



1.

CLIMATE- AND ENVIRONMENTAL PROTECTION

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Magyar Telekom, as a leading info-communication service provider of the region – is committed to sustainable development and within it to environmental issues – in line with its mission.

One of the key-topics of Magyar Telekom's sustainability strategy for the period 2011-2015 is the climate strategy to reduce CO₂-emissions. Further, highlighted environmental, operational eco-efficiency goals:

- Energy consumption: saving energy (reduce consumption), increasing energy efficiency levels, using green energy,
- Reduction of paper consumption, increased use of recycled paper,
- Popularization of solutions to replace travel, and dematerialization solutions,
- Waste management: reduction of waste (increased recycling-rate).

The company pays increased attention to supply our networks with energy-efficient equipment, as many of our products and services must comply with the requirements of environmental sustainability, and in order to be able to leverage the relevant opportunities we offer our customers options to save on energy and to protect the environment. (For more information, please refer to the "2.2 ICT for Sustainability" section.)

Based on the Business Continuity Management System (BCM) we identified the critical climate risks (floods, heat waves) and made plans for them. The yearly measure of the climate damage in the networks did not reach the level for taking action (monthly 50 million HUF).

The DELFIN ("a committed, sustainable and innovative generation") Award competition established by Telekom in 2008 was open for all Hungarian companies in four categories, by submitting projects or programs implemented in 2015. In the Sustainable Innovation and the Climate Protection related procurement and development category the jury gave the DELFIN Award to developments that are aligned with environment protection objectives:

In 2015 the company set the objective of carbon-neutral operation. Magyar Telekom Group (including its foreign subsidiaries, Makedonski Telekom and Crnogorski Telekom) as the first Hungarian large enterprise – and being among the first leading European telecommunication companies – has become completely carbon neutral.

To commemorate the above, T-Systems Hungary symbolically donated 50 trees planted in Budapest to its customers and partners in an eDM. The recipients could download or post the virtual tree on **Facebook**.

- The award went to RT 5 Taxi Holding for implementing the country's first environment friendly "green" taxi fleet and deploying the first electric taxi cabs.

- For climate protection development the jury granted the award to Ericsson Hungary's product re-take program, offering a solution to recycle the devices outphased during the modernization of mobile networks.



In 2015 we continued our carbon offset project. We spent half of the income from our company car policy regulated bonus-malus system to carbon offset. Our aim was to be carbon neutral in 2015. We reached it by using 100% renewable energy for our electricity and we offset the rest of our emissions, by purchasing and retiring CER (Certified Emission Reduction) units. The reduction came from a Chinese (Jiangsu Rudong Huangang Dongling wind power plant) wind farm project and a Peruvian (El Platanal Hydropower plant), with that we offset 52,189 tons of CO₂.

In 2015 Magyar Telekom Plc. purchased 187 GWh of renewable energy, which represents 100% of the total amount of electricity used by the Company. Magyar Telekom Plc. spent 50% of the amount collected as malus payment (HUF 20,408,548 in 2015) by users of personal use cars with emissions above the reference values on decreasing our CO₂ footprint.

Crnogorski Telekom believes that is very important to have a structured approach towards sustainable development and therefore we defined and adopted sustainability targets related to 3 main strategy focuses: reduction of CO₂ emission, volunteering and selective waste collection. In the contest organized by Employers Federation of Montenegro, CT received the award for CSR in the category - environmental protection, for the project: Crnogorski Telekom in the service of sustainable development.

1.1 CLIMATE PROTECTION AND ENERGY EFFICIENCY

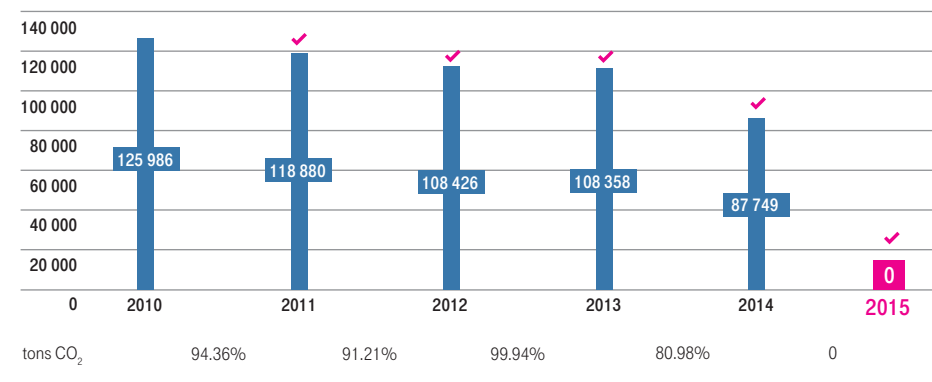
To present the quantitative greenhouse gas emissions of Magyar Telekom Group's activities we use a carbon dioxide index. (We do not

measure greenhouse gases separately; we do not have biogenic CO₂-emissions).

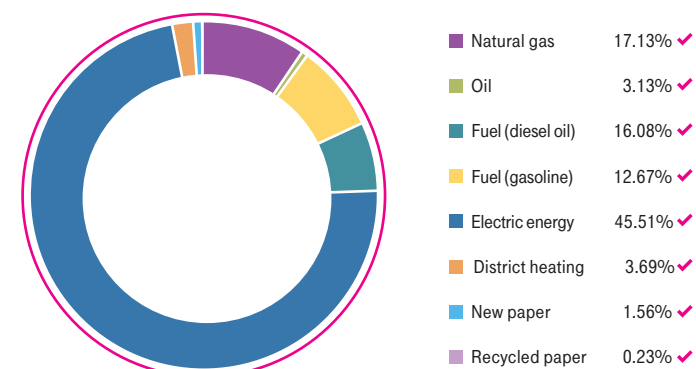
The details of Magyar Telekom Group's CO₂-emissions are given in the following table. The CO₂-conversion factors were determined on the basis of the 2007 recommendations of

the International Energy Agency Data Services (electricity), the UNEP guidelines (heating oil, fuel, natural gas) and by the data provided by a prominent Hungarian paper factory.

AGGREGATED CO₂ IMPACT MAGYAR TELEKOM GROUP



CO₂ IMPACT SHARING, 2015



At Magyar Telekom, we do everything to treat the risk from operation of the fluorine-greenhouse gas containing equipment: a leakage of 1% filling of operating air conditioners would cause a leak of 300 tonnes of CO₂, which would be 0.3% of the total CO₂-emissions. Based on the inspections carried out in accordance with the regulations there was no leakage in 2015. Due to scheduled replacement the R22 filled air conditioners, the number of operating air conditioners decreased with nearly 35% compared to 2014.

1.1.1 CLIMATE PROTECTION RESULTS

Taking the purchase of green energy and carbon offset into account, total ✓ carbon dioxide emissions was neutralized by the Magyar Telekom Group.

The CO₂-emissions from direct and indirect energy consumption remained roughly at last year's level (change within 1% ✓).

At Makedonski Telekom the optimization provides better usage of working space with increased usage ratio which also leads to decrease of the usage of electricity and improvement of the energy efficiency. Crnogorski Telekom set the target to reduce CO₂ emission by 23% until 2020 and made much progress in the field of energy saving, for example reduced CO₂ emissions of the technological area in 2015.

MAGYAR TELEKOM GROUP'S TOTAL CO₂-EMISSIONS ✓

CO ₂ IMPACT [tCO ₂]	2010	2011	2012	2013	2014	2015
Direct energy consumption						
Natural gas	15 372	16 051	10 922	11 400	9 824	8 910
Oil	2 702	2 604	3 001	2 600	2 004 ⁽¹⁾	1 629
Fuel (diesel oil)	8 777	8 853	8 315	8 217	8 317	8 364
Fuel (gasoline)	6 745	6 669	6 359	6 436	6 631	6 590
Fuel (total)	15 521	15 522	14 673	14 653	14 949	14 954
CO₂ emission of direct energy consumption	33 596	34 177	28 596	28 653	26 777	25 493
Indirect energy consumption						
Electric energy	99 849	98 517	94 483	91 361	86 655	87 010
Green energy	11 855	17 381	18 228	11 516	11 516	63 337
Electric energy (adjusted with renewable energy consumption)	87 995	81 136	76 255	79 845	75 139	23 673
District heating	2 475	2 367	1 957	2 156	1 863	1 918
CO₂ emission of indirect energy consumption (adjusted with renewable energy consumption)	90 469	83 503	78 212	82 001	77 001	25 591
Total energy consumption						
CO₂ emission of energy consumption (adjusted with renewable energy consumption)	124 065	117 680	106 808	110 654	103 778	51 084
CO₂ emission of paper consumption						
New paper	1 815	1 038	1 455	1 078	961	813 ⁽²⁾
Recycled paper	106	162	162	146	144	122 ⁽²⁾
CO₂ emission of total paper consumption	1 920	1 200	1 618	1 223	1 106	935
Cumulated CO₂ emission						
CO ₂ emission of indirect energy consumption (adjusted with renewable energy consumption)	124 065	117 680	106 808	110 654	103 778	51 084
CO ₂ emission of total paper consumption	1 920	1 200	1 618	1 223	1 106	935
CO₂ emission eliminated by the Carbon offset project				-3 520	-17 135	-52 189
Cumulated CO₂ emission (adjusted with renewable energy consumption and carbon offset)	125 986	118 880	108 426	108 358	87 749	0 ⁽³⁾

Comments:

(1)The 2014 yearly CO₂ -emission calculation has been revised (page 147 of Sustainability report 2014), due to the adjustment of MakTel's annual fuels use in 2014 (see chapter 1.2.3).

(2)The Y2015 CO₂ - emission from paper usage is a partly measured and partly calculated data (see chapter 1.2.5).

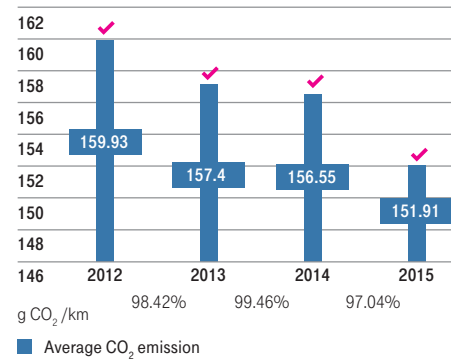
(3) With carbon offset we induced CO₂-emission above the actual emissions (the amount of paper used in the induction contained a higher estimate).

1.1.2 ENERGY EFFICIENCY

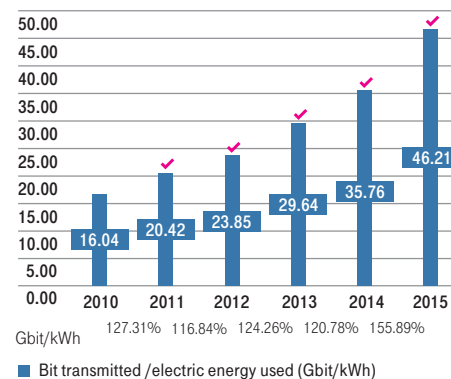
In 2015, the ambitious target set in 2011, the 48 Gbit/kWh was approached, but failed to achieve. The energy efficiency indicator in 2015 46.21 Gbit/kWh.

We apply energy intensity indicators to show the change in two factors that amount to the largest proportion of our CO₂-emissions: the network of electricity use and fuel consumption of motor vehicles. The effectiveness of the energy consumption of Magyar Telekom Plc.'s operation is characterized by the Gbit/kWh (forwarded bits/electricity consumption) energy efficiency indicator. The indicator shows that as the quantity of forwarded

THE AVERAGE CO₂ EMISSION OF CAR POOL MAGYAR TELEKOM PLC.



BIT TRANSMITTED/ ELECTRIC ENERGY USED MAGYAR TELEKOM PLC.



Magyar Telekom-related emissions by suppliers have not been monitored. In 2015 the monitoring of our suppliers' Magyar Telekom-related emissions have been included already in the sustainable supply chain management process within their sustainability evaluation on energy use and emissions.

information grows the energy consumption proportionally reduces (i.e. we transfer more information with less energy). The fuel consumption efficiency is characterized by car pool average CO₂-emissions in g/km ✓.

We would like to increase the first and reduce the second indicator. Average carbon dioxide emissions from vehicles decreased further to 156.55 from 151.91 g CO₂/km.

1.1.3 EQUIPMENT IN CUSTOMERS' PREMISES

Our customers generate significant energy consumption by operating our CPEs, but they are

essential for using our services. We identified three major areas where the energy consumption is significant: the use of mobile phones, TV services, internet services. Because we have no information about what kind of mobile phones they are using, we made our calculation based on an average smartphone's energy consumption (1 kWh/year); for TV services we used an average TV modem (87 kWh/year); and we took an average router (58.2 kWh/year) for internet services. For the calculation we used the number of subscriptions, thus the CPEs' energy consumption worked out as 146.9 GWh, which is equivalent to 49,762 tons of CO₂. It's 5% more than in 2014, due to the increased number of customers.

	CUSTOMERS	CONSUMPTION/ YEAR (KWH)	TOTAL CONSUMPTION/ YEAR (KWH)	CO ₂ EMISSIONS (TONS)
Magyar Telekom Plc.				
Mobile subscriptions	4 949 874	1	4 949 874	1 677
Broadband subscriptions	985 952	58.2	57 382 406	19 435
TV subscriptions	960 092	87	83 527 961	28 291
T-Systems Hungary				
Mobile subscriptions	554 090	1	554 090	188
Broadband subscriptions	8 676	58.2	504 943	171
Hungarian services total:			146 919 274	49 762

1.2 RESOURCES MANAGEMENT

1.2.1 ELECTRICITY CONSUMPTION

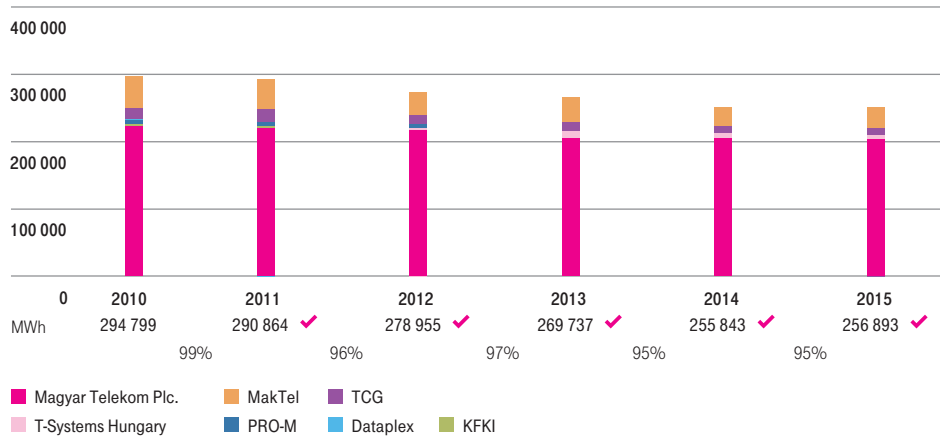
Magyar Telekom Group in 2015, strived to operate energy-efficiently: compared to 2014 electricity consumption continued to decline by 5%.

At Magyar Telekom these days instead of solutions that would represent a huge leap forward, the aggregate of several smaller transformation and caring projects may jointly help us to further reduce energy consumption:

- Our proven ventilation technology has been upgraded in 2015: we implemented the so-called wardrobe type equipment thereby reduced the operation time of air-conditioners thus save electric energy. Currently the main objective is to fine-tune the existing solutions but new solutions are also implemented as a result of the global PSTN (Public Switched Telephone Network) replacement project. With this we take a huge step forward in the field of air conditioner replacement (reducing R22 gas consumption) and we implement lower performance power supply equipment as well.
- We have replaced our power supply equipment in several huge machine rooms; we continued the merge of fixed line and mobile power supply operation at specific sites. Smart cooling technology also develops quickly and it brings continuous results.
- The increase of the temperature of machine rooms is managed as a global project from containers to entire exchanges, regardless of their size. The use of temperature resistant accumulators and accumulator coating is a preparatory phase of the project.
- As a pilot project we equipped four buildings with LED lighting.

The energy savings is considered as a global project: in each of our development, we strive to directly or indirectly reduce energy consumption. Thus, it can become a clear trend of decreasing in the long term.

**ELECTRIC ENERGY CONSUMPTION
MAGYAR TELEKOM GROUP**



The 3-year network modernization project starting from April 15th, 2014, targets the migration of 321 thousand telephone lines over IP-based exchanges (MSAN) for this year. The state of the art low-power equipments generate 300 million kWh of energy savings in 10 years – this volume is equal to the annual electricity consumption of 100,000 households - thus 100,000 tons of CO₂ emission reductions can be achieved. By the end of 2016 the transition can be completed as

planned. In the framework of the project more exchanges have been shut down so far, by the end of 2016 the switch off of additional exchanges is expected.

By means of the significant electricity power savings achieved in result of the data storage modernization program we reduce the impact on our environment. In 2015, 15 pcs high-cost data storages were replaced by the new virtualized storage infrastructure, which resulted

Energy-use reduction and dematerialization solutions

Makedonski Telekom's Smart City project, delivered in 2015, was completed in cooperation with the municipality of Skopje. Within the project was introduced the City Skop-ska Card, that currently is used for payment and authentication purposes of the travelers in the city transport (additional information see Chapter 1.3 Innovation for ICT).

in energy savings worth 45 mHUF. The entire modernization program will be completed in 2016, and we will achieve an overall 30% reduction in energy consumption as a result. Replacing of 25 pcs high operational cost, 1.6 Petabyte capacity storages will result in a total of 132 mHUF electricity savings over 5 years.

With optimization of energy consumption of air conditioners on base stations and RSS – so called free-cooling system – Crnogorski Telekom saved 16 MWh energy in 2015. (Measure is implemented in September, therefore this is saving for 4 months and additional savings are expected in 2016.)

Based on the operational efficiency of the Data Center T-Systems Hungary LLC repeatedly received the prize of „Energy Efficient Company” in the Virtual Power Station Program in 2015.

1.2.2 FLEET MANAGEMENT, FUEL CONSUMPTION

The number of vehicles in the fleet on a Group level continued to drop ✓, according to the usage and distribution of fuel really has not changed. The number of hybrid cars decreased slightly, the number of electric cars has not changed (3 pcs).

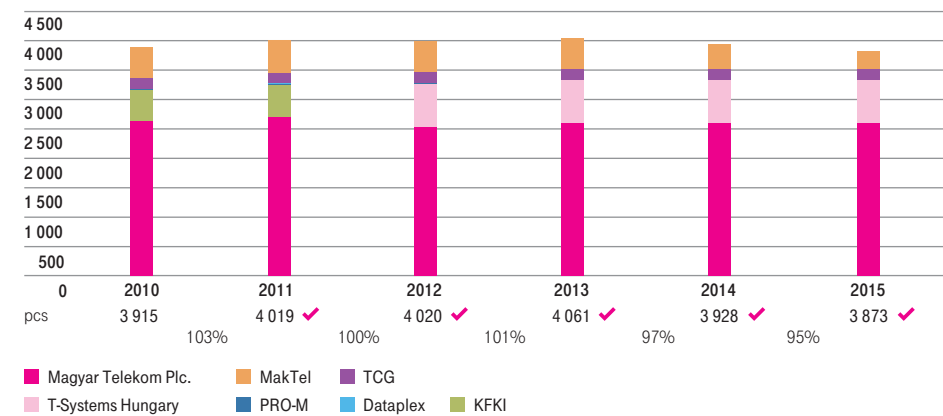
The fuel consumption, average fuel consumption of vehicles, the mileage has remained nearly unchanged ✓ at group level as compared to the previous year. Compared to the base year (2010) an overall of 3.5% reduction was achieved in fuel consumption.

Makedonski Telekom replaced old vehicles with new vehicles equipped with Euro 6 engine and issued guidelines for employees for eco driving.

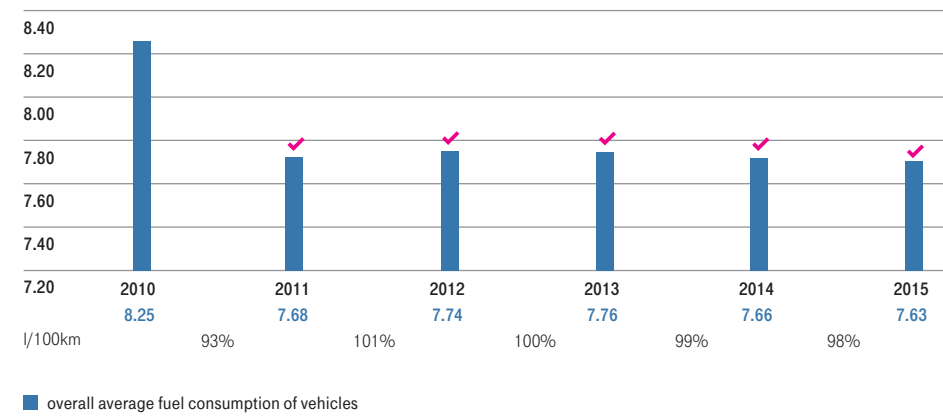
In 2015, 132 operational vehicles are in use at Crnogorski Telekom, and additional 40 leased to Ericsson as Managed Service Provider.

NUMBER OF VEHICLES BY FUEL AND USAGE TYPE AT MAGYAR TELEKOM GROUP	2013	2014	2015	
Broken down by fuel type	4061 ✓	3928 ✓	3873 ✓	-1.40%
Diesel oil	2369 ✓	2261 ✓	2244 ✓	-5.28%
Gasoline	1600 ✓	1572 ✓	1541 ✓	-3.69%
Hybrid	89 ✓	92 ✓	82 ✓	-4.49%
Electric	3 ✓	3 ✓	3 ✓	0.00%
Personal use	1636 ✓	1428 ✓	1423 ✓	-13.02%
	40.29%	36.35%	36.74%	-8.80%
Service operation	2425 ✓	2500 ✓	2450 ✓	1.03%
	59.71%	63.65%	63.26%	5.94%

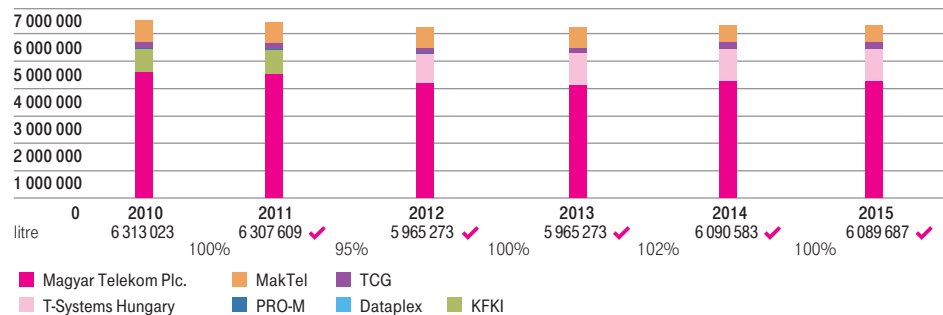
**TOTAL NUMBER OF VEHICLES
MAGYAR TELEKOM GROUP**



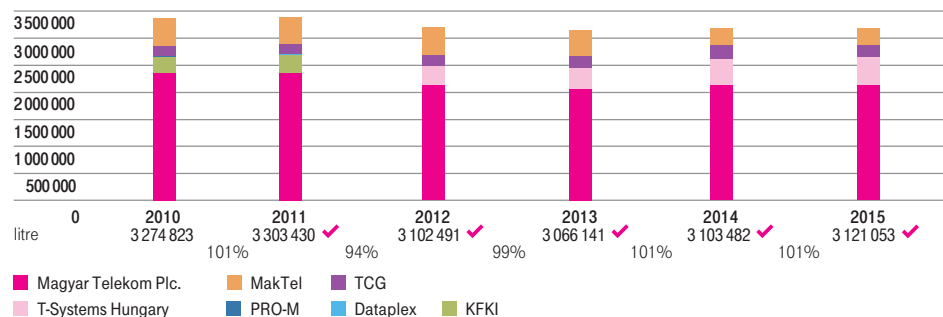
**OVERALL AVERAGE FUEL CONSUMPTION
MAGYAR TELEKOM GROUP**



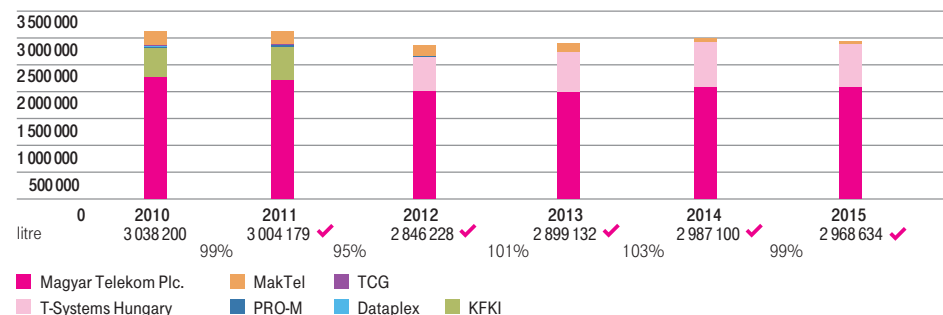
TOTAL FUEL CONSUMPTION OF VEHICLES MAGYAR TELEKOM GROUP



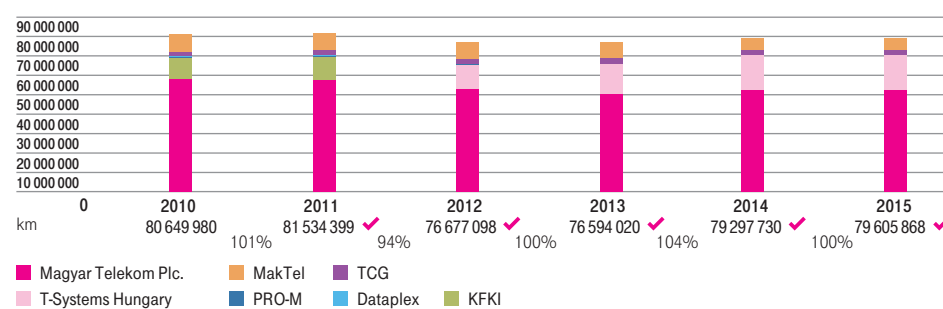
FUEL CONSUMPTION OF VEHICLES (DIESEL) MAGYAR TELEKOM GROUP



FUEL CONSUMPTION OF VEHICLES (GASOLINE) MAGYAR TELEKOM GROUP



MILEAGE OF VEHICLES MAGYAR TELEKOM GROUP



There are future plans for optimization of operational vehicles (considering leasing vs buying, scrapping unused cars, shared usage, procurement of smaller cars, etc.)



An electric car of the fleet is being charged

The electric cars' consumption decreased from 2.63 MWh to 2.36 MWh. (Personal use is more significant due to the state of the nation-wide refill station network.)

Solutions to replace travel

The measure of business trips, the mileage remained at about the 2014 yearly level. (2014: 5,982,689 km, 2015: 6,190,403 km)

TelePresence video conferences

Magyar Telekom's Telepresence utilization level was of around 80%. The amount of replaced travel significantly increased by 10.66% compared to year 2014. Savings on fuel by replacement of car transport: 50,923 litres of diesel fuel and 39,190 litres of gasoline.

Video conference and Telepresence systems are now available in T-Systems Hungary's headquarters in Budafoki str. and in regional offices. In 2015 more than 1065 thousand kilometers of travel was saved, thereby reducing CO₂ emission with 190 tons.

Teleworking

Magyar Telekom has been supporting teleworking for years as it is beneficial for the employer and the employee alike. We started surveying our employees' commuting habits (based on a small sample, but for a large office building in a good location in terms of public transport):

approximately 31% of the employees choose to come to work by car, with 84 kilometres the daily average. Considering this result, teleworking has a significant role to play in replacing travel. For additional information on teleworking see Chapter 5.1 Human rights and equal opportunities.

TeleBike

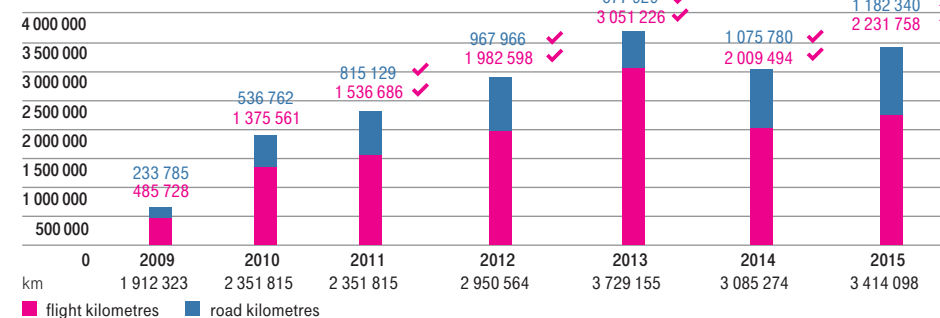
In the spring of 2015, we relaunched TeleBike, Magyar Telekom's employee bike rental system. In 2015, TeleBike offered 53 bikes, and the six new electric bikes, which were also added to the fleet in 2014.

Employees can commute between the offices of the company are located within the Budapest city limits and six T-Systems Hungary sites. Some figures: 1,588 registered users, 8,502 rents, 15,226 kms and 2,862 kg CO₂ emission eliminated in 2015.

Bicycle courier service

Since 2012 Magyar Telekom has been sending some of its consignments by bicycle courier service. Use has increased year on year and is now triple the 2012 level, with more than 3,972 km of car transport replaced and 0.69 tons of CO₂ emissions prevented.

TRAVELS REPLACED BY VIDEO-CONFERENCE MAGYAR TELEKOM GROUP

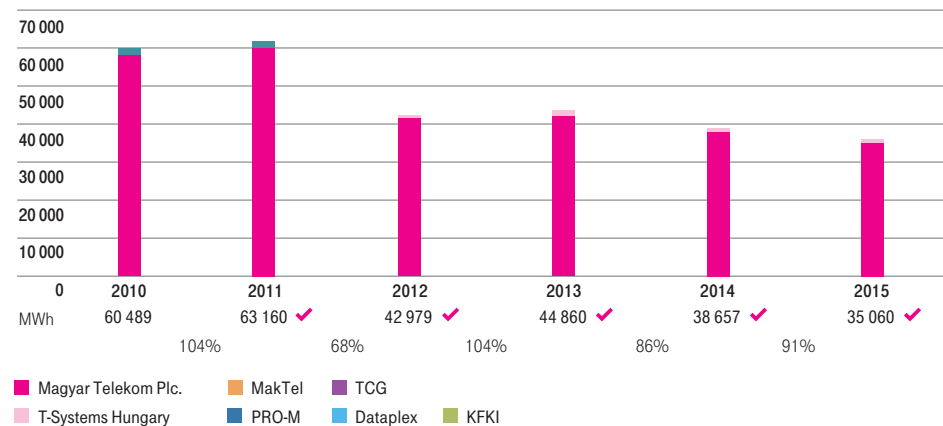


1.2.3 FOSSIL FUEL CONSUMPTION

The Group also continued to decline in natural gas consumption, thanks to (as described in previous reports) initiatives introduced during the strategy period, the natural gas consumption decreased by almost half compared to base year, 2010.

At Makedonski Telekom the use of fuel oil has not disappeared (*Sustainability report 2014* page 156), but significantly decreased by 28% ✓ in comparison to the base year (2010: 9209 MWh, 2015: 2547 MWh): optimization/modification of HVAC systems is being done i.e. the systems for heating based on oil for heating are being closed down and replaced with inverter split system units and panel board for heating.

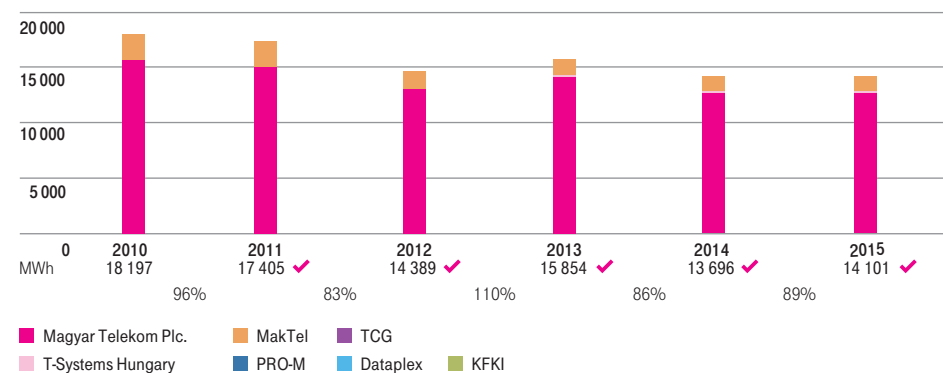
GAS CONSUMPTION MAGYAR TELEKOM GROUP



1.2.4 DISTRICT HEATING

At Group level, the district consumption increased to a small extent (about 3% ✓) compared to the previous year.

DISTRICT HEATING CONSUMPTION MAGYAR TELEKOM GROUP



1.2.5 PAPER CONSUMPTION

Magyar Telekom Group's paper consumption continued to decline more than 15%: the trend observed for many years managed to retain. The usage rate of recycled paper has not changed. (Due to the transition from paper-SAP data usage, based on Magyar Telekom's estimate.)

In 2015 Magyar Telekom innovated personal customer service by introducing e-signature in its shops. This innovative solution may reduce considerably the amount of printed documents, the worktime and costs of printing, filing and storing them. This will also improve the operational efficiency and reduce the environmental burden.

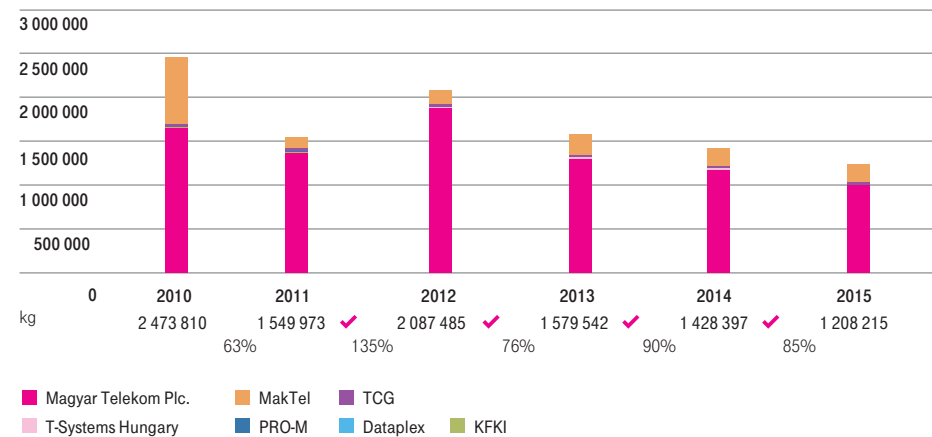
Telekom's aim is to implement full range electronic customer service in the future where legally binding documents with electronically recorded signatures will replace all paper-based contracts. The introduction of e-signature through tablets constitutes the first step of this process.

We report on paper consumption not to reflect on its use, but rather to provide as much accurate data on CO₂-emissions as possible. We make an effort in accordance with DT expectations to more accurately calculate the carbon dioxide emissions resulting from the use of our products and services.

In Hungary, the public relations related marketing paper consumption increased due to public information of network development (newly connected settlements).

In 2015 27% more electronic invoices were issued at Group level as in 2014.

TOTAL PAPER CONSUMPTION MAGYAR TELEKOM GROUP



PAPER CONSUMPTION OF THE GROUP [KG]

	2013	2014	2015	
Total paper consumption [kg] ⁽⁴⁾	1 579 542	1 428 397	1 208 215	-15.41%
Packaging paper [kg]	128 114	175 479	97 371	-44.51%
Office paper [kg]	544 134	481 009	459 653	-4.44%
Bills [kg]	653 966	662 409	315 959	-52.30%
PR and marketing material [kg]	253 328	109 500	335 231	206.15%
Recycled paper of this amount [kg]*	194 056	192 456	162 789	-16.11%
	12.29%	13.47%	13.47%	

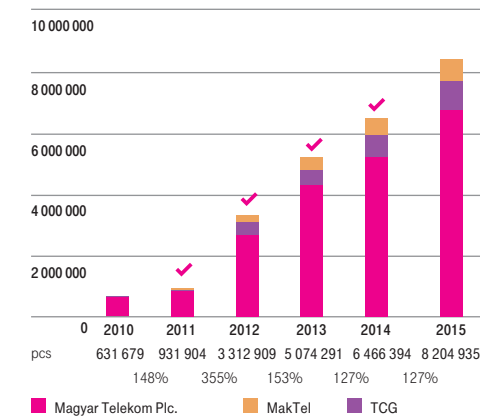
(4) Magyar Telekom 2015 data is estimated

E-billing

During 2015 Crnogorski Telekom's e-business unit (commercial division-consumer segment) continued its efforts to acquire new e-bill customers (direct telesales calls actions), due to this measure at the end of 2015 the e-bill penetration in the residential segment was 31.6%, compared to 28.3% in 2014.

Thanks to the campaigns Hungarian companies also achieved outstanding growth: in Hungary the number of users is over half a million, electronic invoicing constitutes more than 21% of the total invoicing.

ELECTRONIC BILLS (PIECES) MAGYAR TELEKOM GROUP



Office paper consumption

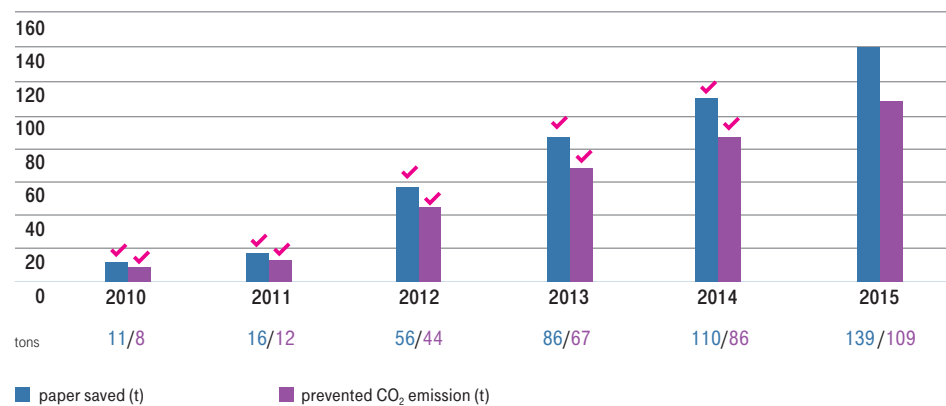
A further 4% decline in group-wide office paper use is attributable to the continued improvement and automation of processes, the spread of paperless officesolutions, the consolidation of the printer pool and the preservation of our achievements in this field.

At Makedonski Telekom the automatization of business processes with the BPMS Platform helps to perform paperless work.

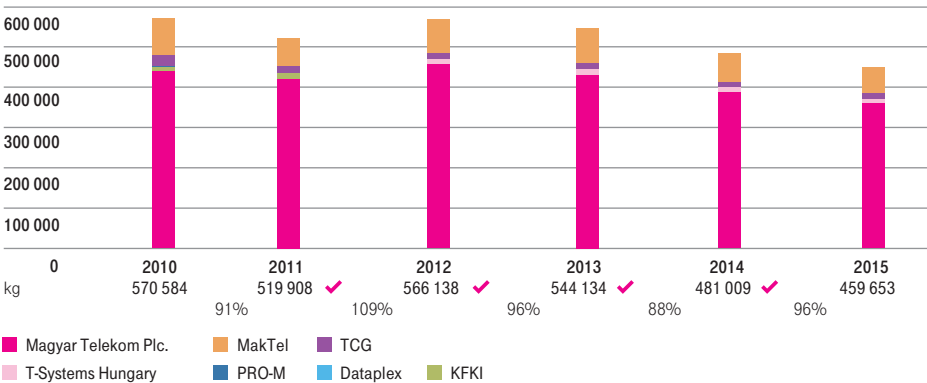
The amount of paper used for packaging decreased significantly (over 44%), but this is the area that we can influence the least because it greatly depends on the projects and the sales portfolio.

At Magyar Telekom we do not only pay attention to the paper use during the traditional sales process, but during online sales too: the clickshop.hu solution recycles cardboard boxes upon delivery and minimizes the amount of plastic used in packaging. Over the past two years the amount of printed promotion material was reduced to a minimum.

PAPER SAVED AND CO₂ EMISSION PREVENTED BY ELETRONIC BILLS MAGYAR TELEKOM GROUP



OFFICE PAPER USED BY EMPLOYEES MAGYAR TELEKOM GROUP



1.2.6 BIODIVERSITY

Magyar Telekom Plc.'s developments do not require the preparation of impact studies (EIA). In 2015 there were no developments in nature reserve or in Nature 2000 areas and there was no damage made to natural values.

Land use, landscape impact

For the Group it is important to implement its projects with only the absolutely necessary impact on the soil, thereby preserving the original biodiversity of the area and making the fit its buildings better into the environment.

The composition of the mobile network represents a slight change at group level: the number of base stations grew by 12% (2013:

In March, 2015 Magyar Telekom and Telenor Hungary agreed to jointly operate and develop their 800MHz 4G mobile networks in all parts of Hungary except Budapest. Under the agreement and in line with the common rollout plan Telenor will design and operate the network in areas west from the Danube whereas Telekom will do the same in the eastern part of the country. The joint construction effort will help us to provide cutting edge mobile technology to our customers in the countryside more quickly; cost-effectively and with less use of the land.

5173, 2014: 5462, 2015: 6102 on Group level). The number of towers shared with other operators increased significantly by 10% (2015: 1749 pieces). The number of sites in Hungary decreased by more than half in the course of a network modernisation project.

Noise and vibration protection

In Magyar Telekom Group sites we have to pay attention to the following potential noise sources: outdoor air-conditioning equipment and emergency diesel generators. Last year's complaint on the noise level of Magyar Telekom was closed to the satisfaction of the complainant and no other complain was received.

Water consumption

The water consumption at Magyar Telekom Group is exclusively for social purposes. Group-level water consumption decreased by more than 8% ✓. Magyar Telekom Plc. reduced its water consumption by 9% thanks to the water-saving solutions (perlators) and decreasing space and headcount.

Magyar Telekom Plc. has 2 drilled wells, from which 13,745 cubic metres of water was taken in 2015.

We help local communities by creating community gardens and using uncultivated land, thereby increasing the diversity of the area: in 2014 Magyar Telekom Plc. began development of three community gardens, of which the first was opened near the company's site on Csárda street, where the local gardeners started their work on 28 plots. In 2015 we opened two more community gardens near the company's site in Soroksári street and Ceglédi street. The community garden in Soroksári street is the biggest in Budapest, where garden owners can work on almost 100 plots.



Planting trees at the ceremonial opening at the Soroksári street community garden

1.3 EMISSIONS

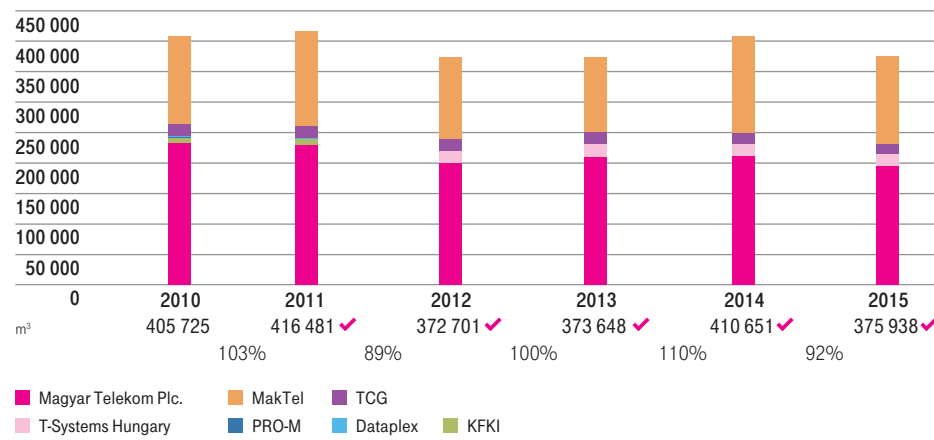
1.3.1 WASTE

The quantity and quality of waste generated greatly depends on the telecommunication projects and developments currently being carried out: on Group level in 2015, compared to 2014, the total amount of waste increased by 18% ✓. (While in the T-Systems data centers the liquid chiller replacement project was completed, so less waste is produced. At Makedonski Telekom the amount of waste copper cable increased significantly as a result of the optical network development.)

The composition of waste shifted toward recyclable waste, so at Group level the recycling rate increased to 28%.

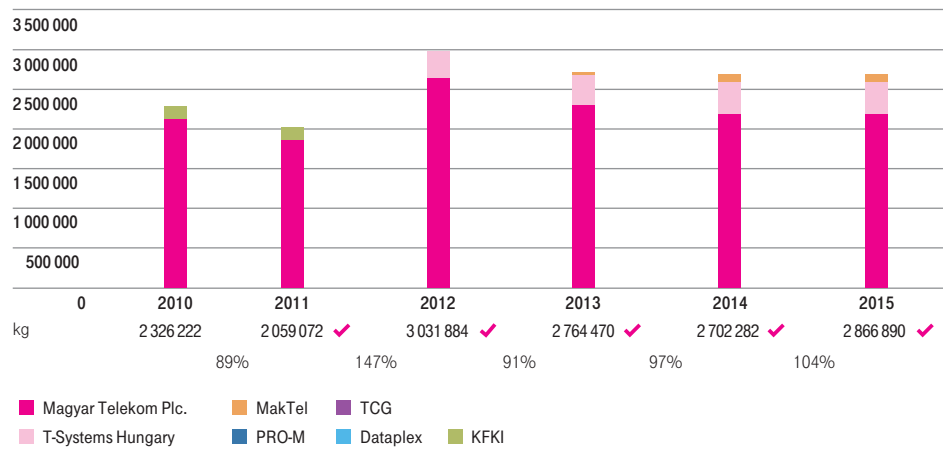
Within Magyar Telekom Group the largest proportion of generated waste (close to 62% ✓) – is still the municipal waste. Second by volume is technological waste, with growing share of 28% ✓; the proportion of hazardous waste is still less than 3% ✓.

WATER CONSUMPTION MAGYAR TELEKOM GROUP

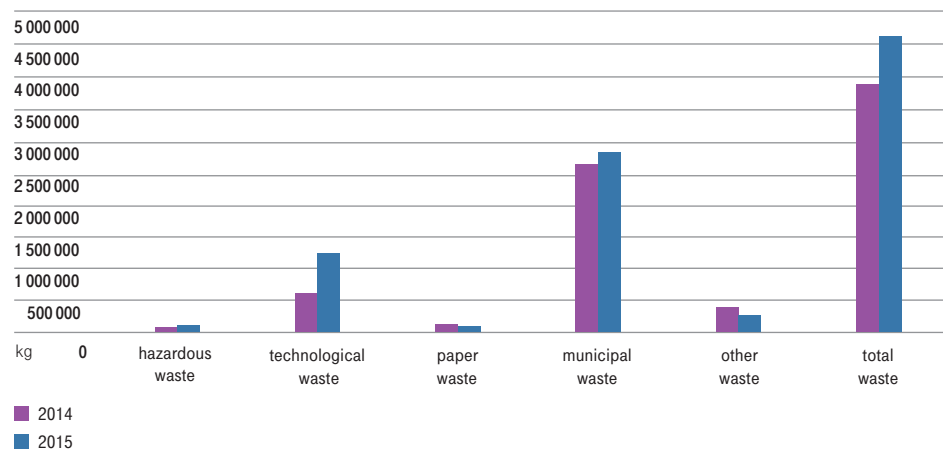


Crnogorski Telekom had a donation of used network and IT equipment to Faculty of Electrical Engineering in Podgorica (instead of disposing this equipment that is for no use any more for CT). Although used, this equipment can be used to set up an IP laboratory at the Faculty of Electrical Engineering, where students can practice the basic settings for configuration of network equipment. Donated equipment consists mostly from switches, routers and firewall systems.

MUNICIPAL WASTE MAGYAR TELEKOM GROUP



QUANTITY OF WASTE BY TYPE, 2014-2015 MAGYAR TELEKOM GROUP



To reduce environmental effects of waste:

- we use our best efforts to re-use unused equipment within the company, or sell them to employees or external partners, to rent or lease or transfer them without compensation (donation)
- ensure selective waste collection in more sites
- improve effectiveness with the revision of collection points, our effective contracts and communication
- In 2015 a DT Group-level policy was released to regulate the management of waste cables.

Hazardous waste

The amount of hazardous waste increased by nearly 15% ✓ at Group level (including a significant increase of the amount of technological hazardous waste by almost 30%) due to network upgrade and maintenance (e.g. batteries, replacement of network elements).

Paper waste

The quantity of paper waste significantly decreased at Group level by 41.16%, partly due to the lower volume of document disposal and partly due to projects to minimize consumption as described in 1.2 Resources management chapter.

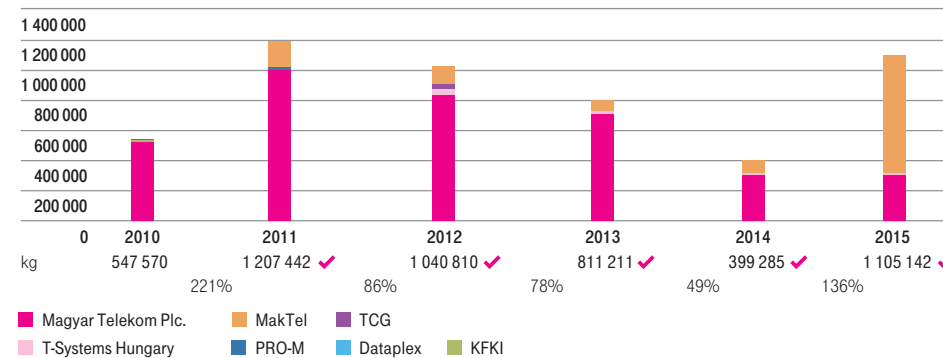
Other waste

The quantitative increase of other waste at Magyar Telekom Plc. can be traced back, in part, to building renovations.

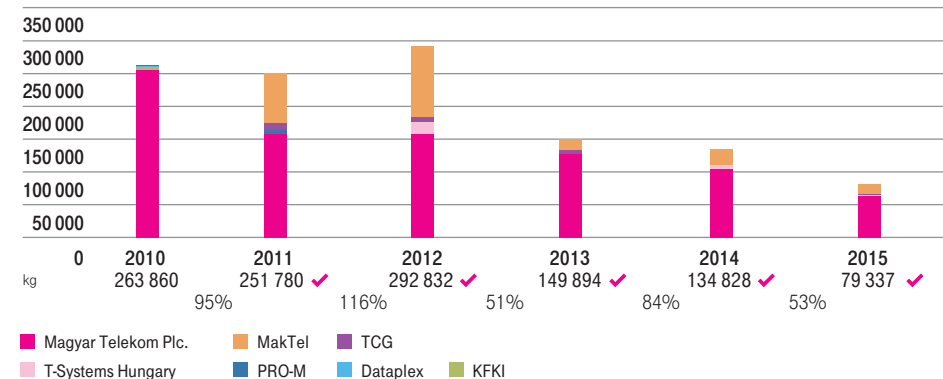
QUANTITY OF WASTE BY TYPE AND RECYCLING RATE AT MAGYAR TELEKOM GROUP, 2010-2015 ✓

	2010	2011	2012	2013	2014	2015
Hazardous waste total [kg]	238 910	149 852	290 929	148 923	104 058	119 556
Recycled hazardous waste [kg]	175 745	99 264	135 088	95 794	56 303	85 194
Technological waste [kg]	548 570	1 206 442	1 233 708	1 079 417	628 656	1 319 757
Recycled technological waste [kg]	547 570	1 207 442	1 040 810	811 211	399 285	1 105 142
Paper waste total [kg]	263 860	251 780	292 832	149 894	134 828	79 337
Recycled paper waste [kg]	257 480	251 780	269 443	143 874	125 248	78 637
Municipal waste [kg]	2 326 222	2 059 072	3 031 884	2 764 470	2 702 282	2 866 890
Recycled municipal waste [kg]	-	-	7 000	2 916	1 140	-
Other waste	134 848	149 960	343 274	241 550	356 145	249 877
Recycled other waste [kg]	65 231	23 000	35 000	24 768	28 394	29 334
Total waste [kg]	3 512 410	3 817 106	5 192 627	4 384 254	3 925 969	4 635 417
Recycled waste total [kg]	1 046 026	1 581 486	1 487 341	1 078 563	610 370	1 298 307
Recycling rate (%)	30%	41%	29%	25%	16%	28%

RECYCLED TECHNOLOGICAL WASTE MAGYAR TELEKOM GROUP



PAPER WASTE MAGYAR TELEKOM GROUP



At Magyar Telekom Plc. the recycling rate is nearly 15%. In the case of municipal waste, local public services must be used, so only estimated data is available; the waste is mainly disposed into licensed landfill sites. The company does not have its waste incinerated or composted. 13% of waste fits into other treatment categories; in these cases the waste management company carries out pre-treatment, selects the recyclable parts, and prepares the waste for final recovery or disposal.

1.3.2 PRODUCER'S RESPONSIBILITY

In cooperation with equipment manufacturers Magyar Telekom is committed to environmentfriendly equipment manufacturing and recycling processes. For more details on our requirements for procurement, please see the chapter 3, titled 'Suppliers'. Sustainable products are elaborated in detail in chapter 2 'Responsible Service'.

The company thinks it important to cause the least impact to the environment; we pay special attention to the reviewing, repair and re-use of the equipment in our network.

The re-use rate of CPE devices decreased to 86% of the previous yearly level, although the number of take-back increased, but the number of new customers grew at a quicker pace.

Hungarian companies comply with producer's responsibilities as follows:

- In the case of electronic equipment subject to product fee regulations most companies choose the payment of the product fee payment and the use of the national collection system. Magyar Telekom Plc. paid more than 33 million HUF product fee for electric and electronic equipment in 2015 (283,897 kg). The national collection rate requirement was 45% in the IT sector (the national system does not report company-level data.)
- In the case of batteries, in accordance with the provisions of law, Magyar Telekom Plc. partly transferred the obligation to intermediary organizations. The intermediary company, in order to reach 40% collection rate, collected and treated 1,579 kg of waste, representing 71% recycling rate.

We inform our customers on our websites – on the various waste disposal options of used equipment and batteries. In spite of ensuring the opportunity to exchange returned waste to discount from the price of new devices the volume of such waste showed a decreasing trend.

1.3.3 IMPACT OF TRANSPORT AND LOGISTICS

Currently the company keeps records of only the internal transport emissions (KPI: mileage, fuel consumption of vehicles). Magyar Telekom Plc.'s 2 biggest logistics partners, which supply our sites, partner outlets and sales channels, travelled more than 2.35 million kilometres in 2015. To reduce the environmental impact of transport in Hungary we prefer procurement from local suppliers (if possible) and the use of bicycle courier services (described in the chapter titled "Solutions to replace travel").

1.3.4 EMISSIONS INTO THE AIR

Magyar Telekom pays an air pollution fee in accordance with national legislation. The amount of pollutants emitted by Magyar Telekom Plc., and the respective fee paid in 2015 was: 689,000 HUF (NOx: 5,746 kg, SOx: 3 kg) (The decrease of the emission is due to reduced hours of operation.)

1.4 ENVIRONMENTAL OBJECTIVES, COSTS AND COMPLIANCE

Electricity and gas consumption showed a significant reduction, more than of 12% and 40% Group-wide, which exceeded the 2015 target values. This was due to the implementation of energy-reduction solutions.

The heating and diesel oil consumption was reduced by 61% compared to the base year. With the reduction of district heating we reduced consumption by 23% with which we overperformed the five-year strategic objective.

Paper consumption was reduced from 2,474 t (2010) to 1,208 t, Crnogorski Telekom performed well above the undertaken 10% rate (more than 50% reduction).

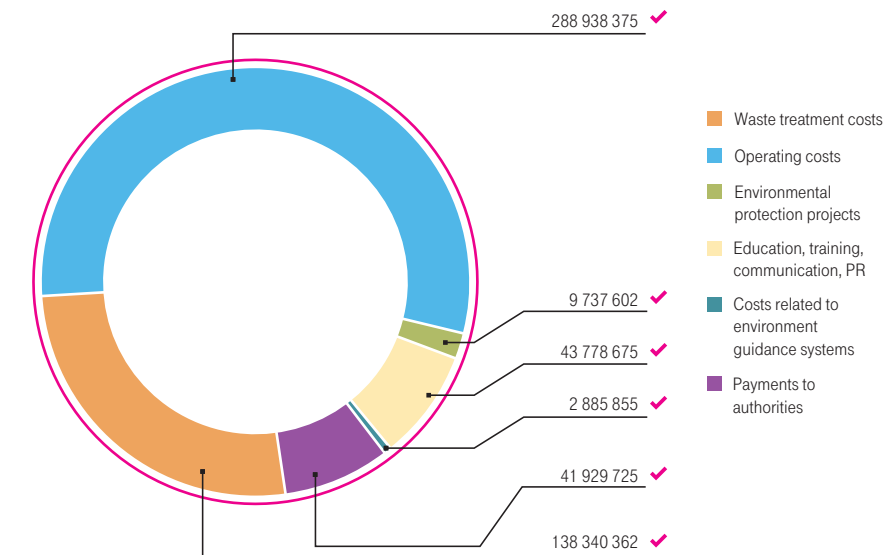
Although we achieved the paper consumption objectives the 25% proportion of office paper/ recycled paper objective was not fulfilled.

The energy efficiency indicator has improved, although only approached and ultimately failed to achieve the 48 Gbit/kWh target.

Total fuel consumption decreased by 3.5% compared to the base year, but we were not able to reach the planned level of reduction.

TARGET AREA	GROUP-WIDE TARGET 2011–2015	PROGRAM ACHIEVEMENT IN 2015 (BASE YEAR: 2010)
Electricity consumption	-5%	achieved
Natural gas consumption	-5%	achieved
Heating energy consumption	-5%	achieved
Fuel consumption of vehicles		
diesel	-5%	not achieved
petrol	-5%	not achieved
Energy efficiency indicator	48 Gbit/kWh	not achieved
Paper consumption	-30%	achieved
Ratio of office paper/recycled paper	25%	not achieved

ENVIRONMENTAL PROTECTION COSTS IN 2015 (HUF) MAGYAR TELEKOM GROUP



The management of our stakeholders' complaints and announcements is the responsibility of the Group Environment Protection Manager. Complaints, messages can be sent to: sustainability@telekom.hu. We use our best efforts to respond to proposals, complaints and enquiries as soon as practicable.

In 2015 Magyar Telekom Plc. received – and closed successfully – four complaints regarding environment protection: 3 were related to electromagnetic fields and 1 to the treatment

of hazardous material. As a result of the complaints there were no adverse rulings against the company as the emission levels were under the limits. The same applies to the noise complaint reported in 2014 ([Sustainability report 2014](#) page 166).

Citizens are very conscious and sensitive to electro-magnetic issues. When receiving complaints we always use our best efforts to offer a satisfactory solution to all stakeholders. There was one complaint where we solved the

problem with the re-design of the facility and in two cases our company decided to discontinue the planned construction work.

T-Systems Hungary Plc. did not receive any environmental complaint in 2015 that required investigation.