



# SUSTAINABILITY REPORT 2020



EGYÜTT. VELED



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# LETTER FROM THE CEO

## DEAR READER,

*2020 was an extraordinary year in every meaning of the word. We faced a series of unprecedented challenges socially, economically, but primarily on the front of healthcare. The shock was unexpected and drastic, so most probably the question occurred to everyone: will we be able to remain afloat? Although no one had predicted the breakout of the COVID19 pandemic, it is clearly visible with the benefit of hindsight that the crisis is closely related to how our civilization interacts with nature, thus making our collective responsibility for sustainability much clearer than ever before. For Magyar Telekom, this warning is also a form of confirmation, as we have been committed for years to the fastest possible achievement of the sustainability goals, a fact clearly reflected by our report.*

Magyar Telekom has been adapting its operations to sustainability strategies since 2005, the latest of which has been drawn up to encompass five years. Our Sustainability Report 2020 sums up, and concludes in a sense, the last year of the strategy launched in 2016. “Be smarter than five years ago,” was the objective we set ourselves at the start, and now, at the conclusion of the program, I truly feel we have done everything within our power to live up to that motto. Telekom today is more sophisticated, more efficient, in other words smarter, in terms of technologies, operations and educational efforts alike, than at the time the strategy was laid down. The last year of the five-year cycle posed especially many challenges for us, but looking back, I can say, we may have even done a better job under the extreme conditions, than we would have thought ourselves capable of. Last year concluded a period in which we learned a lot and gained much experience that we can confidently build on, when we define a new, ambitious strategy and set of objectives for ourselves in 2021.

2020 was extraordinary not only because of the pandemic: many historic events took place at Telekom, but fortunately, all of them were positive in their nature. All the major innovative initiatives we embark upon are aimed at our social mission, the digitization of Hungary, as we are confident that that is the way to progress, and that is how we can do the most to enable all Hungarian citizens to get somewhat closer to achieving their own goals. We believe with a firm conviction in this effort, and thus considered it a major milestone, when we put into operation the two millionth access point as part of our gigabit network development program in the first half of 2020, thus making gigabit access available on 45% of all points of demand in Hungary.

We also reached another technological milestone last year that constitutes the beginning of a new era without any exaggeration. In incredibly difficult pandemic times, when close to 100 percent of our personnel worked from home, we launched our commercial 5G service according to the original plans and without any problems, and started to roll out its coverage along a strict schedule during the rest of the year. We are convinced that the new technology will bring along a paradigm change not only for telecommunications, but also for the whole economy and for many layers of society – from industrial campuses, through vehicle design to healthcare.

Though I have touched upon the topic several times, I believe the experience we gained with the pandemic are worth to address once more briefly. I am proud that we, as an employer had identified the threat at an early stage and were able to switch almost our entire operations to a home office platform. That is a major achievement in itself, since telecommunication had to cope with workloads higher by orders of magnitude last year than the ones

our systems had been equipped to undertake. We had to carry most of the economy on our shoulders, and we did not only bore that weight, but even proactively helped wherever we could. To name only a couple of initiatives: we were among the first to provide data packages as gifts to our customers, to render the online traffic of all platforms used for distance learning free of charge, and we might still be the only Hungarian employer to establish a fund to support colleagues who fell upon hard times due to the pandemic. I think we managed to demonstrate what the “network of actions”, which we often refer to in our commercial communications, really stands for.

We are aware, of course, that running a high-performance network is an energy-intensive exercise, which we need to keep under control by constant efforts of rationalization. As a result of our climate strategy, our actual carbon-dioxide emission decreased to 85,000 tons, even beyond the original target of 100.000, and let's not forget that we have been operating carbon-neutrally for the sixth year in a row, and 100 per cent of our electric power consumption is from renewing sources. In light of our achievements, we can proudly claim that we do everything within our power to not only support climate protection by the beneficial nature of ICT services, but even to minimize their adverse effects. We invited our customers to adopt the same mentality by offering them our Extranet Green 1 GB product option, which ninety-thousand of them subscribed to by the end of the period covered by the strategy.

The educational objective of our sustainability strategy was to contribute to increasing the awareness of one million people in the five year period in terms of digitization, sustainability or training. I am proud that by the end of 2020, we had managed to reach out to more than two and a half as many people through programs like our “Become a Member of Generation Now!” initiative aimed at developing pensioners’ digital skills. We promoted sustainability-consciousness by volunteer work, and have organized our Sustainability Day event, which drew an audience of 31.000 people in total during the strategic period.

Being a telecom service provider, we considered it important that half of our sales revenue should come from sustainable products. Though we could not fully achieve that target, we are quite satisfied with the 35.6 per cent ratio. Magyar Telekom and T-Systems Hungary constantly work on the introduction of new, smart technologies, including ones applicable in areas like city transport and energy supply or agriculture. In that spirit, 94 per cent of our innovative expenditure in 2020 were attached to developments that clearly create value for the society and our environment. One of our earlier developments that demonstrated its value in a major way for the first time last year is the boost we had given to electronic billing, commerce and customer services, as a result of which the paper consumption of our shops decreased by 84 per cent during the five-year period.

In 2018, we included it among our top sustainability objectives to make Telekom a diverse and inclusive workplace – and it was in the framework of that effort that we launched our unconscious bias training. In order to digitally support equal opportunity, we continue to maintain our “Hello holnap!” fleet designed for those living with handicaps, and telework has become common practice among our employees due to the pandemic. As to gender equality, we have achieved it for the first time that half of our top management are women, and the ratio of female managers in total is 27 per cent.

As part of our strive for sustainability, we continue to observe the UN Global Compact objectives and Sustainable Development Goals (SDG) as standards to follow. An important feedback about our efforts is how we are assessed by responsible investor analysts, in which we have done quite well in 2020, too, as we are ranked to be among the leaders of our industry at the FTSE4Good, the ISS and the MSCI assessments alike. Our climate change processes and achievements received a “B” assessment from CDP, we got an “A” in the supply chain category, and continue to be listed in the CECE SRI (formerly known as CEERIUS) index. All the above have surely contributed to the fact that according to our survey, approximately 45 per cent of the company’s freely floated shares are held by responsible investors.

Looking back upon our performance of the past five years, I believe we have every right to be satisfied, as we achieved most the objectives we had set for ourselves, and some we even significantly overachieved. Being satisfied, however, does not mean we can afford to make ourselves comfortable. Magyar Telekom has just concluded its latest five-year sustainability strategy, but has immediately started a new chapter, as well, as we have to define a new set of objectives for ourselves effective from 2021. There are still a lot to do for the harmonization of the economic, social and environmental challenges, and seeing the order of magnitude this task represents, I believe we will have to do more and more each year.

Budapest, June 1 2021



**TIBOR RÉKASI**  
Chief Executive Officer



OUR APPROACH

Sustainability approach

Since Magyar Telekom long ago recognised the overall importance of sustainable development, as well as the fact that this is specifically critical for future business operations, it remains committed to pursuing its operations, corporate governance and other activities in the spirit of sustainable development in Hungary and in all countries where the Group is present through its operations or partnerships, which is not only a token of our future business success, but one of our major assets in light of the Group’s role in the region and its social, environmental and economic influence.

Sustainable development is not a challenge for any single individual. It affects everyone across the whole corporate Group. Therefore, it cannot be approached as a task dedicated to one organisational unit. The different entities of the Group learn about and then apply the sustainable practices applicable in their respective areas through the policies governing internal operating procedures. Our newly-hired employees familiarise themselves with and start to apply the sustainable operating principles that govern the whole Group and are present as an organic part of our corporate culture. The specific tasks often involve totally different entities within the Group, and require the cooperation of organizations far away from each other. Magyar Telekom’s sustainable corporate governance practice is described in the **Chapter on Corporate Governance**.

Values identified by our sustainability approach in the environmental, economic and social dimensions:

Economic dimension

- Business venture, integrity, transparency
- Vision, innovation
- Employees, team, dynamism
- Our clients

Social dimension

- Democracy, information society
- The future generations, sustainable society
- Diversity, social solidarity, quality of life
- Partnership, talent, creativity

Környezeti dimenzió

- The Earth
- A viable and wholesome environment
- Nature, biological diversity
- Natural resources

BE SMARTER! – 4th Sustainability Strategy (2016-2020)

Magyar Telekom’s 4th Sustainability Strategy was compiled with the main objective to make sustainability an integral part of Magyar Telekom’s business. To achieve this, the company has strived to fully achieve the goals of all three pillars of sustainability, to be credible and innovative. The four focus areas of the strategy until the end of 2020 included, climate protection, training and awareness-raising, promoting sustainability through digitalisation, and making Magyar Telekom an open and safe workplace for everyone.

Climate protection

Our goal was to make our customers climate-conscious, too, and to be an authentic and responsible company that helps them along that journey. It was our ambitious objective to generate revenue from our climate protection activities, as the ICT world offers especially great potential for that, at the same time to push Magyar Telekom Group’s actual CO<sub>2</sub> emissions below 100,000 tons. In order to achieve the above, in addition to the emission-decreasing initiatives, we also needed to work on elaborating “green” services specifically.

By the end of 2020, the Magyar Telekom Group managed to reduce its actual emissions to below the target of 100,000 tons of CO<sub>2</sub> (85,400 t CO<sub>2</sub>), and in parallel, in 2019 we introduced the ExtraNet Green 1 GB data extension option, the first explicitly-green service on the market.

Education

We wanted to assume a role in educating the public and our customers. Our goal was to directly or indirectly reach 1 million people in Hungary with our training by the end of the period covered by the strategy. We should primarily focus these digitisation and responsibility related trainings on three areas: programs aimed at eliminating the digital gap, the succession pool of the industry and awareness raising edutainment/inspiration activities.

Although the pandemic that hit our country in March 2020 complicated the processes in several areas, during the strategic period, Magyar Telekom’s education programmes reached more than 2.5 million people in Hungary.

Digitally enabled sustainability

Being a sustainable digital company, it was our clear expectation that our customers should also use sustainable digital services. To that end, we strove to pursue responsible marketing and activities that enable and inspire others, as well as those based on sharing. In this context, our goal was that awareness about Magyar Telekom, as a sustainable company should reach 50%.

In 2020, 35.6% of Magyar Telekom’s revenue came from products and services assessed as sustainability indicators, and we are proud that nearly 100% of our innovation spending last year was socially and/or environmentally beneficial. Even though the company’s sustainability awareness did not reach 50% by the end of the strategy period, along the milestones defined within the objective, Magyar Telekom Group employees volunteered more than 45,000 hours nationwide, making a contribution in principle to Hungarian society worth more than HUF 140 million over the 5-year period, and the company supported the widespread use of digitalisation opportunities in Hungary with more than 50 smart city and smart agriculture solutions.

Diversity and inclusion

As a responsible employer we have paid special attention to the elimination of discrimination from the workplace environment, ensuring that all voices be heard and all perspectives respected. Our equity and inclusion efforts implied a special focus on the diverse needs of employees coming from underrepresented social groups when it comes to the comfort of well-being, sense of belonging or career aspirations.

The Y2020 report has been structured along the above-mentioned focus areas to present the sustainability performance of the company.

SUSTAINABILITY STRATEGY STATUS BY SUBTASKS

Climate protection

- Operational emission decrease
- Customer greening solutions

Education

- Digital competencies
- Industry succession
- Edutainment/Inspiration

Digitally Enabled Sustainability

- Responsible marketing
- Enabling, inspiring sharing activities

Diversity & Inclusion

- Corporate governance
- Diversity and inclusion
- Workforce diversity
- Workplace flexibility
- Accessibility

Sustainable Development Goals (SDGs)

In 2015, the UN adopted its sustainable development blueprint to be implemented by 2030. These 17 goals and 169 targets determine the main direction towards resolving the most urgent problems posing a threat to humanity and the planet. Magyar Telekom elaborated its Sustainability Strategy encompassing the period from 2016 through 2020 in line with these SDGs.



## SUSTAINABILITY STRATEGY 2016–2020 OF MAGYAR TELEKOM GROUP



In each chapter of the Sustainability Report, we indicate which SDG the specific chapter is relevant to, and we also compiled a **separate report** that includes which goals we consider as priorities throughout our activities, and how we contribute to the achievement of specific targets.

Publicly listed companies are increasingly expected to clearly state their corporate governance principles and the extent to which, those principles are implemented. As a company listed on the Budapest Stock Exchange, Magyar Telekom is highly committed to measuring up to these expectations and to meeting legal and stock exchange requirements.

To increase the transparency of the company's corporate governance practices Magyar Telekom provides abundant information on **this** website.

Information on general meetings and the resolutions adopted at them is available on **this** website.

## SUSTAINABILITY COORDINATION

The group-level governance of corporate sustainability operations in 2020 is shown on the diagram below. The Group-level coordination is implemented under the auspices of the Sustainability Committee (SC) from 2020 (previously: Group Sustainability Coordination Council). In the operation of the SC, strategy formulation and strategy management are separate, so that sustainability activity is carried out at two levels:

### 1. Strategy development and strategy management

Within the SC, the strategic vision is developed, and the implementation of the strategy is managed, communications are prepared and relations with various national and international organisations are managed.

### 2. The operative implementation level

Operational activities, execution of tasks, data reporting, etc. are carried out within the organisations of the management areas and business lines.

The SC's operation is regulated by a group level directive: on the regulation of Magyar Telekom Group's sustainability operation and the responsibilities and competence of stakeholders. According to the directive, the SC meets regularly, at least quarterly, to coordinate company and group sustainability tasks effectively, with decisions taken by SC members through voting.

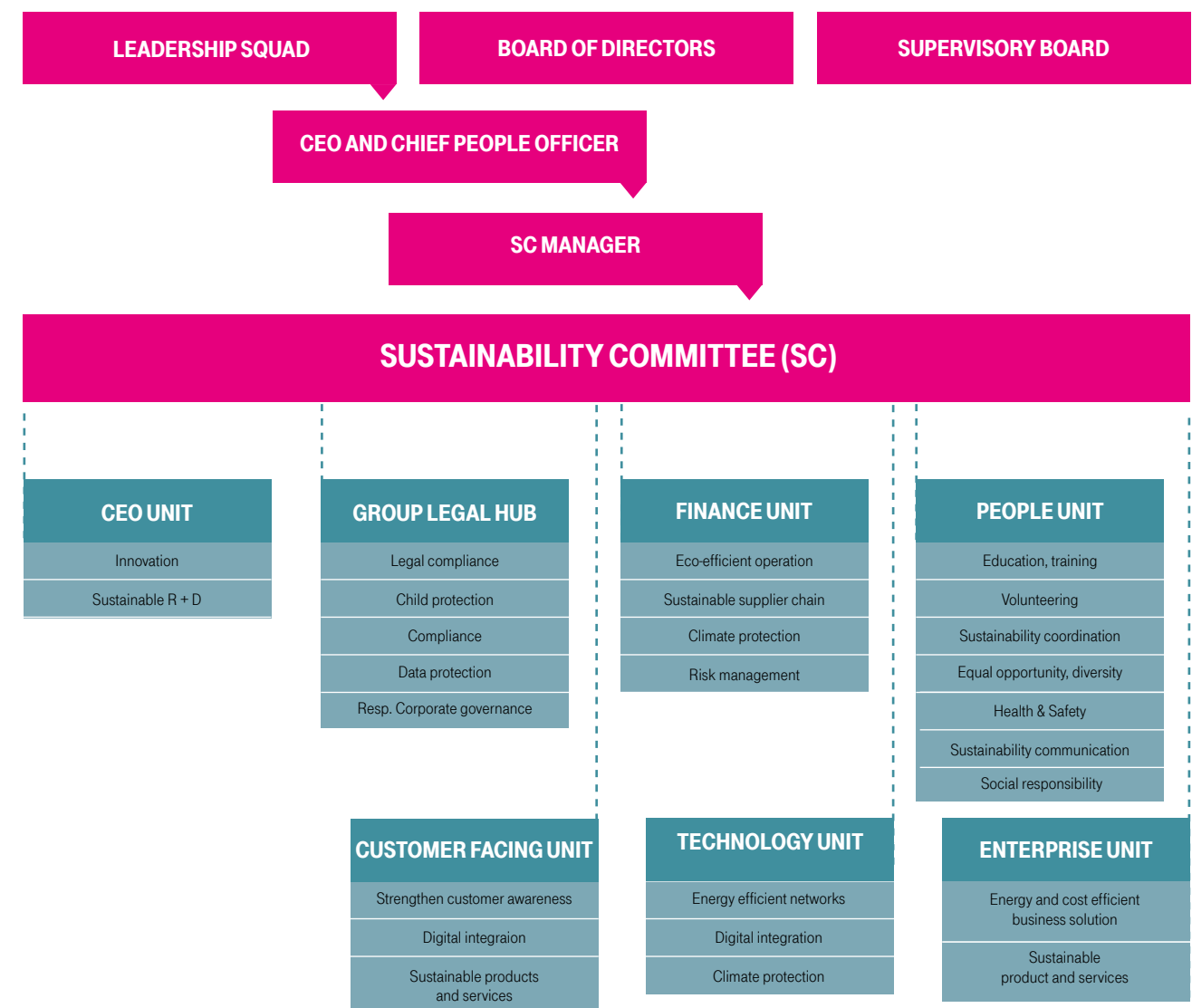
The SC provides regular reports and presentations to the Chief Executive Officer (CEO) and the Chief People Officer, on the basis of which they set the main direction of the Magyar Telekom Group's sustainability activities and make decisions on the following topics, with the input of the members of the Leadership Squad:

- Group policies
- Group Sustainability strategy
- Group Sustainability goals
- Group Sustainability development tasks
- Group Sustainability communication roadmap

The Leadership Squad liaises with stakeholders directly or through the SC. Inquiries received are channelled to the individual areas, with critical sustainability-related inquiries being forwarded by SC members to the relevant people.

Communication is based on the results of the above activities, one important element of which is the annual Sustainability Report, which in 2020 was overseen by the senior sustainability manager, the CPO, professionally managed by the Corporate Communication HUB and with Planet Fanatics' Network LLC. as sustainability advisor.

## SUSTAINABILITY MANAGEMENT OF MAGYAR TELEKOM IN 2020



### Hierarchy of the sustainability activities

The changes in the hierarchy of the Magyar Telekom Group's sustainability activities and in the structure of the Group As a resulted from the agile transformation are presented in the annual sustainability reports.

The sustainability strategy was determined in line with various policies of the Group, Hungarian and international trends (climate protection, electromagnetic fields, responsible content services, etc.) and in consideration of the stakeholders' expectations (i.e. proposals made had various sustainability forums, email messages, survey results, etc.). The continuously- updated strategy then served as a basis of our tasks and objectives.

All our activities are supervised by the CEO and the CPO, based on our regular reports. In order to manage risks that may have an impact on the business we established the sustainable supplier chain management process. Incidents are managed by a work group established by the SC and based on them we elaborate measures to mitigate potential future exposures.

COMPETENCE	RESPONSIBLE
determination of main directions, decision on key issues	CEO and Chief People Officer
ensuring the necessary framework and supervision of the activities	Chief People Officer, member of Leadership Squad
making the decisions and resolutions necessary for the opeation, ensuring the coordination for the performance of tasks	Sustainability Committee (SC)
professional management; harmonized implementation of group level tasks; participation in the Hungarian and international professional activities	SC manager - Corporate Communication HUB Lead
implementation of tasks of the management area/organization/member company, information, participation in meetings, data supply, implementation of operative tasks	SC members

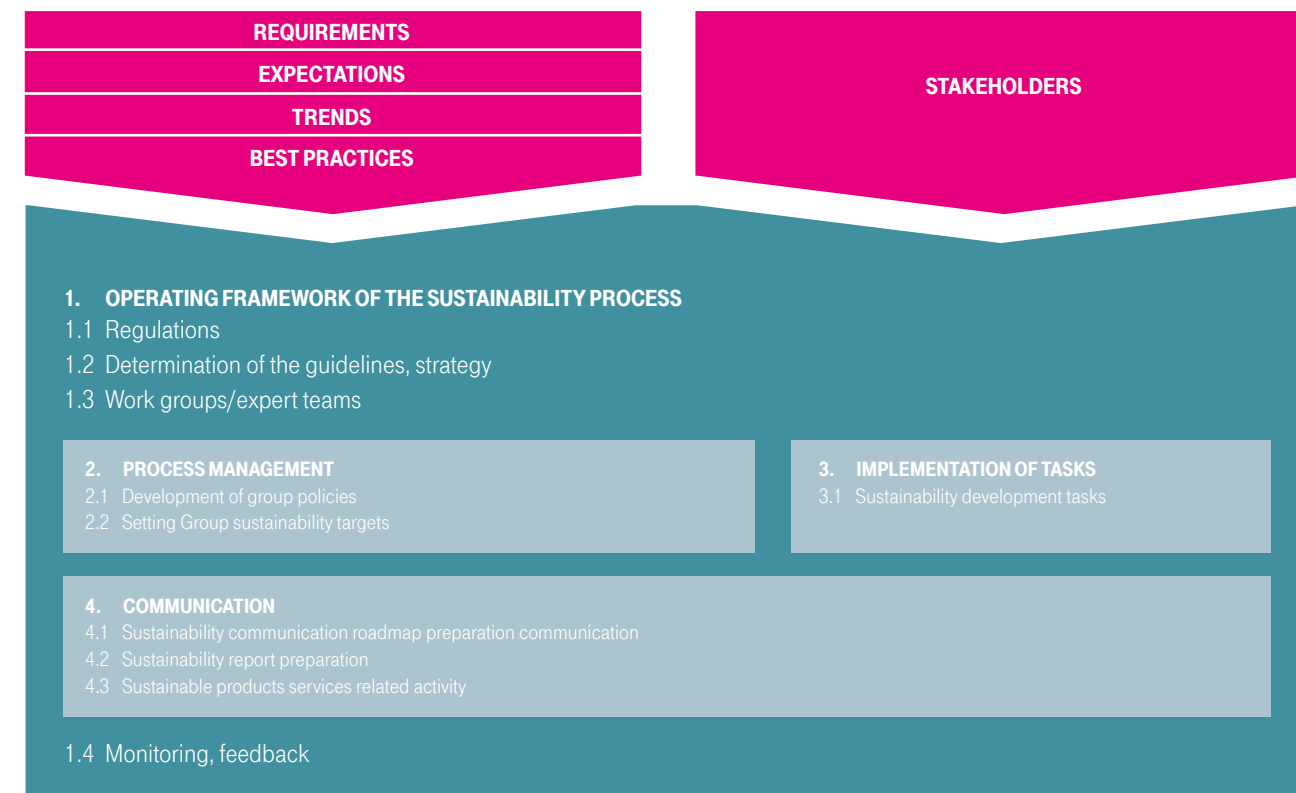


## REGULATION OF THE SUSTAINABILITY ACTIVITIES, GROUP SUSTAINABILITY PROCESS, ENVIRONMENTAL COORDINATION

The sustainability management process covers Magyar Telekom Group's entire sustainability activity (including environment protection).



THE CONNECTION OF SUB-PROCESSES AND ACTIVITIES ARE SHOWN IN THE FOLLOWING FIGURE:



## CORPORATE COMPLIANCE

Magyar Telekom Group's Corporate Compliance Program has been elaborated with the aim of ensuring that Magyar Telekom Group conducts its business with maximum awareness and commitment, in accordance with relevant laws and regulations, in harmony with the strictest possible business ethics standards.

To this end we have issued directives addressing the potential compliance risks, operate the procedures contained by them and provide continuous training for our employees. Clear processes are in place for whistle-blowing, investigation, monitoring and remedy of suspected cases of non-compliance.

The Corporate Compliance Program is supervised by the Group Compliance Manager. The Group Compliance Manager reports directly to the Audit Committee and is in direct contact with the Board of Directors, the Supervisory Board and the management. The central point of the Compliance Program is the Code of Conduct that summarises the relevant requirements and the applicable ethical norms. Employees may ask compliance-related questions through the Ask me! portal.

## RISK MANAGEMENT

It is our **policy** that all disclosures made by us to our shareholders and the investment community be accurate and complete, and present fairly our financial condition and results of operations in all material respects. Such disclosures should be made on a timely basis as required by applicable laws, rules and regulations. To achieve these objectives, we developed and have continuously enhanced our risk management policies.

Our risk management includes identification, assessment and evaluation of risks, development of necessary action plans, as well as monitoring of performance and results. For risk management to be effective, we must ensure that management take business decisions with a full understanding of all relevant risks.

In 1999 we established a formal risk management system. This system has been operating in an integrated manner with the risk management system of Deutsche Telekom since 2002.

All risks related to material internal and external operations, financial and legal compliance and certain other risks are evaluated and managed by a well-defined internal mechanism. A risk management handbook and an internal regulation on risk management were issued. A risk management course was developed for employees responsible for risk management in all organisational areas.

The Company verified the cases of unethical conduct reported during the year and launched appropriate investigations if it was considered necessary. In the cases where the action of fraud was verified, necessary remedial actions were duly taken. Complaints and comments related to issues and violations of internal and external regulations can be submitted to Magyar Telekom Group's Tell me! Portal.

Risk items affecting our operations are reviewed quarterly throughout the Company. All of our subsidiaries, business units, divisions and entities are obliged to identify and report their operational risks on a quarterly basis. After evaluation of these risks, results are reported to our management, to the Board of Directors and to the Audit Committee.

For the sake of prompt disclosure of all risk items influencing investors' decisions, we enhanced our risk management procedures with a new element, we complemented our quarterly risk reporting system with a continuous reporting procedure which requires all of our departments and subsidiaries to report on a real-time basis any new material fact, information or risk that comes to their knowledge. Information thus submitted is monitored and evaluated by the risk management area and the CFO is notified when a new material risk or information is identified.

An internal regulation has been issued to define responsibilities of each employee in risk monitoring and management.





# 1.

## CLIMATE PROTECTION

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## 6 CLEAN WATER AND SANITATION



## 7 AFFORDABLE AND CLEAN ENERGY



## 11 SUSTAINABLE CITIES AND COMMUNITIES



## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



## 13 CLIMATE ACTION



As a leading provider of info-communications services in the region, Magyar Telekom's commitment to sustainable development with a focus on preserving the environment lies at the centre of its mission. As a big emitter we realise that many of our products and services enable our customers to be more climate friendly, thus we set strict emission reduction targets for ourselves. In our new Sustainability Strategy 2016-2020 we set the ambitious goal of reducing the level of our carbon dioxide emission to below 100 000 tons.

In 2018 we were the first and only company in Hungary, whose long-term emission reduction targets had been approved by Science Based Target initiatives, in 2019 we updated the targets according to IPCC's 1,5°C scenario:

- reduce absolute scope 1 and 2 greenhouse gas (GHG) emissions 84% by 2030 from a 2015 base year.
- reduce absolute Scope 3 GHG emissions 30% by 2030 from a 2017 base-year.

One of our base years for emission reduction is 2015, therefore in this chapter we provide data for 2015 and for the last five years. Emission reduction targets approved by Science Based Target initiatives apply only to Magyar Telekom Plc., not to all subsidiaries of the Group.

## WE'VE HAD OUR SCIENCE-BASED TARGET APPROVED



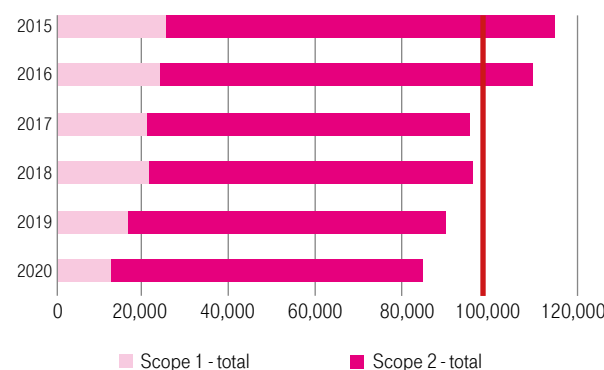
2020 marked the sixth year in which Magyar Telekom Group set the objective of carbon-neutral operation – and reached it. We spent half of the income of our company car policy regulated bonus-malus system to carbon offset. We purchased 180 GWh (648 000 GJ) renewable energy - produced exclusively by wind and photovoltaic power plants. Renewable energy purchased with a guarantee of origin covered 100% of the total amount of electricity used by Hungarian member companies and 66% of the Group's total energy consumption, in addition to which, we purchased and retired 24,434 CER units to be 100% carbon neutral.

## Strategic Goals

Magyar Telekom's sustainability strategy for the period 2016-2020 points to the focus of climate protection and the reduction of CO<sub>2</sub>-emissions. Our highlighted environmental and operational ecoefficiency goals are:

- Reducing our CO<sub>2</sub> emissions
- Energy consumption: saving energy (reduce consumption), increase of energy efficiency levels, using green energy
- Increase the energy efficiency of our buildings
- Decrease our fleet consumption, promotion of travel substitute solutions and dematerialisation solutions
- Introduction of sustainable and climate-friendly products and services
- Measure the climate footprint of our customers and suppliers

## DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) EMISSIONS OF THE MAGYAR TELEKOM GROUP, 2015-2020



## Risks and opportunities

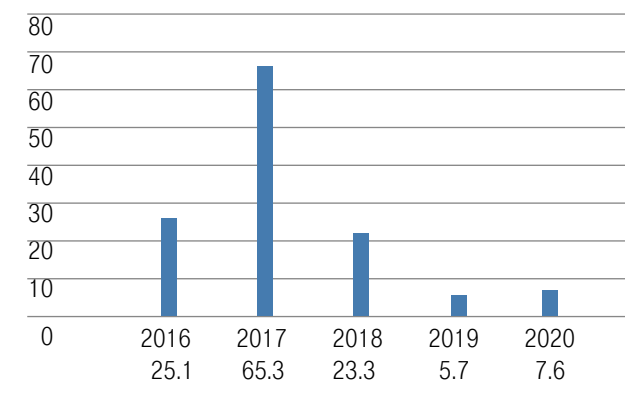
Based on the Business Continuity Management System (BCM) we have identified the critical climate risks (floods and heat waves) that might affect our operations and we have prepared action plans for possible risk management. According to our annual assessment the rate of climate damage in the network did not reach the level of intervention (HUF 50 million damage/month). In 2020 we have identified 74 ✓ climate-related cases (storm damage).

In 2020, business was greatly transformed by the pandemic. Hungarian colleagues worked in home offices in more than half of their working time, which has slightly reduced the energy consumption of the buildings.

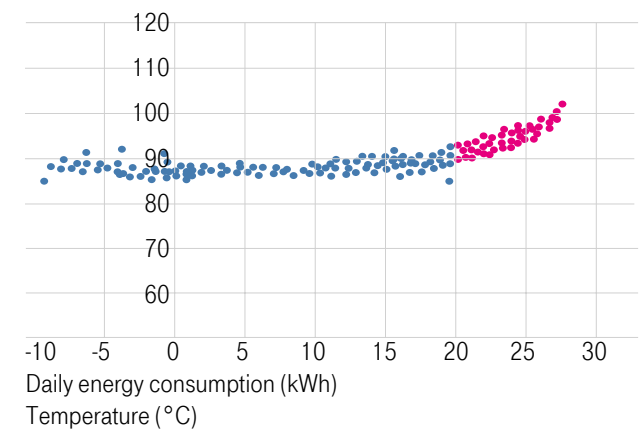
We observed that the energy consumption of our base station starts to increase when the temperature is above 20 °C, therefore there is an expected possibility that our climate change and heatwave-related expenses could rise by tens of millions of HUF in the future.

	KPI BY 2020	RESULTS ACHIEVED	
<b>CO<sub>2</sub> emission</b>	<b>&lt;100 000 t CO<sub>2</sub></b>	<b>85 400 t CO<sub>2</sub></b>	<b>OK</b>
fixed network	min. -44% based on 2008 <sup>1</sup>	-52% based on 2012	OK
mobile network	max. +35% based on 2008 <sup>1</sup>	+36% based on 2012	x
data centre	max. +3% based on 2008 <sup>1</sup>	-65% based on 2012	OK
buildings	min. -16% based on 2008 <sup>1</sup>	-44% based on 2012	OK
<b>Energy efficiency</b>	<b>100 Gbit/kWh</b>	<b>219 Gbit/kWh</b>	<b>OK</b>
<b>Fleet</b>			
fuel consumption	min. -34% based on 2008 <sup>1</sup>	-40%	OK
average CO <sub>2</sub> emission	<100 g CO <sub>2</sub> /km	110 g CO <sub>2</sub> /km	x
share of hybrid and electric cars	min. 30%	26%	x
<b>Emission reduction of devices</b>	<b>general reduction</b>		
CPE's energy consumption	reduction, energy efficiency	mean energy demand decreased by 23%	
<b>Customer greening services</b>	introduction of carbonneutral product	ExtraNet Green 1 GB option	OK
<b>Waste reduction</b>	<b>min. -10% based on 2015</b>	<b>-32%</b>	<b>OK</b>
<b>Paper usage in the shops</b>	<b>min. -90% based on 2015</b>	<b>-84%</b>	<b>x</b>

## STORM DAMAGE (HUF M) MAGYAR TELEKOM PLC. ✓



## BASE STATION POWER CONSUMPTION DEPENDING ON TEMPERATURE LEVELS



Based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure) initiative, we identified additional risks and opportunities in our operations, which are also published in our 2020 financial report.

In setting our emission reduction targets, we have considered the Paris Agreement and current EU standards, as well as the IPCC's 1.5°C goals, but we assume that regulators will set stronger emission reduction targets in the future, which may involve financial risks. On the other hand, thanks to our forward-looking climate strategy, we have an advantage over our competitors, along with rigorous regulations.

One of the pillars of our carbon-neutral operation is that we use 100% renewable energy in Hungarian subsidiaries and the uncertainty of future prices poses a risk to this pillar. The more companies switch to green energy, the more the price may rise, which may mean more than 10 M HUF additional expenses for Magyar Telekom. In addition, long-term renewable energy usage can continue to be a business advantage as our customers are increasingly looking for sustainable products and services powered by green energy.

<sup>1</sup> 2008 was the base year adopted from Deutsche Telekom's strategy, data for these categories is available for the Magyar Telekom Group from 2012.



Climate change is a relevant threat to our operations as well as to our supply chain. We can mitigate this risk by evaluating our suppliers. We have a common interest in building a resilient supply chain network. For more information, see our **SUPPLIERS CHAPTER**.

The company pays increased attention to installing energy efficient equipment in our networks and ensuring that all of our products and services comply with the requirements of environmental sustainability. We aim to provide our customers with solutions they can benefit from, allowing them to use less energy and protect the environment. For more information, please refer to the chapter on **ICT FOR SUSTAINABILITY**.

#### Race to Zero campaign

The UNFCCC Race to Zero campaign ... Magyar Telekom as the first and only Hungarian company in 2020. The aim of the campaign is for businesses, cities or even public institutions to support the viability of the goals of the Paris Agreement through implementing voluntary emission reductions by themselves in line with the Agreement. Results of the campaign will be presented at the forthcoming Conference of Parties of the UNFCCC, thus strengthening the countries participating in the Agreement to make the necessary commitments or increase their ambitions, as the current ones are not enough to maximise global warming to 1.5° C, preferably. With our joining the Global Compact and our aspiring SBT commitment, we have become automatically involved in the Race to Zero campaign. On 3 December 2020, we participated in the domestic campaign day organised by Business Council for Sustainable Development in Hungary, where we were among the presenters of best practices.

#### Environmentally conscious headquarters

At the end of 2018 we moved to our new headquarters and 2019 was the first whole year in these premises, where we tried to implement as many eco-friendly solutions as possible. We already took environmental aspects into account when designing. We also consider the effects of the 100-year flood events. The building has innovative building control that significantly reduces its energy consumption, in addition, the operation of the building is supported by an application tailored to our employees. There are green walls within particular interior spaces and a green roof covers a part of the building-top, which is irrigated with rainwater. We use the waste heat from the server rooms and handle different waste types separately. Our headquarters received the final BRE-EAM Excellent certification in the category of newly built properties, making Hungary's largest office building one of the highest BREEAM-certified buildings in the country.

## RUNNING OUT OF GBS INCLUDED IN YOUR PACKAGE?

TRY IN **GREEN!**



#### Green 1 GB data option

We would like to offer the choice to our customers who consider it as important as we do to fight against climate change to pick a service that serves the purpose of protecting the climate. That is why we came up with the globally unique ExtraNet Green 1 GB option in 2019. By choosing the ExtraNet Green 1 GB data extension option, in 2020 we continued to guarantee that we generate the same amount of energy as the one required to transmit 1 GB data using our solar power plants installed on the top of our Kékvirág street facility.

## EMISSIONS AND ENERGY EFFICIENCY

To present the quantitative greenhouse gas emissions of Magyar Telekom Group's activities, taking into account the global warming potential (GWP), we use the CO<sub>2e</sub> (carbon dioxide equivalent) as an indicator. We do not measure greenhouse gases; they are calculated according to the methodology of GHG Protocol. Emissions from the bio component of fuels are not reported separately.

The details of Magyar Telekom Group's GHG emissions are given in the following table. The emission factors were determined by the GHG Protocol, the recommendation of International Energy Agency Data Services (electricity), the UNEP guidelines (heating oil, fuel, natural gas), DEFRA's coefficients. We present our real emissions with and without carbon offset and emissions taken into account the GoOs purchased.

### AGGREGATED GHG EMISSION OF MAGYAR TELEKOM GROUP (t CO<sub>2e</sub>) REAL AND ADJUSTED BY GREEN ENERGY AND CARBON OFFSET EMISSIONS ✓

GHG emissions (t CO <sub>2e</sub> )	2016	2017	2018	2019	2020
Natural gas	8,266	8,252	8,656	4,310 <sup>2</sup>	3,965
Diesel - stationary	1,206	319	384	430	458
Fuel (total)	13,982	12,974	12,744	12,317	9,474
<i>Fuel (diesel)</i>	<i>8,109</i>	<i>7,248</i>	<i>7,316</i>	<i>7,446</i>	<i>6,038</i>
<i>Fuel (gasoline)</i>	<i>5,873</i>	<i>5,726</i>	<i>5,428</i>	<i>4,871</i>	<i>3,436</i>
Electricity (adjusted with green energy)	16,580	10,590	5,996	10,249	8,255
<i>Electricity</i>	<i>84,725</i>	<i>72,911</i>	<i>72,974</i>	<i>72,061</i>	<i>69,221</i>
<i>Green energy</i>	<i>68,145</i>	<i>62,321</i>	<i>66,978</i>	<i>61,813</i>	<i>60,966</i>
District heating	1,793	1,791	1,778	2,234	2,281
<b>GHG emission of total energy consumption</b>	<b>109,972</b>	<b>96,246</b>	<b>96,536</b>	<b>91,353<sup>2</sup></b>	<b>85,400</b>
<b>GHG emission of total energy consumption (adjusted with green energy)</b>	<b>41,827</b>	<b>33,926</b>	<b>29,558</b>	<b>29,540<sup>2</sup></b>	<b>24,434</b>
<b>Carbon offset</b>	<b>-50,000</b>	<b>-43,971</b>	<b>-30,000</b>	<b>-32,771</b>	<b>-24,434</b>
<b>Cumulated GHG emission</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

In 2020 Magyar Telekom Group's total GHG emission reduced further by 6.5% from 2019 and was 85 400 tonnes of CO<sub>2e</sub>, for

which the Magyar Telekom Group consumed a total of 989,097 GJ of energy in 2020.

<sup>1</sup> <https://ghgprotocol.org>

<sup>2</sup> Natural gas consumption for 2019 was corrected according to data provision to the official energy statistics.

## SCOPE 1 EMISSIONS

Our Scope 1 emissions decreased by 19 % compared with 2019. A decrease was observed for all subsidiaries and the use of all fossil fuels, with the exception of stationary diesel consumption.

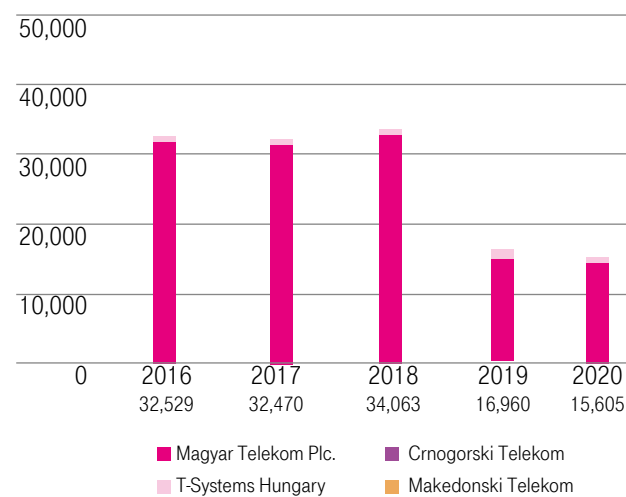
### MAGYAR TELEKOM GROUP'S SCOPE 1 EMISSIONS ✓

Scope 1 emissions (t CO <sub>2e</sub> )					
	2016	2017	2018	2019	2020
<i>by source</i>					
Natural gas	8,266	8,252	8,656	4,310 <sup>1</sup>	3,965
Oil	1,206	319	384	430	458
Fuel (total)	13,982	12,974	12,744	12,317	9,474
<i>tagvállalatok szerint</i>					
Magyar Telekom Plc.	17,889	17,349	17,466	12,502	11,012
T-Systems Hungary	2,825	2,991	3,056	3,287 <sup>1</sup>	1,715
Crnogorski Telekom	997	0	0	0	0
Makedonski Telekom	1,744	1,205	1,261	1,268	1,171
<b>Cumulated Scope 1 emission</b>	<b>23,454</b>	<b>21,545</b>	<b>21,783</b>	<b>17,057<sup>1</sup></b>	<b>13,898</b>

### Gas consumption

The Group's natural gas consumption was halved due to the relocation to the new headquarters in 2019, the higher consumption due to higher occupancy rates at buildings of T-Systems Hungary could only counter it to a small extent. Compared to the previous year, no significant change was observed in 2020, only the decrease in heat demand due to lower occupancy of buildings resulted in less consumption.

### GAS CONSUMPTION (MWh) MAGYAR TELEKOM GROUP ✓



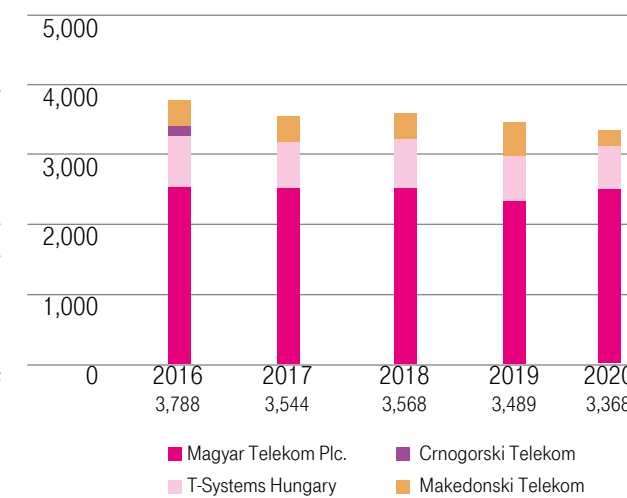
### Vehicle fleet

The number of vehicles in the fleet at a Group level continued to decrease in 2020 as well, there were less benefit cars meanwhile the number of service cars was slightly increased. Moving on with the greening of the fleet the number of hybrid cars increased, their share in the benefit cars of Magyar Telekom Plc. reached 26% in 2020, approaching the 30% target.

The fuel consumption (-24% ✓), the mileage (-20% ✓) and the average fuel consumption of vehicles (-4% ✓) has considerably decreased at group level as compared to the previous year.

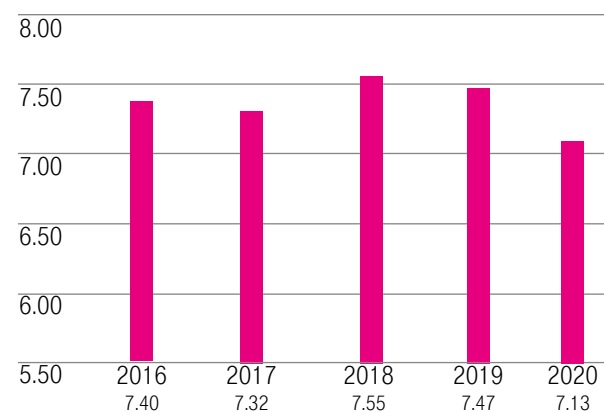
Electric cars' consumption decreased from 17.1 MWh to 8.8 MWh ✓. Personal use is more significant due to the lack of refill-station capacity of the national network, in addition, in 2020 measures taken due to the pandemic (home office) led to a sharp reduction in their use.

### TOTAL NUMBER OF VEHICLES MAGYAR TELEKOM GROUP ✓

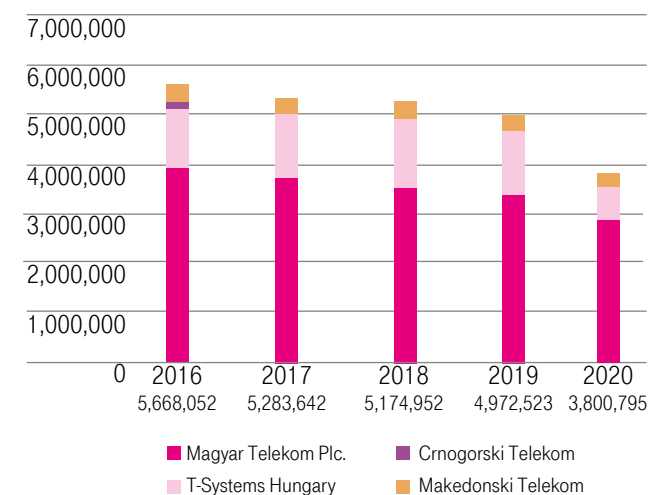


NUMBER OF VEHICLES BY FUEL AND USAGE TYPE ✓					
	2016	2017	2018	2019	2020
Number of vehicles (total)	3,788	3,544	3,568	3,489	3,368
<i>by fuel type</i>					
Diesel	2,181	2,005	2,027	1,956	2,002
Gasoline	1,490	1,371	1,336	1,266	1,064
Hybrid	112	163	200	260	295
Electric	5	5	5	7	7
<i>by usage</i>					
Benefit cars	1,359	1,399	1,450	1,587	1,417
Service cars	2,429	2,145	2,118	1,902	1,951

### AVERAGE FUEL CONSUMPTION, (l/100km) MAGYAR TELEKOM GROUP ✓



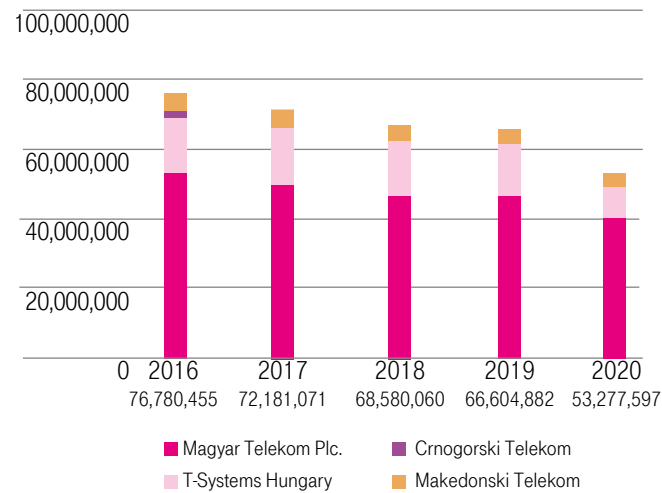
### FUEL CONSUMPTION (liter), MAGYAR TELEKOM GROUP ✓



<sup>1</sup> Natural gas consumption for 2019 was corrected according to data provision to the official energy statistics.



## MILEAGE OF VEHICLES (km), MAGYAR TELEKOM GROUP ✓



## SCOPE 2 EMISSIONS

Our Scope 2 emissions have decreased by 16 % compared to 2019. The surplus of renewable certificates (GoO – Guarantee of Origin) purchased of Magyar Telekom accounted for Makedonski Telekom's emissions. According to the GHG Protocol, CO<sub>2</sub> emissions from renewable energy were calculated as 0 tonnes of CO<sub>2e</sub>.

## MAGYAR TELEKOM GROUP'S SCOPE 2 EMISSIONS<sup>1</sup> ✓

Scope 2 emissions (t CO <sub>2e</sub> )					
	2016	2017	2018	2019	2020
<i>by source</i>					
Electricity (adjusted with green energy)	16,580	10,590	5,996	10,249	8,255
District heating	1,793	1,791	1,778	2,234	2,281
<i>by member companies</i>					
Magyar Telekom Plc.	1,534	1,556	1,493	1,889	1,796
T-Systems Hungary	35	28	145	204	299
Crnogorski Telekom	5,756	0	0	0	0
Makedonski Telekom	11,048	10,797	6,136	10,390	8,441
<b>Aggregated Scope 2 emissions</b>	<b>18,373</b>	<b>12,381</b>	<b>7,774</b>	<b>12,483</b>	<b>10,536</b>

<sup>1</sup> The data are calculated based on the information available at the end of the calendar year discussed, which are then updated by the date of their official disclosure in course of the following year, but the Sustainability Report does not reflect the final updated data.

## Electricity consumption

In 2020 Magyar Telekom Group continued with its efforts in energy-efficient operations, the electricity consumption decreased by 4% ✓ compared to 2019. Electricity consumption accounted for 74% of total energy consumption. We continue to improve our energy efficiency in accordance with our Sustainability Strategy, and in compliance with the ISO 50001 standard.

The projects that could yield major savings (PSTN-replacement, data centre ventilation, printer consolidation) had been completed by Magyar Telekom, in place of which several minor changes and maintenance projects ensured that energy consumption did not significantly increase.

Thanks to the EMS (Energy management system) introduced in 2017 we could measure one by one the consumption of the most energy-intensive sites and we could correct the energy consumption immediately in case of over-consumption.

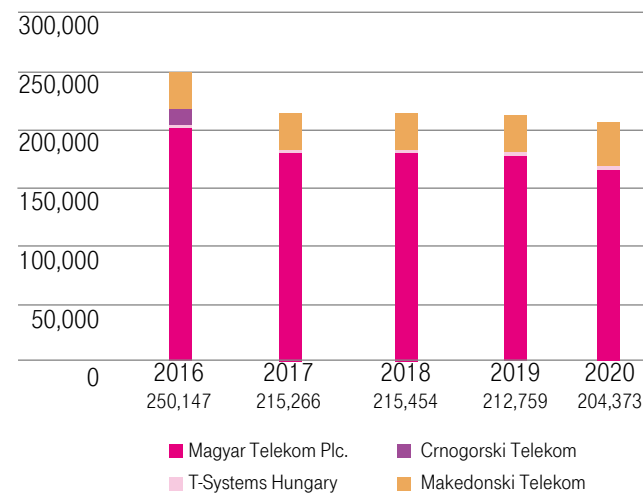
In 2019 we have achieved electricity reduction of 1 081 MWh through 3 main projects:

- Replacement of technological air conditioners: 66 MWh
- Replacing chargers: 725 MWh
- Battery replacement: 290 MWh

In 2020 our purchased electricity consumption was reduced by a total of 1105.72 MWh, which also included our own newly-entered solar systems - more information on which, can be found in the Szeged solar panels section. In addition, the following projects resulted in energy savings (in brackets, the annual amount of savings achieved by the project):

- Replacement of technological air conditioners (120.9 MWh)
- Replacement of technological air conditioners extending from 2019 (104 MWh)
- Replacing chargers (122.6 MWh)
- Battery replacement (221.8 MWh)
- Technological consolidation of Szolnok (49.6 MWh)
- Development of a new GPON optical network (463.5 MWh)

## ELECTRICITY CONSUMPTION<sup>1</sup> (MWh), MAGYAR TELEKOM CSOPORT ✓



<sup>1</sup> Purchased electricity, the own energy production is not included.

## COMMUNITY SOLAR PROJECT FOR EMPLOYEES

As the first in Hungary, Magyar Telekom introduced the Community Solar Project. As part of the project, 100 Magyar Telekom employees were able to rent a solar panel from the company for one year. The solar panels were installed on our Kékvirág Street educational building and the generated energy is used

locally. The system provides a quarter of the energy consumption of the building. The employee solar panel project was also announced in 2020, surpassing the 2019 record, all solar cells were sold out less than 1 hour. The solar system has produced 102 MWh clean energy since its installation, of which 33,8 MWh was produced in 2020. Current production can be followed [here](#).

### Szegedi napelemek

On 20 July 2020, our two solar systems started operating in Szeged, producing a total of 23.42 MWh of electricity last year. The current production of **Szeged I.** and **Szeged II.** can also be tracked.

### District heating

District heat consumption did not increase for the entire Magyar Telekom Group compared to 2019, but a slight rearrangement can be observed in consumption: while consumption decreased at Magyar Telekom Plc., there was a smaller increase at the other two member companies. In the case of T-Systems Hungary, the increase in the occupancy rate of the buildings resulted in additional demand.

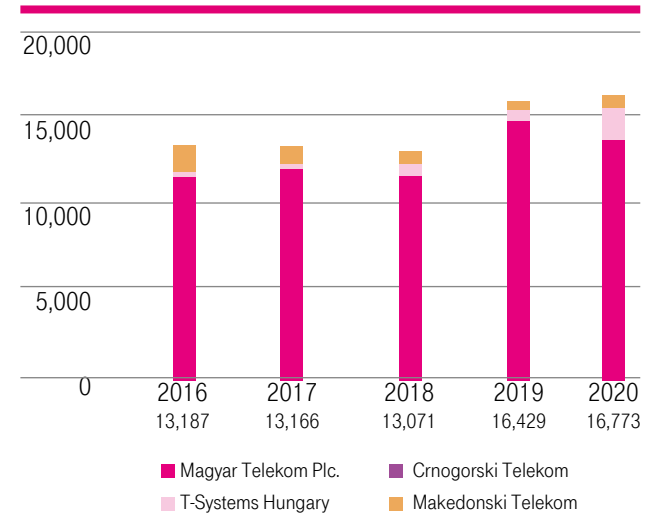
## SCOPE 3 EMISSIONS

Our Scope 3 emissions were more precisely measured by our commitment to Science Based Target initiative (SBTi). When we determined our emissions, we considered our own operating numbers, indicators of GHG Protocol and our suppliers' CDP disclosures.

### MAGYAR TELEKOM PLC'S SCOPE 3 EMISSIONS

Category	2018		2019		2020		KPI: 2030
	tCO <sub>2e</sub>	%	tCO <sub>2e</sub>	%	tCO <sub>2e</sub>	%	
1. Purchased goods and services	16,920	12.9%	25,828	17.5%	14,052	11.3%	13,387
2. Capital goods	14,929	11.4%	22,789	15.5%	14,593	11.7%	9,848
3. Fuel- and energy-related activities	1,327	1.0%	2,026	1.4%	710	0.6%	3,306
4. Upstream transportation & distribution	12,338	9.4%	11,906	8.1%	11,279	9.1%	10,909
5. Waste generated in operations	1,987	1.5%	1,947	1.3%	1,214	1.0%	1,857
6. Business travel	410	0.3%	346	0.2%	59	0.0%	344
7. Employee commuting	2,634 <sup>1</sup>	2.0%	2,052 <sup>1</sup>	1.4%	1,379	1.1%	37,846
8. Upstream leased assets	Not relevant. excluded						
9. Downstream transport	637	0.5%	764 <sup>2</sup>	0.5%	674	0.5%	380
10. Processing of sold products	Nem releváns						
11. Use of sold products	14,596	11.2%	14,085	9.6%	13,343	10.7%	6,453
12. End-of-life treatment of sold products	2,734	2.1%	2,638	1.8%	2,499	2.0%	2,417
13. Downstream leased assets	62,153	47.6%	62,861	42.7%	64,578	51.9%	29,797
14. Franchises	Not relevant. excluded						
15. Investments	Not relevant. excluded						
<b>Total</b>	<b>130,923</b>	<b>100%</b>	<b>148,182</b>	<b>100%</b>	<b>124,381</b>	<b>100%</b>	<b>116,543</b>

### DISTRICT HEATING CONSUMPTION (MWH) MAGYAR TELEKOM GROUP ✓



Solely emissions related to the activity of Magyar Telekom Plc. are reported here.

### Equipment in customers' premises

Our customers generate significant energy consumption by operating our CPEs, but that consumption is essential for using our services. Since 2016 we have conducted a precise calculation on the number and performance of CPEs (set-top-boxes, modems, terminals). Taking the number of subscriptions in 2020 into account, the energy consumption of our CPE's was 190,7 GWh ✓, which is equivalent to 64,578 tons of CO<sub>2e</sub> ✓ emission. The average CPE's energy consumption dropped by 3% from 2019 and 23 % from 2016.

### Business travel

In 2020, the number of business trips decreased significantly due to the pandemic. In the calculations, we assumed the following emission factors: 180 g CO<sub>2</sub>/km for flights and 111 g CO<sub>2</sub>/km for passenger cars at the entire group level.

While in the case of Magyar Telekom, the trips emitted a total of only 59 tons of CO<sub>2e</sub>, of which 91% could be accounted for air travel and 9% for cars. The entire Magyar Telekom Group increased the amount of atmospheric GHGs by 114 tons of CO<sub>2e</sub>.

### Teleworking

Magyar Telekom has also been supporting telework during the pandemic, as it is beneficial for the employer and the employee alike. In 2017 we started monitoring the commuting habits of our employees (based on a small sample, but for a large office building in a good location in terms of public transport): approximately 1/3 of the employees choose to come to work by car, driving a daily average of 40 kilometres and 2/3 choose community services commuting a daily average of 30 kilometres. In 2020 there were 610,269 telework days – which has tripled compared to 2019 - registered, saving 20 million km of travel and 108 years of travel time. Considering this result, teleworking has a significant role in replacing travel. For additional information on teleworking see the chapter entitled **Human rights and equal opportunities**.

### Bicycle courier service

Since 2012 Magyar Telekom has been sending some of its consignments using bicycle courier services. In 2020 we used bike carriers 106 times and saved 924 km of car travel. Due to increased teleworking, we used fewer courier services, especially during the period of partial lockdown.

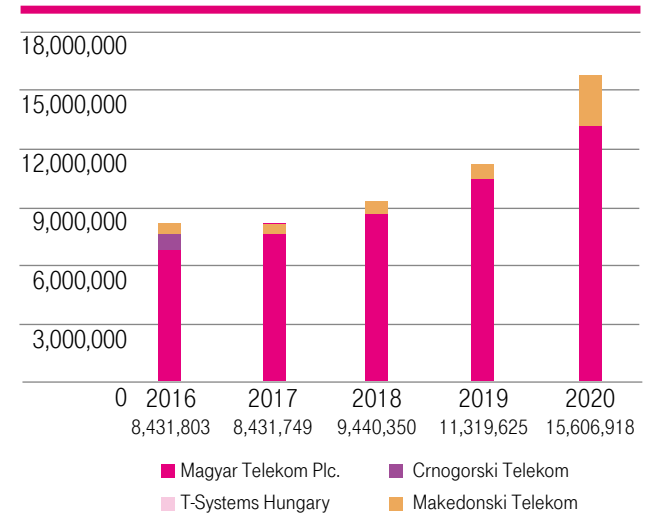
### Electronic contract and billing

In the last couple of years Magyar Telekom has introduced e-signature and e-Terms of Service in its stores thus renewing personal customer service operations. This innovative solution may considerably reduce the number of printed documents, the working time and costs of printing, filing and storing.

This will also improve the operational efficiency and reduce the environmental impact as well. Telekom's aim is to set up a full range of electronic customer services in the future where legally binding documents with electronically recorded signatures will replace all paper-based contracts. The introduction of e-signatures through tablets marks the first step of this process, as a result of which we were able to reduce the number of printed pages by 84% compared to 2015.

Thanks to the campaign Magyar Telekom achieved outstanding growth, electronic invoicing constitutes 36 % of all residential billings in 2020, this ratio is 10% higher than in the previous year, while the volume of total invoice issuance remained essentially unchanged.

### ELECTRONIC BILLS (pcs) MAGYAR TELEKOM GROUP ✓



## ENERGY EFFICIENCY

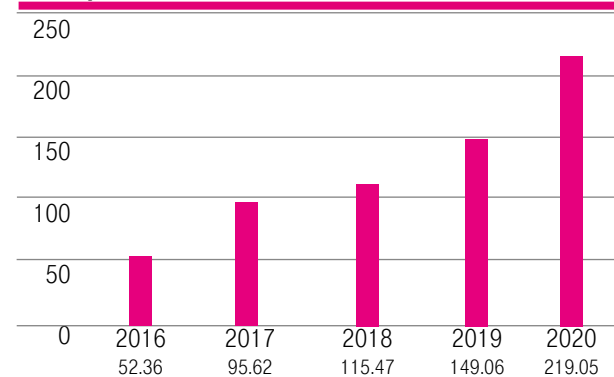
We apply three kinds of energy intensity indicators in order to show the changes in three factors: the electricity intensity of the network, emission factor of the fleet and the ratio of the revenue and the energy consumption. The effectiveness of the energy consumption of Magyar Telekom Plc.'s operation is characterised by the Gbit/kWh (transmitted bits/electricity consumption) energy efficiency indicator. The indicator shows that as the quantity of transmitted information grows the energy consumption proportionally reduces (i.e. we transfer more information with less energy). The fuel consumption efficiency is characterised by car fleet average emissions in g CO<sub>2</sub>/km. For the revenue-related energy consumption indicator, we use the GJ/HUF M. We aim to increase the first and reduce the second and the third indicators, all of which we achieved in 2020, too.

In the case of energy efficiency, our goal was to reach 100 GBit/kWh, this has been largely achieved. In 2020 the value of this indicator was 219,05 GBit/kWh ✓.

<sup>1</sup> New methodology was applied according to the EcoAct Guideline for homeworking.

<sup>2</sup> Corrected data.



**BITS TRANSMITTED/ENERGY CONSUMPTION  
(GBIT/KWh) MAGYAR TELEKOM PLC. ✓**

Average CO<sub>2</sub> emissions of vehicles have further decreased to 125,4 g CO<sub>2</sub>/km ✓, due to the restrictions.

We have limited the emissions of the employee benefit cars and maximised their power.

**ENVIRONMENTAL IMPACTS**

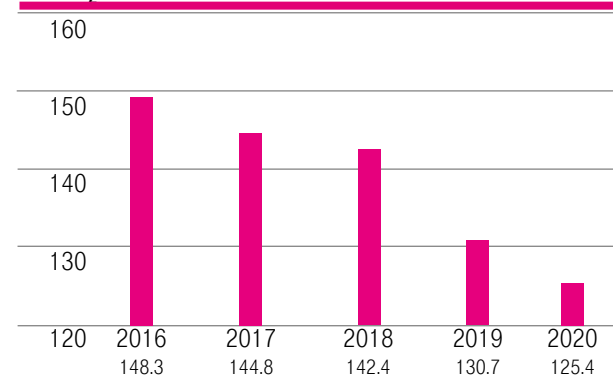
Magyar Telekom Plc.'s developments are generally not obliged to prepare impact assessment studies (EIA). In 2020, one case required an impact assessment for an investment in a Natura 2000 area. The National Park Authority did not raise any objections to the investment. During our operations no damage occurred to the natural habitat and biodiversity of the concerned territories. We continue to pay increased attention to the protection of our shared natural heritage, by planning all our developments in compliance with the relevant rules and regulations.

**Land use, landscape impact**

It is important to the Group to implement its projects with only the necessary proportion of land use, thereby preserving the original biodiversity of the natural environment. Among our property investments we also make sure that our buildings fit into the original landscape.

The composition of the mobile network represents no significant change in 2020, there were 8044 base stations at Group level, the number of towers shared with other operators was 1801.

We contribute to local communities by creating community gardens and taking uncultivated land in use, thereby increasing the diversity of the area. Magyar Telekom and the Contemporary Architecture Centre continued to operate community gardens in 2020 as well. The Csárdás Garden and the Kerthatár Community Garden provided gardening opportunities for more than 150 families in the city on a total of 105 plots

**THE AVERAGE CO<sub>2</sub> EMISSIONS OF THE FLEET  
(g CO<sub>2</sub>/km) MAGYÁR TELEKOM PLC. ✓**

We have introduced new incentives to make the hybrid and electric cars more favourable. The revenue related energy consumption was 1,093 GJ/million HUF. ✓

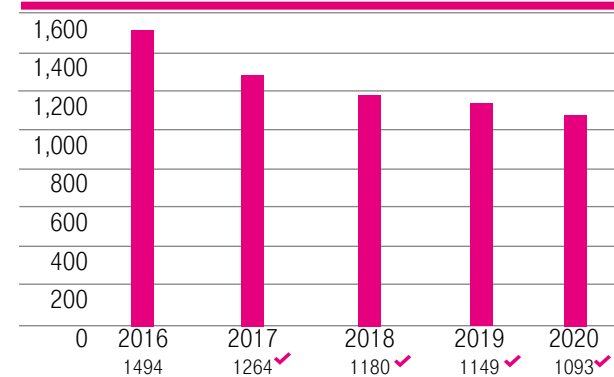
**Noise and vibration protection, electromagnetic fields (EMF)**

In Magyar Telekom Group sites, we must pay increased attention to the following potential noise sources: outdoor air-conditioning equipment and emergency diesel generators. In 2020, there were no reports or measurements related to noise protection.

As to EMF issues, we carried out measurements in 19 cases, 1 of which was prompted by complaints by residents (here, despite the appropriate measurement results, the investment failed due to a public protest), 9 upon the requests of lessors and 9 due to changes in technical content. The results of the measurements were in all cases in compliance with the relevant regulations.

**Water consumption**

The water consumption at Magyar Telekom Group is exclusively for social purposes. Group-level water consumption decreased by 4.6 %. In the case of T-Systems Hungary, the previous estimate was replaced by accurate data collection, so the increase is the result of a methodological change. In case of Magyar Telekom Plc., water consumption increased due to pipe fracture.

**REVENUE RELATED ENERGY CONSUMPTION  
GJ/HUF M MAGYAR TELEKOM GROUP****Producer's and distributor's responsibility**

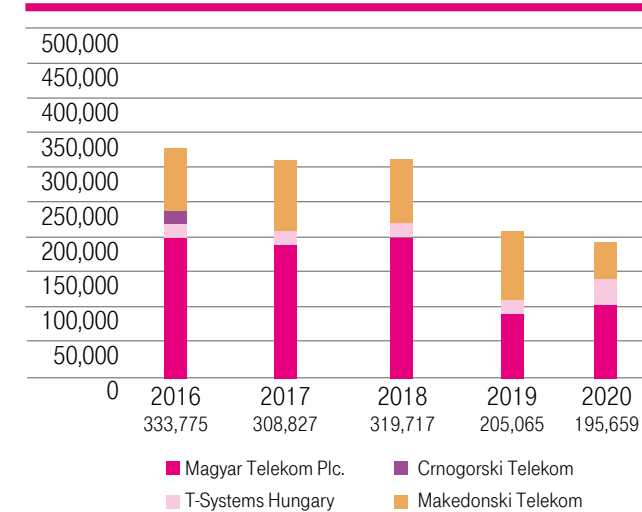
In cooperation with equipment manufacturers Magyar Telekom is committed to environmentally friendly equipment manufacturing and recycling processes. For more details on our procurement requirements, please see the chapter entitled **SUPPLIERS**. Sustainable products are elaborated in detail in the chapter **ICT FOR SUSTAINABILITY**.

The major aim of the company is to carry out its operations with the least possible impact to the environment; we pay special attention to the revision, repair and re-use of the equipment in our network. The re-use rate of CPE devices is 52,6%.

Hungarian companies are obliged to 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 the mandatory product fee for electric and electronic equipment in 2019. 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 organisations. Each year, our contracted partner, ReLem Limited Liability Non Profit Corporation fulfils its obligation above the legally-enforced level.

In accordance with the legislations in force we inform our customers on our websites about the various waste disposal options for used equipment and batteries. All of our commercially-available products are certified with energy efficiency certificates according to the requirements of the European Union and in compliance with the environmental standards set by Hungarian law.

**WATER CONSUMPTION (m<sup>3</sup>)  
MAGYAR TELEKOM GROUP ✓**

Manufacturer's statements with detailed information about the life-cycle, reuse, the recycling of the product, the used materials and the reparability features are available in all of our stores. All of our procured network equipment should meet our high energy efficiency standards.

**Emissions to Air**

Magyar Telekom pays an air pollution fee in accordance with national legislation. The amount of pollutants emitted by Magyar Telekom Plc: NO<sub>x</sub>: 1,0401 kg/h , CO: 0,207 kg/h according to clean-air protection measurements. We do not observe SO<sub>2</sub> emissions because there is no sulphur in the fuel in Hungary.

Magyar Telekom takes all necessary measures to treat the risk from operation of equipment containing fluorinated greenhouse gases. Based on the inspections carried out in accordance with the regulations there was no leakage in 2020 as well. There is no more equipment with R22 gas (which is an ozone depleting substance).

**MAGYAR TELEKOM PLC. AIR EMISSIONS (kg)  
IN 2020**

Air emissions	Value of emission (kg)
Nitric-oxides (NOx)	878.255
Sulfur-oxides (SOx)	7.633
Persistent organic pollutants (POP)	0
Volatile organic compounds (VOC)	0
Hazardous air pollutants (HAP)	0
Other standard categories of air emissions identified in relevant regulations (e.g. 4/2011. (I.14.) VM regulation) - CO	269.228

## WASTE

The quantity and quality of waste generated greatly depends on the current telecommunication projects and developments: at Group level in 2020, compared to previous year, the total amount of waste decreased by 38%, mainly due to the drastic reduction of municipal waste. The Group level recycling rate further increased and reached 30 %.

Within Magyar Telekom Group the largest proportion of generated waste (53 % ✓) – was still the residual waste, in 2020 as well. Second by volume was technical waste 23 % ✓; hazardous waste was 13 % ✓; the proportion of paper waste was 3 % ✓

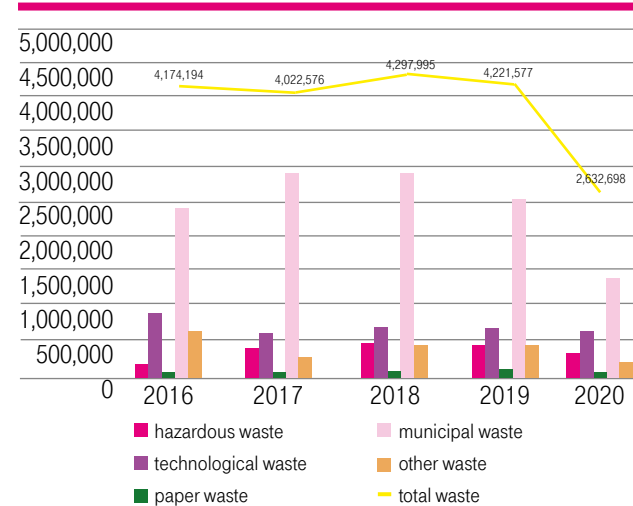
In order to reduce the harmful effects of waste on the environment:

- We make sure that unused equipment gets reused either within the company, or by trading them to employees or external partners, or by renting, leasing or transferring them without compensation (donation).
- We collect waste selectively in more sites
- We improve their effectiveness through the revision of our existing contracts, the regular revision of collection points and through communication
- We continue to operate in accordance with the DT group level policy, released in 2015, for the regulation of the management of cables.

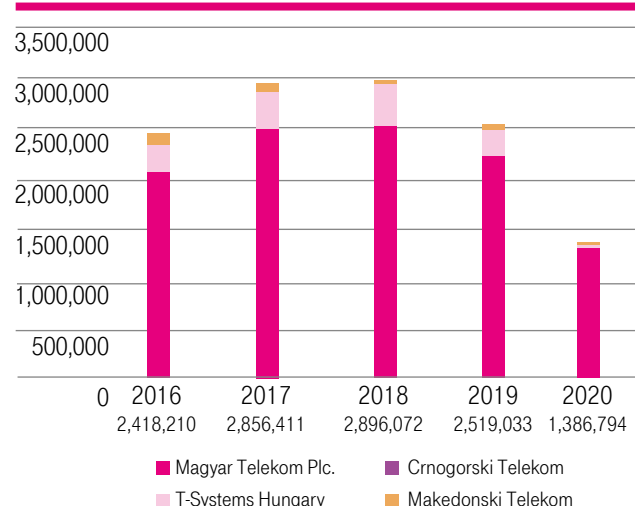
### QUANTITY OF WASTE BY TYPE AND RECYCLING RATE AT MAGYAR TELEKOM GROUP, 2016-2020 ✓

	2016	2017	2018	2019	2020
<b>Hazardous waste [kg]</b>	219,469	241,162	383,097	472,507	337,232
Recycled hazardous waste [kg]	164,327	232,430	366,461	443,689	318,050
<b>Technological waste [kg]</b>	803,249	526,739	590,685	666,479	600,560
Recycled technological waste [kg]	778,975	173,793	189,452	201,806	207,391
<b>Paper waste [kg]</b>	97,046	90,690	126,712	132,646	86,555
Recycled paper waste [kg]	96,346	90,690	126,712	132,646	86,555
<b>Municipal waste [kg]</b>	2,418,210	2,856,411	2,896,072	2,519,033	1,386,794
Recycled municipal waste [kg]	13,317	12,045	1,543	0	0
<b>Other waste [kg]</b>	636,220	307,574	298,856	430,912	221,557
Recycled other waste [kg]	77,103	0	151,374	195,307	164,654
<b>Total waste [kg]</b>	<b>4,174,194</b>	<b>4,022,576</b>	<b>4,297,995</b>	<b>4,221,577</b>	<b>2,632,698</b>
<b>Recycled waste total [kg]</b>	<b>1,130,068</b>	<b>508,958</b>	<b>835,542</b>	<b>973,447</b>	<b>776,650</b>
<b>Recycling rate (%)</b>	<b>27%</b>	<b>13%</b>	<b>19%</b>	<b>23%</b>	<b>30%</b>

### WASTE BY TYPE (KG) MAGYAR TELEKOM GROUP ✓



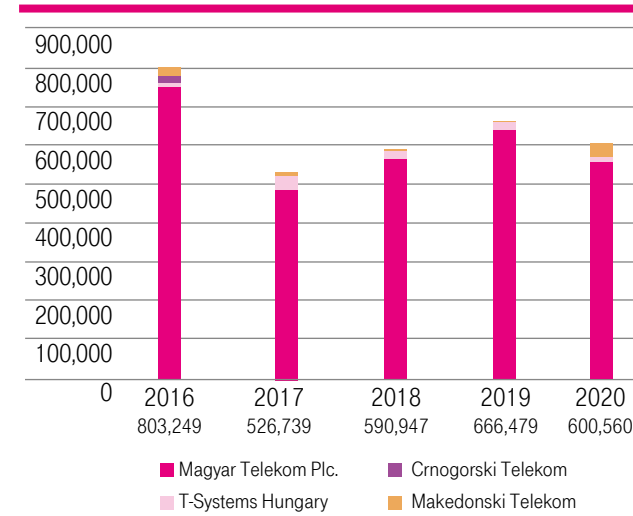
### RESIDUAL WASTE (KG) MAGYAR TELEKOM GROUP ✓



### Technical waste

The amount of technical waste at group level decreased by 10% ✓ whereas its recycling rate increased by 3%.

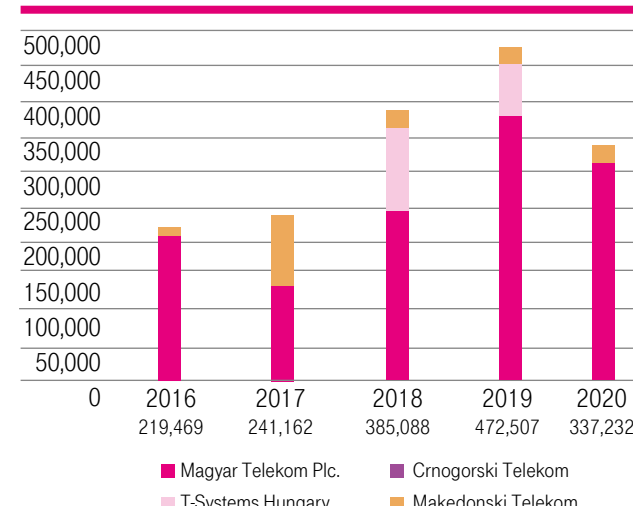
### TECHNOLOGICAL WASTE (KG) MAGYAR TELEKOM GROUP ✓



### Hazardous waste

The amount of hazardous waste decreased by 29% ✓ at Group level due to network upgrade and maintenance (e.g. batteries, replacement of network elements). Intensive network developments and maintenance in previous years required less work in 2020 in the case of the Hungarian member companies, while we saw an increase in the case of the Macedonian member company (primarily in battery replacement). At the same time, the amount of recycled hazardous waste decreased by 28%.

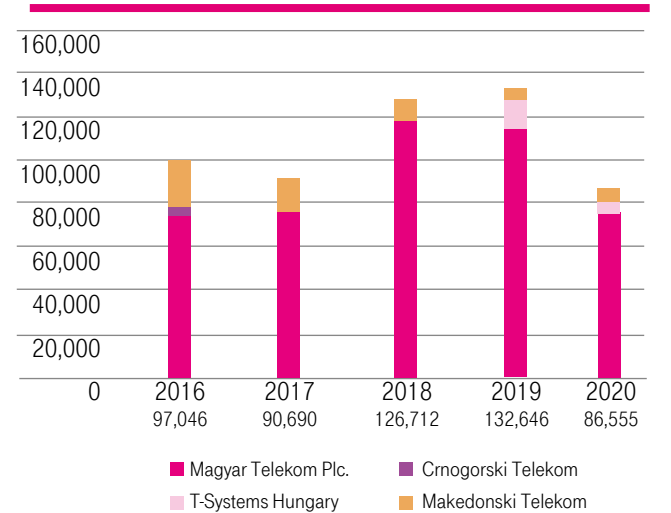
### HAZARDOUS WASTE (KG) MAGYAR TELEKOM GROUP ✓



### Paper waste

The quantity of paper waste decreased at Group level by 35% ✓ in 2020, in line with the amount of paper used, according to our strategic goal. 100% of the waste paper is recycled.

### PAPER WASTE (KG) MAGYAR TELEKOM GROUP ✓



At Magyar Telekom Plc. the recycling rate further increased, it was 30% ✓ in 2020. In the case of municipal waste, local public services must be used, so only estimated data is available; the waste is disposed into licensed landfill sites. The company does not transfer waste directly to incineration or composting.

The management of our stakeholders' environmental complaints is the responsibility of the Group Environment Protection Manager. Complaints and messages could be directed to: [sustainability@telekom.hu](mailto:sustainability@telekom.hu) (Our Hungarian e-mails addresses are [fenntarthatosag@telekom.hu](mailto:fenntarthatosag@telekom.hu) and [kornyezetvedelem@telekom.hu](mailto:kornyezetvedelem@telekom.hu)). We are dedicated to responding to all proposals, complaints and enquiries as soon as practicable.





## 2.

# EDUCATION

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4

QUALITY  
EDUCATION

8

DECENT WORK AND  
ECONOMIC GROWTH

12

RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

One of the main objectives defined by Magyar Telekom's fourth five-year sustainability strategy was that the company should contribute directly or indirectly to making one million Hungarians better educated about the digital world and sustainability. During the period covered by the strategy, we held education programs for university and high-school students, as well as pensioners in particular, and offered entertaining edutainment/inspiration content to the whole Hungarian society in general. By the end of 2020, Magyar Telekom's programs reached more than 2.5 million people in Hungary.

## DIGITAL COMPETENCY

### Development of communities, attitude-forming

As a responsible corporation, we believe that we are not only here to provide services to our customers but also to educate them on the safe and responsible use of the internet. Along these efforts we aim to close the digital divide in Hungary, because we firmly believe that digital solutions can bring us closer to achieving our goals.

Not only do we bring them into this world, but also give them guidance so that they clearly see the potential and the threats involved. As part of our initiatives, we put extra emphasis on the online and physical safety of our children. The goal of our **Child Protection Guidelines** is to ensure that every child or young adult access the information they need in an enjoyable and Safe environment, because the wellbeing of children is of primary importance. Our Child Protection Guidelines, information materials and tests are available to everyone on the [legyetteis.hu](https://legyetteis.hu) site.

### Become a member of Generation NOW! Program

With **BECOME A MEMBER OF GENERATION NOW!** program, Magyar Telekom's goal is to not only provide network access, but also enable anyone in any age group to benefit from digitisation by developing his or her digital competences.

At Telekom, we deem it important that the elderly should have access to the opportunities offered by digitisation, but we are aware that most of them need help and guidance in that domain.

We have designed a program along the above lines as part of which, based on a cooperation with high-schools, students educate members of pensioner communities about the digital world, thus completing their mandatory community service. In the course of the sessions, they introduce digital solutions to the elderly that they can use in their everyday lives. By bringing the two generations closer to each other, we support pensioners in drawing on the unlimited resources, knowledge, information and community experience of the digital world. We enable them to proceed on their own, as by learning the digital basics, they can move to the next level and transform their wishes into actions.

The **"Become a Member of Generation NOW"** initiative offers an alternative to students seeking volunteer jobs that has a low entry threshold, still generate significant value for the society and offer a real feeling of achievement to them.

At the sessions, the students can also learn a lot from the elderly, and together they can bring the best out of each other. This partnership can also become a decisive factor in the development of their personalities and enable them to acquire skills like critical thinking and complex problem solving, creativity and communication.

The sessions are held typically in a school environment or community spaces by non-profit partners of the "Become a member of Generation NOW!" program, who also take care of the tasks associated with the programs, liaise with the stakeholders and sign off the mandatory community service certificates.

Students can prepare themselves for the program by using our detailed material and attending the events organised on our on-line registration site.

There is also an aptitude quiz for the elderly that they can use to determine the level of knowledge they should aim to acquire.

The program, basically built on physical presence of the participants, underwent major changes in 2020 due to the pandemic. For the safety of everyone involved, we adopted the concept of social distancing by shifting the sessions to an online platform. We started to use innovative solutions like live video chats, Viber or Zoom through which the elderly can ask their questions and the students can share their knowledge.

For those who are still learning how to use the apps, the students compiled easy-to-learn online materials, which we sent to the target group online. We published 54 brief videos and illustrated reading materials in 8 topics last year, which helped us decrease the isolation of the elderly forced to stay at home during the pandemic.

**The "Become a Member of Generation Now!" program launched on November 06, 2019 is now running in schools in 16 cities, however, it is accessible anywhere without any geographic limitation since the introduction of the online training format. Last year 730 students took part in conducting the sessions and compiling the online learning materials, and we reached 4900 pensioners with the program.**

In course of designing the program, we have put special emphasis on compliance with the Child Protection Principles.

### Telekom's objectives attached to the principles:

- Properly inform all partners involved in the implementation of the program about the protection principles and the related processes.
- Demonstrate the commitment of the "Become a Member of Generation NOW!" program to children, parents, teachers, pensioners and other stakeholders.
- Share information and good practices relevant to the protection of children and vulnerable adults as part of the "Become a Member of Generation NOW!" program with children, parents, teachers, pensioners and other partners, employees and volunteers involved in the implementation of the program.
- We are committed to the regular review of the principles and our good practices.
- We find it important to protect children and vulnerable adults attending the events of the "Become a Member of Generation NOW!" program. We firmly believe that no one should experience any form of abuse. We feel responsible for the wellbeing and protection of children, the young and vulnerable adults. We strive to ensure their safety as part of our work processes, too.
- For us to be able to appreciate children, we must listen to them and give them the respect they deserve.
- Provide a safe environment to the children, the young, teachers, pensioners and partners, employees who take part in the "Become a Member of Generation NOW!" program.

### Magenta 1 Business/Nonprofit proposition

In 2020, we offer discount propositions to nonprofit organisations once again.

Being a responsible service provider, we support and promote the digitisation of the nonprofit sector to enable its players to become even more efficient and successful. Digitisation enables simpler business operations and liaison with partners, through which they can save energy and resources that they can use to generate value for the society and the environment.

It was to support the work of nonprofit organisations that Telekom designed its Magenta 1 Business/Nonprofit proposition, which now includes not only fixed internet and voice, but also mobile voice and data at a discounted monthly price of HUF 0 for one year.

## INDUSTRY-SPECIFIC SUCCESSION POOL

### Telekom Kickstart

Magyar Telekom considers succession (in the industry) especially important, and thus strives to ensure that students still pursuing their studies be able to acquire outstanding professional skills and experience as early as possible.

For this very reason, Telekom launched an initiative, called Kickstart, in 2020, as a premium-category addition to its ongoing internship program. The new program has two objectives: to demonstrate to students how they can exploit the phenomena of the digital world to get a job and start their careers, as well as to find the most talented intern candidates who can become part of the succession pool of Telekom at the end of the one-year program.

A total of 20 interns were hired as part of the fully online Kickstart selection process. They represent the full operational scope of Magyar Telekom from finance to network development, legal, marketing, HR, product development etc. The interns are given personalised development plans, individual training and professional development to ensure that by the end of the program they be in possession of professional and soft skills that enable them to start their careers at our company.

### Projects and case studies

It is an important objective set by Telekom to not only support the development of those students who work as interns at the company, but also to enable the widest possible scope of students to acquire practical knowledge even while they still attend university. In that spirit, we have entered into a comprehensive cooperation with Corvinus University Budapest this year.

As part of the course called Action Learning, Corvinus students can work on real-life Telekom projects for half a year. An identical feature of the two initiatives is that the students receive their project tasks at the first session, and may consult a dedicated Telekom expert periodically from that time to achieve the best results. This method enables the students to get hands-on practical experience relevant to their theoretical studies. They can present their solutions at the end of the year to the management.

We held the Project Week course twice, in the spring and in the fall, of 2020. To complete the class, students were required to work on one-week IoT projects, and attend the online lectures delivered by 6 Telekom experts on the topic. The planning and implementation of the solutions to the tasks at hand required students to adopt Telekom's agile operational methodology, so they could obtain practical experience with this increasingly popular working method.

## Career consultancy

Our recruiter colleagues attended the Kickstart Your Career Day organised specially for Telekom at Corvinus University Budapest. We offered professional lectures, inspirational discussions to the students to increase their awareness about the diversity of careers available to them Hungary's leading telecommunications company.

## EDUTAINMENT, INSPITAINMENT

### Mobile Experts

Our Mobile Experts (Mobiltudósok) are to be found in Telekom shops offering help and support to visiting customers in the use of our devices and services. They provide information on how the internet can improve the customers' lives (administration, banking, online shopping). Our experts can also be found online: they share their knowledge about the latest technical improvements, products and interesting facts. Their blog can be found on the Mobiltudós blog and they are also present on Telekom's [Facebook page](#).

### Hello Biznisz

The **Hello Biznisz** program was launched to guide SOHO/ SMBs in the maze of management, workforce management, marketing, sales or finance. We help our SOHO/SMB partners to answer their questions with practical know-hows and information, both in written and video forms too.

### Edutainment/inspitainment content

With our Edutainment and Inspitainment content, we empower everyone to use the achievements of the digital world according to their level of technological adaptation, and to make their lives more sustainable, simpler and digital. Throughout the program, our content has been viewed by hundreds of thousands who have become members of the **Now Generation**.

### Telekom Fórum

**Telekom Fórum** is an online Edutainment social platform where our existing and potential customers can chat, find information about our services, and about the use of internet and smart devices, and also information about access to various online content. The page is public and worth to visit for all who wish to gain first-hand information about Telekom products from the most reliable experts: the users themselves. The page is moderated and supported by Magyar Telekom experts.

## PROTECTION OF OUR CHILDREN IN THE DIGITAL AGE

Magyar Telekom is committed to assist children's, parents' and teachers' safe use of the internet and uses its best endeavours to support it. The Company's child protection website helps this effort with controlled content, advise, education and events organised for children and their parents alike to be prepared for risks of the digital world.

### BE SAFE! ON THE NET

At Telekom, we believe in children's right to benefit from technological achievements, seize opportunities offered by digitalisation to live better lives, grow and succeed. It is our goal to provide children access to information in the widest possible sense, the opportunity to express their opinions freely, exercise their right to privacy and equal opportunity, at the same time we are responsible for ensuring that they do all this safely, conduct themselves properly in the online space and not be victimised in any manner.

### We provide every child access to technology and safe environments designed for their age groups, to minimise risks.

- The Mobile Professors at our shops provide technical help in setting security parameters of the devices, as well as installing filter software.
- We sell our devices with data protection features set to a high setting by default.
- When designing, developing and introducing products and services, we keep the objective of ensuring children's rights in focus.

### For safe internet use and quality online content consumption, we organise educational presentations at schools with the involvement of our corporate volunteers and share informational materials on our online channels.

- We take part in centrally organised programs, which are aimed at establishing safe environments, as well promoting digital literacy, like Digital Theme Week.
- Our volunteer colleagues visit schools and hold internet safety classes for students aged 10-14 about topics like data protection, physical security, harassment, personal branding, and how to behave in the online space, etc.
- By means of our Teachtoday initiative we strive to provide support to the young, their parents and teachers in acquiring knowledge useful in their everyday lives in the form of practical tips and materials.
- We provide educational materials for use at home or in the school.

### InternetNOW research in cooperation with Hintalovon Foundation

Thinking about children is worthwhile only if we involve them. The same is true when it comes to the Internet.

Many of us feel that children constantly stare at screens, but only a few of us know exactly what they are doing at these times and why. To make the Internet safe for them, we must know what they are interested in or what bothers them. What do they think about digital education, and how could their parents, their teachers and the service providers lend a helping hand with it? In 2020 Magyar Telekom, working together with Hintalovon Foundation launched an online research with the title **InternetNow**, for children under 18. In the course of the research, we asked the teenagers themselves what they mostly use the Internet for, what online space means for them and if they feel safe in the virtual world. From our gap-filling research it came to light what young people think about digital education, fake news, advertisements, influencers and how the Internet affects their relationship with their families and each other. 1300 valid answers were included in the sample, which can be considered representative in the age group of 13-17-year-old children by county and gender.

This is particularly important in 2020 when the pandemic placed net usage in a whole new aspect, and it also highlighted the significance of digital skills and competencies and even the problem of equal access. The protection of children begins with attention/care. Although further research is necessary to be able to find out the opinion of those who cannot access digital devices and the Internet, we hope that the research gives relevant viewpoints to help the understanding of the opinions and problems of children. We also hope that adults - parents, teachers, decision-makers, economic operators - will be able to pay more attention to the needs of children.

To our online research we connected/linked a sensitising, educative campaign, relying on the foundation's established connection with the age group, on the personal experience of their children's rights envoys, on the practice acquired during the mutual work, just as on the experience based on the foundation's previous projects. We thus supported online data collection as well as increasing the reputation of Telekom as a responsible service provider. During the analysis of the collected data, we involved the children's rights envoys (14-18-year-old students) in each case. The research was supplemented by the involvement of the parents through focus group interviews and experts through deep interviews.

The answers to the questionnaire provide an important starting point for Magyar Telekom to demand a relevant and authentic role in the field of digital child protection. To consider the fact that we would like to address multiple segments (children, adults, advertisers), we have to show ourselves in harmony with our brand purpose and we also have to give answers to real demands in this field/scope.

Based on the responses of students participating in the research, our stated intention is to give effective and sustainable answers to children's problems related to the Internet and to create a safe environment for them.

We designed steps that are gap-filling and forward-looking in the field of enforcing child rights. For instance, the "I am a digital parent" campaign's test which is available for everyone and with which we aim to draw attention to responsible online parenthood. Through this we give parents a user-friendly online tool that creates an opportunity for self-reflection when it comes to sharing content related to their children on social media and it also provides an opportunity to improve themselves by easily accessible and acceptable educational content. In the case of our commercials, Hintalovon Foundation takes part in our work from the beginning of the concept-creating process thereby granting an appropriate manner of featuring children in our advertisements. We expand our child protection policy and we apply it in our applications (Parental Control OneApp) as well in the course of our channel collaborations.

### Teachtoday - Telekom for the conscious use of the internet

As a responsible large enterprise, one of our tasks is to help and promote the safe use of the internet. We use our best efforts to ensure that all age groups leverage the opportunities offered by the digital world in a smart and conscious way and we also work on the elimination of the digital divide between certain areas of Hungary. In November, 2017, similarly to other members of the company group, Magyar Telekom also joined Deutsche Telekom's "Teachtoday" initiative to disseminate online education content with the objective of reaching a broad audience.

On the **Teachtoday website** the relevant content is linked to everyday situations explaining how younger generations use internet while taking into account potential differences in needs and living conditions. The platform offers practical tips and solutions to parents and children alike on topics like data protection, big data, social networks, use of mobile phones or popular applications. The topics are colourfully varied and the website offers case studies, interviews, tips, infographics, magazines and games, too. The site even offers media competence tests for two different age groups.

### For parents

Sometimes it is hard for parents to understand the online world of children. On the Teachtoday platform parents may find useful information on the advantages and disadvantages of applications, for example they may learn why young people love Musical.ly so much, or how intriguing it is to learn effortlessly while playing a game on a digital device. The website offers tips for meaningful conversations with children on data security or cyberbullying.

It gives advice and support if we do not know at what age should we give mobile phones to our children and with the help of a draft mobile usage agreement it helps to encourage children to observe certain basic rules. A dedicated sub-site is about the issue of responsibility, where we can get an objective perspective on topics like personal data privacy, harassment, hate speech, net manners or online identities.



**For teachers**

Teachtoday helps the work of teachers with ready-made modules that can be immediately incorporated into the digital curriculum as well as best practices and examples. For example, teachers can set up a Media Adventure Park together with the students or may acquire new skills and knowledge with the use of the Be a meteorologist! project.

**For children**

While browsing the Teachtoday website children may playfully acquire the skill of conscious use of devices. They may read about

**Smart watch for kids**

Many people are reluctant to buy smart phones for their 6-12-year-old kids, as they might not be able to take care of the device, and parents cannot properly monitor what their children do online. At the same time, a sense of safety is an important aspect, when we do give a smart phone to our kids, often too soon. It was based on that need that we made MyKi Gyerek smart watch available from December 1, 2018.

useful applications in the App Tips or may find ideas on how to make great videos. The site helps them navigate a world led by opinion leaders, to differentiate news from disinformation, and stresses the importance of formulating your own opinion. In the context of changing consumer habits, it invites its young readers to go on a digital shopping adventure, revealing for them the opportunities and traps inherent in online purchases.

The downloadable English language Scroller magazine is written for small children as another fun source of information about the digital world.

**MAJOR EDUCATION-RELATED PROJECTS IMPLEMENTED DURING THE 2016-2020 STRATEGY PERIOD AND THEIR ACHIEVEMENT**

Program	Brief description	Results
<b>Digital education</b>		
Digital Theme Week	The main aim of the Digital Theme Week is to develop digital literacy and curriculum development goals through the effective use of technology in pedagogical projects	6,800 students
Smart Digital Program	The objective of the Telekom Smart Digital Program is to provide internet literacy and hands-on online safety education to as many customers as possible and to further facilitate the use of electronic communication tools.	2,360 students
Telekom Forum	Telekom Forum is an online social platform where our existing and potential customers can chat, find information about our services, and about the use of internet and smart devices, and also information about access to various online content. The page is public and well worth a visit for all who wish to gain first-hand information about Telekom products from the most reliable experts: the users themselves. The page is moderated and supported by Magyar Telekom experts.	38,578 unique reach
Become a digital teacher now!	In our Become a digital teacher now! material, we introduce new methods, programs that are easy and quick to integrate into classes, as well as exciting and interesting for students, which can make classes intriguing for the young. Using the advice, practical descriptions and many ideas in our mini training course, participants can become digital teachers step by step. Beyond ideas for classroom content, they can learn about solutions that can make administration, liaison with parents or collaboration with colleagues more efficient. Reading and learning the contents of the material, the first 15 000 participants to take the exam get 5 credits after having successfully filled in the online test based on the book.	12,000 teacher
Become a member of Generation NOW! Program	By launching the "Become a member of Generation NOW!" Program, Magyar Telekom's goal is to enable everyone, regardless of their age, to access the benefits offered by digitalisation not only by providing access, but also by developing their digital competences.	5,669 retired 1,492 students

Program	Brief description	Results
<b>Industry-specific programs</b>		
Become an IT expert! program	The Become an IT expert! career guidance program was launched by Magyar Telekom and T-Systems Hungary where the companies use their knowledge base to inspire students to choose the IT profession.	28,000 students
„Become an...” competitions for students	In 2017 the program was elevated one level higher and Telekom - T-Systems announced a programmer competition for high school students under the name of "Challenge" In 2018 the Become an IT expert! program went a step further when Telekom - T-Systems announced a competition for high school students under the name of „Become a Creative Mind!" game, which aims to promote not only IT, but the wider range of educational opportunities inherent in digital devices. „Challenge. Accepted?" - in 2019 for the first time that Telekom launched a case study contest under the title "Challenge. Accepted?". Teams could enter into the competition in three categories: we expected IT, business and communication/ marketing students.	590 students
<b>Edutainment / Inspitainment content</b>		
Hello Biznisz	The Hello Biznisz program was launched to guide SOHO/ SMBs in the maze of management, workforce management, marketing, sales or finance. We help our SOHO/SMB partners to answer their questions with practical know-how and information, both in written and video form.	nearly 300,000 unique users per year
Telekom Volunteer Day	Magyar Telekom and T-Systems Hungary organised an annual Volunteer Day (2016-2018), during which traditional volunteering and digital education took place in 25 locations across the country.	2,900 employees
Sustainability Day	Magyar Telekom organised the Sustainability Day festival conference 12-times - which every year focuses on the most pressing sustainability issues - to provide a unique educational opportunity for its customers and the Hungarian public on sustainability issues.	31,000 participants (2016-2020)
hello holnap! mobile application	Users could collect points through the application that could be exchanged into money then donated to non-profit organisations available in the application.	27,000 downloads
non-spot content	With our Edutainment and Inspitainment content, we empower everyone to use the achievements of the digital world according to their level of technological adaptation, and to make their lives more sustainable, simpler and digital. Throughout the program, our content has been viewed by hundreds of thousands who have become members of the Now Generation.	1,000,000 unique reach
Mobile Experts	Our Mobile Experts (Mobiltudósok) are to be found in Telekom shops offering help and support to visiting customers in the use of our devices and services. They provide information on how the internet can improve the customers' lives (administration, banking, online shopping). Our experts can also be found online: they share their knowledge about the latest technical improvements, products and interesting facts. Their blog can be found on the Mobiltudós blog and they are also present on Telekom's Facebook page.	100,000 customers per year
legyelteis.hu website	As a responsible service provider, Telekom is committed to creating equal digital opportunities for Hungarian society. We take a stand on social problems that prevent people from having equal access to the opportunities offered by the digital world.	5,000 unique users per year
teachtoday.de/en websote	As a responsible large enterprise, it is among our tasks to help and promote the safe use of the internet. We use our best efforts to ensure that all age groups leverage the opportunities offered by the digital world in a smart and conscious way and we also work on the elimination of the digital divide between certain teareas of Hungary. In November, 2017, similarly to other members of the company group, Magyar Telekom also joined Deutsche Telekom's "Teachtoday" initiative to disseminate online education content with the objective of reaching a broad audience.	5,000 unique users per year





# 3.

## DIGITALLY ENABLED SUSTAINABILITY

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9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE

## ICT FOR SUSTAINABILITY

One of the key priorities of the sustainability strategy of Magyar Telekom is to increase the revenue from sustainable products.

10 REDUCED  
INEQUALITIES

In line with this objective, we incorporated the product sustainability assessment into the regulation of the sustainability coordination process; defined the process players as well as their tasks and their layers; then the sustainability assessment of our handset portfolio was also made part of the regulations so that this information is accessible to our customers. The process players were identified again in the new organisation structure, building daily contacts with them for the implementation of the objectives.

12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

Our revenue from sustainable products and services increased year by year. By 2020, the revenue from these products has reached a 35.6% ratio.

The most important products and service groups with a sustainability impact in 2020:

- Climate-friendly and cost-effective business
- Sustainable digital solutions
- Equal chances in a digital world
- Sustainable products

The purpose of the sustainability assessment is to identify the sustainability impacts of our products and services and determine whether the given product or service has favourable environmental and social impacts, or whether it contributes to long-term economic growth.

The sustainability impact of products/services is measured in 3 dimensions, in 15 topics and through 42 questions. According to related regulation sustainability assessment covers all products and services of the company.

For years we have been using the same methodology for the sustainability assessment of our products and services, based on three pillars of sustainability:

- Social pillar: assessment of the contribution of the product/service to health, access to information, equal opportunities and personal growth.
- Economic pillar: assessment of the contribution of the product/service to sustainable consumption, competitiveness and actual needs (fair prices, regional responsibility).
- Environmental pillar: assessment of the contribution of the product/service to the preservation of resources, reduction of the environmental footprint and climate protection (environmentally compatible products and proceedings).

## ExtraNet Green 1 GB data extension option

In 2020, we also offered the choice to our customers who consider it as important as we do to fight against climate change to pick a service that serves the purpose of protecting the climate. That is why we came up with the unique ExtraNet Green 1 GB option. By choosing the ExtraNet Green 1 GB data extension option, we guarantee that we generate the same amount of energy as the one required to transmit 1GB data using our solar power plants. Since its launch, our customers have opted for the green solution more than 90 000 times.



During the implementation of the 5-year strategy, the paper consumption of the shops decreased by 84% due to digitisation and our focused efforts!

We can achieve the beneficial impact of ICT on the environment, if our customers are our partners in it, too. For that very reason, our 5-year strategy also contains initiatives aimed at motivating our customers to use our electronic services.

As a result, in 2020, 41.3% of our retail customers used E-Bill, 42.53% used E-Sales and 41.94% chose E-Care.

For T-Systems Hungary's customers, the percentage of E-Bill users was 33%, 55.27% of customers opted for E-Sales and 84% opted for E-Care options in 2020.

## INNOVATION FOR SUSTAINABILITY

## Innovation project T-Systems &amp; KiBu 2020

In 2020, 93.8% of the innovation spending had a positive social or sustainability impact.

## Canary (EHS smart watch)

This smart watch application was developed to create a safe environment for employees in warehouses. The solution reacts to the increasing shortage of labour that is a huge problem nowadays. The solution supports the integration of a new segment, employees with reduced capacity of work. Employees with hearing disabilities need to wear these smart watches during their work. In case of any emergency such as fire alarm, the watch notifies them with constant vibration. Only the employee can stop the notification via the smart watch. After this the application sends an automatic message to a central email address with the employee's ID so that it is constantly trackable.

## Forklift proximity detection

Combining the benefits of Canary, an indoor tracker with real-time tracking based on indoor location and an alarm monitoring smart-watch application, Canary, a system for forklift detection has been developed. Vehicles can be tagged to determine their route and speed. To prevent unwanted collisions, workers are notified of an upcoming vehicle. As soon as the truck is within a dangerous distance, the clock on the worker's hand gives a vibrating and visual signal, helping the worker to react in time and get out of the way of the approaching truck. It has been pilot tested at several of our customers.

## Pack Track – Packlogistics solution

Pack Track is a smart indoor package tracking solution that enables state-of-the-art automation of digital devices in current, manually operated package logistics processes. It is a high-precision, real-time tracking system, supporting common cloud-based web applications and handheld devices. The solution has been tested on a large package logistics partner and is currently operational.

## 5G SMART EU competition

T-Systems is part of the 16 European enterprise compression consortia that demonstrate the potential of the 5G SMART project in a real manufacturing environment with 5G values and possible uses. The experiments will test integrated manufacturing applications such as industrial robotics or machine vision-based telecommuting and develop features such as time synchronisation or positioning of manufacturing situations.

The 5G SMART project work will run until November 30, 2021. T-Systems aims to study the 5G-SMART project in 2021, which will allow for potential uses, MNO options, their need, and related KPIs, and to evaluate different network design options, considering technical use cases and business-related KPIs. The knowledge created as a result of the project (eg: analyses, studies, proposals) can be used by T-Systems to improve and further develop relevant, self-developed solutions.

## RTLS

High-precision indoor positioning enables us to track the position of any entity within the area covered by the system with sufficient accuracy, thus providing accurate information about the time spent in each area and, where appropriate, the route of movements.

The solution can be used in several areas, some of which are:

- Tracking of raw materials, semi-finished, finished products, materials and other objects in industrial facilities and logistics areas
- Shorten the search time by knowing the exact position
- Tracking of vehicles, forklifts, people, route optimisation by analysing the collected data, fleet operating time analysis
- Protection of high value assets and goods
- In the field of retail for customer analytics systems e.g. Tracking shopping carts
- Measurement of distance requirements e.g. Covid 19

## Artificial Intelligence in customer care

Vanda is an artificial intelligence-based solution that is able to interact with customers through pre-designed processes and manage administrative processes independently, without human intervention. Depending on the business processes we teach, it can be applied in a myriad of areas and situations. Vanda can also be in person at customer service points in the form of a friendly humanoid robot. This is because the robot is optimised for interaction with humans, so it can recognise faces, make eye contact and follow the faces of those who talk to it, in order to maintain smooth communication. You can also communicate orally and through your touch screen in writing.

Supporting the constraints caused by the pandemic situation, we developed a thermal camera access control system concept. The aim was to develop an access control system and checkpoint that facilitates secure access to large numbers of facilities (office buildings, healthcare facilities, etc.). An important element of the process is to increase customer satisfaction and minimise frustrations and fears in entrants. Pepper robot is an essential element in making the entry and control process an experience.



### Agricultural digitalisation

The aim is to develop and implement use cases, concept and project possibilities that make large-scale cultivation of arable crops more efficient and sustainable, building on the advantages of the most modern network technologies (5G, NBIoT). By automatization and data-based transformation of certain operational processes, some operations that currently have a high environmental impact can be digitized and optimized.

The irrigation monitoring system ensures the continuous failure monitoring of the irrigation equipment, the water flow monitoring system of the irrigation network, and the minimisation of water loss, thus supporting more efficient management of water as a scarce natural resource.

Thanks to the nitrogen management system, soil testing can become a continuous and automatic process. The device installed at the soil test points performs measurements at specified intervals; the results of the measurements are available in a map view, in a user interface, which allows a more precise planning of the application plan for nutrients and plant protection products.

In addition, 5G-based drone technology can open up completely new perspectives for agriculture.

### Campus Network

The aim of the project is to test a CEIT AGV (automated guided vehicle) vehicle on the Campus Network established by Magyar Telekom. We expect the following results from the pilot project:

- To test the reliability of AGV communication under real industrial conditions on the Campus Network established at BorgWarner's site in Oroszlány.
- Gaining experience in operating AGV systems and developing a use case for Campus Network
- The tested AGV tool can be used in additional customer pilots in the future, thus further supporting the sales activity
- According to our plans, in addition to the sale of the equipment, TSM also performs the support tasks of the service at level 1 and level 2, for which we charge a monthly support fee.

### Dronify

Dronify is an automated inventory solution that can create a perfect inventory record overnight without human intervention. The inventory activity is performed by an autonomously moving drone using machine vision and machine learning. The data read by the smart camera is recorded in a database that can be integrated into the company's existing ERP system. In addition to inventory, the indoor autonomous drone solution is also suitable for other tasks that make the everyday life of industrial facilities easier.

### KITCHEN BUDAPEST: INNOVATION, INCUBATION AND EDUCATION WITH MAGYAR TELEKOM'S SUPPORT

Kitchen Budapest (KiBu) is an experimental innovation and incubation laboratory that was established in 2007 with the support of Magyar Telekom. As one of the first media labs in Hungary, KiBu found its primary mission in investigating digital literacy and DIY techniques on the local scene. Ever since, KiBu has been actively present as an internationally-recognised innovation lab with a team of young researchers and developers. Between 2017-2020, KiBu has been transformed into T-Systems Hungary Open Innovation centre. Through the activation and involvement of external innovation capacities its tasks included the support of the growth of the industry which was used to respond to T-Systems' business and technological challenges. KiBu incorporated two functions including research and development (prototyping, testing, service design, UX/UI design) and industry collaboration.

KiBu is a place where ideas come alive. Material instantiations of great ideas are the first steps in the making: via 24-hour hackathons, pressure cooking sessions we try and test methodologies, concepts, objects, services. KiBu has a well-equipped workshop area to enable wide-ranging projects to be manufactured, programmed or constructed, with equipment ranging from 3D printers to strong server parks to run high fidelity renders and machinery for AR/VR developments.

KiBu looks at its Startup Program launched in 2012 as an important milestone; it gives teams with budding ideas the opportunity to make their dreams come true. It is part of our mission to help ideas come to life. Since the launch of the Startup Program we experienced that there is high demand among young Hungarians for a program that supports idea-development from a very early stage. As response, the Talent Program was established in 2013 until the end of 2018, and the Lift Program in 2016, in which young people were given the opportunity to develop their ideas into prototypes in addition to professional mentoring at KiBu. The objective here was to elaborate product and service ideas that have a valid business potential or cultural vision that could successfully enter the Startup Program later on. A key quality of a good idea is that it provides a solid base for a business case or an innovative development.

These investments and business opportunities could help Magyar Telekom Group to develop innovative products and establish partnerships, while the ideas elaborated in the laboratory can inspire colleagues working at the business development area, who can gain a better understanding of the environment our products target.

The partnerships have resulted in successful developments such as the Tracker app for indoor location and vehicle tracking, Dronify, Pack Track or the alarm monitoring smartwatch app.

From 1 January 2021, KiBu continue its activities under new ownership.

### VOLUNTEERING

#### What does corporate volunteering mean for us?

In its Sustainability Strategy 2016-2020, the Group set the target of further increasing its contribution to society by putting in a total of 50 thousand volunteer work hours by the end of 2020.

In 2020, Magyar Telekom's 222 volunteers put in a total of 3270 hours. The programs generated the equivalent of HUF 9.96 million for the benefit of society.

Due to the pandemic, it was not possible to pursue the same volunteer activities in 2020 as in previous years, thus the number of volunteer work hours dropped in 2020. During the total period covered by the strategy, Telekom employees did a total of 46 470 ✓ hours of volunteer work by the end of 2020, which is equivalent to HUF 140 million of value generated for the benefit of society.

#### MAJOR PROJECTS PROMOTING DIGITAL SUSTAINABILITY IMPLEMENTED IN 2016-2020:

Program	Brief description	Results
hello holnap! fleet	We recognised the fact that access to and use of telecom services make the lives of people living with handicaps easier, as they can adopt electronic solutions in their every-day lives, which makes their environment more liveable and accessible. That is why Magyar Telekom in 2014 – being the first to do so – started to provide complex services designed for the handicapped living in Hungary. For one to access the hello holnap! fleet tariff packages, he or she only needs hold the membership card of the relevant organisations (MEOSZ, MVGYOSZ, ÉFOÉSZ, AOSZ). The services priced competitively at even lower rates than our own tariffs are available in monthly subscription or top-up card	1,600 customers per year
hello holnap! mobile application	The purpose of the hello holnap! mobile app is to motivate people to engage in sustainable activities, as well as to increase their awareness through useful tips, which not only yield the value generated by the specific activity, but also enable the participants to collect points from Telekom that they can later covert into money and donate the amount to the NGOs of their choice.	HUF 10,000,000 in donations 22 NGOs supported
Volunteer work	It is Magyar Telekom's strategic objective that its employees put in 50 000 hours of volunteer work by 2020, be that traditional volunteer work of some educational activity or blood donation.	Due to the pandemic, it was not possible to pursue the same volunteer activities in 2020 as in previous years, thus the number of volunteer work hours dropped in 2020. During the total period covered by the strategy, Telekom employees did a total of 46 202 hours of volunteer work by the end of 2020, which is equivalent to HUF 140 million of value generated for the benefit of society.
Ratio of sustainable	It is Magyar Telekom's strategic objective that the ratio of revenue from sustainable products and services should reach 50% (21% in 2015).	In 2020, 35.6% of the revenues came from sustainable products and services.
Increase number of customers using electronic services	We can achieve the beneficial impact of ICT on the environment, if our customers are our partners in this too. For that very reason, our 5-year strategy also contains initiatives aimed at motivating our customers to use our electronic services.	Residential customers: E-Bill: 41.3% E-Sale: 42.53% E-Care: 41.94% T-Systems Hungary's clients: E-Bill: 33% E-Sales: 55.27% E-Care: 84%
Smart city and smart agriculture solutions	Magyar Telekom and T-Systems Hungary continuously work on exploiting ICT's benefits and digitising our everyday lives.	smart city: 42 companies/cities smart agriculture: 19 solutions
Sustainable innovation management	In its sustainability strategy, Magyar Telekom set the goal of improving the ratio of sustainable R&D.	In 2020, 93.8% of the innovation spending was beneficial from sustainability aspects.



# 4.

## DIVERSITY & INCLUSION





5 GENDER  
EQUALITY8 DECENT WORK AND  
ECONOMIC GROWTH10 REDUCED  
INEQUALITIES

## Policies and agreements

### Code of Conduct

The **Code of Conduct** provides the framework of orientation for all employees of Deutsche Telekom Group and Magyar Telekom Group. Additionally, it applies to people who are viewed as equivalent to employees in functional terms, e. g. to temporary agency employees. It combines the joint requirements of compliance with legal obligations and acting with integrity and thus ensures that Deutsche Telekom and Magyar Telekom remain transparent and traceable enterprises for everybody. Deutsche Telekom and Magyar Telekom expect their suppliers and consultants to comply with the rules of behaviour manifested in this Code of Conduct and to endeavour to ensure that they are also obliged to abide by its regulation by contract.

### Code of Human Rights and Social Principles

The **Code of Human Rights and Social Principles** and the Equal Opportunities Plan of Magyar Telekom set the general human rights principles of the group and guidance to their group-wide implementation. Magyar Telekom Group recognises and respects the fact that the cultural, social and legal diversity of its employees provide the foundations of operations based on equal opportunities. It is also a competitive advantage that leads to business success. The Code of Human Rights & Social Principles has replaced the former Social Charter in November, 2017 and it now serves as a framework, for safeguarding human rights, diversity and inclusive corporate culture

The Code of Human Rights and Social Principles has been developed in accordance with internationally recognised norms, directives and standards, particularly those of

- International Bill of Human Rights,
- the ILO Core Conventions,
- the OECD Guidelines,
- the Global Compact,
- the Tripartite Declaration of Principles concerning Multinational Enterprises
- and Social Policy (MNE Declaration),
- and Guiding Principles on Business and Human Rights.

### Diversity Policy

The **Diversity Policy** of Magyar Telekom Group underscores our commitment to consistently identify and utilise the potential for improvement. We embrace, respect and acknowledge the diversity of our employees, the markets we serve, the suppliers we work with, our shareholders and the entire society we live in. We consider diversity to be our strength, and this is the quality we strive to encourage in our approach to business as well.

## Suppliers' Compliance

Magyar Telekom Group is committed to respecting and protecting human rights and it expects its suppliers to comply with these rules of behaviour. Prior to becoming authorised suppliers of Magyar Telekom and T-Systems our suppliers must register their enterprises at our vendors' **registration site**.

As an obligatory part of the registration process vendors are obliged to understand and accept our Suppliers Code of Conduct that among other policies, entails our Code of Conduct, Code of Human Rights and Social Principles and Diversity Policy. Our suppliers must understand and accept these policies and obligatory frameworks for their behaviours as well.

### Employee Relations Policy of Magyar Telekom Group and Deutsche Telekom Group

The **policy**, valid since 2011 as an internal regulation and available as a public policy since 2018 defines and regulates the framework of relationships between employees and the company throughout the entire employee lifecycle contributing to a corporate environment in which employees are empowered to contribute individually to business performance and increase shareholder value.

### Equal Opportunities Plan

Anti-discrimination and the safeguarding of equal opportunities is a key priority to Magyar Telekom Group. According to the act CXXV of 2003 on Equal Treatment and Promotion of Equal Opportunities, and the corporate protocol in place since 2010, Magyar Telekom Group has accepted its **4th Equal Opportunities Plan** in order to secure the practices of equal treatment, the advancement of equal opportunities and the monitoring and improvement of the labour positions of particular disadvantaged employee groups. The Equal Opportunities plan currently in force is valid between 2016 and 2020 and has been developed in close cooperation with the employee representative bodies. The report on the results of the Plan was accepted by the Central Workers Council at the end of 2020.

### European Union Diversity Charter

Hungary joined the **Diversity Charter of the European Union** in 2016 and, among 50 signatory companies, Magyar Telekom also declared its dedication to safeguarding diversity as a fundamental value. Since then, Magyar Telekom has been among the signatory companies every year, including 2020.

### Monitoring and auditing practices

Magyar Telekom Group's Code of Conduct covers the requirements of corporate compliance and states our collective set of values, and thus stands as an affirmation of Magyar Telekom's strong reputation, solid position and future success.

The Code of Conduct applies to all board members of Magyar Telekom Group from employees to managing directors, executives and board members. Furthermore, Magyar Telekom Group expects its suppliers and consultants to comply with the rules of behaviour manifested in this Code of Conduct and to endeavour to ensure that they are also obliged to abide to its regulation by contract.

Magyar Telekom Group's Corporate Compliance Program has been elaborated to ensure that Magyar Telekom Group conducts its business with maximum consciousness and commitment, in accordance with relevant laws and regulations, in harmony with the strictest possible business ethics standards. The Compliance Program involves the Group Compliance Manager and compliance representatives of particular functional areas of operation, who are working together as members of the Group Compliance Committee. The Compliance Program has been designed to ensure that the Group conducts its business to the highest standards of awareness, transparency, accountability, commitment, and adherence to applicable laws and regulations. External audits or inspections could be initiated towards any employer in Hungary by the Hungarian Labour Inspectorate due to public interest complaints, inquiries or reports of concern. The institution supports employer compliance with the relevant laws and regulations with counselling and supervision. The Equal Treatment Authority is the relevant authority responsible for issues concerning equal opportunities. The authority accepts direct appeals from employees. There were no equal opportunity proceedings initiated on account of Magyar Telekom in 2020.

As Deutsche Telekom's subsidiary, Magyar Telekom Group takes part in the annual internal survey, to ensure the compliance of the subsidiaries of the Deutsche Telekom Group with the social principles of DT. As of November 2017, the basic principles of Deutsche Telekom are no longer included in the Social Charter, but in the Code of Human Rights & Social Principles. The Social Charter has thus been replaced by the Code of Human Rights & Social Principles. The senior executive responsible for the confirmation of the observance of these principles is Magyar Telekom's Chief People Officer, by way of providing the annual Human Rights and Social Performance Report.

As a tribute to the 70th anniversary of the Universal Declaration of Human Rights and in compliance with the Code of Human Rights and Social Principles, all employees of Magyar Telekom Plc. and T-Systems together with their external workforce involved in brand representation participated in a compulsory human rights e-Learning training in 2018 and it remains a mandatory course in 2020.

Deutsche Telekom Group introduced a regular monitoring process in which specific parameters of compliance with the Group Employee Relations Policy are being periodically evaluated in all Group Units. The monitored key elements are being evaluated with the local companies, followed by a dedicated on-site review. Magyar Telekom hosted this on-site review in June 2018.

As part of the orientation process of new employees at Magyar Telekom Group, they receive in their first two months compulsory education about the company principles, guidelines and practices concerning social issues, labour standards and human rights. All employees must understand and accept these guidelines as the fundamentals of their own professional behaviour and operations. Nevertheless, the company is aware of the fact that there could be situations in which it is harder to tell appropriate from inappropriate. In order to assist employees in making the right choices in these situations, the company offers secure internal whistle-blower channels, operated by the Corporate Compliance Department. "Kérdezz!" ("Ask me!") advice portal has been set up to help resolve uncertainties as far as compliance-relevant behaviour is concerned. Serious misconduct must be announced for prevention purposes and for appropriate sanctions. For this reason, the "Tell me!" whistle-blower portal has been established. Questions concerning human rights and equal opportunities are being handled by the appointed equal opportunities officer. The main principles and the detailed description of the internal inspection process are detailed in employee directives available to all employees on the shared intranet platform. Throughout the inspection process the whistle-blowers' anonymity, personal and data privacy are guaranteed and handled with the utmost discretion.

### Diversity and Equal Opportunities

In 2018 our 2016-2020 Sustainability strategy was supplemented with a Diversity and Inclusion plan the strategic steps, targets and result indicators of which, have been defined based on employee feedback. Our employee survey on the perceptions of corporate D&I culture is being repeated biannually to support the revision of the key targets of the D&I action plan. Based on the results of a survey repeated in early 2020, our colleagues consider Telekom to be a more open, safer and inclusive workplace. In 2020, Magyar Telekom's **public e-learning curriculum**, which supports the awareness of unconscious bias, was integrated into the cultural development process of many Hungarian companies, with the help of Telekom's experts. In May 2020, we introduced our colleagues on parental leave to their new contact and training/development opportunities. The expansion of the available supporting opportunities is being coordinated with the involvement of the affected employee group.

### Employee expectations and equal opportunities

The human resources organisation of Magyar Telekom has been transformed into an even more efficient, agile, customer-focused People Unit in support of the corporate business strategy. In 2020, existing people strategy priorities were complemented by addressing the new challenges posed by the pandemic. A key priority was to react quickly and safely, protecting the health of our clients and employees, and support the new way of working for all.

Magyar Telekom, as a company committed to providing equal opportunities to its employees, deems it especially important to harmonise wages and to terminate unjust wage gaps.



### BASE WAGE COMPARISON BY JOB GRADES AND GENDER, MAGYAR TELEKOM PLC., 2020 ✓

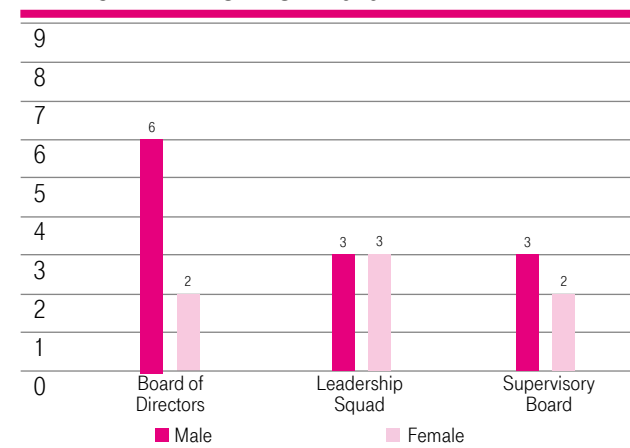


Our remuneration system is fully transparent thus our base wage tables and the relevant policies are available for all employees. We pay special attention to avoid the gender pay gap and any unjust discrepancies between the wages of colleagues doing similar jobs. and income ratios between those who do different types of work should indeed be based on differences in actual work. As a responsible company, we are aware of the social phenomenon of the gender pay gap and are committed to eliminating its root causes within our own business environment.

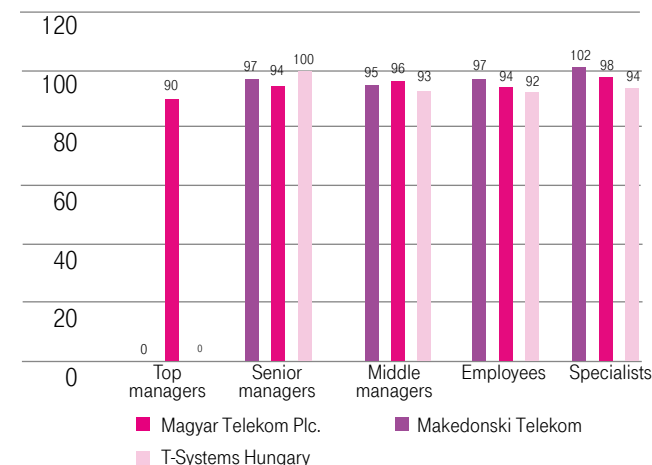
In July 2020, we conducted a complex gender pay gap analysis using 9 indicators. According to our findings, the ad hoc differences between female and male employee salaries on the same employment levels did not reach a significant limit.

### Rise in the number of women in leadership positions

### GENDER MIX OF MAGYAR TELEKOM GROUP MANAGEMENT BODIES IN 2020 ✓

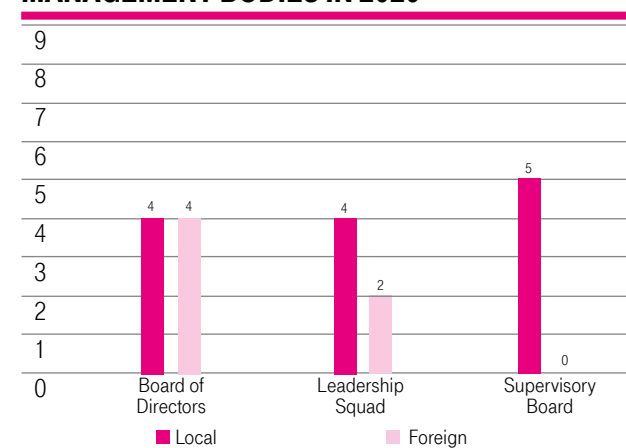


### PROPORTION OF BASE WAGES OF FEMALE EMPLOYEES COMPARED TO THE BASE WAGES OF MALE EMPLOYEES (100%) BROKEN DOWN TO JOB CATEGORIES, MAGYAR TELEKOM GROUP, 2020 ✓



The detected proportion of pay gap can be attributed to the following factors: male employees outnumber female employees throughout the company, and especially in the technical/technological departments and in higher pay grades, while the long parental leave results in returning difficulties and career gap for female employees. To reduce these root causes, we have established an equal opportunities action plan to reduce the possibilities of inequalities such as the 'motherhood penalty' and the female career gap.

### BREAKDOWN OF THE MEMBERS OF MAGYAR TELEKOM GROUP MANAGEMENT BODIES IN 2020 ✓



As an employer dedicated to diversity as a core value, Magyar Telekom deems it important to increase the number of women in leadership positions. From May 2020, for the first time in the company's history, we have achieved a balanced 50% gender ratio in our senior management. However female representation in overall management did not reach higher than 27% by the end of 2020. As we have not reached the 30% target for total management, we will continue to work towards the increase of female representation in management positions.

A way to achieve this is to further improve the gender equity basis of our succession planning processes. According to our action plan, we have introduced a quota of finding at least two suitable female candidates for executive position shortlists. There are some areas of company operations affected by prevalent social stereotypes in which this is not possible at the moment, but we aim to minimise the number of these areas by further stretching the scope of our succession management practices and by contributing to the de-gendered opening of all relevant fields. We have contributed to the predictability of returning to work after parental leave. By fostering conscious career planning and offering a wide range of learning and development opportunities throughout the leave period, we support our colleagues on long term parental leave to keep their labour market knowledge up to date.

In our day-to-day operations that were transformed during the pandemic situation, almost 80% of our employees have switched to 100% telework. Our plan is to keep the possibility of entirely remote work in line with certain responsibilities and roles within the company even after the pandemic in line with our new 'hybrid'-operation model. This could be especially suitable for colleagues with small children, those living in distant parts of the country or colleagues with mobility disabilities.

With our family-friendly solutions and digital training development portfolio, we support the career planning of our colleagues

regardless of gender. Representing the responsible paternal commitment of our male colleagues and the sharing of caring responsibilities within the family also played a strong role in our corporate culture in 2020. During International Women's Day week, we held an expert roundtable discussion on home care, emotional housework, and family roles with the active participation of our staff.

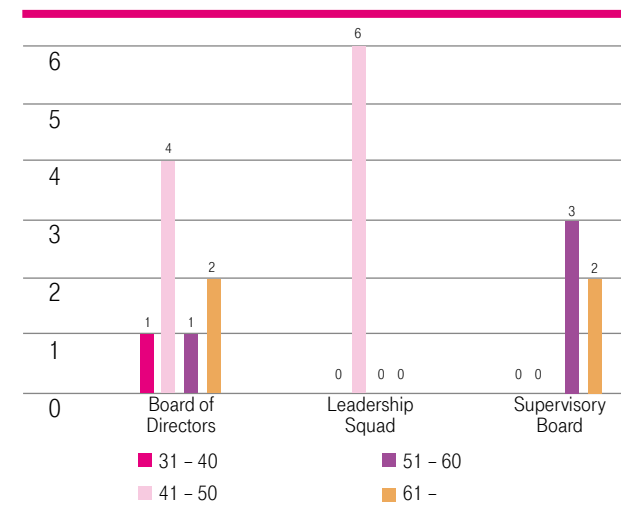
In 2020, as a company committed to equal opportunities for women in the labour market, Magyar Telekom joined the Forbes Women's Summit in the autumn as the main sponsor of the event. Melinda Szabó, Telekom's Deputy Chief Commercial Officer, participated in a panel discussion of female senior executives. Telekom had its own workshop room by the main conference stage, where we held a workshop for company executives on corporate culture development and raising awareness of unconscious bias, sharing our free e-learning. In November, we joined „Szabadság? Másképp (Eng. trans „Liberty? In other words..“) TEDxLiberty-BridgeWomen Budapest as a gold sponsor.

As a member of Deutsche Telekom Group, Magyar Telekom also contributed to the company group results that allowed Deutsche Telekom Group to be listed again in Bloomberg's Gender-Equality Index (GEI) in 2020.

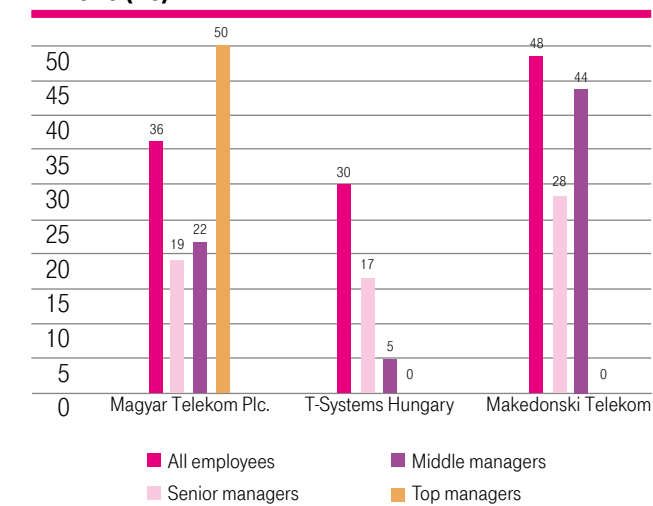
Our policies, charters and initiatives do not only aim to ensure equal opportunities for employees but also to strengthen our engagement in this field, in line with our corporate sustainability strategy. The Equal Opportunities Principles (2016–2020) of Magyar Telekom Plc. and T-Systems Hungary are:

1. Enforcement of requirements pertaining to equal treatment and the prohibition of discrimination
2. Equitable and flexible treatment, diversity
3. Respect for human dignity, securing a healthy and safe working environment

### AGE BREAKDOWN OF MAGYAR TELEKOM GROUP MANAGEMENT BODIES IN 2020 ✓



### RATIO OF WOMEN IN MEMBER COMPANIES IN 2020 (%) ✓



4. Partnership, cooperation
5. Social Solidarity

During the implementation of the Equal Opportunities Plan, employers plan measures to improve the situation of the following target groups of employees in particular:

- a. Women
- b. Employees with families in particular those who
  - Raise three or more children under 18 years of age
  - Raise their children alone
  - Raise disabled children, and
  - Employees who care for a chronically-ill family member
- c. Employees on maternity leave or childcare benefit (GYES/GYED)
- d. Disabled employees or whose ability to work has deteriorated
- e. Career entrants
- f. Employees above the age of 50
- g. Female employees in leadership positions

On May 6, 2009 the company joined the UN Global Compact initiative and its 10 principles in the areas of human rights, labour, environment and anti-corruption. Our measures to maintain gender equity among employees are consistently taken in the spirit of the following Global Agreement Principles:

1. Support and respect the protection of internationally proclaimed human rights
2. Make sure that they are not complicit in human rights abuses
4. The elimination of all forms of forced and compulsory labour
6. The elimination of discrimination in respect of employment and occupation–

Telekom also promoted Deutsche Telekom's Women in STEM Award 2020 extensively on its public and on social media channels. The aim of the competition is to promote a variety of STEM careers among female talents and to motivate talented candidates in their aspiration towards STEM education. The competition was open to all women, who wrote their final theses in any STEM subjects and the face of our campaign was an IT trainee at Telekom.

#### Labour force inclusion of underprivileged groups

As an employer, Magyar Telekom has issued the following actions in 2020 to improve the conditions of the employee target groups marked in the 2016–2020 Equal Opportunities plan.

As a mentor company Telekom supports Roma workforce integration programs Integrom and HRom to contribute to equal labour market opportunities. The program participants are being supported with job application counselling, job interview rehearsals, CV writing and editing skill practices. Our inclusive recruitment practices include dedicated recruiter tracking support for program participants throughout their application process, providing detailed evaluation and feedback, and company mentoring upon request.

In parallel with the Budapest Pride Festival, Telekom created its LGBTQ+ Safe Space employee community, having its first event online. During the Festival Telekom Video Library offered a selection of thematic motion pictures, honouring the equal rights movement and struggles of LGBTQ+ history.

Our Unconscious bias e-learning was published in 2019 as a free training material available for public use to all Hungarian language businesses and entities. In 2020 we participated in online events and conferences and offered public lectures showing the background of the development of the course, providing tools and sharing best practices with other companies on how they could implement this training to their own culture development processes towards the promotion of a discrimination-free corporate culture. Events included Telekom hosting events at HBLF Diversity Week, at MEF Working group, The Equator Foundation, Forbes Women's Summit and HR Fest.

#### Disability-friendly Workplace

In 2020, Magyar Telekom continued to be a proud holder of the Disability-Friendly Workplace award. The company participated in the application and audit process for the renewal of the award in September 2020. This recognition is being awarded by Salva Vita Foundation, the advocating organisation aiming to bring disability-friendly employers and job-seeking people with disabilities together. Employers may apply for this title by expressing their commitment to the conscious improvement of their inclusive recruitment, employment and staff-retention practices concerning people with disabilities.



To ensure equal opportunities for our future employees with reduced capacity to work or disability (since 2010) applicants with disabilities using Magyar Telekom's electronic **recruitment interface** are invited to state if they have any special request based on their needs or circumstances in order to secure full accessibility of our career selection process. We support the integration of our affected employees and the development of a smooth working routine within their teams by offering education material and on-demand workshops to the teams on the basic behavioural principles of working together with wheelchair-bound professionals, or those with visual or hearing impairment or living with autistic spectrum disorder.

Introducing our Unconscious Bias e-learning to all our employees in 2019 and supplementing it with inclusive leadership training contributed to the awareness and openness of our managers concerning working with employees with disabilities. As a result of a more-informed people management staff we were able to

increase the number of colleagues with disabilities. According to our 2020 employee survey on diversity culture, the accessibility of our physical and digital work infrastructure has further increased compared to 2018. 81% of the affected respondents consider Magyar Telekom to be an open and inclusive workplace in terms of integration of employees with disabilities.

The Budapest based offices of Magyar Telekom group moved in together in our new HQ building in the fall of 2018. The building is thoroughly wheelchair-accessible and the rest of the accessible infrastructure development is being carried out in compliance with the BREEAM Standard. In November, after moving into the new building we conducted an internal accessibility audit with the help of our visually impaired and disabled employees to define the most important points for improvement. The Telekom HQ building obtained its final BREEAM Excellent certification in July 2019 in the category of newly-built real estate. Thus the largest business centre of Hungary also became the real estate with the highest BREEAM certification in the country.

In 2020, as a result of the COVID-19 pandemic crisis, the call centre department of Magyar Telekom was also forced to transform its day-to-day operations to 100% remote work for the first time in its history. The entire call centre workforce team managed to adjust to the new circumstances in an exemplary way maintaining remote work until the end of the state of emergency. While they were out of office another accessibility audit was conducted in their office spaces in May 2020, in line with which, further infrastructure developments were implemented in designated office spaces of our HQ building to develop a more disability-friendly working environment for our affected call centre staff, beyond the legislative norms. The infrastructure developments that involve the instalment of motorised doors in frequently used areas contribute to more independent mobility within the building.

Sensitisation and promotion of involvement is an important part of the company culture. Our goal is to further improve the accessible UX (user experience) for both our employees and customers. To this end as a responsible service provider and member company of the Communications Conciliation Board ('Hírközlési Érdekegyeztető Tanács') we are already making efforts to ensure that our digital accessibility complies with the 2025 Accessibility Act of the European Union. In 2020, we completed the barrier-free audit of our digital interfaces and integrated development needs in line with the technology priorities into our website and webshop development process

#### Workforce reduction

Magyar Telekom continued its cost-cutting programme, laying off around 100 colleagues (at parent company level) in 2021, based on an agreement with the stakeholders in 2020 (the number of redundancies was kept low, at 450 in 2020 and 400 in 2019). It was also possible for employees to voluntarily indicate their intention to leave to their manager. The majority of the employees concerned left the Company as of 1 January 2021.

Magyar Telekom supports the reintegration of departing employees through active job search, labour market training and personal counselling within the framework of the well-established Opportunity programme, trusting that these tools will contribute to the early reintegration of the departing qualified employees with modern skills.

#### Work-life balance

Magyar Telekom considers stress, overload and burnout-related risk-reduction as its priority duty in relation to its employees. In order to take charge of these risks by securing an empowering environment to develop and maintain a healthy lifestyle, employees are also provided with coaching and training opportunities that help in the advancement of their task-management skills.

Our family-friendly office spaces, the Kid's Hut, our HQ's professional childcare facility and the tax-free cafeteria element of nursery-kindergarten support contribute to the maintenance of work-life balance of our employees with children and helps them reduce childcare-related costs. Depending on their personal and family circumstances (e.g. caring for a sick or elderly relative at home), our employees may receive long-term unpaid leave. In the changed situation caused by the COVID-19 pandemic, we also supported the preservation of the physical and mental health of our employees by providing a range of online GYM training and coaching opportunities.

Through the implementation of particular forms of non-regular employment, the company aims to provide support to maintain a healthy work-life balance and is also dedicated to reducing the possibilities of working overtime. While offering flexible working hours through part-time (4-or-6-hour workdays), our internal regulations and methodologies support employees in finding the most suitable manner of work. The schedule options (e.g. flexi-time, banking of hours, compressed workweek) are being defined in the collective agreement. The number of working hours (4-, 6- or 8-hour workday options) is being recorded in the collective agreement, and employees can manage their working schedule on the appropriate time management interface. It is strategically important for the company to build teleworking into the company's culture. The success of the process of dealing with the COVID-19 pandemic in 2020 was largely determined by Telekom's long-standing telework culture and the availability of high-quality digital workplace tools for remote collaborative work. In 2020, due to the pandemic, 100% teleworking transformation of the entire call centre area also took place.

Alongside our general operations, irrespective of the epidemic situation, we continue to work on the principle of a shared desk in our HQ. The workspace design of the new HQ building of Magyar Telekom is based on the shared-desk principle, its social and creative lounge spaces and well-equipped digital conference rooms also support the highest level of telepresence flexibility.



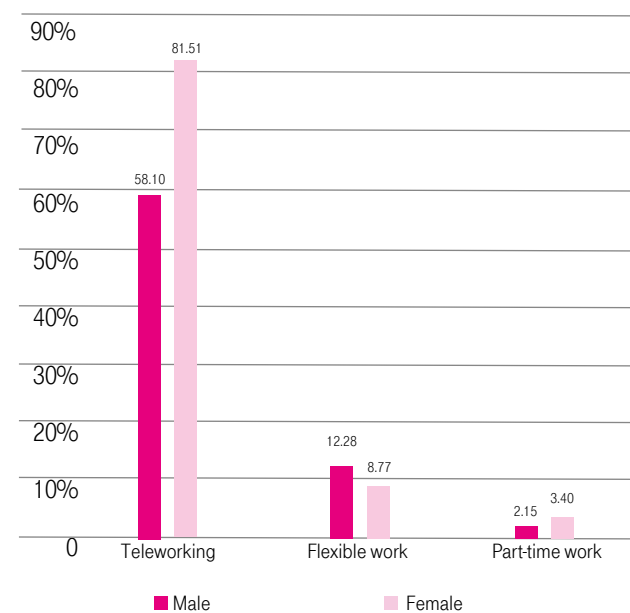
Teleworking is also supported by the continuous maintenance and development of solid digital office network access, which received even higher-level maintenance to sufficiently support our remote collaboration and teamwork during the pandemic. Employees receive mandatory courses to manage potential accessibility and/or data privacy risks related to teleworking. In front-end roles, where employees are working in shifts, teleworking is not an option but their private life responsibilities are being taken into account when arranging schedules.

In 2020 our employees worked a total of 610,269 days remotely, saving nearly 20 million kilometres or 108 years of travel.

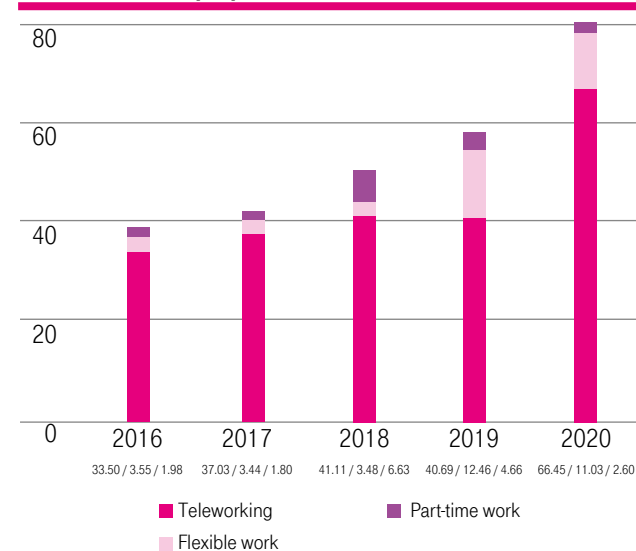
With regards to our employees' private and family circumstances (e.g. necessity of homecare of an elderly or chronically ill close relative), our colleagues may go on a permanent leave without pay as regulated by the Labour Code. The facts justifying the leave are to be verified to the employer and the period of leave must not exceed 2 years. In accordance with Hungarian labour legislations we provide our employees with extra days off according to how many children they have, and for donating blood. In cases of more than 40% damage to health, employees have the right to an additional 5 days off for rehabilitation, annually. Additionally, we credit the voluntary social contribution of our employees by providing days off, the proportion of which is being precisely regulated in internal corporate directives.

In order to prevent cases of burnout and support the restoration of work-life balance, the company has been offering the partly-financed opportunity of a "sabbatical" leave for a period of 1-6 months, since 2016.

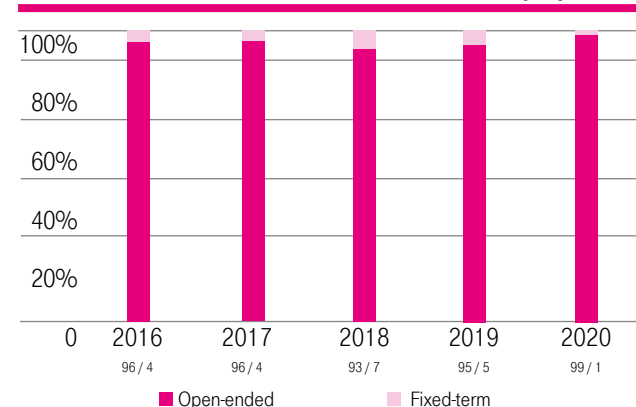
#### GENDER MIX OF ATYPICAL FORMS OF EMPLOYMENT AT MAGYAR TELEKOM PLC. IN 2020 (%) ✓



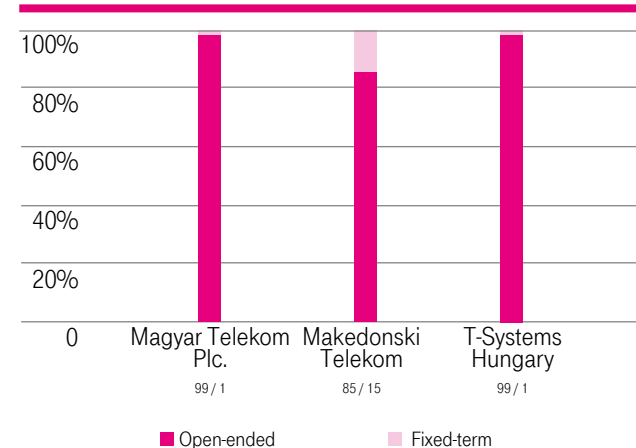
#### ATYPICAL FORMS OF EMPLOYMENT AT MAGYAR TELEKOM PLC. IN PERCENTAGE OF THE TOTAL HEADCOUNT (%) ✓



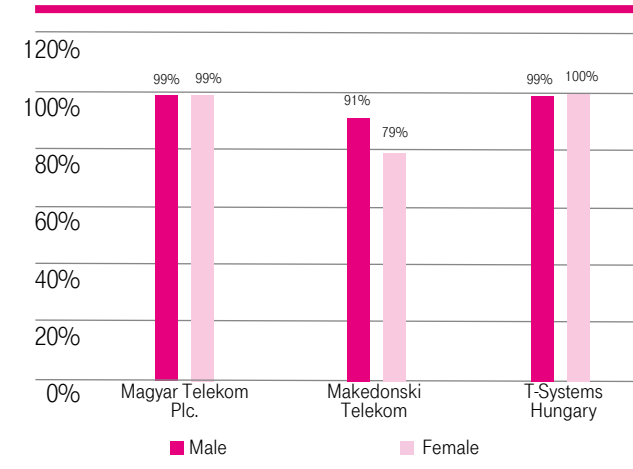
#### RATIO OF FIXED-TERM TO OPEN-ENDED EMPLOYMENT AT MAGYAR TELEKOM PLC. (%) ✓



#### RATIO OF FIXED-TERM TO OPEN-ENDED EMPLOYMENT AT MAGYAR TELEKOM PLC (%) ✓



#### RATIO OF OPEN-ENDED EMPLOYMENT CONTRACTS BY GENDER AT MAGYAR TELEKOM GROUP ✓



#### Family-friendly Telekom and T-Systems Hungary

In 2020 one of the most important elements of Telekom's Diversity & Inclusion concept remained the improvement of our entire parental leave process from planning to staying in touch during leave, all the way to reintegration support. In 2020 we informed our affected employees about the new opportunities introduced as part of the 2019 renewed process of parental leave and return support scheme and we have received and processed their contact requests. The new process offers support in career planning and new ways of staying in touch during the leave period. Preparation for the long-term parental leave is being supported by an internal process, that is designed to assist both the employee and the people manager in the smooth planning of pre-absence tasks. To maintain the connection between the employee on parental leave and the company, the company intranet remains accessible throughout the leave period, thus the employee can stay in touch with the corporate news, follow the changes and access all HR information relevant to their situation. The internal employee direct HR chat is also available for quick administration.

As another new element of the parental leave system of Telekom, the employees can retain their access to the entire free education and development portfolio, allowing them to learn and develop during their parental leave. Easy-access support is being granted both through desktop services and mobile application.

#### Long-term leave and return to work from maternity leave ✓

	Male	Female	Total
Employees on long-term leave	3	87	90
Employees returning after long-term leave		123	123
Employees returning from long-term leave, after having been employed at least for 12 months upon joining the company		79	79
Employees returning from long-term leave with continued employment	N/A	64%	64%

From 2018, we have employed our trainees in the status of employees. Internship contracts are either part-time or fixed-term ones, so this change is reflected in charts showing atypical forms of employment and contract types.



We support the reintegration of employees returning to work beyond our regulatory obligations with a direct recruitment channel dedicated to this employee group, providing additional support in cases when after several years of leave, it might be difficult to return to a previous role.

We also remain in touch through our traditional channels of correspondence, in our closed Facebook group „Telekom Families” and in person at our family and sports activities, where all our employees and families are invited to spend a day outdoors. As a result of our efforts, we witness a steadily improving trajectory of the re-employment rate of our employees returning from parental leave..





In order to support a healthy balance between work and private life, it is necessary to reorganise the workload within families. The „Daddy, it's starting!“ program tries to raise awareness of the father's role within the family. The internal communication portal of the company has published and information kit for young fathers („Daddy News“) since 2010, collecting useful information and tips for young fathers. All new-Fathers of our company receive a congratulating e-mail and are informed about the extra holiday available for newborn-care. During International Women's Day week in 2020, we held an expert roundtable discussion on home care, emotional housework, and family roles with the active participation of our staff.

Both in 2014 and 2015 Magyar Telekom and T-Systems jointly and successfully applied for the Family-Friendly Company award and the Three Princes and Three Princesses Movement gave a special “Family-Friendly” award to the company as an acknowledgement of its family-friendly initiatives and efforts. We have been recognised as a Family-Friendly Mentor Company since 2016 raising our partnership with the movement on a strategic level for an indefinite period. As part of our partnership, Magyar Telekom supports companies in the movement by sharing its best practices and offering corporate level mentoring in support of spreading Family-Friendly working culture. A large number of our colleagues participate in the public lecture series of the movement entitled Compass – Family and Career. The public lectures are being delivered by leading Hungarian relationship, self-care, and mental health experts in spring and autumn semester blocks. Magyar Telekom also received the audited “Family-Friendly Place” qualification, which was launched in bronze in 2019 and was proud to wear it in 2020 as well.

In 2019 Dimenzió Mutual Insurance and Self-help Association's Family Support initiative assisted families in the Telekom community by offering discounted summer camp opportunities for their children during the long summer holiday season. In addition, the tax-free nursery-kindergarten support is an optional element of the cafeteria system which also contributes to the reduction of the financial burden on parents with young children.

In order to support the needs of employees who need to manage childcare situations during their office-related duties, Magyar Telekom provides family friendly office spaces. We opened our very first Telekom HQ ‘Kid's Hut’ in July 2019 where we offer professional childcare assistance for a couple of office hours during the school holidays most difficult to arrange babysitting, focusing on times when our employees must interrupt their work from home and come to the office. The opening of the playroom has been preceded with a thorough needs assessment, and our children and grandchildren were also invited to participate in a drawing contest, where they could imagine the future design, furniture and equipment of their own space within the Telekom HQ. Unfortunately, due to the 2020 COVID-19 pandemic the ‘Kid's Hut’ was forced to remain out of service throughout the year.

Hundreds of Telekom children took over the headquarters on the Bring Your Kids to Work #shomewhereyouwork ('#mutiholdolgozol') day, which was held with great success in 2019. Usually held on the first day of the spring school holiday, colleagues are invited to bring their children to work showing them what is it their parents are working on. In addition to announcing the results of our drawing competition, we also treated them with gifts and children's menus from our restaurants.

We didn't want to give up the opportunity to involve our children in 2020 either, despite our circumstances, so in April we launched an unusual #showushowyoustudy (#mutihogytanultok) creative competition, during which our children could apply and show how their families cope with the challenges of working from home and distance learning in drawing or multimedia art categories. In early December 2020, we organised an online Santa Claus celebration for the little ones with the participation of performer Vilmos Gryllus.

A considerable proportion of employees in the company group take advantage of teleworking thus actively-working parents and still actively-working grandparents can successfully harmonise their family lives and professional duties. Regulated by the Labour Act employees are entitled to unpaid leave to take care of ill close relatives, the timeframe and methodology are subject to the labour Act. Beyond our legal obligation, we also support affected employees with a thorough database and detailed information about the available social care, health care, elderly care and/or chronically- ill relative care institutional system and private facilities throughout the country to help plan and re-organise life and care in their demanding situations.

Since the beginning of the first wave of the epidemic, about 80% of our employees have switched to 100% telework. In positions that did not allow remote working, such as network establishment or troubleshooting technology unit colleagues and front-end customer service professionals, we have secured uninterrupted service providing our employees with equipment and working conditions that meet the requirements of the imposed health and safety rules.

Working parent colleagues with children under 14, who were unable to provide sufficient day-care after the closing of education institutions were provided an absence fee, and we speeded up the processing of corporate emergency assistance and salary advance request applications. At the beginning of April 2020, with the initiative, personal responsibility and financial contributions of the Leadership Squad, Tibor Rékasi, CEO funded the Magenta Alliance Foundation in support of employees facing financial insecurities due to the pandemic crisis. The Foundation is open to applications and accepts donations from all Magyar Telekom and T-Systems employees. By the end of 2020, nearly HUF 5.7 million in donations had been raised through employee donations.

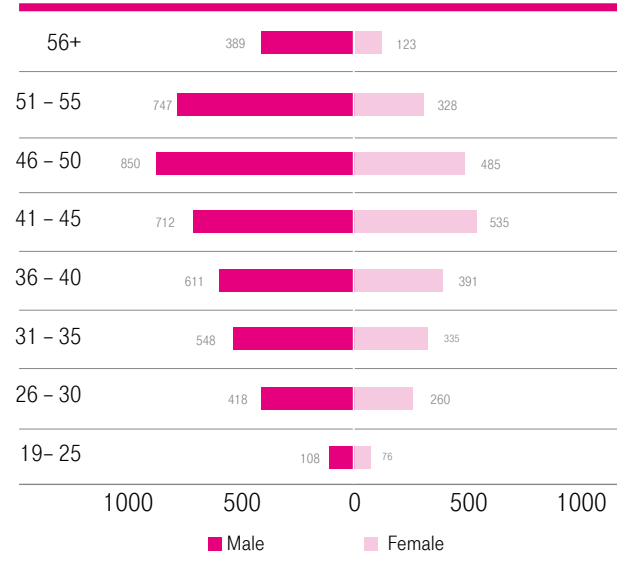
## Generations at Magyar Telekom

The company employs various generations simultaneously thus personal fulfilment and the realisation of the full potential of our colleagues regardless of one's age or background is an important goal for Telekom. As a next step of the well-designed internship program, the Group offers jobs to many young people starting their career.

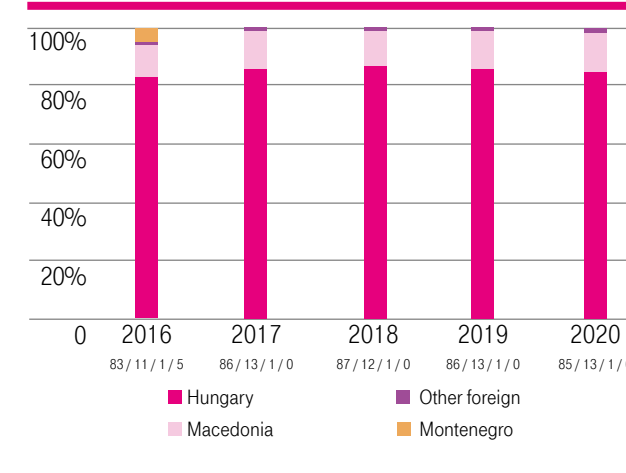
The family-friendly atmosphere of the company offers various methods of support to young employees with families and it also tries to help them in the challenging times of becoming a parent. Teleworking is not just attractive for colleagues taking care of a baby, but it also offers a flexible way to manage work and life for our single colleagues as well, who can thus be more successful while managing their time in a flexible way.

The majority of our employees fall into the middle-aged category of experienced professionals.

## AGE TREE OF MAGYAR TELEKOM GROUP, DECEMBER 31, 2020 ✓



## DISTRIBUTION OF EMPLOYEES BY REGION(%) ✓







# 5.

## STAKEHOLDERS



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND

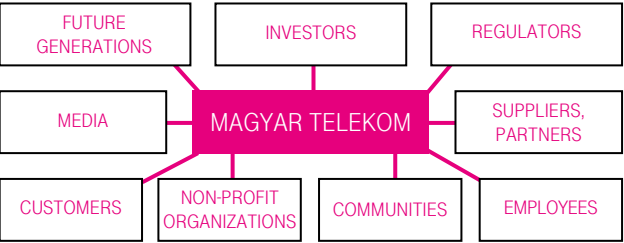


17 PARTNERSHIPS FOR THE GOALS



The stakeholders of Magyar Telekom Group include all those groups, which have an influence on or hold an interest in the implementation of the objectives of the Company. 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 regulators, investors, employees, communities, NGOs, suppliers, partners, the media and future generations.



STAKEHOLDER SURVEY

As part of the preparation process of Magyar Telekom's Corporate Sustainability Report, we rely on our preliminary research findings and regularly monitor the opinions of our stakeholders concerning the importance of our sustainability topics. We conduct an annual survey aiming 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 a crucial role in the evaluation and materiality rating of our sustainability activities for this report. All topics are important contributing elements to the successful delivery of our strategic goals, nevertheless, we pay particular attention to those that our stakeholders have denoted with medium-and high-level 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 worth 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,
- which global Sustainable Development Goals (SDGs) Magyar Telekom should consider as priorities, based on its activities

The latest survey, conducted in December 2020, shows that most of our stakeholders protection of minors in the Digital Age, consider waste management and informing of customers to be the most important areas. In the areas of ICT-relevant scientific achievements, they underlined the importance of climate protection and innovation, which we address in our report in separate subchapters.

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

TOPICS EVALUATED BY THE STAKEHOLDER GROUPS AND THEIR IMPORTANCE

	Regulator	NGO	Employees	Media	Customer	Future generation	Supplier, Partner	Investor	Local community	Average
Protection of minors in the Digital Age	4,25	4,09	4,44	4,05	3,72	3,38	4,18	3,46	3,27	3,87
Wastes	4,25	4,20	4,20	4,05	3,75	3,49	3,98	3,16	3,31	3,82
Informing of customers	4,05	4,20	4,22	3,88	3,69	3,41	4,12	3,39	3,13	3,79
Customer satisfaction	4,25	4,09	4,19	3,78	3,63	3,06	3,94	3,81	3,32	3,79
Climate protection and energy efficiency	3,75	4,10	4,40	4,13	3,84	3,52	3,92	3,34	2,90	3,77
Data protection	4,75	4,03	4,07	4,00	3,56	3,11	3,78	3,57	2,96	3,76
Environmental targets, costs and compliance	3,75	4,01	4,12	4,13	3,71	3,47	3,83	3,44	2,78	3,69
Local procurement	4,25	4,08	4,11	3,55	3,57	3,45	3,90	3,19	3,11	3,69
Sustainability in the supply chain	4,25	4,08	4,13	3,78	3,55	3,24	3,93	3,29	2,83	3,67
Innovation for sustainability	3,55	4,17	4,19	3,93	3,67	3,36	3,59	3,63	2,93	3,67
Corporate compliance	4,75	3,97	3,96	3,63	3,53	3,00	3,56	3,54	2,92	3,65
Resource consumption	3,75	4,04	3,88	3,43	3,61	3,43	3,88	3,53	3,17	3,63
Service availability	4,25	3,89	3,82	4,03	3,36	2,93	3,83	3,60	2,88	3,62
Sustainability coordination	4,55	4,08	3,80	3,95	3,47	3,15	3,62	3,11	2,83	3,62
Occupational health and safety	4,25	3,92	4,20	3,50	3,44	3,19	3,74	3,10	3,16	3,61
Emissions	3,75	4,02	4,07	3,50	3,70	3,41	3,86	3,43	2,71	3,60
Supplier relations	4,25	3,93	3,66	3,80	3,40	2,89	4,24	3,34	2,86	3,60
Cooperation in environmental and social issues	4,25	4,26	3,70	3,80	3,47	3,13	3,55	3,21	2,82	3,58
Human rights, equal opportunities	4,55	3,93	4,18	3,53	3,47	3,11	3,62	2,94	2,82	3,57
Safe use of mobile phones, electromagnetic fields	3,75	4,32	3,93	4,00	3,28	3,14	3,60	2,76	3,11	3,54
Regulatory compliance	4,75	3,76	3,79	3,55	3,42	2,89	3,59	3,31	2,81	3,54
Involvement of employees	3,55	4,01	4,02	3,60	3,51	3,55	3,72	3,17	2,86	3,53
Suppliers' Award	4,25	3,57	3,87	3,33	3,31	3,05	3,75	3,44	2,67	3,47
Risk management	4,75	3,69	3,75	3,45	3,27	2,89	3,38	3,14	2,77	3,45
ICT for sustainability	4,25	3,92	3,83	3,35	3,28	2,96	3,45	3,03	2,74	3,42
Addressing legal and ethical aspects of content service providing	3,75	3,84	3,54	3,85	3,12	2,89	3,37	3,09	3,21	3,41
Our employees as corporate citizens	3,55	3,84	4,10	3,25	3,38	3,17	3,24	3,11	2,51	3,35
Involvement of our customers	3,75	4,04	3,81	2,90	3,20	3,20	3,55	3,00	2,59	3,34
Professional cooperation	3,75	3,79	3,55	3,30	3,25	2,77	3,66	3,39	2,44	3,32
Digital competency	3,05	3,76	3,70	3,50	3,22	2,87	3,24	3,56	2,74	3,29
Managing changes	4,05	3,61	3,60	3,10	3,16	2,85	3,28	3,29	2,59	3,28
Talent management	3,05	3,53	3,45	3,15	3,03	2,79	3,40	3,34	2,73	3,17
Donations	3,85	3,80	3,56	2,98	3,02	2,78	3,13	2,86	2,28	3,14
Investor relations	4,25	3,53	3,26	2,95	2,92	2,52	3,15	3,40	2,27	3,14
Sponsorship	3,10	3,53	3,29	2,98	2,81	2,54	2,61	2,66	2,16	2,85
Average	4,03	3,93	3,90	3,59	3,41	3,10	3,63	3,28	2,83	

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.



MATERIALITY

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 scope and the content of the report were defined on the basis of Magyar Telekom’s materiality analysis and as an external resource, 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 emphasised for the company and its stakeholders and support the implementation of the stakeholders’ interests into business processes and strategic objectives.

The topics were defined, prioritised and grouped during the preparation of Magyar Telekom Group’s Sustainability Strategy in the first place, then the topics were verified – and if necessary revised and amended. The development of the materiality process is also supported by continuous harmonisation with other strategies of the company.

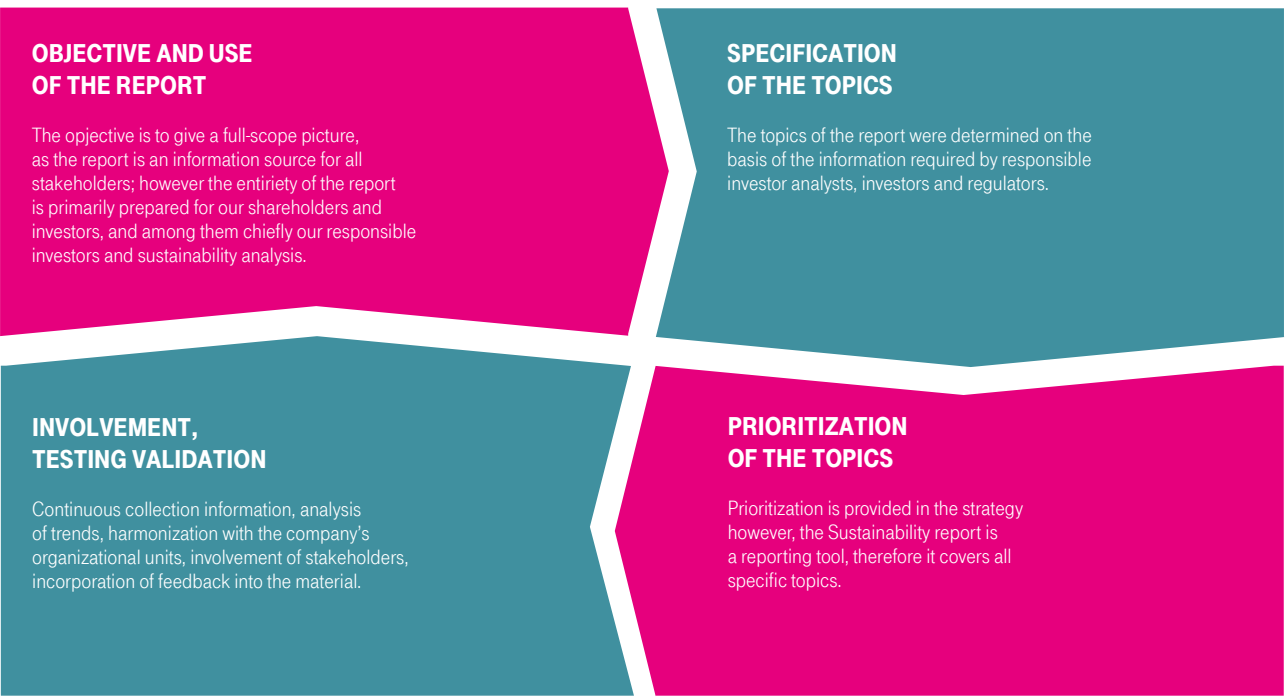
When defining the scope, content and structure of the year 2020 report we took into account the results of the stakeholder survey. Based on the comparison of the sustainability strategy priorities for the period between 2016 and 2020 and the priorities of the stakeholders the ranking and groups of the materiality of sustainability topics are as follows :

MATERIALITY OF SUSTAINABILITY TOPICS OF MAGYAR TELEKOM IN 2020

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

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 are 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





## 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 must comply with these requirements as stated.

Because of its size, Magyar Telekom Group has a 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 centralised procurement services, and partly through the coordination of the member companies' functional organisations.

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 rationalises 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, Logistics and Real Estate Management 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 grading system. We procure more than 80%✓ of the value of the orders from prequalified external suppliers, through 835✓ partners in 2020.

One of the main pillars of the 2016-2020 sustainability strategy is to channel our commitment to sustainability to suppliers involved in our everyday business. This is only possible through setting new and ambitious goals and by following the best practices involving all relevant stakeholders. This is the primary reason why we have developed the Magyar Telekom 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. 17 companies participated directly in this survey in 2020 which translates to 16.77%✓ of the purchase value (this value was 10.86% in 2015, 3.83% in 2016, 21.07% in 2017, 26.42% in 2018 and 4.11% in 2019). In 2020, our 47 suppliers had a valid evaluation, representing 51.04%✓ 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 2020. 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 2019" award ceremony was cancelled for 2020.

The „Magyar Telekom's TOP3 sustainable supplier 2019" title was given to: Ericsson Magyarország Kft., INGRAM MICRO Magyarország Kft. and MOL Plc.

For the purpose of the sustainability evaluation of our active suppliers we use the internationally recognised 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, 4 suppliers have received direct and 13 suppliers indirect evaluation of social, environmental, economic and sustainable procurement aspects in 2020.

These suppliers accounted for 38.30%✓ of the overall procurement value, which value 37.42% in 2015, 33.23% in 2016, 40.59% in 2017, 45.06% in 2018 and 44.40% in 2019. The validity of the EcoVadis ratings is two years, thus the results of 2019 and 2020 are taken into consideration

Our 2016-2020 sustainability strategy's objective is to ensure that Magyar Telekom's commitment to sustainability becomes part of the supplier's business and that the supplier's CO<sub>2</sub> should be reduced.

An e-learning course is available for all Magyar Telekom employees about sustainable supply chain processes and in 2020 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 case of incidents as well as environmental working conditions, human rights or social problems arising in connection with suppliers. The permanent members of the working group are the employees of the Corporate sustainability centre, the Procurement and logistics directorate, the Corporate governance and General legal affairs department in addition to the employees working for the ordering organisation involved in the incident, as well as the experts on the given 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. No such processes were launched in 2018 because the analyses did not reveal any negative environmental, working condition, human rights or social non-compliance. Therefore no sanctions were imposed and no contracts were terminated in 2020.

As part of the sustainability process, our procurement and compliance organisation has an ongoing monitoring process responsible for the identification of legal or economic non-compliance cases. There were no such cases identified in 2020.

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.

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 Declaration**
- **Magyar Telekom Group's Quality Policy**



Proving compliance with the common group standards, in 2020 a total of 10 indirect Magyar Telekom suppliers were involved in Deutsche Telekom audits which accounted for 12.34% ✓ of the overall procurement value. This value was 18.32% in 2015, 15.05% in 2016, 36.91% in 2017, 40.14% in 2018 and 38.87% in 2019. Depending on the results of the audits, corrective action plans are given to poorly performing suppliers, followed by a re-audit if necessary.

#### SUPPLIER ASSESSMENTS' RISK CRITERIA USED BY OUR COMPANY WERE IDENTIFIED AS FOLLOWS:

		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	✓	-	✓	-	-	-

		ECOVADIS	MT WEBAUDIT	AUDIT	ELŐMINŐSÍTÉS	SUPPLIER SCORE CARD	GESI
Society	Employees health and safety	✓	✓	✓	✓	✓	✓
	Working Conditions	✓	✓	✓	✓	✓	✓
	Labor Relations	✓	✓	✓	✓	✓	✓
	Career Management	✓	✓	-	✓	-	-
	Child and Forced Labor	✓	✓	✓	✓	✓	✓
	Discrimination	✓	✓	✓	✓	✓	✓
	Fundamental human rights	✓	✓	✓	✓	✓	✓
	Customer health and safety	-	✓	-	-	-	-
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 2020 reached 94.73% of all items ordered (in 2015: 69%, in 2016: 89.9%, 2017: 91.3%, 2018: 92.35%, 2019: 93.78%).

In 2020, 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%). The total number of orders sent electronically without intervention in the procurement area was 88.1% in 2020.

In 2017, we explored areas where robotisation could be applied to improve our procurement business processes. In 2018 we planned to robotise the entire supplier due diligence process in 2018 and launched the supplier due diligence robot in early 2020.



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 minimise 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 globalisation of procurement, we continue to purchase a considerable amount of products and services from local<sup>1</sup> suppliers. In 2020 more than 89% 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>	2016	2017	2018	2019	2020
Magyar Telekom Plc.	78.9%	77.8%	85.56%	81.09%	78.14%
T-Systems Hungary	78.46%	84.32%	82.87%	80.92%	86.62%
Makedonski Telekom	67%	65%	61%	75%	73%

## CUSTOMERS

### CUSTOMER SATISFACTION

Telekom performs customer satisfaction surveys, on the basis of ongoing data collection, among residential customers, using 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 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.

#### T\*RIM – Residential customers

The satisfaction level of Telekom customers has increased by 7 index points compared to 2019 results, thereby securing the company's leading position in terms of customer loyalty and satisfaction. Within the customer base, the satisfaction of customers in the Magenta1 segment continues to be extraordinary. It should also be noted that fixed-line customers have demonstrated a positive tendency in their TRI\*M index, making it possible for this group of customers to catch up to the satisfaction level of mobile subscribers.

Due to the restrictions related to the 2020 COVID epidemic, digitalisation was given a huge emphasis: working from home, studying and keeping in touch with the digital space typically had an impact on all customer segments. 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 the customers feedback received in 2020.

One of the principal strengths of Telekom is the renewing choices of fixed services, new tariffs and range of equipment, handsets. Furthermore, there is a steady growth concerning satisfaction with aspects of mobile internet connection speed and call quality. Improving satisfaction scores were achieved in the area of the reliability of our TV services as well. This year, customers were more satisfied with eliminating technical problems and handling complaints.

The customer satisfaction regarding Flip, the second brand of 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

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 customers within 2–48 hours of their customer care event. The research basically extends to the residential customer base. Overall satisfaction is measured on a scale from -200 to +200. The results of the TOP channels involved in the research:

In 2019 the questionnaires were extended to apply the Net Promoter Score (NPS) methodology, which is aimed at measuring the probability of someone recommending the service provider to others: customers can grade their answers to the questions “Would you recommend Telekom to friends, colleagues based on your present experience?” 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.

In 2020 we introduced, at the Call Centre, the option for immediate post-call evaluation, in order to get a clear picture of the satisfaction of our customers with the provided service, as soon after the transaction as possible. The new method significantly increased sample numerosity, hence we were able to analyse feedback on an even more detailed level.

Upon the breakout of the Covid epidemic, the Call Centre adopted home-office-based operation within days, without the customers having any negative experience – they were grateful for the uninterrupted, high-quality handling of their matters.

Among others, due to the above measures, the level of customer satisfaction with the service and operators at the Call Centre has achieved peaks never seen before last year. As for continuous access to services that are of key importance for our customers and the quickest possible repair of potential faults – we could also improve the satisfaction related to technical calls last year.

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

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



Due to the Covid19 epidemic, the Shops have adapted to our customers' changed expectations, so we partially switched our employees to Telesales. We extended the measurement to this labour too.

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

Magyar Telekom and T-Systems Hungary perform customer satisfaction measurements in the business segment through multi-layer measurements

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

In January 2020, Magyar Telekom (MT) took over the handling of micro-, small- and mid-sized business (SOHO and SMB) customer base of T-Systems Hungary. Thereby after the 2018-2019 period, the SOHO and SMB segment was back under MT control, while large enterprise-sized corporates and institutions stayed under T-Systems' management. 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 stabilised customer satisfaction survey system had been launched where T\*RIM remained the measurement tool for customer satisfaction and loyalty of SOHO customers, that is to be carried out twice a year. 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 – Microenterprises (SOHO)

The TRI\*M index measured among Telekom microenterprises was higher in 2020 than in the previous year. As a result of this positive tendency, among microenterprises using telecommunications services, the overall satisfaction and loyalty of Telekom customers were the highest in 2020. The satisfaction and loyalty of SOHO customers subscribing to mobile services are somewhat higher compared to subscribers of fixed services. The extraordinary result is attributable, among other causes, to the renewed mobile portfolio, the fast and generous help provided during the COVID period and CEX activities, furthermore, the impact of quality improvement steps aimed at service provided to small businesses can also be detected in the perception/evaluation of various channels.

#### 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 Magyar Telekom's and T-Systems' services and customer service.

Within the research we perform personal deep interviews and a questionnaire-based survey as well. In 2018, the sample targeted by the survey was extended to include the SMB segment in line with T-Systems' new segmentation structure. With these 2018 results as a base - in 2019 year-on-year analysis has been utilised in the SMB segment as well. Although in 2020 SMB segment was back under MT control, the measurement of the customer satisfaction remained unchanged. Both in the SMB and large enterprise segments customer satisfaction is still measured by one common market research, with the same methodology.

The 2020 questionnaire-based survey was conducted on 651 companies, a random sample of the entire customer base. The deep interviews are taken in the top 50 segment of the large enterprise category. The questionnaires and deep interviews are performed anonymously, but the respondents also have 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 with respect to the entire Magyar Telekom and T-Systems companies, service areas and other areas and are presented to the representatives of the relevant professional areas.

Both SMB and large enterprise business segments, especially the certain vertical sales and other service areas in T-Systems work on building up action plans based on the strategic satisfaction research results. The results and realisation of action plans were summarised in case of every service areas – in case of T-Systems also in every vertical sales area – at the end of the year.

Based on the results to date, of the Magyar Telekom and T-Systems strategic satisfaction survey we can state that the overall performance of the company is reliably high and balanced. Actually, in 2020, the overall customer satisfaction has increased further both in SMB and large enterprise segments. The increasing overall customer satisfaction value was driven mainly by the significantly improving sales and customer care activities. As another key result, the customer satisfaction values also increased in the critically important TOP50 segment of large enterprises.

#### Contact person satisfaction research

The contact person satisfaction survey is performed at the end of each quarter among customers who used Magyar Telekom's or T-Systems' 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 or the T-Systems Service Desk with fault reports or complaints.

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.

### 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. The feedback of Magyar Telekom continually helps us creating our services and processes and finding ways of improving.

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 customised solutions.

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

### CUSTOMER INVOLVEMENT

#### Telekom Vivicitá

In 2020, the pandemic rendered it impossible to hold our Telekom Vivicitá by traditional means, but with the support of Budapest Sportiroda, Telekom organised the event, which is aimed at increasing awareness about protecting our urban environment, in the virtual space between 12th-14th June. The Telekom Vivicitá Virtual Running Days event mobilised many people, and the competition format already well-known internationally, but still new in Hungary, met a warm welcome. Participants of the virtual race ran the different distances at any location of their choice individually or in teams. A total of 207 individual runners and 50 teams representing Telekom took part.

In 2020 both channels performed at an outstanding level and had a specific positive impact on both Magyar Telekom's and T-Systems' 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 and T-Systems as well as the expectations of customers

In 2020, due to the changed external conditions, we strived even more for individual solutions that meet the life situation and needs of our customers. We also emphasised that Telekom's customers can count on us in every situation. In 2020 - as a result of external effects - compared to the previous year the number of complaints increased by 2%. ✓

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It is our prime objective to provide customised 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.

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In 2020, charity was in the focus, as the contestants supported charitable causes they chose by donating HUF 500 out of their entry fee: Camp of Courage, Hungarian Foodbank Association, Hungarian Hospice Foundation, SUHANJ! Foundation and Szent Márton Child Paediatric Emergency Medical Service received donations in the proportions of the votes cast for them.

Besides Telekom Vivicitá, in the fall of 2020, the company, as title sponsor, also brought to life the first virtual Telekom Sulicitá event, where approximately 8,500 students from 32 schools ran the distances of their choice.

Telekom has been supporting Suhanj! Foundation by the Vivicitá event. In 2020, we donated HUF 2 million. Equality and diversity are important values for Telekom, just like for the foundation, since Suhanj! makes the joy of sports and physical exercise accessible to people who live with handicaps.

This year has posed many challenges for Suhanj!, too, mainly financially, because Suhanj! Fitness, one of the main revenue sources of the foundation, also had to be temporarily closed, so they were in great need of monetary support.

Last autumn, another major cooperation with Suhanj! Foundation also took place: Telekom donated HUF 500,000 and provided the venue and online streaming for the “Erőt adunk!” (“We give you strength”) Conference, where, on the occasion of their 10th anniversary, Suhanj! Foundation addressed the theme of perseverance, coping and starting over again with the help of exceptional sports personalities, outstanding parasports persons and well-known role models of the Hungarian running community, who delivered brief, inspirational speeches.

The program not only offered an opportunity for runners and sports fans to learn, but it also helped to shape society's perception by presenting examples of the parasports personalities, as well as provided motivation to people living with handicaps and other disadvantaged groups and minorities.

#### #youcanrelyonus

Magyar Telekom launched a **microsite** on its website in 2020, where customers can find a collection of all the different forms of aid and discounts available during the pandemic and can learn more about digital solutions, distance learning, home office and entertainment.

Based on the relevant decision of the Government, the company provided free-of-charge fixed-line internet access to the entitled Telekom and Flip customers, students and teachers for 30 days in November-December 2020, as well as making many websites supporting education accessible without depleting the mobile data accounts of the customers. Students and teachers at secondary schools shifted to online schooling received the above discounts from November 2020, primary schools from March 2021.

#### 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 recognised 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 2020, Magyar Telekom Group completed its fifth consecutive carbon-neutral year.

In addition to reducing the carbon footprint of its own operations, ExtraNet Green 1 GB 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.

#### NOW Forum

In 2020, Magyar Telekom continued its series of residential, professional educational events, where we talk to experts about digitization, the appearance of technology in our lives and its effects. Due to the pandemic, we held only two NOW Forums in 2020. The one at the beginning of the year addressed the golden age and future of television with the help of experts like Barbara Hátori, Csilla Tatár, Zsuzsanna Szvetelszky, Annamária Rajki and Sixx. As part of the event held in the fall, we discussed the aesthetics of networks with prominent representatives of science and culture. Members of the panel were physicist, network researcher Albert-László Barabási, arts consultant András Szántó, arts journalist and moderator Nóra Winkler. The event was held at MŰPA's theatre, in compliance with the effective health measures, with the attendance of a maximum of 200 people, and after the discussion, the participants visited, in groups of 50, the BarabasiLab: Hidden Patterns. Network Thinking” exhibition at Ludwig Museum, a part of the 29Th café Budapest Contemporary Arts Festival.

#### Telekom Community Gardens

Magyar Telekom and the Contemporary Architecture Centre (KÉK) continued operation and maintenance of the community gardens in 2020. The gardening works continued in the Csárdás Garden and Kerthatár Community Garden. The two gardens offer an opportunity for urban gardening for more than 150 families in the city.

#### Omnibus survey on consumers' habits

Within the frame of the Omnibus survey, we ask Telekom and non-Telekom customers about their consumption habits. We survey core services, such as TV, internet, telephone service as well as energy and insurance too. Four times a year (in 2020: three times due to the pandemic) we include questions on sustainability as well. We normally involve 750 persons in the survey.



## EMPLOYEES

### EMPLOYEE INVOLVEMENT

In its Sustainability Strategy 2016-2020, the Group set the goal of further increasing its contribution to society by putting in 50,000 volunteer hours by the end of 2020. Due to the pandemic, the volunteer activities introduced in previous years were not possible in 2020, so the number of volunteer hours dropped. During the above period, Telekom employees put in a total of 46,470 hours of volunteer work until the end of 2020, amounting to the equivalent of a HUF 140 million donation to society.

#### Magenta Unity Foundation

Magenta Unity Foundation was brought to life from the initiative, personal commitment and donations of CEO Tibor Rékasi and the members of Telekom's top management, i.e. the Leadership Squad, in July 2020. **The purpose of the Foundation is to support employees who have experienced hardship due to the pandemic.**

The initiative, unique on the Hungarian market, builds upon donations from individuals (the starting capital provided by CEO Tibor Rékasi) and the funds so far collected were used until the end of 2020 to support a total of 103 colleagues with a total of HUF 15.85 million. Anyone can send donations to the foundation, and of course, any Telekom or T-Systems employee may request aid from it.

Due to the pandemic, the “It's Good to Give” Cookie Event, which had taken place annually for many years, had to be cancelled last year.

In its place, we organised a donation-collecting campaign for Magenta Unity Foundation under the title “Együtt. Egymásért.” (“Together. For one another.”), as part of which colleagues who provided donations could win each day one of the gifts offered by the 12 Telekom top executives. The campaign collected close to HUF 1 million by the middle of December, thus increasing the amount available to support those in need.

We firmly believe that we can overcome the pandemic by taking the initiative, joining forces and demonstrating a positive attitude. Helping those in need and fighting the virus are causes we share: employees and members of the management took part in collecting the donations together, and thus all of us learned something from the others.



## INVESTORS

The Chief Executive Officer and the Chief Financial Officer presented quarterly results to the representatives of investors four times during 2020 (18th/19th February 2020: Release of fourth quarter 2019 results; 13th/14th May 2020: Release of first quarter 2020 results; 5th/6th August 2020: Release of first half 2020 results; 4th/5th November 2020: Release of third quarter 2020 results).

On 24th April 2020, a meeting of the Board of Directors of Magyar Telekom Plc. was held, based on the authorisation set out in Section 9 (2) of Government Decree no. 102/2020, at which it approved the audited consolidated and standalone financial statements of the Company, as well as the Corporate Governance and Management Report of the Company for the business year of 2019, and decided on the use of the profit after tax earned in 2019.

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 centres of the financial world, where the vast majority of fund managers and investors are active. Around 100 meetings take place annually with investors and analysts. In 2020 however, due to the COVID-19 global 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 corporation 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 corporation assesses investor needs each year 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

In the case of industry-specific draft strategies and draft legislation circulated by the regulatory authorities for public discussion, Magyar Telekom harmonises with authorities mainly by invitation. Magyar Telekom regularly contributes to harmonisation with interest representation forums (most of all with the: Telecommunication Reconciliation Council [HÉT]; in some specific cases: 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.

## LOCAL COMMUNITIES

For Telekom, it is of the utmost importance for all to access the opportunities and benefits of the digital world. Within the framework of the Digital Success Program, Magyar Telekom has launched its fixed and mobile Digital Success Program package providing quality internet service for users on a budget. Where the fixed internet network is not yet available, the SZIP Mobile internet tariff package can be ordered for the addresses defined in the Super-Fast Internet Program (SZIP).

Despite the pandemic, last year Magyar Telekom's fixed-line network development went according to plan. More than in any previous year, the company added 377 thousand new fibre access lines in the space of a year (342 thousand in 2019). The company also upgraded 117,000 cable access points to gigabit capacity. Magyar Telekom offers gigabit speeds in nearly 2.5 million homes and business, 58% of the points it covers are already capable of gigabit speeds.

Optical upgrades were installed in small villages of less than 5,000 inhabitants, but there were also deployments in small towns (e.g. Berettyóújfalu, Mohács, Oroszlány), and in the capital and county capitals (e.g. Debrecen, Miskolc, Székesfehérvár). Telekom's optical network is currently available in 888 settlements (in part or all of the municipality) of these, 666 at least 60% coverage.

In April 2020, within the framework of the Digital cooperation, Magyar Telekom – in cooperation with the Ministry of Innovation and Technology and the Volunteering and Donation Coordination Action Group led by Máriusz Révész – provided more than 600 smartphones with rechargeable SIM cards to disadvantaged students through professional organisations, who previously could not participate in digital education due to the lack of a suitable device.

HÉT is the dedicated consultation partner of the telecommunication industry in respect of the Digital Success Program (DJP) – the former Digital National Development Program (DNFP) – launched as a result of the InternetKon national consultation that determined the future of the domestic internet market. During the planning and implementation of the government decree, issued to ensure the implementation of the DJP, the HÉT represents the standpoint of the industry.

The staff of Magyar Telekom's Sales and Technical Service Directorate committed themselves to long-term assistance when they adopted a kindergarten in Ózd in the framework of the „Örökbe fogadok egy ovit” initiative. As well as repairing the Wi-Fi coverage, our colleagues supported the kindergarten with toys, books, clothes and a donation of money.

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

Magyar Telekom and the Contemporary Architecture Centre (KEK) continued operation and maintenance of the community gardens. The gardening works continued in the Csárdás Garden and Kert-határ Community Garden. The two gardens offer an opportunity for urban gardening for more than 150 families in the city.

Due to the COVID-19 pandemic, our lives have suddenly changed, with a focus on collaboration, assistance and new solutions constantly emerging, with digitalisation 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.

Magyar Telekom has been following the news about the coronavirus situation from the beginning and is in constant contact with its parent company Deutsche Telekom, health authorities and occupational health providers to take the necessary precautions.

### SRI MATRIX BASED ON RESPONSIBLE INVESTOR RATINGS, MAGYAR TELEKOM GROUP

	2016	2017	2018	2019	2020
<b>FTSE4Good</b>	Emerging Index: <b>Listed</b> ESG Rating: <b>4,4</b> Percentile rank: <b>93</b>	Emerging Index: <b>Listed</b> ESG Rating: <b>4,3</b> Percentile rank: <b>87</b>	Emerging Index: <b>Listed</b> ESG Rating: <b>4,7</b> Percentile rank: <b>92</b>	Emerging Index: <b>Listed</b> ESG Rating: <b>5,0</b> Percentile rank: <b>100</b>	Emerging Index: <b>Listed</b> ESG Rating: <b>4,5</b> Percentile rank: <b>100</b>
<b>ISS-oekom</b>	Status: <b>Prime</b> Rating: <b>B-</b>	Status: <b>Prime</b> Rating: <b>B</b> Telco ranking: <b>#2</b>	Status: <b>Prime</b> Rating: <b>B</b> Telco ranking: <b>#1</b>	Status: <b>Prime</b> Rating: <b>B</b> Telco ranking: <b>top3</b>	Status: <b>Prime</b> Rating: <b>B</b> Telco ranking: <b>top3</b>
<b>MSCI</b>	-	ESG rating: <b>A</b>	ESG rating: <b>AA</b>	ESG rating: <b>AA</b>	ESG rating: <b>AA</b>
<b>CDP</b>	Climate change: <b>C</b> Supply chain: <b>not scored</b>	Climate change: <b>C</b> Supply chain: <b>not scored</b>	Climate change: <b>C</b> Supply chain: <b>B</b>	Climate change: <b>B</b> Supply chain: <b>A-</b>	Climate change: <b>B</b> Supply chain: <b>A</b>
<b>CEERIUS</b>	<b>Listed</b>	<b>Listed</b>	<b>Listed</b>	NEW1 CECE SRI <b>Listed</b>	NEW1 CECE SRI <b>Listed</b>



In this situation, protecting the health of our employees, partners and customers is of paramount importance to us, and we have focused on prevention, awareness and safety compliance through the precautionary measures we have taken. On the other hand, we have developed options to help our customers in this difficult situation, and in our communication, we encourage people to stay at home and to cooperate together digitally.

## NON-PROFIT ORGANISATIONS

Magyar Telekom launched its Civil Tariff Package service for NGOs in March 2004 with beneficial rates and service package. Magyar Telekom and T-Systems Hungary expanded the offer for non-profit organisations by **Magenta1 Business/Nonprofit**. In 2020, 38 organisations were offered discounted fixed or mobile phone and internet services for 12 months.

## THE FUTURE GENERATION

We reached out to 730 secondary school students in 2020 as part of our **"Become a Member of Generation NOW!"** program.

In May 2020, "Hintalovon" Children's Rights Foundation and Magyar Telekom launched a joint survey among people under 18 to learn what children think about digital education and what is important to them on the internet. By filling in the online questionnaire, children could tell us what is difficult for them in digital education, what bothers them on the internet, what constitutes real help for them, when someone bullies or harasses them in the online space, as well as what kind of help they need from their parents, teachers and what opportunities they see in digitisation, as well as how they envision the future of the internet. **INTERNETNOW** is the first representative research conducted among responders under 18 in Hungary.

The findings of the survey clearly show that the most important factor for the responders is keeping in touch (78.2%), learning (63.6%), and almost as importantly, the use of social media (56%) and watching movies, series (54.3%). A lot of conclusions can be drawn even from this much alone, for example about how the priorities of communication and entertainment platforms shift among the youngest, but it is also interesting how few of them voted for news consumption (13.2%) or sharing their views (3.9%). It is also worth observing how different the responses of girls and boys are: girls tend to opt for communicating, learning, visiting social media sites and watching movies, while boys rather play games or spend their time on video sharing sites.

One of the main conclusions of the survey is that the internet has already become an indispensable platform for the youngest users for keeping in touch and communicating with each other. Some of them find it easier to open up in the online space or can withdraw there to escape the lack of attention in their physical environment, which also raises sociological questions. However, it is unquestionable that kids in our age gather information primarily on the internet and social media. They are sensitive to fake news and advertisement overload, but for some reason, few of them are concerned about online bullying and harassment, as a real threat. As to education, they are visibly open to digital and online formats, it is rather the available infrastructure and teachers' relevant competencies that pose a challenge.

The survey has been extended to include parents' focus groups and in-depth interviews with professionals.

The **Telekom Electronic Beats** program series was cancelled in 2020 because of the pandemic, but music fans were presented with some novelties during the corona lockdown, too. A contest was launched in the spring with the aim of finding Hungary's most creative composers working from home, including those who might not yet have been able to make it into the spotlight, even though they deserved to. More than 600 projects were submitted in three weeks in the pop, club and experimental music categories.

The jury included music journalist Dávid Sajó, founder of Aktrecords, István "Isu" Kántor and Erika Kolbenheyer from EXILES publishing. In addition to their inclusion in the TEB Hungary selections, 10 contestants also won free-of-charge training by **imPro School**, and one winner – **Franciskadalma**, who entered a slow, melancholic pop song – got a drum machine and a mastering course, as a special prize from **MagentaKraft**. It was especially great to see that the community mobilised itself on its own, too: online forums were set up to discuss the final results and the artists started a discussion.

One of our winners in the pop category, hardly-twenty-year-old **FőzeLAKE**, got a professional video clip, in which the title of the song **Melankólia Club** came to life. The video directed by Sebastian Praznóczy and shot by Marcell Nagy takes the viewer to a surreal parallel world, while also introducing the techno dadaism of the Instagram photos taken by the young performer.

By now, we have also achieved the original objective of Telekom Electronic Beats, which was to put enthusiastic amateurs onto the same platform with professional artists by means of their digital cooperation.

Many young secondary school students and college students are full of great ideas and an eagerness to take action, but many of them are stuck with their ideas, as they do not have the means, opportunities or self-confidence to make them come true. We established MagentaKraft for this very reason; to provide an environment, an element for them in which they can present themselves, create value, make their dreams and ideas come true, test their skills and experiment without the fear of making mistakes.

We have dreamt up, and what is more, implemented a uniquely equipped location in Debrecen, which provides a platform where they can take their next steps. Though the site opened on 12th March 2020, it is closed now because of the pandemic. During the lockdown, the countrywide Kraft community is building up in the virtual space on a social platform well-known among members of generation Z: Discord.

Telekom launched a one-year career program in September for graduating bachelor and masters students under the name of Kickstart. In the framework of the premium program accommodating 20 students, the participants can not only translate their theoretical knowledge into practice, but also take part in valuable courses designed specifically for them, and even work on cross-functional projects in small teams. The purpose of Kickstart is for Magyar Telekom to gather students who have outstanding abilities, innovative mindsets and are open to agile values, and who can become Telekom employees after the completion of the program.





## MEDIA

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

In March 2020, we helped people keep in touch and feel the power and safety of the community even when isolated from each other with the help of discussions held with authors of WMN.hu.

The Magenta podcast was also launched, where the company shares interesting topics and knowledge, exemplary stories of a digital theme and really useful suggestions with students, thus making it easier for them to navigate our current world. The podcast is for both those who are only just becoming 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 2020 sustainability objectives, Magyar Telekom pays special attention to the protection of personal data, with special respect to the General Data Protection Regulation (GDPR) that became applicable as of 25th May 2018. Magyar Telekom ensures the highest standard of data security and technical and organisational 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 paid particular attention to prepare itself for the application of the General Data Protection Regulation. Magyar Telekom ensures the highest standard of data security and technical and organisational 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 organisational measures.

Magyar Telekom provides information to its customers via multiple channels on the processing of their personal data. Magyar Telekom also grants the right of accession and other types of data subjects' rights regulated by the GDPR to its customers. 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 between two kinds of measures: the removal of electronic data where the primary target group is hosting service providers and the temporary and final blocking of access to electronic data which is mainly applicable to telecommunications service providers.

The blocking or filtering of websites containing content that is subject to public prosecution is implemented in conformity with the ACP measures: the court may order that electronic data be rendered 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 offences where court resolutions can rule on the temporary blocking of content. Such crimes are as follows

- trafficking of drugs,
- incitement to the use of narcotics,
- furthering the manufacture of drugs,
- drug abuse,
- new psychoactive substance abuse,
- child pornography,
- criminal acts against the state,
- acts of terrorism
- or financing terrorism

or, if the electronic data is connected to the above criminal acts.

The technical implementation of temporary blocking is the responsibility and obligation of the National Media and Info-Communications 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** according to which the tax authority without the involvement of a court - is entitled to render any data provided through an electronic communications operator temporary 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 for 365 days.

From 1st January 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-authorised 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 Info-Communications 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 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.

## SAFE USE OF MOBILE PHONES, ELECTROMAGNETIC FIELDS

In order to provide high-quality services to the Hungarian and Macedonian mobile telephone subscribers through the mobile telecom network, UMTS licenses were distributed among operators in Hungary in December 2004 and for operators in Macedonia in June 2009. Besides, in December 2011 Magyar Telekom acquired the right to launch the LTE service and the commercial rollout started in 2012. By the end of 2017, the frequency rights acquired in the 800 MHz band allowed almost 100% of Hungarian citizens to use Magyar Telekom's LTE service. In March 2020, Magyar Telekom acquired further spectrum rights in the 700 MHz and 3,5 GHz bands, allowing the company to launch its 5G service.

The rollout of the 5G-related networks increases the interest of communities in the topic of electromagnetic fields, which will also increase the importance of the company's strategy in addressing the issue.

The electromagnetic exposure limits in Hungary have been determined in line with the guidelines set by ICNIRP (International Commission on Non-Ionising Radiation Protection), which are based on the practice applied in most European countries and on Recommendation 1999/EC/519 of the European Commission. As a result of the relevant Hungarian decree adopted in August 2004 (63/2004./VII. 26. - ESzCsM) on the basis of ICNIRP guidelines, the regulations in Hungary are compliant with the EU regulation on electromagnetic fields.

**In the framework of the company's overall education program, new employees are informed about issues concerning electromagnetic fields as part of their mandatory orientation training.**

Within Deutsche Telekom Group, issues related to electromagnetic fields are regulated as part of DT's EMF objectives, the so-called 'EMF Policy Recommendations', with special emphasis on transparency, information provision, support of and involvement in research. Magyar Telekom has applied the relevant Deutsche Telekom recommendation as mandatory regulation since 2004, while Makedonski Telekom has done so since March 2011.

To support preventive action both Magyar Telekom and Makedonski Telekom set up dedicated EMF workgroups, which meet quarterly and monitor EMF-related developments both national and international and respond to the EMF-related queries of the authorities, residents or employees. Further information about T-Mobile International's EMF Policy Recommendations adopted by Magyar Telekom is available in English on the **website of Deutsche Telekom**.

In the framework of this policy, Magyar Telekom and its subsidiaries address the complaints and inquiries in an efficient manner.

The EMF policy was also endorsed by Makedonski Telekom. The policy sets forth the basic principles applicable to the responsible use of mobile communications technologies.

In this document, we assume commitment for greater transparency, for the provision of information and for involvement in the relevant processes.

### Mobile network, network development

According to the Company's common practice, base station antennas are installed in a way that employees normally cannot stay in front of them, they cannot and do not have to work in the relevant zone, and passageways do not cross the areas in question.

If in extraordinary cases, people must pass or work in front of the antennas – this usually happens in relation to external contractors' work, e.g. when renovating a building, safety distance data are made clear and available. If necessary, site measurements can be conducted, or in justified cases, the antennas can be temporarily relocated or the performance of the transmitter reduced.

If a Magyar Telekom employee performing work in the vicinity of an antenna detects an unidentified signal source, he will use his RADMAN personal radiation detector to determine the boundaries of the safe zone and prevent health risk.

Compliance with the value limits defined by law for Magyar Telekom mobile network is audited and certified by independent measurement bodies.

The company acts in accordance with the relevant laws and consults, cooperates with the relevant stakeholders in each and every case when building new base stations. If needed, citizens' forums are held with the participation of all concerned parties to reach an agreement.

### Communication

Despite the fact that the radiation of Magyar Telekom's handsets and mobile base stations is well below the ICNIRP emission limits, the Company considers it important to provide information on handsets and base stations, both to employees and customers.

We coordinate these matters several times a year with the National Media and Info-Communications Authority's experts and supply measurement data for their purposes.

In addition to internal communication, in 2020 Magyar Telekom continued to respond openly to inquiries about the safe use of mobile phones.

The SAR values of the devices are included in the user manuals in the mobile set packaging and are available in Telekom shops as well.

### Research

Exposure of the world's population to non-ionising electromagnetic radiation and electromagnetic fields has considerably increased in recent years. Since a civilised society cannot avoid the use of equipment emitting non-ionising electromagnetic radiation, like mobile telecommunication equipment, satellite and terrestrial television/radio broadcasts, flight navigation, meteorological satellites, radio astronomy, space exploration, the exposure of the environment and the population is expected to increase further in the future. World Health Organisation (WHO) and several other international organisations, as well as research groups, monitor the impact of technological development on human health.

The assumed health effects of mobile telecommunication have been studied and analysed for almost thirty years. So far scientific research has not confirmed any negative health impact of mobile telecommunication on the human body.

The largest research project of this type, the INTERPHONE project of WHO-IARC (International Agency for Research on Cancer) conducted with the participation of 13 countries, was closed in 2011. After closing the INTERPHONE project on 31st May 2011, WH-IARC classified electromagnetic fields into the 2B potential carcinogenic category. According to the Chairman of the WHO-IARC workgroup "the evidence, while still accumulating, is strong enough to support a conclusion and the 2B classification.

The conclusion means that there could be some risk, therefore we need to keep a close watch for a link between cell phones and cancer risk". At present the following agents are classified into category 2B: coffee, petrol, the exhaust of petrol-fuelled engines, nickel and alloys, talcum powder, network frequency magnetic field and mobile phone use as well.

Through its GSM Association membership, Magyar Telekom has directly contributed to the progress of independent research into the health impacts of mobile networks.

Every national affiliate of Deutsche Telekom is committed to supporting independent research aimed at extending the company's knowledge on the impacts of electromagnetic fields. This makes Deutsche Telekom Group one of the biggest supporters of research on this subject.



SERVICE AVAILABILITY

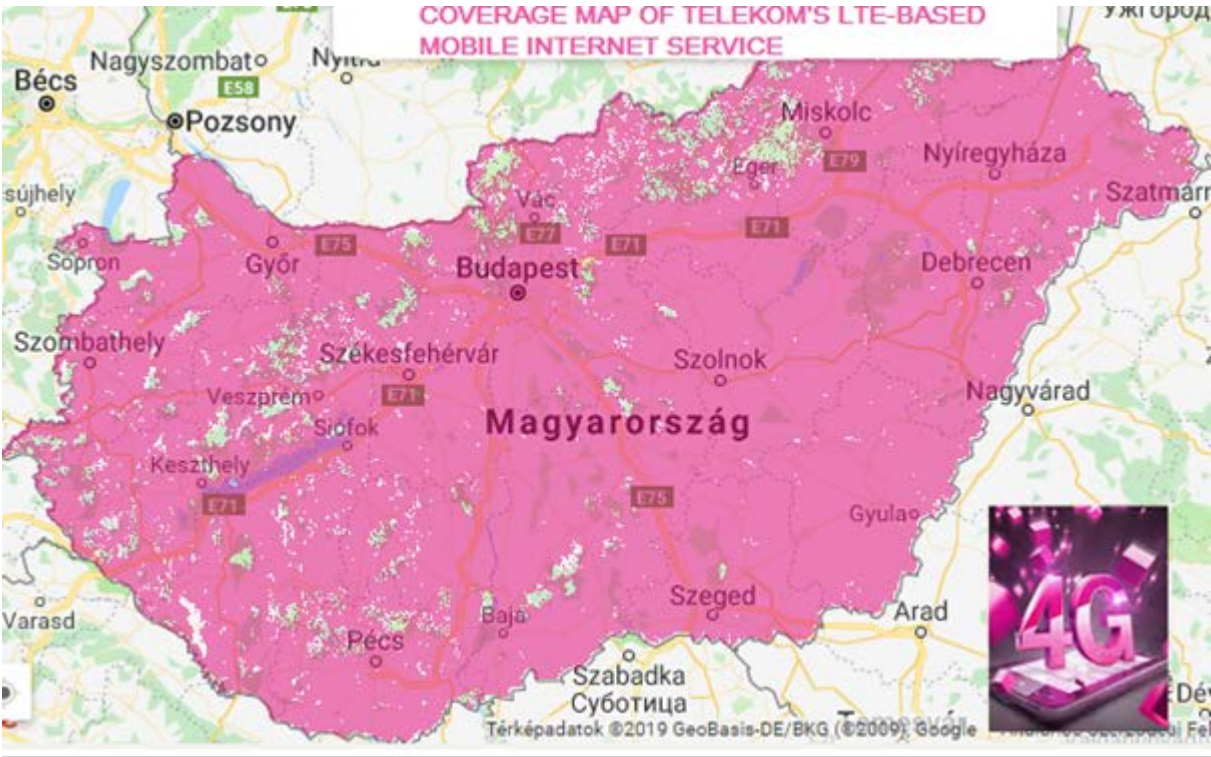
Magyar Telekom Plc. guarantees its customers’ rights in connection with service availability and troubleshooting on the basis of the **General Contract Terms and Conditions (GTC)** available at the customer service points and also on the Internet. In this it declares to meet the published quality targets while it provides services over the entire service territory, to check this via measurements and to publish the measurement methods. Here, the Company also defines the quality targets for the services provided, meeting of which is continuously measured and made available to everyone on an annual basis.

Problem management for customers is handled in a defined process – in accordance with their rights set out in the GTC, inter alia – after having detected and filed the problem with the company.

Magyar Telekom, by permanently developing technical solutions, security systems and backup tools, seeks to ensure continuity of the availability of the services, by setting the enhancement of customer experience as an objective.

ANNUAL SERVICE AVAILABILITY (%) ✓

Service availabilities (%)					
Annual availability (%)	2016	2017	2018	2019	2020
Cable television analogue/digital	99.97/99.89	99.97/99.90	99.98/99.50	99.98/99.82	99.99/99.82
SatTV	99.92	99.91	99.91	99.919	99.928
IPTV	99.85	99.83	99.84	99.896	99.904
Fixed line internet (ADSL/GPON/CableNet)	99.88/99.96/99.90	99.89/99.96/99.90	99.90/99.95/99.92	99.93/99.96/99.94	99.93/99.96/99.94
Mobile internet (2G/3G/4G)	99.56/99.79/99.35	99.902	99.893	99.878	99.87
Telephone/VoIP/VoCA	99.94/99.90/99.91	99.95/99.93/99.92	99.94/99.93/99.95	99.93/99.95/99.95	99.94/99.96/99.96
Mobile telephone (2G/3G/4G)	99.907/99.901/99.844	99.91	99.906	99.878	99.873



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 successes of many domestic sport branches and athletes as a sponsor. Part of its support was the sponsorship of the Hungarian team and the Hungarian Olympic Committee (HOC) in the 1996 Olympic Games in Atlanta, and later in Sydney, Athens, Beijing, London and Rio, too.

As a further important element of its sports sponsorship strategy, in 2018 Telekom signed a renewed four-year agreement with the Ferencvárosi Torna Club, in the scope of which not only male but also female football teams in addition to men’s gymnastics, water polo, ice hockey and gymnastics divisions are also prominently supported.

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 the 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 have great results.

We are proud of the perseverance and the success our teams achieved in 2020, during that difficult period. The FTC men’s soccer players won their 31st championship title in 2020 and after 25 years they were members of the Champions League group stage, whereas the water polo team retained their Hungarian Cup title, as did the hockey team and the women’s soccer team.

During the pandemic situation, we tried to please the fans with various online communications, short films that trailed the match, as well as with exclusive video footage that could only be seen here. Among the sponsors, Magyar Telekom was the first to react to the quiet stands caused by the lockdown and with our “cheer from home” slogan. With the help of digitalisation, we showed fans’ support messages to athletes from a safe distance.

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 brand 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.

Telekom also deems it important to support mass sports and has been promoting the Telekom Vivicitá city run as brand name sponsor for more than 20 years, where - besides professional sportsmen - a lot of amateurs and families take part to popularise the importance of sporting and leading an active lifestyle. As in previous years, Telekom Vivicitá was one of the biggest and most popular running events in Hungary in 2019, too. In 2020, due to the pandemic caused by COVID-19, the event was held in virtual form, so instead of a mass event, each participant ran the distance of their choice at the time and in the field of their choice. Telekom Vivicitá was still popular with runners, with more than 8,000 entrants registered to run.

In addition to the virtual Telekom Vivicitá, in 2020 we also helped organise the first virtual Telekom Sulicitá competition, in the framework of which about 8,500 students from 32 schools ran the distance of their choice.

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 innovative technological innovations, with a focus on digital activities and live events. With world-renowned artists such as Gorillaz, Grace Jones, Roisin Murphy, London Grammar or New Order and emerging artists such as Perel, Fjaak and many others, the diversified program has found fans around the world. 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 most topical topics with up-to-date journalism and innovative storytelling.

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.

In the situation caused by the pandemic, which affected everyone, the team of Telekom Electronic Beats - also staying at home - has now given up on organising events, but not by any means on building a community. We wanted to conjure music and entertainment into people’s homes, living rooms using digital phenomena. That is why the SzpottoljOthton video stream series was launched, in which a well-known DJ or musician from the Hungarian electronic music scene performed. Initially, the series took place in their own home, then in exclusive outdoor locations close to nature and finally we closed with a New Year’s Eve show at the end of the year, which we broadcast live on Facebook and Youtube.

Throughout the broadcasts, we not only provided entertainment for the audience staying at home but also provided support for the performers and the venues and spots in Budapest to which they were attached for some reason. Our other initiative, though, is the Telekom Electronic Beats digital publishing competition, where we searched for the best music written during the quarantine. More than 600 applications were received for the competition.

Magyar Telekom appears as a sponsor at the largest Hungarian festivals every year. However, in 2020, due to the situation caused by the pandemic, these festivals were delayed.

MEMBERSHIPS OF INDUSTRIAL AND OTHER ASSOCIATIONS, NATIONAL OR INTERNATIONAL ADVOCACY ORGANIZATIONS

A LIST OF THE MAIN MEMBERSHIPS OF MAGYAR TELEKOM GROUP OF INDUSTRIAL AND OTHER ASSOCIATIONS , NATIONAL OR INTERNATIONAL ADVOCACY ORGANIZATIONS

Name of Association	Strategic membership	Holding position in the governance body
Magyar Telekom Plc.		
European Telecommunications Network Operators Associations (ETNO)	x	
GSMA Association	x	
Joint Venture Association (JVSZ)	x	Curatorium membership
German-Hungarian Chamber of Industry and Commerce	x	Curatorium membership
Telecommunication Advocacy Council	x	Chairmanship
ICT Association of Hungary	x	Chairman of multinacional department
Hungarian Association of International Companies		
Hungarian Competition Law Association	x	
Employer's Equal Opportunities Forum	x	
Hungarian Logistics, Procurement and Inventory Management Association		
Hungarian Marketing Association	x	Chairmanship
Hungarian Advertising Association	x	Chairmanship
T-Systems Hungary		
ICT Association of Hungary	x	
American Chamber of Commerce in Hungary	x	
Hungarian Outsourcing Association		
Hungarian Hospital Association	x	
Hungarian Water Utility Association	x	
Hungarian Project Management Association	x	Vice-presidency
Scientific Association for Infocommunications		
Hungarian Librarian's Association	x	
Lobby Club Association		
Hungarian Chamber of Engineers		
Agro ICT Cluster	x	Chairmanship
Buday Business Club		
Association of Health Technology Suppliers and Medical Device Manufactures	x	Board membership
it Service Management Forum (itSMF)		
Chamber of Bodyguards, Property Protection and Private Detectives		
Chamber of Architects		

The 2020 Telekom VOLT Festival would have started on 1st July, but the organisers tried to evoke the atmosphere of the festival in a different way, so with Telekom sponsorship the Lesz VOLT! (VOLT will return!) film was produced which summarises the most beautiful and memorable moments in the 28-year history of VOLT.

We successfully reduced the use of paper: the majority of our formerly printed documents (e.g. regulations, promotion material) were released in a digital form.

A LIST OF THE MAIN MEMBERSHIPS OF MAGYAR TELEKOM GROUP OF INDUSTRIAL AND OTHER ASSOCIATIONS , NATIONAL OR INTERNATIONAL ADVOCACY ORGANIZATIONS

Name of Association	Strategic membership	Holding position in the governance body
T-Systems Hungary		
Hungarian Innovation Association		Board membership
Connected and Automated Mobility Cluster of Zala		
Ipar 4.0		
Hungarian Marketing Association		
Electronic Payment Service Providers Association (EFISZ)		
Makedonski Telekom		
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)		Board membership
GSMA Association	x	Board membership DT
Chamber of authorised architects and engineers of Macedonia	x	

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 cooperation with organisations of people living with disabilities (AOSZ, ÉFOÉSZ, MEOSZ, MVGYOSZ) is continuous, active and based on the proposals we continuously improve our relationship with disabled people.

The work of the Environment Protection Committee of the Hungarian Academy of Sciences was supported. Colleagues are in close relationship with several higher education institutes and help the universities 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.

UN Global Compact has been signed by the company and the "Communication on progress" report on achievements in the 10 principles is published yearly.

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 Egyenlítő 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.



# KEY OPERATING STATISTICS OF MAGYAR TELEKOM GROUP 2020

## SUMMARY OF KEY OPERATING STATISTICS ✓

	2019 31 December	2020 31 December	2020/2019 (% change)
<b>MT HUNGARY</b>			
Number of customers (RPC)	5,368,607	5,427,445	1.1
Number of mobile broadband subscriptions	3,115,130	3,295,935	5.8
<b>NORTH MACEDONIA</b>			
Mobil penetration (%) <sup>(1)</sup>	103.8	102.0	-1.7
Number of customers (RPC)	1,219,797	1,104,714	-9.4
Market share of T-Mobile Macedonia <sup>(1)/(2)</sup>	48.7	49.0	0.6

## KEY OPERATING STATISTICAL FIGURES OF TELEKOM HUNGARY SEGMENT ✓

	2019 31 December	2020 31 December	2020/2019 (% change)
<b>MOBILE OPERATIONS</b>			
Number of customers (RPC)	5,368,607	5,427,445	1.1
Postpaid share in the RPC base (%)	69.5	71.8	3.3
MOU	218	246.1	12.9
ARPU (HUF)	3,540	3,565	0.7
Postpaid	5,023	4,970	-1.1
Prepaid	1,102	1,096	-0.5
Overall chum rate (%)	15.9	13.1	-17.6
Postpaid (%)	8.7	6.6	-25.8
Prepaid (%)	31.7	25.1	-20.8
Ratio of non-voice revenues in ARPU (%)	47.1	48.5	3.0
Number of mobile broadband subscriptions	3,115,130	3,295,935	5.8

(1) Data published by Macedonian Agency for Electronic Communications (AEC)

(2) Based on active RPC

(3) Data is based on NMIAH reports

## KEY OPERATING STATISTICAL FIGURES OF TELEKOM HUNGARY SEGMENT ✓


	2019 31 December	2020 31 December	2020/2019 (% change)
<b>FIXED-LINE OPERATIONS</b>			
<b>VOICE SERVICES</b>			
Total voice customers	1,362,049	1,339,116	-1.7
Total outgoing traffic (thousand minutes)	2,217,492	2,394,339	8.0
Blended MOU (outgoing)	134	149	11.2
Blended ARPUI (HUF)	2,192	2,126	-3.0
<b>DATA PRODUCTS</b>			
Blended retail broadband market share (%) <sup>(3)</sup>	39.8	41.2	3.5
Number of retail DSL customer	506,596	456,741	-9.8
Number of cable broadband customers	424,572	451,048	6.2
Number of fiber optic connections	299,422	415,663	38.8
Total retail broadband customers	1,230,590	1,323,452	7.5
Blended broadband ARPU (HUF)	3,490	3,575	2.4
Number of wholesale DSL access	22,729	21,918	-3.6
<b>TV SERVICES</b>			
Blended TV market share (%) <sup>(3)</sup>	32.4	34.5	6.5
Number of IPTV customers	814,771	925,684	13.6
Number of satellite TV customers	239,274	212,004	-11.4
Number of cable TV customers	103,768	100,574	-3.1
Total TV customers	1,157,813	1,238,262	6.9
Blended TV ARPU (HUF)	3,295	3,288	-0.2


KEY OPERATING STATISTICAL FIGURES OF MACEDONIA SEGMENT ✓			
	2019 31 December	2020 31 December	2020/2019 (% change)
MOBILE OPERATING			
Number of customers (RPC)	1 219 797	1 104 714	-9,4
Postpaid share in the RPC base (%)	51,9	46,7	14,2
MOU	224	225	0,4
ARPU (HUF)	1 735	1 910	10,1
FIXED-LINED OPERATING			
VOICE SERVICES			
Fixed line penetration	10,7	11,0	2,8
Total voice customers	215 810	221 017	2,4
Total outgoing traffic (thousand minutes)	119 030	113 812	-4,4
DATA AND TV SERVICES			
Number of retail broadband access	188 072	198 501	5,5
Number of wholesale broadband access	16 175	15 266	-5,6
Number of total broadband access	204 247	213 767	4,7
Number of IPTV customers	136 372	142 49	4,5

(1) Data published by Macedonian Agency for Electronic Communications (AEC)  
(2) Based on active RPC  
(3) Data is based on NMIAH reports



# ASSURANCE STATEMENT

 Bárdy Zoltán

 **INDEPENDENT ASSURANCE REPORT**

**To the Management of Magyar Telekom Nyrt.**

This report is produced in accordance with the terms of our Contract dated 21 April 2021 for the purpose of reporting to Magyar Telekom Nyrt. (the "Company") in connection with the 2020 Sustainability Report.

**Management's Responsibility**

The Management of Magyar Telekom Nyrt. ("Responsible party") is responsible for the preparation of the Sustainability Report ("subject matter") in accordance with the GRI guidelines – "Comprehensive" option – as set out in Sustainability Reporting Guidelines of Global Reporting Initiative Standards version ("GRI criteria").

This responsibility includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for individual Sustainability disclosures which are reasonable in the circumstances.

**Description of the Subject Matter and Identification of the Criteria**

The aim of this limited assurance engagement is to express a conclusion whether the selected information and data (marked with the check symbol ("✓") in the Sustainability Report) of the 2020 Sustainability Report is prepared by the Management of Magyar Telekom Nyrt. in line with the GRI criteria.

**Our Responsibility**

Our responsibility is to report on the selected information and data in the 2020 Sustainability Report based on our work performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Information" ("ISAE 3000"). This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether the selected information and data included in the 2020 Sustainability Report has been prepared, in all material respects, in accordance with the GRI criteria.


We apply International Standard on Quality Control (ISQC 1) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

**Summary of the work performed**

Within the scope of our work we performed, among others, the following procedures:

- Inquiries of the management as well as personnel of the central unit responsible for the reporting of sustainability information and the preparation of the Sustainability

 Report to examine that the relevant processes for gathering and analyzing the information and data marked with the check symbol ("✓") in the Sustainability Report are in line with the GRI criteria;

- Examination whether the information and data marked with the check symbol ("✓") within the GRI Content Index are disclosed in line with the GRI criteria, for example:
  - whether the indicators (profile indicators) of the company are fully included in the report;
  - whether the management approach and principles are presented for each major topic;
  - whether all the material indicators required by GRI criteria are included in the report. If not, proper explanation has been included;
- Analytical review, which contains inquiry of management about certain changes or fluctuations in the information and data marked with the check symbol ("✓") within the main chapters of the Sustainability Report compared to the previous period;
- Performing sample testing within the main chapters of the Sustainability Report for the accuracy of the information and data marked with the check symbol ("✓"), for example by inspecting, analyzing and recalculating statistical reports, accounting records, documents from external service providers.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

**Conclusion**

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected information and data (marked with the check symbol ("✓") in the 2020 Sustainability Report) has not been prepared, in all material respects, in accordance with the GRI criteria.

Budapest, 15 June 2021

László Radványi Partner	Zoltán Bárdy Statutory auditor Licence number: 007346
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PricewaterhouseCoopers Könyvvizsgáló Kft.  
1055 Budapest, Bajcsy-Zsilinszky út 78.  
Registration number: 001464

*Note:*

*Our report and the Sustainability Report will be published together with the GRI guidelines – "Comprehensive" option – as set out in Sustainability Reporting Guidelines of Global Reporting Initiative Standards version ("GRI criteria") on the website of Magyar Telekom Nyrt.*

*The Management of Magyar Telekom Nyrt. is responsible for the website and we do not accept responsibility for any changes in connection with the Sustainability Report and the GRI criteria described in the Sustainability Reporting Guidelines of Global Reporting Initiative Standards version – "Comprehensive" option – after our report was published.*

*Our report has been prepared in Hungarian and in English. In all matters of interpretation of information, views or opinions, the Hungarian version of our report takes precedence over the English version.*



GRI CONTENT INDEX

GRI Standards used:  
GRI 101: Foundation 2016  
GRI 102: General Disclosures 2016

GRI 103: Management Approach 2016  
GRI 200: Economic 2016

GRI 300: Environmental 2016,  
GRI 400: Social 2016;






GRI 303: Water and effluents 2018;  
GRI 403: Occupational Health and Safety 2018

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target																							
GRI 102: GENERAL DISCLOSURES 2016																																
1. ORGANIZATIONAL PROFILE																																
102-1	Name of the organization				The registered company name of Magyar Telekom is Magyar Telekom Telecommunications Public Limited Company, and its abbreviated name is Magyar Telekom Plc.		✓																									
102-2	Activities, brands, products, and services			<a href="http://www.telekom.hu/lakossagi/english/plans">http://www.telekom.hu/lakossagi/english/plans</a> <a href="http://www.telekom.hu/about_us/about_magyar_telekom">http://www.telekom.hu/about_us/about_magyar_telekom</a> <a href="http://www.telekom.hu/uzleti/main">http://www.telekom.hu/uzleti/main</a> <a href="http://www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group_Magyar">http://www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group Magyar</a>	The activities of Magyar Telekom Group cover three main business areas: - fixed-line and mobile telecommunication services to residential customers (under the Telekom brand), - services to small- and medium-sized businesses (under the T-Systems brand), - and services to large businesses (under the T-Systems brand). Magyar Telekom's employer and HR activities, business and investor relations, legal and corporate affairs, sustainability and corporate social responsibility, non-core business development, technical and network development activities also go under the corporate Telekom brand. Magyar Telekom does not sell debated or prohibited products.		✓	TC-TL-520a. 2																								
102-3	Location of headquarters				The headquarters of the Group are located in Budapest (IX., Könyves Kálmán krt. 36.).		✓																									
102-4	Location of operations				The Group's area of operation: Hungary, Macedonia, Bulgaria and Romania.		✓																									
102-5	Ownership and legal form			<a href="https://www.telekom.hu/about_us/investor_relations/magyar_telekom_shares/ownership_structure">https://www.telekom.hu/about_us/investor_relations/magyar_telekom_shares/ownership_structure</a>	Deutsche Telekom Europe B.V. (formerly called CMobil B.V.) is 100%-os owned by Deutsche Telekom Europe Holding B.V., whose 100%-os owner is Deutsche Telekom Europe Holding GmbH (formerly called T-Mobile Global Holding Nr. 2 GmbH) and Deutsche Telekom Europe Holding GmbH is 100% owned by Deutsche Telekom AG, as a result Deutsche Telekom AG has 59.21% indirect ownership and voting rights in Magyar Telekom Plc. <table><tr><th>Shareholders</th><th>Ownership %</th><th>✓</th></tr><tr><td>Deutsche Telekom Europe B.V.</td><td>59.21%</td><td></td></tr><tr><td>Other foreign institutions</td><td>15.85%</td><td></td></tr><tr><td>Domestic individuals</td><td>10.12%</td><td></td></tr><tr><td>Domestic institutions</td><td>7.60%</td><td></td></tr><tr><td>Treasury shares</td><td>5.11%</td><td></td></tr><tr><td>Other</td><td>2.11%</td><td></td></tr><tr><td>Total</td><td>100.00%</td><td></td></tr></table>	Shareholders	Ownership %	✓	Deutsche Telekom Europe B.V.	59.21%		Other foreign institutions	15.85%		Domestic individuals	10.12%		Domestic institutions	7.60%		Treasury shares	5.11%		Other	2.11%		Total	100.00%			✓	
Shareholders	Ownership %	✓																														
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Other	2.11%																															
Total	100.00%																															
102-6	Markets served			<a href="http://www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group">http://www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group</a> <a href="http://www.telekom.hu/lakossagi/english/plans">http://www.telekom.hu/lakossagi/english/plans</a> <a href="http://www.telekom.hu/lakossagi/english">http://www.telekom.hu/lakossagi/english</a> <a href="http://www.telekom.hu/uzleti/main">http://www.telekom.hu/uzleti/main</a>	The Magyar Telekom Group's member companies operating in Hungary are managing content, media and other, non-access services provided under various brands. The Group's international member companies are operating in the markets of the South-East European region as integrated and alternative telecommunications service providers.		✓																									
102-7	Scale of the organization				Number of employees of Magyar Telekom Group: 7,132 persons (as of December 31, 2020)		✓																									
102-8	Information on employees and other workers	Diversity and inclusion		<a href="https://www.telekom.hu/about_us/career/telekom_internship_program">https://www.telekom.hu/about_us/career/telekom_internship_program</a> <a href="https://www.telekom.hu/rolunk/karrier/kickstart">https://www.telekom.hu/rolunk/karrier/kickstart</a>	The company uses external workforce in all major areas of its operations. The decisions are made by the relevant directorates. Generally we rely on external workforce in special areas, rare skillsets and qualities contracting them to fill in temporary vacancies in different areas of our operations. The positions as well as the levels of expertise may vary and thus they are hard to specify. On December 31, 2020 Magyar Telekom had 216 interns, and T-Systems had 80 interns. Throughout our internship program these 298 interns were provided with opportunities to gain real workforce experience in various areas of our operations. The diverse team of our Y2020 interns included students from the fields of IT, business, economy, architecture, horticultural sciences and many other areas. Admission to the internship program of the company is not limited to any scolarly areas, we are eager to find out more about the applicants main drives and personality as well. We believe that thinking together with a diverse set of great people can lead to great solutions. In 2020, 20 selected students joined the first year of Telekom's Kickstart program. The one-year, special training program summarizes all the expectations that Magyar Telekom expects from career starters offering professional and soft-skill trainings, design thinking trainings. Kickstart trainees working in a wide range of professional fields work on a common semester project task based on real business needs in the spirit of agile methodology, thus strengthening the ability to work in cross-functional teams.		✓	 																								









Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target																																																																																																
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102-9	Supply chain	Stakeholders - Suppliers		<a href="http://www.telekom.hu/about_us/about_magyar_telekom/procurementhttps://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&amp;page=english/main.vm">http://www.telekom.hu/about_us/about_magyar_telekom/procurementhttps://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&amp;page=english/main.vm</a>	The total number of suppliers that Magyar Telekom Plc. contacted with procurement orders in 2020 was 1 169. The table at GRI 102-10 lists the types of supplier by procurement areas. If suppliers are involved in the procurement processes of multiple areas than the above table lists them in all areas concerned. Therefore the sum of the above numbers does not reflect to the total number of suppliers engaged in our corporate procurement processes. The proportion of local suppliers 89.22%. There is a corporate intranet site providing internal information for employees on the Procurement and Logistics Directorate's areas of concern, representatives and the related rules and regulations.		✓																																																																																																		
102-10	Significant changes to the organization and its supply chain	Stakeholders - Suppliers			<table><tr><th colspan="5">A MAGYAR TELEKOM CSOPORT ÖSSZETÉTELÉNEK VÁLTOZÁSA AZ ELMÚLT ÉVEKBEN</th><th>✓</th></tr><tr><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th></th></tr><tr><td>Magyar Telekom Plc.</td><td>Magyar Telekom Plc.</td><td>Magyar Telekom Plc.</td><td>Magyar Telekom Plc.</td><td>Magyar Telekom Plc.</td><td></td></tr><tr><td>T-Systems Hungary<sup>1</sup></td><td>T-Systems Hungary</td><td>T-Systems Hungary</td><td>T-Systems Hungary</td><td>T-Systems Hungary</td><td></td></tr><tr><td>Origo<sup>2</sup></td><td>-</td><td>-</td><td>-</td><td>-</td><td></td></tr><tr><td>KalászNet</td><td>KalászNet</td><td>KalászNet</td><td>KalászNet</td><td>KalászNet</td><td></td></tr><tr><td>TCG<sup>3</sup></td><td>TCG<sup>4</sup></td><td>-</td><td>-</td><td>-</td><td></td></tr><tr><td>MakTel<sup>5</sup></td><td>MakTel</td><td>MakTel</td><td>MakTel</td><td>MakTel</td><td></td></tr><tr><td>GTS</td><td>GTS<sup>6</sup></td><td>-</td><td>-</td><td>-</td><td></td></tr></table> <table><tr><th colspan="7">NUMBER OF SUPPLIERS AT DIFFERENT PROCUREMENT AREAS</th></tr><tr><th>Procurement area</th><th>Description</th><th>Number of suppliers in 2016</th><th>Number of suppliers in 2017</th><th>Number of suppliers in 2018</th><th>Number of suppliers in 2019</th><th>Number of suppliers in 2020</th></tr><tr><td>Network</td><td>wire and wireless network, transmission technology, backbone network</td><td>347</td><td>333</td><td>342</td><td>319</td><td>320</td></tr><tr><td>IT</td><td>hardware, software procurement, IT Consulting &amp; Contracting, IT-operations and desktop-services, OSS, BSS</td><td>347</td><td>346</td><td>331</td><td>287</td><td>280</td></tr><tr><td>CPE &amp; Noncore</td><td>special projects and terminals, functional area</td><td>80</td><td>79</td><td>86</td><td>130</td><td>119</td></tr><tr><td>Indirect</td><td>marketing, low cost suppliers, fleet management, real estate management, related services, consultancy, labor force and HR services</td><td>1035</td><td>878</td><td>783</td><td>770</td><td>638</td></tr></table>	A MAGYAR TELEKOM CSOPORT ÖSSZETÉTELÉNEK VÁLTOZÁSA AZ ELMÚLT ÉVEKBEN					✓	2016	2017	2018	2019	2020		Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.		T-Systems Hungary <sup>1</sup>	T-Systems Hungary	T-Systems Hungary	T-Systems Hungary	T-Systems Hungary		Origo <sup>2</sup>	-	-	-	-		KalászNet	KalászNet	KalászNet	KalászNet	KalászNet		TCG <sup>3</sup>	TCG <sup>4</sup>	-	-	-		MakTel <sup>5</sup>	MakTel	MakTel	MakTel	MakTel		GTS	GTS <sup>6</sup>	-	-	-		NUMBER OF SUPPLIERS AT DIFFERENT PROCUREMENT AREAS							Procurement area	Description	Number of suppliers in 2016	Number of suppliers in 2017	Number of suppliers in 2018	Number of suppliers in 2019	Number of suppliers in 2020	Network	wire and wireless network, transmission technology, backbone network	347	333	342	319	320	IT	hardware, software procurement, IT Consulting & Contracting, IT-operations and desktop-services, OSS, BSS	347	346	331	287	280	CPE & Noncore	special projects and terminals, functional area	80	79	86	130	119	Indirect	marketing, low cost suppliers, fleet management, real estate management, related services, consultancy, labor force and HR services	1035	878	783	770	638		✓		
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CPE & Noncore	special projects and terminals, functional area	80	79	86	130	119																																																																																																			
Indirect	marketing, low cost suppliers, fleet management, real estate management, related services, consultancy, labor force and HR services	1035	878	783	770	638																																																																																																			
102-11	Precautionary Principle or approach	Our Approach - Sustainability strategy Climate protection Stakeholders - Suppliers		<a href="http://www.telekom.hu/about_us/society_and_environment/approach_strategy_and_goalshttps://www.telekom.com/resource/blob/525950/75e73159e55aec7fd50199ffb9878ad7/dl-180528-umweltschutz-en-data.pdf">http://www.telekom.hu/about_us/society_and_environment/approach_strategy_and_goalshttps://www.telekom.com/resource/blob/525950/75e73159e55aec7fd50199ffb9878ad7/dl-180528-umweltschutz-en-data.pdf</a>	Magyar Telekom complies with the legal requirements in all geographies it operates in. Beyond legal requirements, Magyar Telekom employs a precautionary principle in existing and new ventures. We intend to prevent or alternatively minimize negative environmental impacts related to existing and new projects, products and services. Environmental Risk Assessments are an integral part of our due-diligence processes for mergers and acquisitions.		✓																																																																																																		
102-12	External initiatives	Stakeholders					✓																																																																																																		
102-13	Membership of associations	Stakeholders					✓																																																																																																		
2. STRATEGY																																																																																																									
102-14	Statement from senior decision-maker	Letter from the CEO					✓																																																																																																		
102-15	Key impacts, risks, and opportunities	Our approach - Sustainability strategy		<a href="https://www.telekom.hu/about_us/society_and_environmenthttps://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdfhttps://www.telekom.hu/about_us/society_and_environment/approach_strategy_and_goals">https://www.telekom.hu/about_us/society_and_environmenthttps://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdfhttps://www.telekom.hu/about_us/society_and_environment/approach_strategy_and_goals</a>			✓																																																																																																		


(1) Before 01.04.2012 under the name of KFKI Zrt.  
(2) In 2016 100% of Origo shares sold to the New Wave Media Hirdetésszervező és Reklámmérkésítő Szolgáltató Korlátolt Felelősségű Társaság.  
(3) The data of Cronoski Telekom is quoted under the name of TCG.  
(4) In 2017 the 76.52% shareholding in Cronoski Telekom AD Podgorica has been transferred to Hrvatski Telekom d.d.  
(5) T-Mobile Macedonia AD merged into Makedonski Telekom AD (with effect 01.07.2015). Thereafter, only the data of Makedonski Telekom AD is quoted under the name of MakTel.  
(6) GTS merges into T-Systems Magyarország Zrt. (with effect 30.09.2017).

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target	
GRI 102: GENERAL DISCLOUSURES 2016										
3. ETHICS AND INTEGRITY										
102-16	Values, principles, standards, and norms of behavior	Our approach Diversity and inclusion Stakeholders		<a href="https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf">https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf">https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf</a> <a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees">http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees</a> <a href="https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf">https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf</a>	The Magyar Telekom Group's Code of Conduct summarises the Group's corporate compliance requirements, sets out the Group's shared values and is also the pledge of Telekom's strong position, reputation and successful future. The Code of Conduct applies to everyone within the Magyar Telekom Group, from employees to members of the Board of Directors. Furthermore, Magyar Telekom Group's contractual partners must also acknowledge and accept these values when registering on the procurement website.		✓			
102-17	Mechanisms for advice and concerns about ethics			<a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance">http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance</a>	Magyar Telekom Group takes the Code of Conduct and its detailed regulation seriously and considers its enforcement to be among the highest priorities, but it is also acknowledged that it is sometimes difficult to know right from wrong. That's why the employees are encouraged to initiate open communication through an internally available Ask me! portal. Complaints and concerns about possible non-compliance with ethics are to be issued through the dedicated Tell Me! secure internal employee site.		✓			
4. GOVERNANCE										
102-18	Governance structure	Corporate governance		<a href="http://www.telekom.hu/about_us/investor_relations/corporate_governance">http://www.telekom.hu/about_us/investor_relations/corporate_governance</a>	Magyar Telekom's Board of Directors is the management body of the Company and represents the Company with regard to third parties, in court and before other authorities. The Board of Directors exercises its rights and performs its obligations as an independent body. The Board of Directors is not an operative management body, in other words, the Board of Directors is not involved in the Company's daily business. The Board of Directors is responsible for all matters relating to the Company's management and course of business not otherwise reserved to the General Meeting or to other corporate bodies by the Articles of Association of the Company or by the law. The Supervisory Board (SB) oversees the management of the Company in order to protect its interests. Within the framework of this activity the Supervisory Board supervises the control, management and business activities of the Company as well as compliance of the Company's operation with the laws and the Articles of Association. The Audit Committee is a permanent committee composed – by selection of the Company's General Meeting – of independent members of the Company's Supervisory Board. The purpose of the Audit Committee is to support the Supervisory Board (1) in supervising the financial reporting system, (2) in selecting the statutory Auditor and (3) in cooperating with the statutory Auditor. The Audit Committee operates based on its Rules of Procedure. The Audit Committee establishes its own Rules of Procedure which is approved by the Supervisory Board. The Board of Directors established the Remuneration and Nomination Committee to support the Board of Directors of the Company regarding the remuneration and certain nomination related issues of the members of the corporate bodies and the top executives of the Company in accordance with its Rules of Procedure. The reason for combining certain tasks regarding the remuneration and nomination is to make the decision-making procedure of the Board of Directors more efficient in personnel matters, and to ensure the complex handling thereof.		✓			
102-19	Delegating authority	Corporate governance					✓			
102-20	Executive-level responsibility for economic, environmental and social topics	Corporate governance					✓			
102-21	Consulting stakeholders on economic, environmental and social topics	Stakeholders					✓			
102-22	Composition of the highest governance body and its committees			<a href="http://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors">http://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors</a> <a href="http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a> <a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/supervisory_board">https://www.telekom.hu/about_us/investor_relations/corporate_governance/supervisory_board</a> <a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/audit_committee">https://www.telekom.hu/about_us/investor_relations/corporate_governance/audit_committee</a> <a href="https://www.telekom.hu/static-tr/sw/file/IFRS_Group_Annual_Report_20201231.pdf">https://www.telekom.hu/static-tr/sw/file/IFRS_Group_Annual_Report_20201231.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/20210416_Corporate_Governance_Report_2020.pdf">https://www.telekom.hu/static-tr/sw/file/20210416_Corporate_Governance_Report_2020.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/BoD_self-assessment_2020_eng.pdf">https://www.telekom.hu/static-tr/sw/file/BoD_self-assessment_2020_eng.pdf</a>	On December 31, 2020 the Board of Directors had 8 members, with two executive and six non-executive members. 3 members are considered independent and 5 members are not considered independent. Members of the Board of Directors on December 31, 2020: • Dr. Robert Hauber, Chairperson of the Board of Directors, Senior Vice President Finance & Performance Management Europe, Deutsche Telekom AG; • Daria Dodonova, Chief Financial Officer, Magyar Telekom Plc.; • Gábor Fekete, consultant (independent); • Ralf Nejedl, Senior Vice President B2B Europe, Deutsche Telekom AG; • Frank Odzuck, Chief Executive Officer, Zwack Unicum Plc. (independent); • Péter Ratatics, Chief Operating Officer of MOL (independent); • Tibor Rékasi, Chief Executive Officer, Magyar Telekom Plc.; • Éva Somorjai-Tamássy, Chief Human Resources Officer of European Center, Deutsche Telekom AG		✓		 	




Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
GRI 102: GENERAL DISCLOSURES 2016									
4. GOVERNANCE									
102-22	Composition of the highest governance body and its committees			<a href="http://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors">http://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors</a> <a href="http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a> <a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/supervisory_board">https://www.telekom.hu/about_us/investor_relations/corporate_governance/supervisory_board</a> <a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/audit_committee">https://www.telekom.hu/about_us/investor_relations/corporate_governance/audit_committee</a> <a href="https://www.telekom.hu/static-tr/sw/file/IFRS_Group_Annual_Report_20201231.pdf">https://www.telekom.hu/static-tr/sw/file/IFRS_Group_Annual_Report_20201231.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/20210416_Corporate_Governance_Report_2020.pdf">https://www.telekom.hu/static-tr/sw/file/20210416_Corporate_Governance_Report_2020.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/BoD_self-assessment_2020_eng.pdf">https://www.telekom.hu/static-tr/sw/file/BoD_self-assessment_2020_eng.pdf</a>	<p>Members of the Supervisory Board on December 31, 2020:</p> <ul style="list-style-type: none"><li>• Prof. dr. Attila Borbély, Chairperson of the Supervisory Board, Full Professor of University of Debrecen, Faculty of Economics and Business (independent);</li><li>• Krisztina Dorogházi, Senior Vice President Chief Accounting Officer and Controller, TechnipFMC, (independent);</li><li>• Tamás Lichnovszky, Chairman of the Central Workers' Council, Magyar Telekom Plc.;</li><li>• András Szakonyi, Senior Vice President - Europe, Middle East and Africa, Iron Mountain, (independent);</li><li>• Zsoltné Varga, Chairwoman of the Central Functions Workers Council, Magyar Telekom Plc.</li></ul> <p>Members of the Audit Committee on December 31, 2020:</p> <ul style="list-style-type: none"><li>• Prof. dr. Attila Borbély, Chairperson of the Audit Committee, Full Professor of University of Debrecen, Faculty of Economics and Business;</li><li>• Krisztina Dorogházi, Senior Vice President Chief Accounting Officer and Controller, TechnipFMC;</li><li>• András Szakonyi, Senior Vice President - Europe, Middle East and Africa, Iron Mountain.</li></ul> <p>Members of the Remuneration and Nomination Committee on December 31, 2020:</p> <ul style="list-style-type: none"><li>• Dr. Robert Hauber, Chairperson of the Remuneration and Nomination Committee, Senior Vice President Finance &amp; Performance Management Europe, Deutsche Telekom AG;</li><li>• Ralf Nejedl, Senior Vice President B2B Europe, Deutsche Telekom AG.;</li><li>• Frank Odzuck, Chief Executive Officer, Zwack Unicum Plc.</li></ul>		✓	 	
102-23	Chair of the highest governance body			<a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors">https://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors</a> <a href="https://www.telekom.hu/static-tr/sw/file/20210416_Corporate_Governance_Report_2020.pdf">https://www.telekom.hu/static-tr/sw/file/20210416_Corporate_Governance_Report_2020.pdf</a>	The Chief Executive Officer does not fill the position of the Chairperson of the Board of Directors.		✓		
102-24	Nominating and selecting the highest governance body			<a href="http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a> <a href="http://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents">http://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents</a> <a href="https://www.telekom.hu/static-tr/sw/file/AGM_submissions_18March2019_eng.pdf">https://www.telekom.hu/static-tr/sw/file/AGM_submissions_18March2019_eng.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/AGM_submission_-_April_16__2020_final.pdf">https://www.telekom.hu/static-tr/sw/file/AGM_submission_-_April_16__2020_final.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/20200424_BoD_resolutions_eng_final.pdf">https://www.telekom.hu/static-tr/sw/file/20200424_BoD_resolutions_eng_final.pdf</a>	<p>The Annual General Meeting held on April 9, 2019 elected the new Board of Directors members. On April 24, 2020 the Board of Directors elected 2 new members.<sup>1</sup> Shareholders shall have the right to participate at the General Meeting, and if holding shares with voting rights, to vote, in accordance with the Articles of Association.</p> <p>The current job grading system is transparent and the structure is reflecting the actual value of the particular positions rather than representing a hierarchical model. Each employee is placed in the respective job category on the basis of the responsibility, professional knowledge required by the given position which is taken by the employee. The individual positions are therefore comparable and the entire system is transparent and clear. The Remuneration and Nomination Committee held its Annual General Meeting on April 21, 2016, where the members have agreed on the acceptance and compliance with the following statement: „In the nomination process diversity and complementary competencies are taken into consideration.”</p> <p>Election of members of the Board of Directors (Board of Directors meeting, April 24, 2020)<sup>2</sup></p> <p>Resolutions of the Board of Directors (Board of Directors meeting, April 24, 2020)<sup>3</sup></p>		✓	 	
102-25	Conflicts of interest			<a href="https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf">https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/20210416_Corporate_Governance_Report_2020.pdf">https://www.telekom.hu/static-tr/sw/file/20210416_Corporate_Governance_Report_2020.pdf</a>	<p>Members of the Board of Directors shall inform the Board of Directors and the Supervisory Board if he/she (or any other person in a close relationship to him/her) has a significant, personal interest in a transaction of the Company (or of any of the Company's subsidiaries).</p> <p>Transactions between members of the Board of Directors (or persons in a close relationship to them) and the Company (or the Company's subsidiaries) shall be conducted according to the general rules of practice of the Company, but, with stricter transparency rules in place. In the case such a transaction is outside the normal course of the Company's business, the transaction and its terms should be approved by the Supervisory Board.</p> <p>In the event of accepting a new executive office, within fifteen days of accepting such executive office, the member of the Board of Directors shall notify about this fact in writing those companies, where he/she already serves as an executive officer or a supervisory board member. The member of the Board of Directors shall inform the Supervisory Board, if he/she receives an offer of Board of Directors or Supervisory Board membership or an offer of an executive management position in a company which is not part of the Company group and also if he/she accepted the offer.</p>		✓		
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate governance					✓		
102-27	Collective knowledge of highest governance body	Corporate governance					✓		

[1] Due to the situation caused by the coronavirus epidemic (Covid-19) the Annual General Meeting was not held on its scheduled date. Based on Section 9 (2) of Government Decree no. 102/2020. (IV. 10.) the Board of Directors of the Company decided in the matters set on the published agenda of the Annual General Meeting.  
[2] Due to the situation caused by the coronavirus epidemic (Covid-19) the Annual General Meeting was not held on its scheduled date. Based on Section 9 (2) of Government Decree no. 102/2020. (IV. 10.) the Board of Directors of the Company decided in the matters set on the published agenda of the Annual General Meeting.  
[3] Due to the situation caused by the coronavirus epidemic (Covid-19) the Annual General Meeting was not held on its scheduled date. Based on Section 9 (2) of Government Decree no. 102/2020. (IV. 10.) the Board of Directors of the Company decided in the matters set on the published agenda of the Annual General Meeting.

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
<b>GRI 102: GENERAL DISCLOSURES 2016</b>									
<b>4. GOVERNANCE</b>									
102-28	Evaluating the highest governance body's performance				Top management decisions have a direct impact on the entire Magyar Telekom Group's activity and future priorities. The performance of the top management (Chief Executive Officer, Chief Officers) is incentivized through the Lead to Win motivation system. The incentive system has a short-term incentive (bonus), a long-term, cash-based incentive (LTI) and a long-term, share-based incentive (share benefit program - SBP) element. The Remuneration and Nomination Committee of Magyar Telekom Group's Board of Directors makes proposals both for the annual targets and the evaluation of their implementation. The Committee Member, independent from the majority owner, shall provide for the representation of the minority owners' interests. Upon consideration of the proposals made by the Remuneration Committee, the Board of Directors adopts decisions regarding the targets and evaluation of top executives' performance. The Board of Directors evaluates the performance of the previous year and finalizes the targets of the current year in the first meeting of the year. In general, 55% of top executives' salary is fixed, while 45% is variable pay (bonus). The annual bonus is payable prorated to the evaluated performance of the partly collective, partly individual targets set at the beginning of the year and derived from Magyar Telekom Group's strategic targets. In the case of the collective targets no bonus is payable, if performance is below a certain minimum limit, defined in advance. In case of over-achieving the targets, additional bonus is paid, the extent of which cannot exceed 50% of the bonus payable upon 100% performance. The framework of bonus target setting (bonus amount, structure and maximal amount of additional bonus) is defined by the strategic investor's compensation guidelines (Deutsche Telekom Global Compensation Guidelines). In addition to the annual target-setting, evaluation and bonus payment used as short term incentive, the Company also lays emphasis on long-term performance stimulation. The first package of the LTI-program - as part of the Lead to Win system - was introduced in 2015 so as to stimulate the contribution of the top management to the achievement of the strategic objectives even more effectively. With the 4 year term Telekom focuses on the increase of sustainable performance. It is the competence of the General Meeting to approve the "Remuneration Guidelines" that sets forth the remuneration principles and components for the top management and the members of corporate bodies. Besides, as part of the Corporate Governance Report, Telekom each year discloses the previous year's remuneration for the top management and corporate bodies in the Remuneration Statement. The conditions of selecting the members of Magyar Telekom's Board of Directors, Supervisory Board and Audit Committee were amended by the Remuneration and Nomination Committee in April 2016: as new elements diversity and the reciprocal supplementation of competences are also taken into account.		✓		
102-29	Identifying and managing economic, environmental, and social impacts	Corporate governance					✓		
102-30	Effectiveness of risk management processes	Corporate governance			The potential risk segments concerning the operations of Magyar Telekom are being revisioned on a quarterly basis. All of our subsidiaries, business segments and other corporate bodies are obliged to identify and report on the potential risks of their operations on a quarterly basis. The results of assessment and evaluation of these threats are being forwarded to the Board of Directors and the Audit Committee. In order to enable the immediate release of threats that might effect shareholder decisions we have introduced a supplementary element to the risk management process. Our quarterly risk reporting system has been supplemented by a continuous risk reporting obligation. Thus all subsidiaries and business segments of the company are obliged to immediately report on all relevant, news, facts, changes and threats. All transmitted information is being evaluated by the Risk management area, and in case of identifying new and relevant information and/or threat, the representative of the area immediately reports them to the Chief Financial Officer. There is an internal regulation in operation that secures and defines the levels of responsibility of employees in relation to risk management.		✓		
102-31	Review of economic, environmental, and social topics	Corporate governance					✓		
102-32	Highest governance body's role in sustainability reporting	Corporate governance					✓		
102-33	Communicating critical concerns	Corporate governance					✓		
102-34	Nature and total number of critical concerns	Stakeholders					✓		










Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
GRI 102: GENERAL DISCLOSURES 2016									
4. GOVERNANCE									
102-35	Remuneration policies	Diversity and inclusion		<a href="http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a> <a href="https://www.telekom.hu/static-tr/sw/file/IFRS_Group_2018_AGM_alairt_nyilatkozattal.pdf">https://www.telekom.hu/static-tr/sw/file/IFRS_Group_2018_AGM_alairt_nyilatkozattal.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/2019AGM-CorporateGovernance-Report-2018.pdf">https://www.telekom.hu/static-tr/sw/file/2019AGM-CorporateGovernance-Report-2018.pdf</a>	Top management decisions have a direct impact on the entire Magyar Telekom Group's activity and future priorities. The performance of the top management (Chief Executive Officer, Chief Officers) is incentivized through the Lead to Win motivation system. The incentive system has a short-term incentive (bonus), a long-term, cash-based incentive (LTI) and a long-term, share-based incentive (share benefit program - SBP) element. The Remuneration and Nomination Committee of Magyar Telekom Group's Board of Directors makes proposals both for the annual targets and the evaluation of their implementation. The Committee Member, independent from the majority owner, shall provide for the representation of the minority owners' interests. Upon consideration of the proposals made by the Remuneration Committee, the Board of Directors adopts decisions regarding the targets and evaluation of top executives' performance. The Board of Directors evaluates the performance of the previous year and finalizes the targets of the current year in the first meeting of the year. In general, 55% of top executives' salary is fixed, while 45% is variable pay (bonus). The annual bonus is payable prorated to the evaluated performance of the partly collective, partly individual targets set at the beginning of the year and derived from Magyar Telekom Group's strategic targets. In the case of the collective targets no bonus is payable, if performance is below a certain minimum limit, defined in advance. In case of over-achieving the targets, additional bonus is paid, the extent of which cannot exceed 50% of the bonus payable upon 100% performance. The framework of bonus target setting (bonus amount, structure and maximal amount of additional bonus) is defined by the strategic investor's compensation guidelines (Deutsche Telekom Global Compensation Guidelines). In addition to the annual target-setting, evaluation and bonus payment used as short term incentive, the Company also lays emphasis on long-term performance stimulation. The first package of the LTI-program - as part of the Lead to Win system - was introduced in 2015 so as to stimulate the contribution of the top management to the achievement of the strategic objectives even more effectively. With the 4 year term Telekom focuses on the increase of sustainable performance. It is the competence of the General Meeting to approve the "Remuneration Guidelines" that sets forth the remuneration principles and components for the top management and the members of corporate bodies. Besides, as part of the Corporate Governance Report, Telekom each year discloses the previous year's remuneration for the top management and corporate bodies in the Remuneration Statement. The conditions of selecting the members of Magyar Telekom's Board of Directors, Supervisory Board and Audit Committee were amended by the Remuneration and Nomination Committee in April 2016: as new elements diversity and the reciprocal supplementation of competences are also taken into account.		✓		
102-36	Process for determining remuneration			<a href="http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a> <a href="https://www.telekom.hu/static-tr/sw/file/2020_AGM-Remuneration-Policy.pdf">https://www.telekom.hu/static-tr/sw/file/2020_AGM-Remuneration-Policy.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/20200101_MT_RNC_RoP_ENG.pdf">https://www.telekom.hu/static-tr/sw/file/20200101_MT_RNC_RoP_ENG.pdf</a>	Members of the Committee may request presence of external invitees (e.g. experts) who can attend parts, or the entire meeting related to the agenda item.		✓		
102-37	Stakeholders' involvement in remuneration			<a href="https://www.telekom.hu/static-tr/sw/file/8_javadalmazas_19March2014_eng.pdf">https://www.telekom.hu/static-tr/sw/file/8_javadalmazas_19March2014_eng.pdf</a> <a href="http://www.telekom.hu/static-tr/sw/file/kozgyulesi_hatarozatok_2014AGM_14April2014_eng.pdf">http://www.telekom.hu/static-tr/sw/file/kozgyulesi_hatarozatok_2014AGM_14April2014_eng.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/20200424_BoD_resolutions_eng_final.pdf">https://www.telekom.hu/static-tr/sw/file/20200424_BoD_resolutions_eng_final.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/AGM_submission_-_April_16__2020_final.pdf">https://www.telekom.hu/static-tr/sw/file/AGM_submission_-_April_16__2020_final.pdf</a>	The Annual General Meeting, held on April 11, 2014, determined the remuneration of the members of the Board of Directors. On April 24, 2020 the Board of Directors determined the remuneration of the members of the Supervisory Board and the Audit Committee. On April 24, 2020 the Board of Directors approved the Remuneration Policy of Magyar Telekom Nyrt. <sup>1</sup> Remuneration of the members of the Board of Directors (Annual General Meeting, April 11, 2014) <i>Resolutions of the Annual General Meeting (April 11, 2014)</i> Remuneration of the members of the Supervisory Board and the Audit Committee <i>(Board of Directors meeting, April 24, 2020)</i> <sup>2</sup> Resolutions of the Board of Directors <i>(Board of Directors meeting, April 24, 2020)</i> <sup>3</sup>		✓		
102-38	Annual total compensation ratio			<a href="https://www.telekom.hu/static-tr/sw/file/20210416_Corporate_Governance_Report_2020.pdf">https://www.telekom.hu/static-tr/sw/file/20210416_Corporate_Governance_Report_2020.pdf</a>	Information disclosed on remuneration of Board of Directors, Supervisory Board, Audit Committee and Management is available in Corporate Governance and Management Report (prepared on the basis of the Corporate Governance Recommendations of the Budapest Stock Exchange Zrt. (BSE)).		✓		
102-39	Percentage increase in annual total compensation ratio			<a href="https://www.telekom.hu/static-tr/sw/file/20210416_Corporate_Governance_Report_2020.pdf">https://www.telekom.hu/static-tr/sw/file/20210416_Corporate_Governance_Report_2020.pdf</a>	Information disclosed on remuneration of Board of Directors, Supervisory Board, Audit Committee and Management is available in Corporate Governance and Management Report (prepared on the basis of the Corporate Governance Recommendations of the Budapest Stock Exchange Zrt. (BSE)).		✓		











[1] Due to the situation caused by the coronavirus epidemic (Covid-19) the Annual General Meeting was not held on its scheduled date. Based on Section 9 (2) of Government Decree no. 102/2020. (IV. 10.) the Board of Directors of the Company decided in the matters set on the published agenda of the Annual General Meeting.  
[2] Due to the situation caused by the coronavirus epidemic (Covid-19) the Annual General Meeting was not held on its scheduled date. Based on Section 9 (2) of Government Decree no. 102/2020. (IV. 10.) the Board of Directors of the Company decided in the matters set on the published agenda of the Annual General Meeting.  
[3] Due to the situation caused by the coronavirus epidemic (Covid-19) the Annual General Meeting was not held on its scheduled date. Based on Section 9 (2) of Government Decree no. 102/2020. (IV. 10.) the Board of Directors of the Company decided in the matters set on the published agenda of the Annual General Meeting.

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
GRI 102: GENERAL DISCLOSURES 2016									
5. STAKEHOLDER ENGAGEMENT									
102-40	List of stakeholder groups	Stakeholders					✓		
102-41	Collective bargaining agreements				100% of the employment contracts of Magyar Telekom Group employees operating in Hungary fall under collective bargaining agreements, the same ratio for Macedonian workers is 82.94%.		✓		8 DECENT WORK AND ECONOMIC GROWTH
102-42	Identifying and selecting stakeholders	Stakeholders					✓		
102-43	Approach to stakeholder engagement	Stakeholders					✓		
102-44	Key topics and concerns raised	Stakeholders					✓		
6. REPORTING PRACTICE									
102-45	Entities included in the consolidated financial statements				The report covers Hungary and Macedonia and all activities of the Group are included. Telekom uses its best efforts to ensure completeness of the report therefore includes all member companies that are of key importance from a sustainability point of view. The data disclosed the report are comparable to the changes of the composition of the Group which is supported by the table in the direct answers to the 102-10 indicator.		✓		
102-46	Defining report content and topic boundaries	Stakeholders - Materiality					✓		
102-47	List of material topics	Stakeholders - Materiality					✓		
102-48	Restatements of information				The report does not contain any restatements.		✓		
102-49	Changes in reporting				There is no any significant change in reporting.		✓		
102-50	Reporting period				All data and information presented in this current report references the year 2020.		✓		
102-51	Date of most recent report			<a href="https://www.telekom.hu/static-tr/sw/file/sustainability-report-2019.pdf">https://www.telekom.hu/static-tr/sw/file/sustainability-report-2019.pdf</a>	The most recent report was published in 2020 covering the year 2019.		✓		
102-52	Reporting cycle			<a href="https://www.telekom.hu/about_us/society_and_environment/sustainability_reports/?token=1468592762386">https://www.telekom.hu/about_us/society_and_environment/sustainability_reports/?token=1468592762386</a>	Magyar Telekom releases its sustainability report on an annual basis.		✓		
102-53	Contact point for questions regarding the report				Should you have any questions or queries on the report, please do not hesitate to write to the following e-mail address: sustainability@telekom.hu		✓		
102-54	Claims of reporting in accordance with the GRI Standards				This report has been prepared in accordance with the GRI Standards: Comprehensive option		✓		
102-55	GRI content index	GRI content index					✓		
102-56	External assurance	Assurance statement			In order to ensure credibility and transparency, the Company continued to rely upon the support of an experienced and respected, external, independent third party. The purpose of the assurance procedure that they conducted is to determine the compliance, authenticity, comprehensiveness, structural integrity, justifiability and verifiability of the Sustainability Report. The report has been audited by PricewaterhouseCoopers Könyvvizsgáló Kft. and they assure the information contained therein to be reliable. The assurance process has been designed and conducted in accordance with the ISAE3000 standard, defined by the International Federation of Accountants. The respective limited assurance engagement report can be found in the 'Assurance Statement' chapter. Data and information audited are indicated by a (pipa) symbol in the report and in the GRI content index. Sources of the data included in the report: - The business data are from the Group's year-2020 Annual Report and Quarterly Reports and data collection conducted within the Group. - The data of social nature are collected within the Group partly with the support of an online reporting tool, while the rest was supplied by the affiliates and organizational units. - The environmental protection data are partly from a process-wise transparent, online data provision system, as well as data collection conducted within the Group.		✓		










































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GRI 200: ECONOMIC STANDARDS 2016																																																																																																																		
GRI 201: ECONOMIC PERFORMANCE 2016																																																																																																																		
103-1-2-3	Management approach	Letter from the CEO Our approach																																																																																																																
201-1	Direct economic value generated and distributed						✓																																																																																																											
201-2	Financial implications and other risks and opportunities due to climate change	Our approach - Sustainability strategy Climate protection			<div>ÉRTÉKTEREMTÉS A VÁLLALAT ÉRDEKELT FELEINEK ✓</div> <table><tr><td></td><td></td><td>2016</td><td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2020</td><td>2020</td><td>2020</td><td>2020</td></tr><tr><td></td><td>Produces economic value</td><td>Group</td><td>Group</td><td>Group</td><td>Group</td><td>Group</td><td>Hungary ország</td><td>Macedonia</td><td>Romania</td><td>Bulgaria</td></tr><tr><td></td><td>Revenues <small>(total revenue + share from the after-tax profit of the affiliates)</small></td><td>602 729 HUF million</td><td>611 194 HUF million</td><td>657 692 HUF million</td><td>666 743 HUF million</td><td>672 982 HUF million</td><td>601 542 HUF million</td><td>63 718 HUF million</td><td>3 159 HUF million</td><td>4 563 HUF million</td></tr><tr><td colspan="2">Stakeholders</td><td colspan="9">Distributed economic value</td></tr><tr><td rowspan="2">Suppliers</td><td>Operating costs <small>(total revenue-related payments + net other operating costs)</small></td><td>311 721 HUF million</td><td>345 245 HUF million</td><td>374 470 HUF million</td><td>333 893 HUF million</td><td>333 333 HUF million</td><td>296 326 HUF million</td><td>32 104 HUF million</td><td>2 117 HUF million</td><td>2 786 HUF million</td></tr><tr><td>Employee wages and benefits <small>(employee related costs)</small></td><td>83 327 HUF million</td><td>80 240 HUF million</td><td>82 968 HUF million</td><td>80 192 HUF million</td><td>79 004 HUF million</td><td>71 984 HUF million</td><td>5 984 HUF million</td><td>466 HUF million</td><td>570 HUF million</td></tr><tr><td rowspan="2">Investors</td><td>Payment to capital <small>(investors dividend pay + net other operating costs)</small></td><td>42 448 HUF million</td><td>47 708 HUF million</td><td>43 852 HUF million</td><td>50 194 HUF million</td><td>44 701 HUF million</td><td>45 497 HUF million</td><td>-829 HUF million</td><td>22 HUF million</td><td>11 HUF million</td></tr><tr><td>Payments to the state budget <small>(profit tax + crisis tax + telecom tax + utility tax)</small></td><td>27 128 HUF million</td><td>48 461 HUF million</td><td>45 979 HUF million</td><td>46 639 HUF million</td><td>49 424 HUF million</td><td>48 316 HUF million</td><td>1 010 HUF million</td><td>1 HUF million</td><td>97 HUF million</td></tr><tr><td rowspan="2">Communities</td><td>Community investments <small>(donations, institutional sponsorship, voluntary work, education)</small></td><td>444 HUF million</td><td>363 HUF million</td><td>703 HUF million</td><td>253 HUF million</td><td>170 HUF million</td><td>111 HUF million</td><td>59 HUF million</td><td>n.a.</td><td>n.a.</td></tr><tr><td>Overall stakeholders in the future <small>(after-tax profit + depreciation dividend paid)</small></td><td>159 066 HUF million</td><td>122 353 HUF million</td><td>135 910 HUF million</td><td>155 825 HUF million</td><td>166 520 HUF million</td><td>139 419 HUF million</td><td>25 449 HUF million</td><td>553 HUF million</td><td>1 099 HUF million</td></tr></table>			2016	2017	2018	2019	2020	2020	2020	2020	2020		Produces economic value	Group	Group	Group	Group	Group	Hungary ország	Macedonia	Romania	Bulgaria		Revenues <small>(total revenue + share from the after-tax profit of the affiliates)</small>	602 729 HUF million	611 194 HUF million	657 692 HUF million	666 743 HUF million	672 982 HUF million	601 542 HUF million	63 718 HUF million	3 159 HUF million	4 563 HUF million	Stakeholders		Distributed economic value									Suppliers	Operating costs <small>(total revenue-related payments + net other operating costs)</small>	311 721 HUF million	345 245 HUF million	374 470 HUF million	333 893 HUF million	333 333 HUF million	296 326 HUF million	32 104 HUF million	2 117 HUF million	2 786 HUF million	Employee wages and benefits <small>(employee related costs)</small>	83 327 HUF million	80 240 HUF million	82 968 HUF million	80 192 HUF million	79 004 HUF million	71 984 HUF million	5 984 HUF million	466 HUF million	570 HUF million	Investors	Payment to capital <small>(investors dividend pay + net other operating costs)</small>	42 448 HUF million	47 708 HUF million	43 852 HUF million	50 194 HUF million	44 701 HUF million	45 497 HUF million	-829 HUF million	22 HUF million	11 HUF million	Payments to the state budget <small>(profit tax + crisis tax + telecom tax + utility tax)</small>	27 128 HUF million	48 461 HUF million	45 979 HUF million	46 639 HUF million	49 424 HUF million	48 316 HUF million	1 010 HUF million	1 HUF million	97 HUF million	Communities	Community investments <small>(donations, institutional sponsorship, voluntary work, education)</small>	444 HUF million	363 HUF million	703 HUF million	253 HUF million	170 HUF million	111 HUF million	59 HUF million	n.a.	n.a.	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201-3	Defined benefit plan obligations and other retirement plans				As of 2019 the employer contribution the private healthcare, mutual funds and voluntary pension ceased, while we remain to contribute to the state owned healthcare, pension and unemployment support systems. Meanwhile we deduct voluntary pension and healthcare membership fees and transfer them to the cash funds on behalf of the employee. The membership fee may be a fixed amount or a percentage, which is to be stated in the employee declaration.		✓																																																																																																											
201-4	Financial assistance received from government!				<div>SUBSTANTIAL FINANCIAL SUPPORT FROM STATE!</div> <table><tr><td></td><td>Group 2016</td><td>Group 2017</td><td>Group 2018</td><td>Group 2019</td><td>Group 2020</td><td>Group 2020</td></tr><tr><td>Tax credit utilization</td><td>1914 HUF million</td><td>3208 HUF million</td><td>2484 HUF million</td><td>3 862 HUF million</td><td>3 141 HUF million</td><td>3 212 HUF million</td></tr><tr><td>Film- and sport subsidies</td><td>395 HUF million</td><td>546 HUF million</td><td>500 HUF million</td><td>645 HUF million</td><td>719 HUF million</td><td>918 HUF million</td></tr><tr><td>Tax benefit on wage cost of software developers</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Tax impact of tax base decreasing item on donations</td><td>114 HUF thousand</td><td>189 HUF thousand</td><td>0</td><td>559 HUF thousand</td><td>306 HUF thousand</td><td>720 HUF thousand</td></tr><tr><td>Tax impact of tax base decreasing item on R&amp;D</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td></td></tr></table>		Group 2016	Group 2017	Group 2018	Group 2019	Group 2020	Group 2020	Tax credit utilization	1914 HUF million	3208 HUF million	2484 HUF million	3 862 HUF million	3 141 HUF million	3 212 HUF million	Film- and sport subsidies	395 HUF million	546 HUF million	500 HUF million	645 HUF million	719 HUF million	918 HUF million	Tax benefit on wage cost of software developers	0	0	0	0	0	0	Tax impact of tax base decreasing item on donations	114 HUF thousand	189 HUF thousand	0	559 HUF thousand	306 HUF thousand	720 HUF thousand	Tax impact of tax base decreasing item on R&D	0	0	0	0	0			✓																																																																	
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GRI 202: MARKET PRESENCE 2016																																																																																																																		
103-1-2-3	Management approach	Our approach Diversity and inclusion Stakeholders					✓																																																																																																											
202-1	Ratios of standard entry level wage by gender compared to local minimum wage				Magyar Telekom Group always provides at least the minimum wage as required in the relevant legislation and the salary of new entrants is exclusively determined by the value of the advertised position. Magyar Telekom is an equal opportunity employer. The salary brackets are determined on the basis of the actual market benchmark regardless of the gender of the employees. The lowest base wage as stated in the Collective Agreement is 120% of the minimum wage.		✓		  																																																																																																									
202-2	Proportion of senior management hired from the local community	Diversity and inclusion					✓																																																																																																											

[1] In 2020, T-Systems Hungary also used energy efficiency tax credits. In addition to Magyar Telekom Plc, it also includes the amount of sports subsidies offered by Kálásznet (56 HUF million), T-Systems Hungary (100 HUF million) and Vidanet (43 HUF million).





































Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
GRI 200: ECONOMIC STANDARDS 2016									
GRI 203: INDIRECT ECONOMIC IMPACTS 2016									
103 1-2-3	Management Approach	Our approach - Sustainability strategy					✓		
203-1	Infrastructure investments and services supported	Digitally enabled sustainability Stakeholders					✓		  
203-2	Significant indirect economic impacts	Digitally enabled sustainability Stakeholders					✓		  
GRI 204: PROCUREMENT PRACTICES 2016									
103 1-2-3-	Management Approach	Stakeholders - Suppliers		<a href="https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&amp;page=english/main.vm">https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&amp;page=english/main.vm</a>			✓		
204-1	Proportion of spending on local suppliers	Stakeholders - Suppliers					✓		
GRI 205: ANTI-CORRUPTION 2016									
103 1-2-3-	Management Approach			<a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance">http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance</a> <a href="https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf">https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf</a> <a href="http://www.telekom.hu/static-tr/sw/file/Anti_corruption_clause_en.pdf">http://www.telekom.hu/static-tr/sw/file/Anti_corruption_clause_en.pdf</a> <a href="http://www.telekom.hu/static-tr/sw/file/corporate_governance_declarations_ICs_eng.pdf">http://www.telekom.hu/static-tr/sw/file/corporate_governance_declarations_ICs_eng.pdf</a>	Magyar Telekom does not tolerate intention or transaction on corruption; therefore several internal policies and procedures have been developed to prohibit and prevent bribery (including making facilitation payments). Magyar Telekom intention is to comply with the anti-corruption rules relevant to the Group and it expects its business partners that they will not use money or other consideration paid by Magyar Telekom Group for unlawful purposes, including purposes violating anti-corruption laws, such as make or cause to be made direct or indirect payments to any public official or private person in order to assist Magyar Telekom or anyone acting on its behalf in obtaining or retaining business with, or directing business to, any person, or securing any improper advantage. Telekom prohibits any form of corruption or bribery including but not limited to providing or accepting or promising personal advantage, kick-backs or facilitation payments. The Group also prohibits its employees to make decisions for the employees' benefit or that of the employees' family, friends, associates and acquaintances. No gift or invitation to events can be granted to a third-party where they could affect or be perceived to affect the outcome of a business transaction. The Magyar Telekom Group does not financially or morally support political parties, political organizations or their representatives. Its charitable contribution activities are disclosed on its internet site . Magyar Telekom does not intent to conduct any business with third parties who violate the anti-corruption regulations or the guiding principles of the Compliance Program.		✓		
205-1	Operations assessed for risks related to corruption			<a href="https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance">https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance</a>	Our yearly Compliance Risk Assessment (CRA) addresses active and passive corruption separately. It always includes Magyar Telekom, T-Systems, Makedonski Telekom. Other subsidiaries may be included on an ad-hoc basis based on inputs coming from compliance investigations. The CRA covers the before mentioned companies entirely (100%). During the risk assessment we formulate remedial actions concerning the risks identified. We also monitor the fulfillment of these measures.		✓		
205-2	Communication and training about anti-corruption policies and procedures			<a href="https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance">https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance</a>	a. number and proportion of the members of management bodies to which the organization's anticorruption policy and processes have been communicated, broken down to regions: 100%, all regions, Magyar Telekom: 6 persons (Leadership Squad) b. number and proportion of employees to whom the organization's anticorruption policy and processes have been communicated, broken down to employee categories and regions: 100%, all regions c. number and proportion of business partners to which the organization's anticorruption policy and processes have been communicated, broken down to business partner type and region: 100%, Magyar Telekom's current business partners. The anticorruption policy is publicly available. d. number and proportion of management organizations that were trained on anticorruption, broken down to regions: 100%, all regions, Magyar Telekom: 6 persons e. number and proportion of employees who were trained on anticorruption, broken down to employee a category and region: Magyar Telekom Plc.: 1057 persons, in 2019 95% of new entrants completed the course successfully		✓		
205-3	Confirmed incidents of corruption and actions taken				Number of confirmed incidents: 0		✓		



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GRI 200: ECONOMIC STANDARDS 2016																																																																																																										
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016																																																																																																										
1103 1-2-3	Management Approach			<a href="https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance">https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance</a>	Magyar Telekom uses its best efforts to fulfill its obligations in accordance with the effective laws. Eg. in the field of electronic communications in order to prevent potential authority penalties and sanctions the Company always strive to ensure Magyar Telekom's compliance with the effective laws and manage conflicts - besides harmonizing our processes and IT systems with the amendment of laws - with the NMHH continuous personal consultation, agreements concluded with the authorities and retroactive settlement plans set out in undertakings, made in the form of declarations.		✓																																																																																																			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices				The antitrust policy covers price fixing, bid rigging, market allocation scheme. The antitrust policy applies to: employees, contractors, suppliers. Measures are taken to promote and ensure antitrust compliance. In 2020 no fines were imposed due to anti-competitive conduct or violation of antitrust rules.		✓	TC-TL-520a. 1																																																																																																		
GRI 207: TAX 2019																																																																																																										
207-1	Approach to tax				In order to ensure tax compliance, Magyar Telekom Group considers it a top priority to fulfill all tax liabilities fully and in time, as required by the relevant laws, guidelines, contracts and court rulings. Compliance with the tax laws is ensured by the fact that there is a dedicated organizational unit, the Tax Center of Expertise that is responsible for filing tax returns, managing tax implications of business transactions and liaising with tax authorities and other affected parties (e.g. the Ministry of Finance). The Tax CoE is a part of the Reporting and Tax Tribe reporting to the CFO . This underlying responsibility of the company is managed by a Group-level process, encompassing all the related tasks, accountabilities, authorizations and guidelines associated with the fulfillment of tax liabilities. The process defines how the affected parties should cooperate with the aim to fulfill Magyar Telekom's relevant liabilities.		✓		  																																																																																																	
207-2	Tax governance, control, and risk management				Magyar Telekom has a Group-level risk management system in place, which covers the efficient and appropriate management of tax-related risks, too. The system systematically identifies, analyzes, assesses, monitors and minimizes tax-related risks and ensures their proper communication. In addition, existing and regularly reviewed controls (ICS) are in place in the taxation area, which ensure that all organizational entities that need to be aware of the effective taxation statutes and their potential changes for their daily operations and that have a direct impact on the proper fulfillment of tax liabilities be up to date in that regard.		✓		  																																																																																																	
207-3	Stakeholder engagement and management of concerns related to tax			<a href="https://www.telekom.hu/static-tr/sw/file/IFRS_Group_Annual_Report_20201231.pdf">https://www.telekom.hu/static-tr/sw/file/IFRS_Group_Annual_Report_20201231.pdf</a>			✓		 																																																																																																	
207-4	Country-by-country reporting			<a href="https://www.telekom.hu/static-tr/sw/file/IFRS_Group_Annual_Report_20201231.pdf">https://www.telekom.hu/static-tr/sw/file/IFRS_Group_Annual_Report_20201231.pdf</a>	<div><div>MAGYAR TELEKOM CSOPORT (MILLIÓ FORINT) ✓</div><div>A Magyar Telekom Csoport tevékenysége révén három alapvető üzleti területet fed le:<ul style="list-style-type: none"><li>- vezetékes és mobilkommunikációs lakossági szolgáltatásokat (Telekommárkanéven),</li><li>- kis- és középállalati szolgáltatásokat (Telekom márkanéven),</li><li>- nagyállalati ügyfeleknek nyújtott vállalati szolgáltatásokat (T-Systems márkanéven).</li></ul></div><div><table><tr><td><b>Foglalkoztatottak száma</b></td><td><b>7132</b></td></tr><tr><td><b>Bevételek</b></td><td><b>673 048</b></td></tr><tr><td>Mobil bevételek</td><td>364 589</td></tr><tr><td>Vezetékes bevételek</td><td>219 004</td></tr><tr><td>Rendszerintegráció/információtechnológiai bevételek</td><td>89 455</td></tr><tr><td>Vevői szerződésekől származó bevételek</td><td>669 170</td></tr><tr><td>Egyéb forrásból származó bevételek</td><td>3 878</td></tr><tr><td><b>Működési költségek</b></td><td><b>(594 066)</b></td></tr><tr><td>Egyéb működési bevételek</td><td>5 842</td></tr><tr><td><b>Működési eredmény</b></td><td><b>84 824</b></td></tr><tr><td>Kamat bevétel</td><td>676</td></tr><tr><td>Kamatköltség</td><td>(11 319)</td></tr><tr><td>Egyéb pénzügyi költségek - nettó</td><td>(13 203)</td></tr><tr><td><b>Nettó pénzügyi eredmény</b></td><td><b>(23 846)</b></td></tr><tr><td>Részesedés társult és közös vezetésű vállalatok nettó eredményéből</td><td>(66)</td></tr><tr><td><b>Adózás előtti eredmény</b></td><td><b>60 912</b></td></tr><tr><td><b>Nyereségadó</b></td><td><b>(14 595)</b></td></tr><tr><td>Társasági adó</td><td>(3 028)</td></tr><tr><td>Egyéb nyereségadó</td><td>(9 212)</td></tr><tr><td>Halasztott adó</td><td>(2 355)</td></tr><tr><td><b>Adózott eredmény</b></td><td><b>46 317</b></td></tr></table></div><div><div>MAKEDONSKI TELEKOM (MILLIÓ FORINT) ✓</div><div><table><tr><td><b>Bevételek</b></td><td><b>63 789</b></td></tr><tr><td><b>Adózás előtti eredmény</b></td><td><b>10 082</b></td></tr><tr><td><b>Nyereségadó</b></td><td><b>1 008</b></td></tr><tr><td><b>Adózott eredmény</b></td><td><b>9 074</b></td></tr></table></div><div><b>Összesített cash-flow kimutatások</b></div><div><table><tr><td>Üzleti tevékenységből származó nettó cash-flow</td><td>22 633</td></tr><tr><td>Befektetési tevékenységből származó cash-flow</td><td>(11 165)</td></tr><tr><td>Irányító részesedésének fizetett osztalék/tőkeleszállítás</td><td>(4 226)</td></tr><tr><td>Nem irányító részesedésnek fizetett osztalék/tőkeleszállítás</td><td>(3 235)</td></tr><tr><td>Egyéb pénzügyi tevékenységből származó cash-flow</td><td>(3 509)</td></tr><tr><td>Pénzügyi tevékenységre fordított nettó cash-flow</td><td>(10 970)</td></tr></table></div></div></div>	<b>Foglalkoztatottak száma</b>	<b>7132</b>	<b>Bevételek</b>	<b>673 048</b>	Mobil bevételek	364 589	Vezetékes bevételek	219 004	Rendszerintegráció/információtechnológiai bevételek	89 455	Vevői szerződésekől származó bevételek	669 170	Egyéb forrásból származó bevételek	3 878	<b>Működési költségek</b>	<b>(594 066)</b>	Egyéb működési bevételek	5 842	<b>Működési eredmény</b>	<b>84 824</b>	Kamat bevétel	676	Kamatköltség	(11 319)	Egyéb pénzügyi költségek - nettó	(13 203)	<b>Nettó pénzügyi eredmény</b>	<b>(23 846)</b>	Részesedés társult és közös vezetésű vállalatok nettó eredményéből	(66)	<b>Adózás előtti eredmény</b>	<b>60 912</b>	<b>Nyereségadó</b>	<b>(14 595)</b>	Társasági adó	(3 028)	Egyéb nyereségadó	(9 212)	Halasztott adó	(2 355)	<b>Adózott eredmény</b>	<b>46 317</b>	<b>Bevételek</b>	<b>63 789</b>	<b>Adózás előtti eredmény</b>	<b>10 082</b>	<b>Nyereségadó</b>	<b>1 008</b>	<b>Adózott eredmény</b>	<b>9 074</b>	Üzleti tevékenységből származó nettó cash-flow	22 633	Befektetési tevékenységből származó cash-flow	(11 165)	Irányító részesedésének fizetett osztalék/tőkeleszállítás	(4 226)	Nem irányító részesedésnek fizetett osztalék/tőkeleszállítás	(3 235)	Egyéb pénzügyi tevékenységből származó cash-flow	(3 509)	Pénzügyi tevékenységre fordított nettó cash-flow	(10 970)	<div><div>MAGYAR TELEKOM CSOPORT (MILLIÓ FORINT) ✓</div><div><b>Konszolidált cash-flow kimutatás</b></div><div><table><tr><td>Üzleti tevékenységből származó cash-flow</td><td>185 955</td></tr><tr><td>Befektetési tevékenységre fordított nettó cash-flow</td><td>(148 102)</td></tr><tr><td>Pénzügyi tevékenységre fordított nettó cash-flow</td><td>(37 603)</td></tr><tr><td><b>Pénzeszközök változása</b></td><td><b>1 291</b></td></tr><tr><td>Pénzeszközök az év elején (2020)</td><td>13 398</td></tr><tr><td><b>Pénzeszközök az év végén (2020)</b></td><td><b>14 689</b></td></tr></table></div><div><b>IFRS szerinti konszolidált adózás előtti eredmény</b></div><div><table><tr><td>9%-on számított adó</td><td>(5 482)</td></tr><tr><td>Eltérő adókulcsok hatása</td><td>(146)</td></tr><tr><td>Adóalapot nem képező tételek adóhatása</td><td>(215)</td></tr><tr><td>Le nem vonható költségek nyereségadó</td><td>810</td></tr><tr><td>Egyéb nyereségadók</td><td>(9 212)</td></tr><tr><td>Egyéb nyereségadók adóalap csökkentő hatása</td><td>829</td></tr><tr><td>Adóvesztésre elismert halasztott adó (leírása) / újra elismerése</td><td>(4)</td></tr><tr><td>Beruházási adókedvezmény jelenérték hatása</td><td>(15)</td></tr><tr><td><b>Effektív adókulcs</b></td><td><b>23,96%</b></td></tr></table></div><div><b>Adótörvény szerint elhatárolt veszteségek 2020. 31 December</b></div><div><table><tr><td>Halasztott adót képező veszteségek</td><td>105</td></tr><tr><td>Halasztott adót nem képező veszteségek</td><td>47</td></tr></table></div></div>	Üzleti tevékenységből származó cash-flow	185 955	Befektetési tevékenységre fordított nettó cash-flow	(148 102)	Pénzügyi tevékenységre fordított nettó cash-flow	(37 603)	<b>Pénzeszközök változása</b>	<b>1 291</b>	Pénzeszközök az év elején (2020)	13 398	<b>Pénzeszközök az év végén (2020)</b>	<b>14 689</b>	9%-on számított adó	(5 482)	Eltérő adókulcsok hatása	(146)	Adóalapot nem képező tételek adóhatása	(215)	Le nem vonható költségek nyereségadó	810	Egyéb nyereségadók	(9 212)	Egyéb nyereségadók adóalap csökkentő hatása	829	Adóvesztésre elismert halasztott adó (leírása) / újra elismerése	(4)	Beruházási adókedvezmény jelenérték hatása	(15)	<b>Effektív adókulcs</b>	<b>23,96%</b>	Halasztott adót képező veszteségek	105	Halasztott adót nem képező veszteségek	47		✓		  
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<b>GRI 300: ENVIRONMENTAL STANDARDS 2016</b>									
<b>GRI 301: MATERIALS 2016</b>									
103 1-2-3	Management Approach	Our approach - Sustainability strategy Climate protection		<a href="http://www.telekom.hu/about_us/society_and_environment">http://www.telekom.hu/about_us/society_and_environment</a> <a href="http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf">http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf</a> <a href="http://www.telekom.hu/about_us/society_and_environment/environment/management_systems">http://www.telekom.hu/about_us/society_and_environment/environment/management_systems</a>	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group. Both Magyar Telekom and T-Systems has the certified Integrated Management Systems, included ISO 50001 energy management system and ISO 14001 environmental management system.		✓		
301-1	Materials used by weight or volume	Our approach - Sustainability strategy Climate protectio		<a href="http://www.telekom.hu/about_us/society_and_environment">http://www.telekom.hu/about_us/society_and_environment</a> <a href="http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management">http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management</a> <a href="http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyartoi-tajekoztato">http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyartoi-tajekoztato</a> (only HU) <a href="http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf">http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf</a>			✓		 
301-2	Recycled input materials used			<a href="http://www.telekom.hu/about_us/society_and_environment">http://www.telekom.hu/about_us/society_and_environment</a> <a href="https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek">https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek</a> (only HU)	Recycled paper used in 2020: 3 770 kg		✓	TC-TL-440a. 1	 
301-3	Reclaimed products and their packaging materials	Climate protection		<a href="https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&amp;page=english/vendors/information/main.vm">https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&amp;page=english/vendors/information/main.vm</a> <a href="http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyartoi-tajekoztato">http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyartoi-tajekoztato</a> (only HU) <a href="http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management">http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management</a> <a href="https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek">https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek</a> (only HU)	Magyar Telekom Plc.'s intermediary partner for batteries is ReLEM.		✓	TC-TL-440a. 1	
<b>GRI 302: ENERGY 2016</b>									
103 1-2-3	Management Approach	Our approach - Sustainability strategy Climate protection		<a href="http://www.telekom.hu/about_us/society_and_environment">http://www.telekom.hu/about_us/society_and_environment</a> <a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees">http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees</a> <a href="http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf">http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf</a>	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group. Both Magyar Telekom and T-Systems has the certified Integrated Management Systems, included ISO 50001 energy management system and ISO 14001 environmental management system.		✓		
302-1	Energy consumption within the organization	Climate protection					✓	TC-TL-130a.1	  
302-2	Energy consumption outside of the organization	Climate protection		<a href="http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management">http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management</a>			✓	TC-TL-130a.1	  
302-3	Energy intensity	Climate protection					✓	TC-TL-130a.1	   
302-4	Reduction of energy consumption	Climate protection		<a href="http://www.telekom.hu/about_us/society_and_environment">http://www.telekom.hu/about_us/society_and_environment</a>			✓	TC-TL-130a.1	   
302-5	Reductions in energy requirements of products and services	Climate protection					✓	TC-TL-130a.1	   
<b>GRI 303: WATER AND EFFLUENTS 2018</b>									
303-1	Interactions with water as a shared resource	Climate protection		<a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees">http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees</a> <a href="http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf">http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf</a>	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the		✓		 
303-2	Management of water discharge-related impacts	Climate protection		<a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees">http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees</a> <a href="http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf">http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf</a>			✓		
303-3	Water withdrawal	Climate protection			The usage of groundwater is only a minor part of the total water consumption, the wells are not located in protected areas therefore we only report quantitative data of consumption.		✓		
303-4	Water discharge	Climate protection					✓		





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GRI 300: ENVIRONMENTAL STANDARDS 2016									
GRI 303: WATER AND EFFLUENTS 2018									
303-5	Water consumption	Climate protection					✓		
GRI 304: BIODIVERSITY 2016									
103 1-2-3	Management Approach	Climate protection		<a href="http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf">http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf</a> <a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees">http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees</a> <a href="http://www.telekom.hu/about_us/society_and_environment">http://www.telekom.hu/about_us/society_and_environment</a>	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Climate protection		<a href="http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf">http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf</a>			✓		  
304-2	Significant impacts of activities, products, and services on biodiversity				Our company avoids operations on protected and Natura 2000 areas. We do not conduct operations on protected or restored habitats.		✓		  
304-3	Habitats protected or restored						✓		  
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations				Our operations do not affect habitats of endangered and/or IUCN Red List species.		✓		  
GRI 305: EMISSIONS 2016									
103 1-2-3	Management Approach	Our approach - Sustainability strategy Climate protection		<a href="http://www.telekom.hu/about_us/society_and_environment">http://www.telekom.hu/about_us/society_and_environment</a> <a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees">http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees</a> <a href="http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf">http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf</a>	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓		 
305-1	Direct (Scope 1) GHG emissions	Climate protection					✓		    
305-2	Energy indirect (Scope 2) GHG emissions	Climate protection			All emissions are location based. Electricity consumption is given as market based too.		✓		
305-3	Other indirect (Scope 3) GHG emissions	Climate protection					✓		  
305-4	GHG emissions intensity	Climate protection			We have conducted the following measurements: Scope 1: g/CO <sub>2</sub> /km, Scope: 2 Gbit/kWh, energy intensity: GJ/HUF M, Scope 3: we measure the emissions related to CPE energy consumption, paper use, emissions of business travel.		✓		  
305-5	Reduction of GHG emissions	Climate protection			The quoted emission data refer to Scope 1 and Scope 2 emissions.		✓		  
305-6	Emissions of ozone-depleting substances (ODS)				Magyar Telekom does not produce, export or import substances that damage the ozone layer. No leakage was detected from air-conditioning equipment. Due to the very low number of occurrences Telekom does not report this item.		✓		  
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Climate protection					✓		   

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
GRI 300: ENVIRONMENTAL STANDARDS 2016									
GRI 306: EFFLUENTS AND WASTE 2016									
103 1-2-3	Management Approach	Our approach - Sustainability strategy Climate protection		<a href="http://www.telekom.hu/about_us/society_and_environment">http://www.telekom.hu/about_us/society_and_environment</a> <a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees">http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees</a> <a href="http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf">http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf</a>	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓		
306-1	Water discharge by quality and destination	Climate protection			Magyar Telekom Group only uses potable water for social purposes (we do not use water for technology purposes) therefore the quantity of sewage water output is the same as the potable water consumption		✓		
306-2	Waste by type and disposal method	Climate protection					✓		
306-3	Significant spills				There was no significant leakage or unsupervised output.		✓		
306-4	Transport of hazardous waste				Magyar Telekom does not import or export or manage hazardous waste.		✓		
306-5	Water bodies affected by water discharges and/or runoff				Our operations do not directly affect water bodies, water discharges and/or freshwater habitat.		✓		
GRI 307: ENVIRONMENTAL COMPLIANCE 2016									
103 1-2-3	Management Approach	Our approach - Sustainability strategy Climate protection		<a href="http://www.telekom.hu/about_us/society_and_environment">http://www.telekom.hu/about_us/society_and_environment</a> <a href="http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf">http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf</a> <a href="http://www.telekom.hu/about_us/society_and_environment/environment/management_systems">http://www.telekom.hu/about_us/society_and_environment/environment/management_systems</a>	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓		
307-1	Non-compliance with environmental laws and regulations	Climate protection					✓		
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016									
1103 1-2-3	Management Approach	Stakeholders - Suppliers					✓		
308-1	New suppliers that were screened using environmental criteria	Stakeholders - Suppliers					✓		
308-2	Negative environmental impacts in the supply chain and actions taken	Stakeholders- Suppliers					✓		



Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target																																																																																		
GRI 400: SOCIAL STANDARDS 2016																																																																																											
GRI 401: EMPLOYMENT 2016																																																																																											
103 1-2-3	Management Approach	Diversity and inclusion					✓																																																																																				
401-1	New employee hires and employee turnover				<div>FLUCTUATION AT MAGYAR TELEKOM GROUP ✓</div> <table><tr><td></td><td>2016 (Plc./Group)</td><td>2017 (Plc./Group)</td><td>2018 (Plc./Group)</td><td>2019 (Plc./Group)</td><td>2020 (Plc./Group)</td></tr><tr><td>Total fluctuation</td><td>15.85%/15.63%</td><td>10.81%/12.26%</td><td>16.47%/17.51%</td><td>16.47%/15.1%</td><td>17.20%/19.27%</td></tr><tr><td>Termination initiated by the employee</td><td>4.48%/7.75%</td><td>4.84%/16.20%</td><td>6.81%/18.84%</td><td>6.81%/15.91%</td><td>2.70%/10.92%</td></tr></table> <div>FLUCTUATION AT MAGYAR TELEKOM GROUP IN 2020 ✓</div> <table><tr><td></td><td>Magyar Telekom Group</td><td>Magyar Telekom Plc.</td><td>T-Systems Hungary</td><td>Makedonski Telekom</td></tr><tr><td>Total fluctuation</td><td>19.27%</td><td>17.20%</td><td>36.50%</td><td>15.31%</td></tr><tr><td>Termination initiated by the employee</td><td>10.92%</td><td>2.70%</td><td>6.70%</td><td>59.86%</td></tr></table> <div>FLUCTUATION AT MAGYAR TELEKOM PLC. IN 2020 ✓</div> <table><tr><td></td><td>Female</td><td>Male</td></tr><tr><td>Total fluctuation</td><td>5.90%</td><td>11.40%</td></tr><tr><td>Termination initiated by the employee</td><td>1.10%</td><td>1.60%</td></tr></table> <div>AGE GROUPS AND GENDER DISTRIBUTION OF NEW HIRES AT MAGYAR TELEKOM PLC. IN 2020 ✓</div> <table><tr><td>Age group</td><td>19-25</td><td>26-30</td><td>31-35</td><td>36-40</td><td>41-45</td><td>46-50</td><td>51-55</td><td>56+</td><td>Összesen</td></tr><tr><td>Male</td><td>38</td><td>31</td><td>48</td><td>45</td><td>43</td><td>46</td><td>22</td><td>20</td><td>293</td></tr><tr><td>Female</td><td>25</td><td>39</td><td>37</td><td>36</td><td>43</td><td>39</td><td>18</td><td>14</td><td>251</td></tr><tr><td>Total headcount</td><td>63</td><td>70</td><td>85</td><td>81</td><td>86</td><td>85</td><td>40</td><td>34</td><td>544</td></tr></table>		2016 (Plc./Group)	2017 (Plc./Group)	2018 (Plc./Group)	2019 (Plc./Group)	2020 (Plc./Group)	Total fluctuation	15.85%/15.63%	10.81%/12.26%	16.47%/17.51%	16.47%/15.1%	17.20%/19.27%	Termination initiated by the employee	4.48%/7.75%	4.84%/16.20%	6.81%/18.84%	6.81%/15.91%	2.70%/10.92%		Magyar Telekom Group	Magyar Telekom Plc.	T-Systems Hungary	Makedonski Telekom	Total fluctuation	19.27%	17.20%	36.50%	15.31%	Termination initiated by the employee	10.92%	2.70%	6.70%	59.86%		Female	Male	Total fluctuation	5.90%	11.40%	Termination initiated by the employee	1.10%	1.60%	Age group	19-25	26-30	31-35	36-40	41-45	46-50	51-55	56+	Összesen	Male	38	31	48	45	43	46	22	20	293	Female	25	39	37	36	43	39	18	14	251	Total headcount	63	70	85	81	86	85	40	34	544		✓		<div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>10 REDUCED INEQUALITIES</div>
	2016 (Plc./Group)	2017 (Plc./Group)	2018 (Plc./Group)	2019 (Plc./Group)	2020 (Plc./Group)																																																																																						
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diversity and inclusion			Magyar Telekom provides a broad range of welfare and social benefits. Some of them are provided automatically whereas others can be obtained upon satisfying certain conditions while there are insurance types of benefits, too. The provision of certain benefits is subject to the employee's own contribution. The provision of social benefits and benefits that are not provided automatically is regulated in the Collective Agreement and the relevant policies. We also provide telecommunication discounts and other benefits. Contributions to public health, pension and unemployment benefit schemes are made by the employer to the required extent and until the statutory deadline. With respect to additional payments from 2019 the additional contribution to funds ceased. Meanwhile we deduct voluntary pension and healthcare membership fees and transfer them to the cash funds on behalf of the employee. The membership fee may be a fixed amount or a percentage, which is to be stated in the employee declaration.		✓		<div>3 GOOD HEALTH AND WELL-BEING</div> <div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>																																																																																		
401-3	Parental leave	Diversity and inclusion					✓		<div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>																																																																																		





Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
<b>GRI 400: SOCIAL STANDARDS 2016</b>									
<b>GRI 402: LABOR/MANAGEMENT RELATIONS 2016</b>									
103 1-2-3	Management Approach				Magyar Telekom has long traditions of negotiation with employee representative bodies. Employee representation bodies are treated as partners in the operation of the company. At present two unions and workers council operate at Magyar Telekom, communication with them runs on two levels. Central decisions concerning the whole Company, when the employee representation bodies need to be consulted, are deliberated with the Central Workers Council and the representatives delegated by the trade unions, either in the frame of joint consultation (Interest Reconciliation Council), or separately, depending on the nature of the matter discussed. Central communication is managed both verbally (negotiation) and in writing. The Chief People Officer and the responsible HR Business partner are managing central-level communication with the employee representation bodies. Interest enforcement issues concerning a given governance area are also discussed locally with the representatives of the trade unions and the local workers council. The HR Business Partners of the governance area are responsible for communication with the local employee representation bodies. In line with the provisions of Act V of 2013 on the Hungarian Civil Code one third of Supervisory Board members are employee representatives. The employee representatives of the Supervisory Board are nominated by the Central Works Council, in consideration of the opinion of trade unions operating at the Company. The General Meeting is obliged to elect persons nominated by the Central Works Council to the Supervisory Board unless there are underlying circumstances that serve as grounds for exclusion. On December 31, 2020 the Supervisory Board had two employee representatives: Tamás Lichnovszky and Zsoltné Varga.		✓		
402-1	Minimum notice period regarding operational changes				Trade union and the workers council (Central Workers Council) must be consulted and their opinion solicited on significant decisions resulting in organizational changes or changes affecting a large group of employees. In organization restructuring decisions the collective bargaining bodies have 7 days to submit their comments, in other cases 15 days. The measure in question may not be implemented during this 15-day period. Trade unions and workers councils (Central Workers Council) must be consulted with regard to draft resolutions, aiming at organizational changes without regard to the number of employees concerned.		✓		
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>									
403-1	Occupational health and safety management system	Stakeholders - Suppliers		<a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees">http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees</a>	Magyar Telekom looks at health and safety as a precondition of the success of the company that play an important role in the satisfaction of our employees as well as in the quality of work and corporate culture. That is the reason why the company is committed to operate the Workplace Healthcare and Occupational Safety Management System that ensures the successful fulfillment of the objectives. The results justify Telekom's work, i.e. as a result of the year 2018 audit the Company successfully renewed the MEBIR certification. Magyar Telekom together with all of its national and international subsidiaries have the DEKRA Certification ISO 45001:2018. The company also demands suppliers compliance with its health and safety regulations.		✓		
403-2	Hazard identification, risk assessment, and incident investigation				Labor Safety identified threats, as well as reviewed and assessed the risks attached to telecom-munications activities and jobs in 2020 too, providing a comprehensive view on the risks posed at any jobs of the company and concerning employees pursuing activities associated with different levels of hazard, as well as the extent of such risk, thus enabling the adoption of targeted and personalized protective measures.		✓		
403-3	Occupational health services				As in previous years, we put extra emphasis on health, the support of different medical checkups in 2020, too. Apart from the regular occupational healthcare services we provided our employees with family practitioner-type care in Budapest, and offered different medical checkups across the country. A total of 4460 people (MT: 3776 TSM: 684) took part in the occupational health assessments. As part of the assessments, ophthalmology examinations took place in 4411 cases (MT: 3650, TSM: 761). As a result of the examinations 547 people (MT: 434, TSM: 113) received allowance for prescription glasses. In 2020, a total of 883 employees (MT:684, TSM:199) have attended health screenings offered independent from the regular occupational health examinations.		✓		
403-4	Worker participation, consultation, and communication on occupational health and safety				In accordance with the occupational health and safety regulations there are health and safety committees formed by health and safety employee and at T-Systems 3 representatives serve in the safety committees, depending on the risk category of the respective areas the occupational safety risks - and interests - are weighted. T-Systems held an employee representative election in 2020. In general the technical areas have the highest representation rate in the weighted structure, but representatives cover all relevant company organizations. The safety committees and the employer have regular consultation forums where they work closely together on key health and safety issues, goals and perspectives.		✓		
403-5	Worker training on occupational health and safety				All Magyar Telekom employees are required to complete their occupational health and safety training along their onboarding, they are obliged to refresh their knowledge via completing a training course bi-annually.		✓		



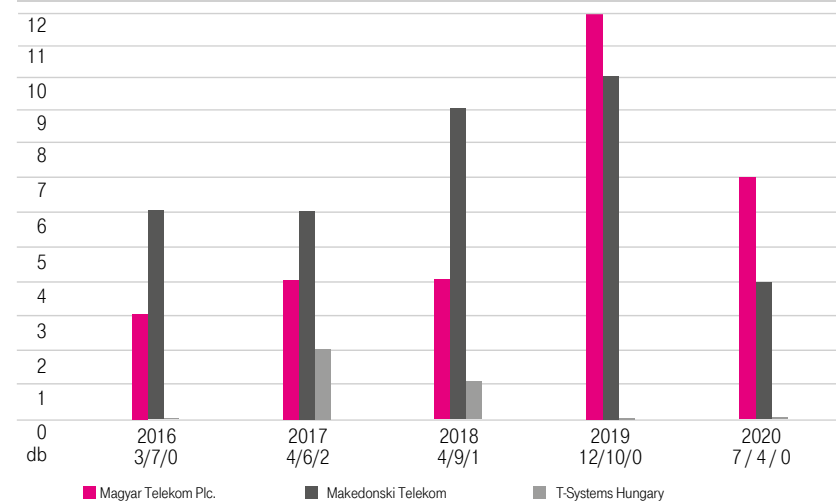
Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
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## GRI 400: SOCIAL STANDARDS 2016

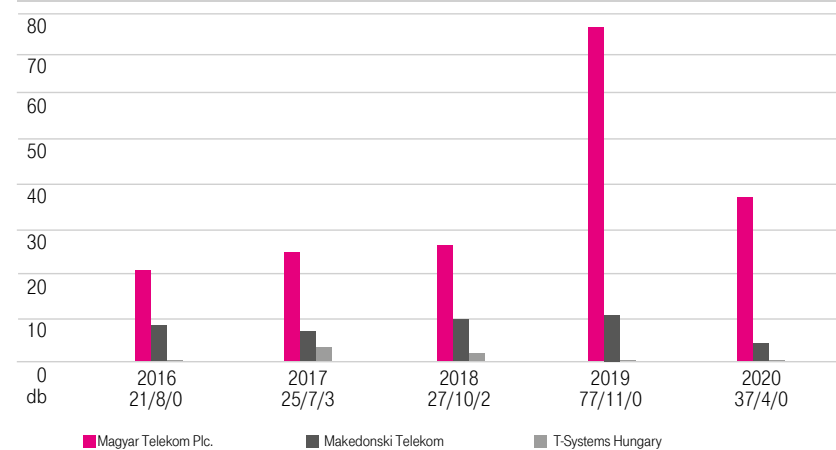
## GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018

403-6 health	Promotion of worker	<a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees">http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees</a>	The regulatory function of the Central Works Council (Occupational Safety Rules and Regulations) guarantees that employees may work in a healthy and safe environment and the Council also has the right to express its opinion in such matters. The Occupational Safety Rules and Regulations determines the scope of personal protective equipment, the environment to provide healthy and safe workplaces that also ensures compliance with the effective legislation as well as the MSZ ISO 45001:2018 MEBIR (Occupational Health and Safety Management System) safety standards	✓	
403-7	Prevention and mitigation of occupational health and safety impact directly linked by business relationships		The Company elaborates technological processes to avoid electric shock accidents and to ensure the safety of work performed in heights.	✓	
403-8	Workers covered by an occupational health and safety management system	<a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees">http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees</a>	Magyar Telekom together with all of its national and international subsidiaries have the DEKRA Certification ISO 45001:2018 (Occupational Health and Safety Management System). The company also demands suppliers compliance with its health and safety regulations.	✓	
403-9	Work-related injuries		Magyar Telekom Plc.: There were no occupational fatal accidents in 2020. There were 37 registered injuries: 23 cases involved the loss of more than 3 workdays, 2 cases involved the loss of 1 to 3 workdays, 12 cases did not involve loss of workdays and there were no cases of unsubstantiated accident, i.e. a total of 666 lost workdays. Distribution of injury types: 32 physical activity related injuries, 5 office injuries. Most frequent recorded injuries: 5 cases of dislocations of limbs, 2 cases of electric shock, 4 cases of cut injuries or open wounds, 5 cases of bruises due to animal attack, 12 cases of sprains, 6 cases of bruises, 3 cases of other types of accidents. There was one traffic accident recorded in T-Systems in 2020 that resulted in no workday loss. Makedonski Telekom: 0 fatal accidents, 4 accidents at work subject to reporting obligations, i.e. a total of 8 lost workdays.	✓	  

### ACCIDENT RATIO FOR ONE THOUSAND EMPLOYEE AT MAGYAR TELEKOM GROUP ✓



















### WORKPLACE ACCIDENTS AT MAGYAR TELEKOM GROUP ✓



















Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
<b>GRI 400: SOCIAL STANDARDS 2016</b>									
<b>GRI 404: TRAINING AND EDUCATION 2016</b>									
404-2	Programs for upgrading employee skills and transition assistance programs	Diversity and inclusion			The company's management has been using its best efforts to devote 1.5-2% of the personnel expenses to the training and development of managers and employees. Telekom has strengthened the internal knowledge sharing system (Knowledge Stock Exchange, Employee Academy). Training plans at business unit level define the direction of development activities, professional training courses, skills and cooperation development programs, management development events and conferences of the given year. Coaching is a key management development and culture forming tool at Magyar Telekom both for individuals and groups. Telekom elaborated the corporate mentoring system with the focus on knowledge sharing and self-development. The company also supports its employees in their studies, pursued in the framework of the state education system by concluding study contracts with them, thus providing financial subsidy and some reduction of working hours. In 2020, Magyar Telekom concluded a total of 75 study contracts. Out of them 31 covered school training, the others were related to training courses or agreements containing mutual commitments. Upon registration the employees involved in downsizing could use the following services: two-day labor market training course in groups, support in active job search, financial support to training and retraining activities to meet labor market requirements, personal psychological and labor law consulting, as well as follow-up activities and monitoring participants' potential placement are also granted.		✓		
404-3	Percentage of employees receiving regular performance and career development reviews				In 2018 Magyar Telekom has introduced FUTAM, a flexible framework in support of both personal and business success. It is the practical realisation of growth mindset that supports feedback culture. FUTAM is customizable to the relevant targets of personal development and business targets both on the level of the organisation and the employee. It provides a framework for employee development tracking and control, based on feedback and cooperation instead of evaluation. In 2019 along the agile transformation of our corporate working culture the new modules of FUTAM are being designed to support our value based feedback culture. In 2020 our main goal was to extend the previously introduced framework. By the end of the year, 1,200 of our colleagues had participated in the regular competency feedback process. The maintained framework of the competency model has been customized to both agile and non-agile areas.		✓		 
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>									
103 1-2-3	Management Approach	Diversity and inclusion		<a href="https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-socialprinciples-eng.pdf">https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-socialprinciples-eng.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf">https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/Diversity_Policy.pdf">https://www.telekom.hu/static-tr/sw/file/Diversity_Policy.pdf</a>			✓		
405-1	Diversity of governance bodies and employees	Diversity and inclusion					✓		 
405-2	Ratio of basic salary and remuneration of women to men	Diversity and inclusion					✓		  
<b>GRI 406: NON-DISCRIMINATION 2016</b>									
103 1-2-3	Management Approach	Diversity and inclusion		<a href="https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-socialprinciples-eng.pdf">https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-socialprinciples-eng.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf">https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/Diversity_Policy.pdf">https://www.telekom.hu/static-tr/sw/file/Diversity_Policy.pdf</a>	Magyar Telekom Group's Code of Conduct and the Code of Human Rights and Social Principles are a summary of the corporate compliance requirements; these documents set out the common values of the Group and it is also the token of the strong position, reputation and successful future of Telekom. Everyone at Magyar Telekom Group must comply with these Codes from staff employees to the Board members. In addition to the employees the contracted partners of Magyar Telekom Group are also required to learn and accept these values when registering on the Company's procurement site. In order to effectively develop Magyar Telekom's Diversity and Equal Opportunities efforts. An anonymous employee survey measuring the diversity and inclusion culture of the company was conducted in 2018 january and repeated in 2020. According to the recent survey results from January 2020 based on the feedback of the employees, Telekom's perception as an open and inclusive workplace has improved in all areas affected by the action plan.		✓		  
406-1	Incidents of discrimination and corrective actions taken				In 2020 there were no complaints issued against the company by the Equal Opportunity Authority for Discriminative Practices (EBH).		✓		 





Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
<b>GRI 400: SOCIAL STANDARDS 2016</b>									
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016</b>									
103 1-2-3	Management Approach	Stakeholders - Suppliers		<a href="https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf">https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-socialprinciples-eng.pdf">https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-socialprinciples-eng.pdf</a> <a href="https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf">https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf</a>	Magyar Telekom Group has acknowledged the freedom of association and the right for collective bargaining in its Code of Human Rights and Social Principles. Magyar Telekom strives to maintain a dialogue and cooperation with employee representation bodies in the spirit of openness and trust. The Code of Human Rights and Social Principles and the long-standing relationship between Magyar Telekom's management and the employee representation bodies are the guarantee that the relevant rights are observed. The agreement, which can be terminated by either party with three months' notice, applies to all Magyar Telekom Plc. employees except the CEO, regardless of their union membership status. Wage terms in the collective bargaining agreement must be renegotiated annually. If the employment is terminated due to reasons related to the employer's operation, employees are entitled to a specific amount of severance pay surplus, which depends on the tenure of the employee. In addition to the collective bargaining agreement, employees of our Hungarian operations are generally covered by the Act I of 2012 on the Labor Code, which imposes various restrictions on the involuntary termination of employment. The Labor Code protects employee interests through two different labor organizations: the Trade Union and the Workers' Council. The Trade Union, as the official representative of employee interests in negotiations relating to the terms of employment, has the right to be informed of all corporate measures that may significantly affect the interests of employees and to commence legal action against the Company for employment-related conduct that infringes an employment rule. In addition, the Workers' Council directly represents employee interests in dealings with management and decides jointly with management on matters involving employee welfare funds and institutions. The Workers' Council must be informed semi-annually on issues affecting our economic performance and changes in wages, employment conditions and working hours. The Workers' Council must also be consulted on corporate measures affecting employees. We believe that our relations with our employees are good. We have not experienced any labor strikes or disruptions since our formation. The above rights, policies and practices are transparent to the employees, they are represented in relevant internal communication materials and intranet sites and the employee representation bodies also take part in their active promotion.		✓		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Stakeholders - Suppliers			100% of the employment contracts of Magyar Telekom Group employees operating in Hungary fall under collective bargaining agreements, the same ratio for Macedonian workers is 82.94%.		✓		
<b>GRI 408: CHILD LABOR 2016</b>									
103 1-2-3	Management Approach	Stakeholders - Suppliers		<a href="https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf">https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-socialprinciples-eng.pdf">https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-socialprinciples-eng.pdf</a> <a href="https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf">https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf</a>	Magyar Telekom Group is an ICT company committed to respect and support human and social rights at all times in view of our tasks arising from technological development and digitalization. In line with the basic principles set out in the Code of Human Rights & Social Principles our company stands up for the protection of human rights as set forth in international human rights treaties, including the protection of freedom of speech and protection of the right for ones' own belief. Furthermore, the company rejects child labor, all types of forced or compulsory labor, and uses all measures to fight any kind of human trafficking and modern slavery. The definition of 'child labor' is defined in accordance with the ILO Minimun Age Convention, and the definition of 'forced labor' is defined in accordance with the ILO Forced Labor Convention (No. 29)and the Abolition of Forced Labor Convention. (No. 105)		✓		
408-1	Operations and suppliers at significant risk for incidents of child labor	Stakeholders - Suppliers		<a href="https://www.telekom.com/en/corporate-responsibility/assumeresponsibility/assume-responsibility/supply-chain-management-355304">https://www.telekom.com/en/corporate-responsibility/assumeresponsibility/assume-responsibility/supply-chain-management-355304</a>	Deutsche Telekom Group as our parent company is responsible for the maintenance and supervision of compliance of global suppliers through monitoring and audits. For further information of the method of classification of global suppliers and the relevant results, please visit the indicated website.		✓		 
<b>GRI 409: FORCED OR COMPULSORY LABOR 2016</b>									
103 1-2-3	Management Approach	Stakeholders - Suppliers		<a href="https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf">https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf">https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf</a> <a href="https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf">https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf</a>	Magyar Telekom Group is an ICT company committed to respect and support human and social rights at all times in view of our tasks arising from technological development and digitalization. In line with the basic principles set out in the Code of Human Rights & Social Principles our company stands up for the protection of human rights as set forth in international human rights treaties, including the protection of freedom of speech and protection of the right for ones' own belief. Furthermore, the company rejects child labor, all types of forced or compulsory labor, and uses all measures to fight any kind of human trafficking and modern slavery.		✓		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Stakeholders - Suppliers		<a href="https://www.telekom.com/en/corporate-responsibility/assume-responsibility/assume-responsibility/supply-chain-management-355304">https://www.telekom.com/en/corporate-responsibility/assume-responsibility/assume-responsibility/supply-chain-management-355304</a>	Deutsche Telekom Group as our parent company is responsible for the maintenance and supervision of compliance of global suppliers through monitoring and audits. For further information of the method of classification of global suppliers and the relevant results, please visit the indicated website.		✓		




Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
<b>GRI 400: SOCIAL STANDARDS 2016</b>									
<b>GRI 410: SECURITY PRACTICES 2016</b>									
103 1-2-3	Management Approach			<a href="http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf">http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf">https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf">https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf</a>			✓		
410-1	Security personnel trained in human rights policies or procedures			<a href="http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf">http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf">https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-socialprinciples-eng.pdf">https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-socialprinciples-eng.pdf</a>	Security personnel employed by the company also participated in the compulsory human rights e-Training of all Magyar Telekom Group employees in 2018. The training became an element of the compulsory employee training portfolio as of 2018. As partners of Magyar Telekom they are too obliged to thoroughly comprehend and comply with the contents of Magyar Telekom Group Code of Business Conduct and Ethics and the code of Human Rights and Social Principles.		✓		
<b>GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016</b>									
103 1-2-3	Management Approach				In Hungary there is no adequate denotation of the group 'Indigenous Peoples'.		✓		
411-1	Incidents of violations involving rights of indigenous peoples				In Hungary there is no adequate denotation of the group 'Indigenous Peoples'.		✓		
<b>GRI 412: HUMAN RIGHTS ASSESSMENT 2016</b>									
103 1-2-3	Management Approach	Diversity and inclusion Stakeholders - Suppliers		<a href="http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf">http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf">https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf</a> <a href="http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_Eselyegyenlosegi_Terv_2016_2020_en.pdf">http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_Eselyegyenlosegi_Terv_2016_2020_en.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/Employee-relations-policy.pdf">https://www.telekom.hu/static-tr/sw/file/Employee-relations-policy.pdf</a>			✓		
412-1	Operations that have been subject to human rights reviews or impact assessments	Diversity and inclusion Stakeholders - Suppliers		<a href="http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_Eselyegyenlosegi_Terv_2016_2020_en.pdf">http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_Eselyegyenlosegi_Terv_2016_2020_en.pdf</a>	As a member of Deutsche Telekom Group, Magyar Telekom Group fulfills its obligation to provide an annual Human Rights & Social Performance Report confirming its observance of the principles of the Code of Human Rights and Social Principles. Following the practice Magyar Telekom Group has declared its full conformity with the ten basic principles of Deutsche Telekom's Code of Human Rights and Social Principles for the year 2020 relevant to all its Hungarian operations.		✓		
412-2	Employee training on human rights policies or procedures				As a tribute to the 70th anniversary of the Universal Declaration of Human Rights and in compliance with the Code of Human Rights and Social Principles renewed in 2017, all employees of Magyar Telekom Plc. and T-Systems together with their external workforce involved in brand representation participated in a compulsory human rights e-Learning training in 2018. The online training points to relevant human rights issues, regulations, complaint handling and whistleblowing options that might come up within the employment, sourcing, operational and distributional processes of the company group. The e-Learning material has become part of the compulsory employee e-Learning course portfolio of the company as of 2018 and remained to be a mandatory course to all new entrants in 2020 as well.		✓		
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Stakeholders - Suppliers		<a href="https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf">https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf</a> <a href="https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-socialprinciples-eng.pdf">https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-socialprinciples-eng.pdf</a>	The warranty statement is a compulsory element of the suppliers contracts (100%). Both the suppliers and sponsorship contract sample includes the relevant elements for the declaration of respecting of human rights, and these elements are also part of the Suppliers Code of Conduct.		✓		

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
<b>GRI 400: SOCIAL STANDARDS 2016</b>									
<b>GRI 413: LOCAL COMMUNITIES 2016</b>									
103 1-2-3	Management Approach	Stakeholders					✓		
413-1	Operations with local community engagement, impact assessments, and development programs	Stakeholders					✓		
413-2	Operations with significant actual and potential negative impacts on local communities	Stakeholders		<a href="http://www.telekom.hu/about_us/company/telekom-for-digital-hungary">http://www.telekom.hu/about_us/company/telekom-for-digital-hungary</a>	In some cases of network development processes the physical construction of the network might cause temporary inconvenience to residents.		✓	TC-TL-520a. 2	 
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016</b>									
103 1-2-3	Management Approach	Stakeholders - Suppliers					✓		
414-1	New suppliers that were screened using social criteria	Stakeholders - Suppliers					✓		  
414-2	Negative social impacts in the supply chain and actions taken	Stakeholders - Suppliers			Magyar Telekom has not terminated any contracts with any of its suppliers with reference to negative environmental impacts in 2020.		✓		  
<b>GRI 415: PUBLIC POLICY 2016</b>									
103 1-2-3	Management Approach				Magyar Telekom Group is involved in shaping public politics indirectly, through its representation organizations, in such a way that the representation organizations, in compliance with the effective regulation, are given the opportunity to comment draft laws and industry-specific strategies. The ministries and authorities supervising the industry pass the relevant regulations to the representation organizations, which synthesize the opinions received from the member companies and submit a summary to the relevant ministries. Such regulation commenting procedures are implemented most of all through the Telecommunication Reconciliation Council (HÉT); in some cases the Scientific Association for Infocommunications (HTE); the Joint Venture Association, the American Chamber of Commerce (AmCham), the German-Hungarian Chamber of Industry and Trade, the Association of IT Enterprises, the Communication Interest Conciliation Council and the Hungarian Energy Traders' Association.		✓		
415-1	Political contributions			<a href="https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf">https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf</a> <a href="https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance">https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance</a> <a href="https://www.telekom.hu/about_us/about_magyar_telekom/principles">https://www.telekom.hu/about_us/about_magyar_telekom/principles</a>	The Company has no knowledge of any financial support to political parties, politicians or any related entities provided by Magyar Telekom Group affiliates in 2020, which is in full compliance with the detailed stipulations set forth in the Magyar Telekom's Code of Conduct - Paragraph [2.10]. If it would have done so the operation would have been in full compliance with the relevant international bookkeeping regulations.		✓		
<b>GRI 416: CUSTOMER HEALTH AND SAFETY 2016</b>									
103 1-2-3	Management Approach	Stakeholders		<a href="http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety">http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety</a> <a href="https://www.telekom.hu/about_us/society_and_environment/society/protection_of_our_children">https://www.telekom.hu/about_us/society_and_environment/society/protection_of_our_children</a>			✓		
416-1	Assessment of the health and safety impacts of product and service categories				Magyar Telekom did not identify such impacts.		✓		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services				The number of health and safety incidents regarding products and services, involving disorderly operating equipment or the breach of internal policies were as follows: penalty or fine due to disorderly operation of equipment: 0 warning due to disorderly operation of equipment: 0 internal warning due to disorderly operation of equipment: 0		✓		



Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
<b>GRI 400: SOCIAL STANDARDS 2016</b>									
<b>GRI 417: MARKETING AND LABELING 2016</b>									
103 1-2-3	Management Approach	Our approach - Sustainability strategy Climate protection Digitally enabled sustainability Stakeholders		<a href="http://www.telekom.hu/lakossagi/english">http://www.telekom.hu/lakossagi/english</a> <a href="http://www.telekom.hu/lakossagi/english/plans/mobile">http://www.telekom.hu/lakossagi/english/plans/mobile</a> <a href="https://www.telekom.hu/lakossagi/english/plans/phone">https://www.telekom.hu/lakossagi/english/plans/phone</a> <a href="https://www.telekom.hu/uzleti/main">https://www.telekom.hu/uzleti/main</a> <a href="http://www.t-systems.hu/home-page">http://www.t-systems.hu/home-page</a> <a href="http://kitchenbudapest.hu/hu/projects">http://kitchenbudapest.hu/hu/projects</a> <a href="http://www.kalasznet.hu/">http://www.kalasznet.hu/</a> (only HU) <a href="https://www.telekom.mk/prepaid-en.nspx">https://www.telekom.mk/prepaid-en.nspx</a>	<p>Magyar Telekom Group is making ongoing efforts to simplify its propositions as much as possible and to make them available to the widest possible scope of customers. We offer detailed information about the services and tariff packages of Magyar Telekom Plc.'s business units, and information about the services of our most important member companies on the listed websites. Customers can inquire about Telekom tariff packages and services or even request modifications 24 hours a day through the consumer customer service call center, which can be called toll free from Telekom's Hungarian mobile network at 1414 or the 1777 (Domino pre-paid center) number. We have made Telekom website more user-friendly, among others by highlighting search keywords and developing the webshop service to enable quick and simple purchase. The services are available on the following website:<a href="http://www.telekom.hu/lakossagi/szolgaltatasok/mobil">http://www.telekom.hu/lakossagi/szolgaltatasok/mobil</a>. The integrated servicing of T-Systems customers is provided through the 1400 telephone number and the TS_ugyfelkapcsolat@t-systems.hu e-mail address.</p> <p>Magyar Telekom considers it as high priority to communicate its advertisements to the existing and prospective consumers in compliance with the relevant regulations. We take all measures necessary to ensure that our advertisements deliver our proposals accurately and clearly, excluding any deception. In view of the above, compliance with the consumer protection and GVH (Competition Office) guidelines, and checking regulatory compliance are important requirements of the work processes of producing advertisements is a crucial part of our advertising operations. We convey our proposals to everyone by using the greatest number of communication tools possible and with maximum exploitation of the possibilities offered by the given media. In this way we allow our audience to receive thorough information to be able to make carefully contemplated and responsible decisions.</p>		✓		
417-1	Requirements for product and service information and labeling	Climate protection Stakeholders					✓		
417-2	Incidents of non-compliance concerning product and service information and labeling				The Company did not identify such incidents.		✓	TC-TL-220a.3.	
417-3	Incidents of non-compliance concerning marketing communications				<p>In 2020 two consumer protection - e.g. marketing communication - proceeding was closed against Magyar Telekom in front of the Hungarian Competition Authority (GVH) due to the alleged breach of the relevant regulations.</p> <p>In one case, the Hungarian Competition Authority staggered the infringement and banned Magyar Telekom from using the slogan on its website from November 2018, but did not impose a fine.</p> <p>In the other case, in connection with the eDM campaign sent by Magyar Telekom in August 2017, the Hungarian Competition Authority imposed a competition supervision fine of HUF 12,500,000.</p>		✓	TC-TL-520a. 1	
<b>GRI 418: CUSTOMER PRIVACY 2016</b>									
103 1-2-3	Management Approach	Stakeholders		<a href="http://www.telekom.hu/about_us/data_protection">http://www.telekom.hu/about_us/data_protection</a>			✓		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Stakeholders			<p>Magyar Telekom received requests and complaints from the National Authority for Data Protection and Freedom of Information and also directly from customers in 2020, which were duly investigated by Magyar Telekom, and the findings were reported to the complaining customer or to the Authority respectively. Based on the results of the investigations, we review our processes and make adjustments, if necessary.</p> <p>In 2020, 10 new proceedings were initiated by the Data Protection Authority in connection with the processing of personal data and 8 cases were closed.</p> <p>The Authority concluded in 2 cases that no violation of the data protection rules had been found.</p>		✓	TC-TL-220a. 1 TC-TL-230a. 1 TC-TL-230a. 2	

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2020	Page	Website	Direct answer	Omission	External Assurance	SASB code	SDG target
GRI 400: SOCIAL STANDARDS 2016									
GRI 419: SOCIOECONOMIC COMPLIANCE 2016									
103 1-2-3	Management Approach			<a href="https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance">https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance</a> <a href="https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&amp;page=english/main.vm">https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&amp;page=english/main.vm</a>	The Management and Board of Magyar Telekom Group (hereinafter “Magyar Telekom” or “Group”) are unanimous in their commitment that the Group will conduct all business activities in accordance with the highest legal and ethical standards. In support of this commitment the Magyar Telekom Corporate Compliance Program has been developed to create an internal culture where ‘Respect and Integrity’ is one of the most crucial values. The Compliance Program is enacted at all members companies of the Group where Magyar Telekom has effective control. The Compliance Program applies to all bodies, organizations, directors, officers and employees of the Magyar Telekom Group, as well as to consultants, agents, representatives, and all other persons or bodies who carry out work on behalf of any company within the Group. Additionally, we expect our business partners, suppliers and customers to aid us in this effort by acting in a similarly ethical manner. As such, certain aspects of the Compliance Program, apply not just to Magyar Telekom Group employees, but also to third parties with whom we do business. The Compliance Program has been designed to ensure that the Group conducts its business to the highest standards of awareness, transparency, accountability, commitment, and adherence to applicable laws and regulations. To do so requires the implementation of policies and procedures that address potential compliance risk areas together with identifiable mechanisms for reporting, investigating, monitoring, and correcting cases of suspected or actual non-compliance. The elements of Compliance Program is continuously tailored to the changes in the business sector, location of operation, business circumstances, culture and risks, international best practices. The Compliance Program is reflected in the Code of Conduct which is accepted internally by all employees, and by all suppliers through Magyar Telekom Procurement Intranet site. The Group Compliance Officer is responsible for operation and monitoring the Compliance Program.		✓		
419-1	Non-compliance with laws and regulations in the social and economic area				Magyar Telekom uses its best efforts to fulfill its obligations in accordance with the effective laws. In order to prevent potential authority penalties and sanctions the Company always strives to ensure Magyar Telekom’s compliance with the effective laws and manage conflicts – besides harmonizing processes and IT systems with the amendment of laws - with continuous personal consultation, agreements concluded with the authorities and retroactive settlement plans set out in undertakings, made in the form of declarations. In 2020 the National Media and Info-Communications Authority conducted several individual complaint and general/overall market supervision proceedings against the Company. Within the frame of general market supervision proceedings the authority imposed 120.5 million HUF whereas in the case of subscriber complaints a total of 63.6 million HUF penalty. The District Offices of Government Offices, as bodies responsible for consumer protection completed several investigations against Magyar Telekom, in 2020 the total amount of fines were HUF 9.375 million. Our clients have used the services of alternative dispute resolution fora, in relation to which there were a total of 88 cases handled with the assistance of the Media and Communicatios Commissioner, and 358 cases in which dispute resolution plenums provided assistance.		✓		

The Magyar Telekom has prepared Sustainability report in 2020 in accordance with the GRI Standards (Comprehensive) and in accordance of the SASB (Sustainable Accounting Standards Board) requirements. For each indicator, we have indicated which chapter(s) provide information.

SASB indicators:

TC-TL-130	Environmental Footprint of Operations
TC-TL-220	Data Privacy
TC-TL-230	Data Security
TC-TL-440	Product End-of-life Management
TC-TL-520	Competitive Behavior & Open Internet
TC-TL-550a.1	Managing Systemic Risks from
TC-TL-550a.2	Technology Disruptions

Activity metric

TC-TL-000.A	Number of wireless subscribers	6,532,159
TC-TL-000.B	Number of wireline subscribers	4,677,177
TC-TL-000.C	Number of broadband subscribers	1,559,127
TC-TL-000.D	Network traffic	Our advanced network carries nearly 12 petabytes of traffic on an average business day. Magyar Telekom Plc. is not able to provide further breakdown of this data as requested, as it is proprietary and confidential.

Unlike in previous years, the GRI Content Index does not include sector-specific indicators, as new sector-specific indicators for the telecommunications industry are not available.



# COMPLIANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT

On May 6, 2009 the company joined the UN Global Compact initiative and its 10 principles in the areas of human rights, labor, environment and anti-corruption.

The Report complies with the principles set forth by the UN Global compact, and is also to be considered as Magyar Telekom Group's Communication on Progress Report.

The following table shows the occurrence of information in the report relating to the principles.

GLOBAL COMPACT PRINCIPLES	CHAPTER
1. Support and respect the protection of internationally proclaimed human rights	Suppliers, Diversity and inclusion
2. Make sure that they are not complicit in human rights abuses	Suppliers, Diversity and inclusion
3. The freedom of association and the effective recognition of the right az elismerése	GRI Content Index (GRI 407)
4. The elimination of all forms of forced and compulsory labour	GRI Content Index (GRI 409)
5. The effective abolition of child labour	GRI Content Index (GRI 408)
6. The elimination of discrimination in respect of employment and occupation	Our Approach, Suppliers, Diversity and inclusion
7. Support a precautionary approach to environmental challenges	Our Approach, Climate Protection, Suppliers
8. Undertake initiatives to promote greater environmental responsibility	Our Approach, Stakeholders
9. Encourage the development and diffusion of environmentally friendly technologies	Our Approach, Climate Protection, Digitally enabled sustainability
10. Work against corruption in all its forms, including extortion and bribery	Suppliers, GRI Content Index (GRI 205)

LIST OF ABBREVIATIONS

Abbreviation	Full name
AG	Aktiengesellschaft (Company limited by shares))
AM	Before Noon
AOSZ	National Association of autism
AR	Augmented Reality
B2B	Business to Business
BCM	Business Continuity Management System
BREEAM	Building Research Establishment Environmental Assesment Method (Építési tudományos intézet környezeti minősítési módszere)
BSE	Budapest Stock Exchange
CC	call center
CDP	Carbon Disclosure Project
CEERIUS	Central and Eastern European Responsible Investment Universe
CEO	chief executive officer
CER	Certified Emmission Reduction
CO	carbon monoxide
CO <sub>2</sub>	carbon dioxide
CO <sub>2e</sub>	carbon dioxid equivalence
CPE	Customer Premise Equipment
CPEx	Customer Profile Exchange
CRA	Compliance Risk Analysis
CV	Curriculum Vitae
D&I	Diversity and Inclusion
DEFRA	Department for Environment Food & Rural Affairs
DNFP	Digital National Development Program
DT	Deutsche Telekom
DWP	Digital Wellfare Program
EBH	Equal Treatment Authority
ÉFOÉSZ	Hungarian Association for Persons with Intellectual Disability

Abbreviation	Full name
EA	Environmental Impact Assessment
EIT	European Institute of Innovation and Technology
EMF	Electromagnetic Fields
EMS	Energy management systems
ESG	Environmental Social Governance aspects
ESzCsM	Ministry of Health, Welfare and Family Affairs
ETNO	European Telecommunications Network Operators' Association
EU	European Union
FTSE4GOOD	Financial Times Stock Exchange fenntarthatósági indexe
g	gramm
GBit	gigabit (106 bit)
GDPR	General Data Protection Regulation
GEI	Gender Equality Index
GeSI	Global e-Sustainability Initiative
GHG	Green House Gases
GJ	giga Joule
GmbH	Gesellschaft mit beschränkter Haftung
GoO	Guarantee of Origin
GPON	Gigabit Passive Optical Network
GRI	Global Reporting Initiative
GSM	Global System for Mobile Communication
GTC	General Contract Terms and Conditions
GVH	Hungarian Competition Authority
GWh	gigawatt-hour
GWP	Global Warming Potention
GYED/GYES	Employees on maternity leave or childcare benefit
HBLF	Hungarian Business Leaders Forum

Abbreviation	Full name
HQ	Headquarters
HR	Human Resources
HUF	Hungarian Forints
HUF M	million forints
ICNIRP	International Commission on Non-Ionising Radiation Protection
ICT	Information and communication technology
ICS	Internal Control System
ILO	International Labour Office
IoT	internet of things
IPCC	Intergovernmental Panel on Climate Change
ISAE3000	Revised International Standard on Assurance Engagements
ISO	International Organization for Standardization
ISS	Institutional Shareholder Services
IT	Information Technology
IUCN	International Union of Conservation of Nature
IVSZ	ICT Association of Hungary
JAC	Joint Audit Cooperation
Kft.	limited liability company
kg	kilogramm
km	kilometer
KPI	key performance indicators
kWh	kilowatt-hour
L	litre
LLC	limited liability company
LS	Leadership Squad
Ltd.	private company limited by shares
LTE	long term evolution



Abbreviation	Full name
m <sup>3</sup>	cubic metre
MEBIR	Occupational Health and Safety Management System
MEOSZ	National Federation of Disabled Persons' Associations
MOB (HOC)	Hungarian Olympic Committee (Magyar Olimpiai Bizottság)
MSCI	Morgan Stanley Capital International
MVGYOSZ	Hungarian Federation of the Blind and Partially Sighted
MWh	megawatt-hour
NBIoT	Narrow band IoT
NG ICCA	Next Generation International Customer Contact Analysis
NGO	Non Governmental organization
NOx	nitrogen-oxide
NPS	Net Promoter Score
Plc.	(Plc.) public limited company
ODS	ozone-depleting substances
OECD	Organisation for Economic Co-operation and Development
OSS/BSS	Operations Support System / Business Support System
PA	Providing Access
pcs	pieces
PET	Polyethylene Terephthalate
PR	Public relation
PSL system	Related on the network-based real estate assets and the tool area of the technology area
PSTN	Public Switched Telephone Network
Ptk.	Civil code / Polgári Törvénykönyv
QR	2 dimensional barcode
R&D	Research and Development
SAR	Specific Absorption Rate
SBP	Share benefit program
SBTi	Science Based Target initiative
SC	Sustainability Committee

Abbreviation	Full name
SDG	Sustainable Development Goals
SLA	Service Level Agreement
SMB	Small and medium-sized business
SOHO	Small office home office
SOx	Sulfur oxide
STEM	Science, Technology, Engineering, Mathematics
SZIP	SuperFast Internet Program
T	ton
TCFD	Task Force on Climate related Financial disclosure
TRI*M Index	a standardized indicator system to explore customer satisfaction and customer loyalty
TSM	T-Systems Hungary
UMTS	Universal Mobile Telecommunications System
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
UNEP	United Nations Environmental Programme
UX/UI	User Experience / User Interface
VR	Virtual Reality
WHO-IARC	International Agency for Research on Cancer)
VÜK	Corporate Customer Support Branch
Zrt.	cPLC

# IMPRESSUM

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