telesales calls also reflected the expected high quality level Magyar Telekom customers are used to.

The third pillar of Magyar Telekom's satisfaction research system is the measurement of service quality. By adapting the NG ICCA measurement tool, every month we ask our customers about their satisfaction of individual service legs. Thanks to this regular feedback collection, we get the opportunity to pinpoint regional and technology related problems and consequently get a chance to solve them in a targeted manner.

During the year of 2021, we could monitor the increasing satisfaction trend of high speed (500 Mbit/sec<) copper customers and also the exceptional satisfaction level of our fiber subscribers. Furthermore, the overall satisfaction of Magyar Telekom Plc. mobile voice and data users also shows a stable positive picture.

We place special emphasis on handling negative customer feedback (with a low count) and strive to find solutions to them within a short time, as well as to identify, based on the feedback, the "pain points" we can effectively address through process and operation improvement measures.

Magyar Telekom Plc. and T-Systems Hungary currently perform customer satisfaction assessments among business customers through multi-level surveys.

#### Changes in measuring customer satisfaction – Micro-, small- and medium-size enterprises

In January 2020, Magyar Telekom Plc. took over from T-Systems Hungary the management of micro-, small- and medium-size business (SOHO and SMB) customers. As a result, the SOHO and SMB segments returned to Magyar Telekom Plc. management after 2018–2019, while large companies and institutions remained under the management of T-Systems Hungary. Despite these changes in customer management the methodology of the measurement remained unchanged, customer satisfaction is still measured by TRI\*M in the SOHO and by strategic satisfaction research in the SMB end large enterprise segments.

By 2019, a stabilized customer satisfaction survey system had been put in place where TRI\*M remained the measurement tool for customer satisfaction and loyalty of SOHO customers with six-monthly frequency.

Due to the 2017 change in methodology, conclusions from SOHO TRI\*M survey findings can only be made from this date similar to the residential market. However, in the case of the SMB segment, after the successful measurement of 2018 as a base, customer satisfaction was measured by strategic satisfaction research both in 2019 and 2020.

#### TRI\*M – Micro-enterprises (SOHO)

The TRI\*M index measured among Magyar Telekom micro-enterprises was higher in 2021 than that of its main competitors, that is, among microenterprises using telecommunications services, the overall satisfaction and loyalty of Magyar Telekom customers were the highest in 2021. The satisfaction and loyalty of SOHO customers subscribing to mobile services are somewhat higher compared to subscribers of fixed services, the highest index was measured among Magenta 1 Business customers. The favorable result is attributable, among other causes, to the high quality of fixed and mobile services, to the CEX activities, furthermore, the impact of quality improvement steps aimed at service provided to small businesses can also be detected in the evaluation of various channels and administration.

#### Annual strategic satisfaction research – small, medium and large enterprises

Within the frame of the annual satisfaction research, we ask our customers' IT and telco decision-makers about their satisfaction with the services and customer service of Magyar Telekom.

The research is carried out with a questionnaire survey in the SME segment managed by Magyar Telekom Plc., while it is conducted with a hybrid, online + telephone, methodology among T-Systems Hungary's large corporate and institutional customers.

In 2018, the sample targeted by the survey was extended to include the SMB segment in line with T-Systems Hungary's new segmentation structure. With these 2018 results as a base - in 2019 year-on-year analysis has been utilized in the SMB segment as well. Although in 2020 SMB segment was back under Magyar Telekom Plc. control, the measurement of the customer satisfaction remained unchanged. In 2020 both in the SMB and large enterprise segments customer satisfaction is still measured by one common market research, with the same methodology.

However, in 2021, the measurement of SMB and corporate customer satisfaction was separated. In the case of SMB, the previous methodology remained with a minor modification.

The change here was also about strengthening the competitor sample in the research in order to have a more stable basis for measuring satisfaction among competitors' customers for better comparability.

In contrast, a new satisfaction measurement framework has been developed in the large enterprise sector, with more targeted measurements (to be discussed later), which also meant that in-depth interviews were removed from the annual overall satisfaction survey (which will be taken over by other measurements).

The 2021 questionnaire-based survey was conducted on 416 SMB and 480 large enterprise companies, a random sample of the entire customer base. The questionnaires were performed anonymously, but the respondents also had the opportunity to identify themselves with their names during the interview.

The annual satisfaction survey includes industrial benchmark questions too. In order to make a truly independent customer satisfaction survey, the measurement and the evaluation is performed by our market research partner.

The results are processed and presented to the representatives of the relevant fields, broken down into the total performance, service areas and - in the case of large companies - sub-segments of Magyar Telekom.

Based on the results, the business segments and their professional areas develop an action plan to increase customer satisfaction. At the end of the year, a comprehensive summary of the implementation of the action plans (covering all sub-segments in the case of T-Systems Hungary) will be prepared.

Based on the results to date, of the Magyar Telekom Plc. and T-Systems Hungary strategic satisfaction survey we can state that the overall performance of the company is reliably high and balanced.

In 2021, compared to the results of the previous year, customer satisfaction in the SMB segment increased significantly. Customer experiences are more positive in all areas than last year, but in terms of business processes, SMB customer satisfaction has improved the most in the area of sales relations. While on the product side, in the fixed telco portfolio, especially in the case of Internet services, we have seen the positive impact of optical network developments in the growing satisfaction results.

It has already been mentioned that a new satisfaction measurement framework has been developed for the large corporate and institutional customers managed by T-Systems Hungary.

As part of the system, we will continuously measure the satisfaction of our customers after the closure of the largest IT / SI projects from 2022, but we will also regularly ask the opinion of our customers with the largest monthly service contract about our services.

As part of this framework, we also put the annual strategic satisfaction survey on a new footing in 2021. Online / telephone hybrid research works with a simpler set of questions than before, but provides satisfaction results for each portfolio and business process area based on the following indicators: Net Promoter Score (NPS) and Net Satisfaction Score (NSS). Here, the NSS, like the NPS, is an indicator measured and calculated on a scale of 0 to 10, but it does not cover recommendation, just overall satisfaction. Due to the new methodology, we cannot perform the 2021/2020 comparison now, but the level of satisfaction according to the NPS and NSS scores of the individual fields and business processes developed remarkably positively according to the 2021 measurement. This result also confirms that we have managed to maintain a high level of customer satisfaction in the corporate segment as well.

#### Contact person satisfaction research

The contact person satisfaction survey is performed at the end of each quarter among customers who used Magyar Telekom's telephone or email-based service deficiency reporting and administration processes. Within the frame of the survey, we contacted our customers' contact persons who turned to the Customer Service of Magyar Telekom Plc. or the T-Systems Service Desk with fault reports or complaints.

In case of T-Systems Service Desk the survey is performed with the involvement of a partner at the end of each quarter whereby we contact approximately 200 contact persons by telephone; then based on the answers we prepare an evaluation report at the end of the quarter. Upon closing the fourth quarter's survey we prepare an annual contact person satisfaction report which is presented to the professional areas of the company.

Magyar Telekom's customer service area is being subjected to its own (ICCA) satisfaction survey. This is complemented by a quarterly, so-called "Detractor" research, also involving an external partner. The essence of this is that at the end of each quarter, based on a representative sample, we search for customers who have made a transaction by phone and identify those who are dissatisfied with the administration. Qualitative interviews are conducted with these dissatisfied clients to gain a deeper understanding of their concerns.



After closing the research, based on the evaluation of the interviews, we identify the process areas where changes are needed together with the relevant business areas on a quarterly basis, and then formulate business actions for this.

In 2021 both channels (Magyar Telekom Plc. Customer Service and T-Systems Hungary Service Desk) performed at an outstanding level and had a specific positive impact on both Magyar Telekom's perception. Both the administrative processes and the professionalism, competence of the staff as well as the treatment of customers achieved a superior rating. Customers find that the vast majority of administrative processes are easy to follow and are successful. The duration of administrative processes is compliant with the SLAs undertaken by Magyar Telekom Plc. and T-Systems as well as the expectations of customers.

In addition to the above, in 2021 we also introduced a sales contact satisfaction survey in the SMB segment of Magyar Telekom. The research is conducted on a quarterly basis and with the help of SMB segment sales colleagues receive regular and direct feedback from their customers about their work. Customers evaluate not only the work of their account managers, but also the individual SMB sales channels (satisfaction on a scale of 1 to 5) and Telekom as a whole (using the NPS recommendation indicator). The results showed consistently high level of satisfaction throughout 2021.

#### CUSTOMER FEEDBACK MANAGEMENT

The voice and signal of the customer is always important to us in order to maintain the high quality of our services in accordance with customer expectations. Feedback from Magyar Telekom's customers is constantly helping us to shape, regularly review and transform our services and processes.

When handling complaints, we focus on our customers' satisfaction and ensuring an enhanced customer experience. Our task is to provide qualitative and comforting solution for our customers during the investigation and handling of complaints. Along this line, we are re-creating the experience of further use of Magyar Telekom's services to the customer with customized solutions.

It is important for us to provide high-quality services to our customers and quick solutions when dealing with complaints.

In 2021, due to the difficult external conditions that have been continuing for years, we have been striving for solutions that are unique and meet the life situation and needs of our customers, as Telekom can be expected by its customers in any life situation.

In 2021, as a result of improvements in our processes and service, the number of complaints decreased significantly, by 23%✓.

It is our prime objective to provide customized quality services through solutions and developments that are based on our customers' feedback and needs and thereby make the "I'm a Telekom customer" experience sustainable in all phases of customer contacts.

#### CUSTOMER INVOLVEMENT

##### Telekom Vivicittá

In 2021 we were again able to organize **Telekom Vivicittá** as a live event for the benefit of running fans, though due to another wave of the pandemic, the competition unfortunately could not be held at the usual early spring date. Despite the extreme heat in July, a lot of runners competed at the shorter and longer distances, which all started and ended on Margaret Island.

The two-day event attracted participants from 670 Hungarian settlements, most of them in the 26–40 age group. The oldest contestant at the half-marathon was 79, and the oldest participant in the overall event was an 86-year-old lady, who competed in race-walking. More women (54%) completed the 10 km distance, while men (64%) were in majority at the half marathon race.

This was the 25th year that Vivicitta and BSI partnered with Magyar Telekom, and this already makes sport history. During these 25 years, a total of 466 200 contestants could share the joyful experience of community sport in Budapest and 11 other cities participating in 65 Telekom Vivicitta events.

Virtual Telekom Vivicitta took place simultaneously with the live event, offering an opportunity for virtual participation to those who did not yet feel ready to attend the event in person or wanted to run the selected distance in a different location in the country.

Telekom and **Suhanj! Foundation** are inseparable parts of Telekom Vivicitta, and have been very closely cooperating for quite a few years in the form of joint activities at the event, as well as through the donations collected among Telekom employees for the benefit of Suhanj! Foundation.

This year, the company donated HUF 2 million to contribute to the operating costs of Suhanj! Fitness, the country's first accessible and integrative gym and to help relaunch their community training exercises.

The company's donation was an addition to the amount collected from participation fees and the donations from the employees, which amounted to several hundred thousand forints.

The objectives, activities and achievements of Suhanj! Foundation can shape people's mindsets, increase awareness of the world of people living with handicaps in a very forward-looking and inspirational manner, very much in harmony with Telekom's corporate values and brand, which consider it imperative that we recognize, appreciate and even take advantage of our differences, i.e. diversity.



##### Mobile Donor Program

In 2020 Telekom launched the pilot of the program, which helps disadvantaged families by enabling them to enter the digital world by collecting and donating smartphones no longer used by other people. In 2021, the program was transformed from a demo into a continuous commitment and an inclusive endeavor by the involvement of the donors and partners.

Participants of the **Mobil Donor Program** are invited to offer their no longer used but still usable mobile phones to disadvantaged people and thus become Mobile Donors. By revitalizing an old device and donating it to someone in need, they can really change someone's life.

The phones are distributed by the initiative's partner, NIOK Foundation, which pass them on to their new owners, selected on the basis of predefined selection criteria. Telekom collects the devices by courier service, carries out minor repairs and deletes all data, as needed, as well as even provides the necessary SIM cards.

Last year, Telekom itself donated more than 1000 used and refurbished mobile devices on top of the contingent collected from its customers through the Mobile Donor Program.

##### "Caring" donation

In addition to striving to make the holiday season and the preparations for it more carefree for families, Telekom set another goal for itself in 2021: it launched an extensive program relying on the involvement of its customers to draw attention to caring and watching out for each other. It gifted its customers a 10-day unlimited mobile net package, and also invited them to share the joy of giving with the company.

In the first round, the company donated HUF 40 million to promote four extremely important social causes, in cooperation with 2 NGOs working for each cause under donation agreements and distributing the donations in equal allotments among eight non-governmental/non-profit organizations. The causes and the organizations:

##### Cases and organisations:

##### Digital awareness, eliminating the digital divide

- **IDEA Foundation**
- **IT Foundation for the Visually Impaired**

##### Supporting remedial education and integration of children

- **Bagázs Public Benefit Association**
- **UNICEF Hungary Committee**

##### Development to and improvement of the life quality of people living with handicaps

- **Magyar Angelman Syndrome Foundation**
- **Patrónus Ház Public Benefit Non-profit LLC**

##### Quality sports opportunities for people living with handicaps or disadvantaged

- **Suhanj! Foundation**
- **AdniJóga Foundation**

And the initiative did not stop there, as Telekom matched the amount and distributed the second HUF 40 million among the four causes with the involvement of its customers and on the basis of their votes. All residential or business mobile Telekom customers who activated the 10-day unlimited mobile net plan in the period between November 22 and December 20 were asked to choose which cause they wanted to support.

Telekom's customers contributed to providing opportunities to disadvantaged groups in 2021 by activating more than 750 thousand mobile net plans.



By the above low-threshold initiative, Telekom wanted to draw the attention of a wide range of people to socially important issues, as well as bring the causes closer to people to encourage them to be more open, inclusive and empathic and also to take the next step and personally commit to promoting one of the causes and thus the people behind it.

### Carbon neutrality

One of the biggest challenges of our age is climate change which is mainly attributable to human activity resulting in carbon dioxide emission. Telekom recognized the importance of climate protection back in the 90s and now it is an integral part of the company's day-to-day operation. In line with our corporate Sustainability Strategy and through the implementation of innovative solutions the company has gradually decreased its energy consumption and increased its energy efficiency

In 2021, Magyar Telekom Group completed its seventh consecutive carbon-neutral year.

In addition to reducing the carbon footprint of its own operations, ExtraNet Green 1GB continues to give its customers the opportunity to do their bit for the climate by choosing the first green service based on 100% renewable energy.

### Eco Rating

Deutsche Telekom, Orange, Telefónica, Telia Company and Vodafone have introduced a new industry-wide ecological mobile phone rating system to identify more sustainable mobile phones.

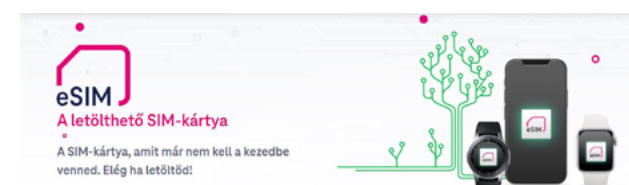
The mobile operators have started to introduce Eco Rating labels at the point of sale in 24 European countries in their respective areas of operation from June 2021. Following a detailed assessment, each mobile phone device will be given a calculated score out of a maximum of 100 Eco Rating points, which characterizes the environmental impact of the device throughout its lifecycle. The Eco Rating label will identify five key elements of sustainability for mobile devices, providing information on the durability, reparability, recyclability, climate and resource efficiency of the device. Customers can find out more about the initiative and the rating methodology on the [new website](#).

### eSIM

Magyar Telekom aims to promote and spread **eSIM** in both the residential and business segments, thus we focus on offering and activating eSIM-enabled mobile devices in our stores.

Just think about it, we are protecting and preserving our environment from the production, packaging, transport and storage of millions of plastic cards, as modern mobile phones, smartwatches and tablets have an eSIM chip available, where we can download an eSIM profile with a few clicks, replacing the traditional physical SIM card. The eSIM has the same functionality as a traditional SIM, i.e. it provides perfect connectivity for both voice and data services, and makes the daily life of customers much safer, as it cannot be damaged or lost, and remains online until the profile is erased subject to entering its security code, making it easy to locate if stolen.

eSIM is the technology of the present that is with us and will ensure sustainable progress in connectivity.



### NOW Forum

In 2021, Magyar Telekom continued its series of residential, professional educational events, where we talk to experts about digitalization, the appearance of technology in our lives and its effects. Due to the pandemic, we held only two NOW Forums in 2021.

As part of the first event, we discussed the leading figures from the worlds of science and culture about Beethoven's Symphony No. X, completed 199 years after the composer's death, with the help of international experts and the collaboration of man and technology. The participants of the talk included Melinda Szabó, Chief Commercial Officer at Magyar Telekom, Richárd Nagyfi, Cambridge Mobile Telematics, Ditta Rohman (cello) and Mihály Berecz (piano), Ádám Bősze, music historian, Gergely Szeztics, Partnership Manager, National Laboratory for Artificial Intelligence, Béla Szabó, BrandComms HUB Lead at Magyar Telekom. The event was hosted by Alinda Veiszer.

At the second one, we explored the dangers of cyberspace with top experts such as Gabriella Bíró, Eszter Oroszi, Csaba Krasznay and Zoltán Nagy.

### Charity auction

On December 1, 2021, nearly a hundred people bid for valuable works of art at a public auction at the Ludwig Museum. The proceeds of the public auction, which raised more than HUF 47 million, were donated to the Ludwig Museum and will be used to digitize the public experience.



### Omnibus survey on consumers' habits

In 2021 Telekom and non-Telekom customers were questioned about their consumption habits in the framework of the Omnibus research. We surveyed core services, such as (TV, internet, telephone service) as well as insurance. As a rule 750 persons are involved in the survey quarterly.



## EMPLOYEES

### EMPLOYEE INVOLVEMENT

In 2021, 183 ✓ Telekom employees put in a total of 3289.5 hours ✓ of volunteer work, amounting to the equivalent of a HUF 12 million ✓ theoretical donation to society.

### Magenta Unity Foundation

Magenta Unity Foundation was set up on the initiative, and with the personal commitment and financial contributions of CEO Tibor Rékasi and the other members of the Leadership Squad in July 2020. The goal of the Foundation is to provide financial aid to employees who fell upon hardship due to the pandemic.

In 2021, Magyar Telekom's Magenta Unity Foundation won first prize in its category when submitted to compete for Deutsche Telekom's Telekom Team Award. When the members of the winning team donated their own prizes to the foundation, Deutsche Telekom's CEO, Tim Höttinger doubled the EUR 10.000 first prize, thus the foundation received a total of EUR 20.000.

The initiative, unique in the Hungarian market, relies upon individuals' donations: the initial capital had been donated by CEO Tibor Rékasi. In 2021, the board of trustees accepted 135 applications and paid out a total of HUF 18.112.500 to the employees concerned. The total amount collected last year was HUF 26.663.530, a major portion of which came from the proceeds of an auction where employees bid for artifacts owned by Telekom's art collection, generating a total of HUF 7.655.906.

Anyone may donate to the foundation, and, of course, any Telekom or T-Systems employee is entitled to apply for aid.

### Employee auction

Magyar Telekom put its fine art collection up for employee and public auction, in the framework of which 84 pictures found new owners in the private auction designed especially for employees. The employee auction raised more than 7 million HUF for the Magenta Unity Foundation.

### RECHARGE DAY

Exactly one year ago, on March 16, 2020, Magyar Telekom's management ordered a general teleworking regime due to the rising epidemic. In the past period, colleagues mostly worked from home, from their home offices, and connected to meetings, company forums and online events remotely.

On March 16, 2021, Magyar Telekom's management thanked the colleagues for their work during the epidemic by adding an extra day of paid holiday to the long weekend.

The extra day off was designed to give employees the choice to spend it to their preference: more time with the family, recharging their batteries, or learning and developing. To ensure continuity of service to customers, customer service colleagues can take the extra day off at a time that suits them, the company has added the extra day to their holiday allowance.

## INVESTORS

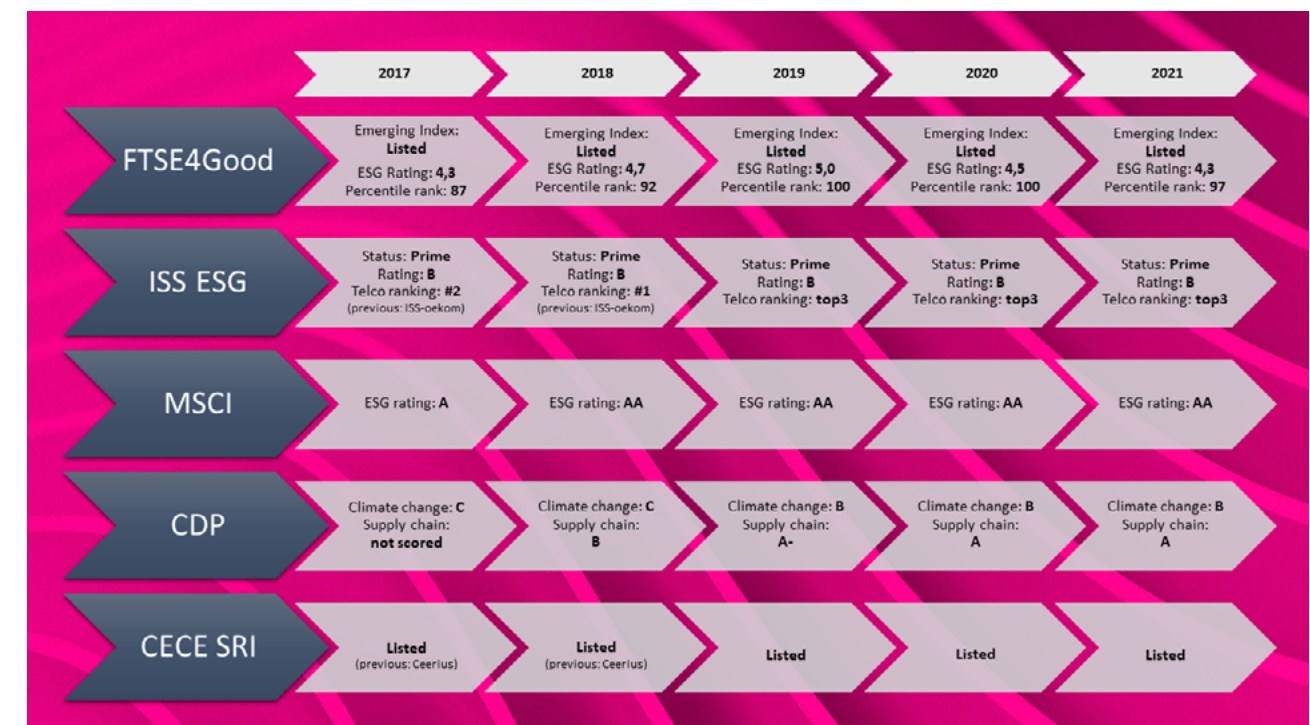
The Chief Executive Officer and the Chief Financial Officer presented quarterly results to the representatives of investors four times during 2021 (February 25 and 26, 2021: Release of fourth quarter 2020 results; May 11 and 12, 2021: Release of first quarter 2021 results; August 10 and 11, 2021: Release of first half 2021 results; November 9 and 10, 2021: Release of third quarter 2021 results).

On April 16, 2021, a meeting of the Board of Directors of Magyar Telekom Plc. was held, based on the authorization set out in Section 9 (2) of Government Decree no. 502/2020, at which the Board approved the audited consolidated and separate financial reports of the Company, as well as the Corporate Governance and Management Report of the Company for the business year of 2020, and decided on the use of the profit after tax earned in 2020.

Magyar Telekom's top management and staff from the Investor Relations department spend ca. 10–15 days abroad every year at various roadshows and conferences in the main centers of the financial world, where the vast majority of fund managers and investors is active. Around 100 meetings take place annually with investors and analysts. In 2021, however, due to the COVID-19 pandemic, these meetings and conferences were held in a virtual, online format.

Magyar Telekom also provides space on its website to satisfy the information needs of interested parties. Up-to-date information can be found in the **'Investor Relations'** section about the company's financial situation (quarterly financial reports), general meetings, and dividend payments. The current listing of Magyar Telekom's shares and all the information necessary to get in touch with the company are also available. The e-mail address and telephone number of the Investor Relations department can be found on the website, and members of the department respond to questions sent via e-mail as quickly as possible.

In addition to the above, the company assesses investor needs annually and biannually with the help of a questionnaire. An independent specialist firm is commissioned to prepare a so-called perception study, which assesses investors' opinions, needs and expectations with the help of a series of detailed questions posed to a representative sample.





## REGULATORY AUTHORITIES

Magyar Telekom - typically on request, e.g. in the case of the submission of an industry strategy or draft legislation to the public debate, holds professional consultations with the competent regulatory authorities and supervisory bodies, including the Ministry of Innovation and Technology (ITM), the National Media and Infocommunications Authority (NMHH), the Hungarian Competition Authority (GVH), and The National Authority for Data Protection and Freedom of Information (NAIH). Magyar Telekom regularly contributes to harmonization with interest representation forums (especially with the Telecommunication Reconciliation Council [HÉT]; in some specific cases: with the Scientific Association for Infocommunications (HTE); IVSZ Alliance for the Digital Economy) where the company's key objective is to establish a common legal and professional opinion on the legislative process.

## NON-PROFIT ORGANIZATIONS (NGOs)

Magyar Telekom launched its Civil Tariff Package service for NGOs in March 2004. Magyar Telekom and T-Systems Hungary want to promote the digitalization of the non-profit sector with the Magenta1 Business/Nonprofit offering. In 2021, 38 organizations were offered discounted fixed or mobile phone and internet services for 12 months.

## LOCAL COMMUNITIES

Magyar Telekom has spent more than HUF 300 billion in the last six years on the development of its mobile and fixed-line network infrastructure in Hungary. In 2021, Magyar Telekom continued to develop its gigabit network, building 401,000 new fiber access points and upgrading 40,000 cable access points to gigabit capability. It now offers gigabit speeds to more than 3 million homes and businesses, meaning that 69% of the points it covers are already capable of theoretical gigabit speeds. The fiber network is currently available in 1150 municipalities. More than one million customers are already connected to Telekom's gigabit network.

The agreement fits into the Telekom general sponsorship objectives and aligns with the parent company's international support system: Hungary's leading telecommunication service provider supports the biggest and most successful clubs and their athletes, such as Telekom Veszprém and FTC.

Magyar Telekom and the Hungarian Contemporary Architecture Center continued to run community gardens in 2021, too. Gardening works are still ongoing at Csárdás Garden. Although, the Kerthatár Community Garden has been closed due to the sale of the real estate, a new community garden was created in Pomáz, in the courtyard of our telephone exchange.

Due to the COVID-19 pandemic, our lives changed suddenly, with a focus on collaboration, assistance and new solutions constantly emerging, and digitalization playing a major role. Magyar Telekom is acting as a responsible company in this situation to protect and help its employees and customers. Even in the most difficult times, digital phenomena open up new opportunities and enable us to make a difference in our everyday lives, to aid each other in new ways.





## FUTURE GENERATION

We reached 652 secondary school students in 2021 as part of our “Become a Member of Generation NOW!” program. In 2021, Magyar Telekom launched an educational program in partnership with the Hintalovon Foundation, with the involvement of opinion leaders, called ‘I am a Digital Parent!’ The aim of the **campaign** is to raise parents’ awareness of the potential dangers of children’s online presence and to provide guidance on how to share content on social media platforms in a conscious and safe way.

At the heart of the campaign is an online questionnaire, created in partnership with the Foundation, which allows everyone to assess the safety of photos and videos of their children posted on social media and to get feedback on how to post safely.

In 2021, Magyar Telekom again launched a 24-hour trainee recruitment campaign. In a unique selection process, the company recruited 21 talented young people in one day from a pool of 200 applicants, who in September could start their career in the most attractive workplace in the telecom sector according to a recent Randstad survey.

## MEDIA

Magyar Telekom put special emphasis on providing the greatest number of people in all age groups with digital means, in cooperation with the media.

For the fourth time, JCDecaux has launched its highly popular literary competition, where winners can tell their one-page stories on posters at the busiest bus and tram stops. For the first time in 2021, the winning works of the contest called ‘Stop for a short story!’, with the special support of Magyar Telekom, were given a virtual extension; they were presented in the form of a visual podcast by renowned actors, and were also enhanced with the Telekom MagentaKraft mentoring program.

The Magenta podcast channel also continued, with the company sharing interesting topics and knowledge, exemplary stories of a digital theme and really useful suggestions with students, thus making it easier for them to navigate in our current world. The podcast is meant both for those who are only just getting familiar with the benefits of technology and for those who already know more about them: the end result is an entertaining and meaningful dialogue about our everyday lives and the digital world around us.

Home office, digital solutions and ways of communication during a pandemic have become the main topics on Pont. MOST blog, too.

## DATA PROTECTION

Among the 2021 sustainability objectives, Magyar Telekom pays special attention to the protection of personal data, with special regard to the General Data Protection Regulation (GDPR) that became applicable as of May 25, 2018. Magyar Telekom ensures the highest standard of data security and technical and organizational measures regarding personal data management/processing.

In the course of its operation and prior to developing new products and during the provision of services, Magyar Telekom considers the protection of its customers’, employees’ and business partners’ personal data a top priority. Magyar Telekom processes personal data in accordance with the General Data Protection Regulation and the applicable legislation, also taking into account the guidelines of the European Data Protection Board and the National Authority for Data Protection and Freedom of Information. Magyar Telekom has put particular emphasis on preparing for the application of the General Data Protection Regulation. Magyar Telekom ensures the highest level of data security and technical and organizational measures regarding personal data management/processing. Magyar Telekom adopted the data privacy principles of Deutsche Telekom Group (Binding Corporate Rules Privacy).

Magyar Telekom regularly holds training sessions prepared for employees and subcontractors to introduce the up-to-date regulations and internal processes regarding the protection of personal data.

In the case of contracting with data processors, Magyar Telekom requests that its contractors and subcontractors in the data processing agreement process personal data according to the highest standard of data security and technical and organizational measures.

Magyar Telekom provides information to its customers via multiple channels on the processing of their personal data. Magyar Telekom also grants to its customers the right of access and other types of data subjects’ rights regulated by the GDPR. We treat our customers’ personal data-related complaints and inquiries as matters of key importance and provide factual responses within the relevant deadline.

For further information, please visit [this](#) website.

### BLOCKING CERTAIN ELECTRONIC DATA ON THE INTERNET

The coercive measure of blocking certain electronic data on the internet was introduced by the new Penal Code (Act C of 2012 on the Penal Code).

The most important rules of this measure are contained in Section 158/B-D of Act XIX of 1998 (Act on Criminal Procedures - “ACP”) – amended by Act LXXVIII of 2013. The ACP distinguishes two types of measures: the removal of electronic data where the primary target group is hosting service providers, and the temporary or final blocking of access to electronic data which is mainly applicable to telecommunications service providers.

The blocking or filtering of websites with content that is subject to public prosecution is implemented in conformity with the ACP measures: the court may order to make electronic data temporarily inaccessible by way of temporarily blocking access thereto. When elaborating the new Penal Code the original objective of the above measure was to be able to take immediate action in serious cases (child pornography, crime against the state or act of terrorism) so that the authorities do not have to wait until a final court decision.

The amendment of **Act LXXVI of 2015** has significantly extended the scope of criminal offenses where court resolutions can rule on the temporary blocking of content. Such crimes are as follows:

- drug trafficking,
  - incitement to the use of narcotics,
  - facilitating the production of drugs,
  - drug abuse,
  - abuse of new psychoactive substance,
  - child pornography,
  - criminal act against the state,
  - act of terrorism
  - or financing terrorism,
- if an electronic data is related to these crimes..

The technical implementation of temporary blocking is the responsibility and obligation of the National Media and Infocommunications Authority (NMHH) and the internet service providers.

In 2013, upon the implementation of the above coercive measure, a similar legislative measure was introduced by the National Tax and Customs Administration of Hungary (NAV) by promulgating Paragraph 36/G of Act XXXIV of 1991 on the organization of gambling games, according to which the tax authority - without the involvement of a court - is entitled to render any data provided through an electronic communications operator temporarily inaccessible if the access thereto or the publication thereof is related to prohibited gambling.

The temporary blocking of content pursuant to the Tax Authority’s resolution may last up to 365 days.



From January 1, 2015, in accordance with Act XCV of 2005 on the use of pharmaceutical products applied to humans and the amendment of other regulations of the pharmaceutical market, the National Institute of Pharmacy and Nutrition (OGYÉI) is also granted the right to temporarily block electronic data on non-authorized medicinal products, i.e. may request the hosting service provider of the website to remove the website in question.

The link between the potential sanctions of courts and the Tax Authority is so strong that the entity responsible for the enforcement of the measures is the National Media and Info-Communications Authority in both cases.

Since 2014, in accordance with 159/B (3) of Act C of 2003 on Electronic Communications, the National Media and Infocommunications Authority has been managing a central database on rulings to block access to electronic information (hereinafter referred to as "KEHTA"), and processes the data entries to that end. This database contains all court and Tax Authority rulings that order the blocking of websites. All electronic communications operators must join the KEHTA thereby all operators are obliged to block prohibited websites. Thus, in line with the provisions of law, Magyar Telekom has also been blocking the given web pages.

Magyar Telekom, as a market leader telecommunications company listed in the stock exchange, complies with all requirements of the Hungarian law and actively participates in the industry's self-regulation and the respective efforts of the NGOs.

## SPONSORSHIP

The goals of the Company Group's sponsorship activities are the creation of experience and value for customers and business partners.

As one of the major sponsors in the country, the group has spent significant amounts in the past decades to support Hungarian sport and culture.

Magyar Telekom has been a committed supporter of Hungarian sports for decades and considers sport a cornerstone of its sponsorship strategy. The Company is proud to have contributed to many the outstanding achievements of a great number of Hungarian sport branches and athletes as a sponsor.

By way of an important element of the sport sponsorship strategy, in 2018 Telekom signed a renewed four-year agreement with the Ferencvárosi Torna Club, which has been extended by another 4 years in 2022.

Telekom has been supporting the youth education of the Ferencváros Torna Club since 2014 and FTC's adult men's football team as a key sponsor since 2015, and as main sponsor of FTC under the new agreement. The company is the brand sponsor of the multiple Hungarian Cup, Champions League, LEN Cup winner FTC-Telekom Waterpolo, Erste-Liga and Hungarian Cup winner FTC-Telekom Hockey, cup winner FTC-Telekom Women's Football and the FTC-Telekom Men's Gymnastics sections, which also boast great results. The agreement announced in 2018, fits in the general sponsorship strategy of Telekom, for the international level of support for the parent company: as a leading telecommunications provider of the country, the company assists the work of the most popular and most successful players in domestic sports life.

Telekom Veszprém handball team has been supported by our company for more than 20 years. Boosting our co-operation to a new level, since 2016 we are present as name sponsor of the team, contributing to the domestic and international success of this world elite club such as winning the SEHA League or the serial participation at Champions League Final Four. Magyar Telekom believes that such world-class performances and achievements make a significant contribution to attracting more young people to active sport and promote healthy lifestyles. In 2022, Magyar Telekom and Telekom Veszprém renewed its sponsorship cooperation for an additional 4 years. We are proud of the perseverance and the success our teams achieved in 2021, during that difficult period.

The FTC men's soccer players won their 32st championship title in 2020 and they were members of the Champions League group stage. The hockey and the women's football team have preserved the winner title of the Hungarian Cup Championship and Hungarian Cup.

In 2021, the Ferencvárosi Torna Club and the Telekom Veszprém Team became committed supporters of the Telekom Mobildonor program. Under this program Telekom refurbishes used mobile phones and donates them to people in need.

Telekom also considers it important to support mass sports, so it has been a sponsor of Telekom Vivicitta for more than 20 years, in which, besides professional athletes, a great number of amateur runners and families participate to promote the importance of regular sport and exercise. In 2021 we were able to organize a live event once again, although not at the usual early spring time, but in the heat of summer and still in the height of the epidemic, so understandably with fewer participant than in the previous years. However, spirits were just as high for those who ran in the live event, and also for those who chose to run the distance alone, in a virtual race in 2021.

Telekom Electronic Beats is Deutsche Telekom's award-winning international music program. Launched in 2000, the Europe-wide initiative covers a wide range of areas from music to lifestyle and design to art and fashion, as well as technological innovations, with a focus on digital activities and live events. With world-renowned artists such as the Gorillaz, Grace Jones, Roisín Murphy, London Grammar or New Order and emerging artists like Perel, Fjaak and many others, the colorful program attracted fans worldwide. Both the international digital platform of the program ([www.electronicbeats.net](http://www.electronicbeats.net)) and the country-specific version ([www.electronicbeats.hu](http://www.electronicbeats.hu) in Hungary) cover the hottest topics with uptrend journalism and innovative storytelling.

In 2021, after a difficult period, we once again gave our community the opportunity to be together again in a cool, outdoor, daytime party as part of a summer of rediscovery: with international performers, and a local talent scout with the opportunity for the winner to perform in Salföld in July and in Orfű in September.

In addition to Telekom Electronic Beats' impressive domestic media portfolio, in 2018 we also put greater emphasis on the representation of the local electronic music scene in the program.

Every year Magyar Telekom appears as a sponsor of the biggest Hungarian festivals, but in 2021, due to the pandemic, most of these festivals were cancelled including the Telekom Festival.

In 2021, the concept of the Telekom Festival campaign was about rediscovering the missing festival experience. „If you come together, you can do astonishing things together.”

Thus, with the help of some creativity, the Kraft spirit and digital phenomena, young people were able to 'kraft out' their own Telekom VOLT mini-festival: 3 groups of friends in 3 different places.

In August, Telekom appeared at the 10-day Beach event with its own activities.



## MAGYAR TELEKOM GROUP MEMBERSHIPS IN INDUSTRIAL AND OTHER ASSOCIATIONS, NATIONAL OR INTERNATIONAL ADVOCACY ORGANIZATIONS

NAME OF ASSOCIATION	STRATEGIC MEMBERSHIP	MAGYAR TELEKOM GROUP POSITION IN A GOVERNANCE BODY
<b>MAGYAR TELEKOM PLC..</b>		
Hungarian 5G Coalition		
European Telecommunications Network Operators Associations (ETNO)	x	
GSMA Association	x	
Joint Venture Association (JVSZ)	x	Board of Trustees membership
German-Hungarian Chamber of Industry and Commerce	x	Board of Trustees membership
Communications Reconciliation Council	x	Chair
ICT Association of Hungary	x	Chair, multinational department
Scientific Association on Telecommunications and Informatics		
Hungarian Association of International Companies		
Hungarian Competition Law Association		
Hungarian AI Coalition		
Employer's Equal Opportunities Forum	x	
Hungarian Logistics, Procurement and Inventory Management Association		
Association of Hungarian Content Providers		
Hungarian Marketing Association	x	Chair
Hungarian Advertising Association	x	Chair
American Chamber of Commerce in Hungary		
<b>T-SYSTEMS HUNGARY</b>		
Hungarian 5G Coalition		
Hungarian Drone Coalition		
ICT Association of Hungary	x	
Hungarian Hospital Association	x	
Hungarian Water Utility Association	x	
Hungarian Project Management Association	x	Vice-presidency
Hungarian AI Coalition		
Scientific Association for Infocommunications		
Hungarian Chamber of Engineers		
Hungarian Logistics, Procurement and Inventory Management Association		
it Service Management Forum (itSMF)		
Chamber of Bodyguards, Property Protection and Private Detectives		
Hungarian Innovation Association		Board membership
Connected and Automated Mobility Cluster of Zala Ipar 4.0		
Hungarian Marketing Association		
Electronic Payment Service Providers Association (EFISZ)		
<b>MAKEDONSKI TELEKOM</b>		
International Telecommunication Union (ITU)	x	
European Telecommunications Network Operators Associations (ETNO)	x	
RIPE Network Coordination Centre	x	
GS1 Macedonia (bar code association)		
Economic Chamber of Macedonia	x	Board membership
American Chamber of Commerce in Macedonia	x	Board membership
Macedon-German Business Association	x	
Macedonian IT Chamber (MASIT)	x	Board membership
GSMA Association	x	Board membership DT
Chamber of authorized architects and engineers of Macedonia	x	
Economic Chamber of North-West Macedonia		

## ENVIRONMENTAL AND SOCIAL EXTERNAL INITIATIVES

Besides professional challenges, the Group also seeks cooperation opportunities for the solution of social and environmental problems

Magyar Telekom has been an active member of **ETNO's** (European Telecommunications Network Operators' Association) Sustainability Workgroup for years. The members work closely towards solving all kinds of sustainability-related programs.

Our company is in constant consultation with the national advocacy organizations of people with disabilities (AOSZ, ÉOFÉSZ, MEOSZ, MVGYOSZ) in order to review and adapt its barrier-free customer services and services to the changing needs.

The Company provided professional knowledge to the work of the Presidential Committee of the Hungarian Academy of Sciences. Our colleagues maintain contacts with a number of higher education institutions: they assist in university work by with consultancy for writing theses, expert education and giving lectures.

Magyar Telekom was the first among the Hungarian companies to accept **OECD Guidelines for Multinational Enterprises** and set them up as mandatory guidelines for its operations.

The European Union's **Diversity Charter** has been signed by the company and considered a mandatory guideline.

Magyar Telekom has signed the UN **Global Compact** for 10 guidelines, and also fulfils its commitment to submit annual progress reports.

Magyar Telekom has acknowledged the UN **Sustainable Development Goals** (SDG) and through incorporating those of key importance in its Sustainability strategy 2016–2020 the company includes the contribution to these goals as a mandatory element of its operations.

Magyar Telekom discloses data and information on its climate-related activities through the **CDP** (Carbon Disclosure Project) platform.

Magyar Telekom was the first Hungarian company to join the **Science Based Target Initiative (SBTi)** and has emission reduction targets approved by SBTi.

Magyar Telekom has joined the **UNFCCC Climate Neutral Now** initiative.

In 2020 Magyar Telekom joined the **Equalizer Foundation**, where it is also represented on the Board of Trustees. The foundation aims to initiate and support changes that will result in more women leaders in Hungarian economic, cultural, scientific and political life.