



SUSTAINABILITY REPORT

2017



EGYÜTT. VELED



1.

CLIMATE AND ENVIRONMENTAL PROTECTION

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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 in the centre of its mission. In our new Sustainability Strategy 2016-2020 we set the ambitious goal to reduce the level of our carbon dioxide emission below 100 000 tons.

2017 marked the third year in which Magyar Telekom Group set the objective of carbon-neutral operation – and reached it. Our electricity consumption was covered by renewable energy and we offset 30 000 CER units. We set a new goal, to make all our Magenta 1 customers carbon neutral in 2018, incl. the whole network and the customer premises equipments.

With our carbon neutral operation we serve a longtime strategic goal, in accordance with the EU 2 Celsius degree objective and the maximizing the reachable emission reduction.



In 2017 we continued our carbon offset project. We spent half of the income of our company car policy regulated bonus-malus system to carbon offset. Our aim was to become carbon neutral again in

2017 too. We have reached our goal by using 100% renewable energy for our electricity consumption and we offset the rest of our emissions, by purchasing and retiring CER (Certified Emission Reduction) units. The reduction came from a Chinese project, we offset 30,000 tons of CO₂. In 2017 Magyar Telekom Plc. has purchased 184 GWh of renewable energy that is covering 100% of the total amount of electricity used by the Company.

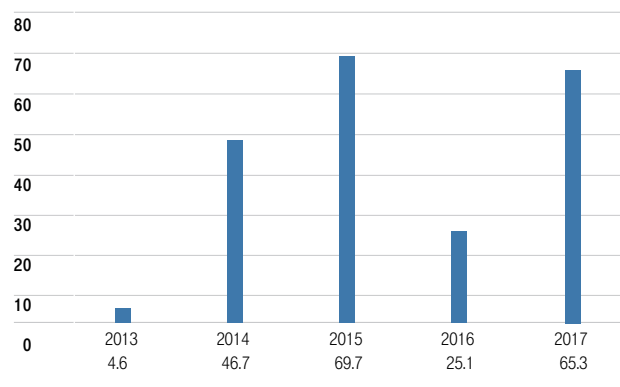
Magyar Telekom's sustainability strategy for the period 2016-2020 points to the focus of climate protection and the reduction of CO₂-emissions. Our highlighted environmental and operational ecoefficiency goals are:

- Reducing our CO₂ 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 travel replacement solutions and dematerialization solutions
- Introduction of sustainable and climate friendly products and services
- Measure the climate footprint of our customers and suppliers

The company pays increased attention on supplying its network with energy-efficient equipment. All of our products and services must 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 chapter 2.2 ICT for Sustainability.

Based on the Business Continuity Management System (BCM) we have identified the critical climate risks (floods, 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 2017 we have identified 659 climate related cases (storm damage). In 2017 during the heatwave we allowed our colleagues to work remotely in order to reduce the energy consumption of our offices, and we increased the core temperature of our datacenters and base stations.

STORM DAMAGE (HUF M) MAGYAR TELEKOM PLC. ✓

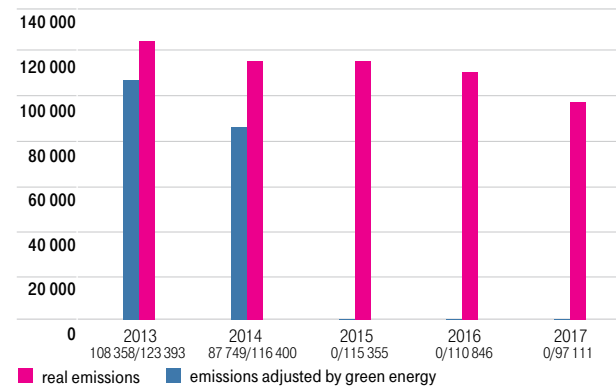


1.1 CLIMATE PROTECTION AND ENERGY EFFICIENCY

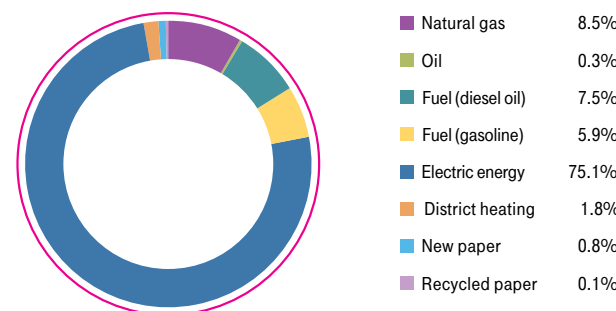
To present the quantitative greenhouse gas emissions of Magyar Telekom Group's activities, in accordance with the global warming potential (GWP), we use a CO₂e (carbon dioxide equivalent) as an indicator. (We do not measure greenhouse gases separately and we do not have biogenic CO₂-emissions.)

The details of Magyar Telekom Group's CO₂-emissions are given in the following table. The CO₂-conversion factors were determined on the basis of the 2007 recommendations of the International Energy Agency Data Services (electricity), the UNEP guidelines (heating oil, fuel, natural gas), DEFRA's coefficients and by the data provided by a prominent Hungarian paper factory. We present our real emissions with and with out carbon offset

AGGREGATED CO₂ IMPACT MAGYAR TELEKOM (T CO₂) REAL AND ADJUSTED BY GREEN ENERGY AND CARBON OFFSET EMISSIONS ✓



SHARE OF CO₂ BY SOURCE, 2017 ✓



MAGYAR TELEKOM GROUP'S TOTAL CO₂-EMISSIONS ✓

CO ₂ -IMPACT [TCO ₂]	2013	2014	2015	2016	2017
Direct energy consumption					
Naturalgas	11 400	9 824	8 910	8 266	8 252
Oil	2 600	2 004	1 629	1 206	319
Fuel (diesel oil)	8 217	8 317	8 364	8 109	7 248
Fuel (gasoline)	6 436	6 631	6 590	5 873*	5 726
Fuel (total)	14 653	14 949	14 954	13 982	12 974
CO₂ emission of direct energy consumption	28 653	26 777	25 493	23 454⁵	21 545
Indirect energy consumption					
Electricity ⁸	91 361	86 655	87 010	84 725	72 911
Green energy	-11 516	-11 516	-63 337	-68 145	-62 321
Electricity (adjusted with green energy)	79 845	75 139	23 673	16 580	10 590
District heating	2 156	1 863	1 918	1 793 ⁶	1 791
CO₂ emission of indirect energy consumption (adjusted with green energy)	82 001	77 001	25 591	18 373⁵	12 381
Total energy consumption					
CO₂ emission of total energy consumption (adjusted with green energy)	110 654	103 778	51 084	41 827⁷	33 926
CO₂ emission of paper consumption					
New paper	1 078	961	813	755	745
Recycled paper	146	144	122	119	119
CO₂ emission of total paper consumption	1 223	1 106	935	874	864
Cumulated CO₂ emission					
CO ₂ emission of total energy consumption (adjusted with green energy)	110 654	103 778	51 084	41 827 ⁷	33 926
CO ₂ emission of total paper consumption	1 223	1 106	935	874	864
Carbon offset	-3 520	-17 135	-52 189	-50 000	-43 971
Cumulated CO₂ emission (adjusted with green energy and carbon offset)	108 358	87 749	0	0	0

(5) there were a data mistake at MAKTEL in 2016 (gasoline consumption), now we corrected it

(6) there were a data mistake at MAKTEL in 2016 (district heating), now we corrected it

(7) corrected emissions

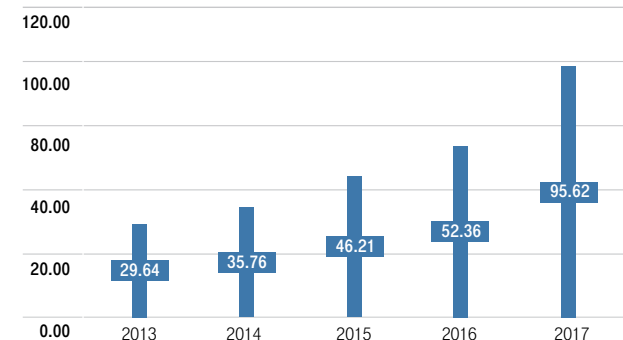
(8) Purchased electricity, the own energy production is not included

1.1.2 ENERGY EFFICIENCY

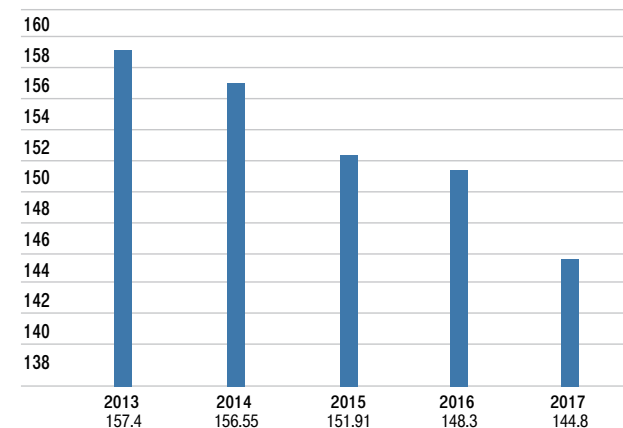
In order to measure our energy efficiency, in our 4th Sustainability Strategy we continue to use a Gbit/kWh indicator. Our goal is to reach the 100 Gbit/kWh, in 2017 it was 95.62 Gbit/kWh ✓.

We apply three kinds of energy intensity indicators in order to show the changes in three factors: the electricity consumption of the network, fuel consumption 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 characterized 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 characterized by car pool average CO₂-emissions in g/km. For the revenue related energy consumption indicator we use the GJ/HUF M. We would like to increase the first and reduce the second and the third indicator, in 2017 we achieved all of them.

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



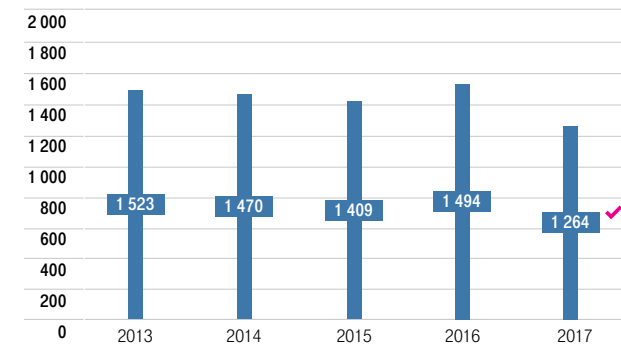
THE AVERAGE CO₂ EMISSIONS OF THE FLEET (GCO₂/KM) MAGYAR TELEKOM PLC. ✓



Average carbon dioxide emissions from vehicles have further decreased to 144.8 g CO₂/km ✓ due to the introduced restriction in our bonus-malus system. We limited the emissions of the employee benefit cars and maximized their power. We introduced new financial incentives to make the hybrid and electric cars more favourable.

The revenue related energy consumption was 1264 GJ/HUF M.

REVENUE RELATED ENERGY CONSUMPTION GJ/HUF M MAGYAR TELEKOM GROUP



1.1.3 EQUIPMENT IN CUSTOMERS' PREMISES

Our customers generate significant energy consumption by operating our CPEs, but that consumption is essential for using our services. We identified three major areas where the energy consumption is significant: the use of mobile phones, TV services, internet services. Since 2016 we have conducted a precise calculation on the number and performance of CPEs (set-top-boxes, modems, terminals). We have no information about the exact kinds of mobile phones, that our customers use, therefore our calculation is based on an average smartphone's energy consumption (1 kWh/year). Taking the number of subscriptions in 2017 into account, the energy consumption of our CPE's was 181.4 GWh, which is equivalent to 61.423 tons of CO₂ emission. The average CPE's energy consumption dropped by 13% from 2015.

ENERGY CONSUMPTION OF EQUIPMENT IN CUSTOMERS' PREMISES ✓

	pcs	energy consumption (kWh)
CPE	2 571 062	175 949 289
mobile subscriptions	5 400 966	5 400 966
sum		181 350 255
emission [tCO₂]		61 423

Previously the Magyar Telekom-related emissions of our suppliers have not been monitored. In 2015 the monitoring of our suppliers' Magyar Telekom-related emissions have already been included in the sustainable supply chain management process within their sustainability evaluation on energy use and emissions. So far, only 8 of our suppliers provided their energy consumption data. Their emission was 3361 tons of CO₂, due to the low number of answers, no further conclusions can be drawn.

1.2 RESOURCES MANAGEMENT

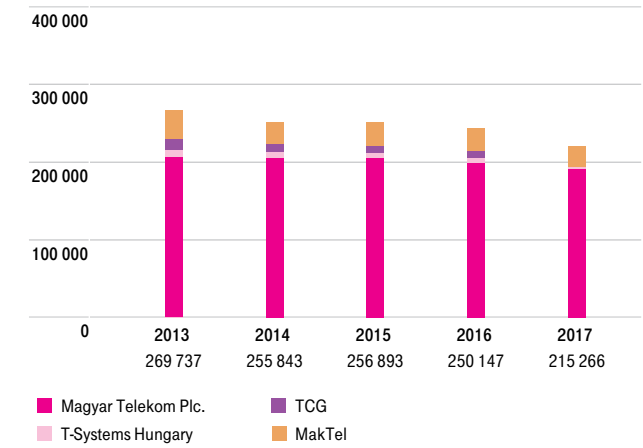
1.2.1 ELECTRICITY CONSUMPTION

Magyar Telekom Group In 2017 Magyar Telekom Group continued with its efforts to energy-efficient operations. As a result our electricity consumption continued to decline by a further 14% ✓ compared to 2016. We continue to improve our energy efficiency in accordance with our Sustainability Strategy and in compliance with the ISO 50001 standard.

At Magyar Telekom the aggregation of several smaller transformations and development projects are jointly help us to further reduce our energy consumption::

- Our attested building ventilation technology has been upgraded in 2016: we implemented the so-called wardrobe type equipment thus reducing the operation time of air-conditioners and saving electric energy.
- The 3 years long global PSTN (Public Switched Telephone Network) replacement project resulted in significant energy savings.
- We have replaced our power supply equipment in several huge machine rooms; we continued the merge of fixed line and mobile power supply operation at specific sites. As smart cooling technology evolves, it brings new results in more sustainable cooling strategies.
- The increase of machine room temperatures is managed as a global project concerning operation spaces of all sizes, from minor containers up to the large exchange centres. The use of temperature resistant accumulators and accumulator coating is a preparatory phase of the project.
- In 2017 we introduced a new EMS (Energy management system), thus we could measure the consumption of the most energy-efficient sites and we could correct the energy consumption immediately in case of over-consumption.

ELECTRICITY CONSUMPTION⁹ (MWH) MAGYAR TELEKOM GROUP ✓



(9) Purchased electricity, the own energy production is not included

Community Solar Project for employees

In 2017, as the first in Hungary, Magyar Telekom introduced the Community Solar Project. As part of the project, 113 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 quarter of the energy consumption of the building.



1.2.2 FLEET MANAGEMENT, FUEL CONSUMPTION

The number of vehicles in the fleet on a Group level decreased further, while the types of usage and distribution of fuel has not changed. The number of hybrid cars increased significantly, the number of electric cars remained 5.

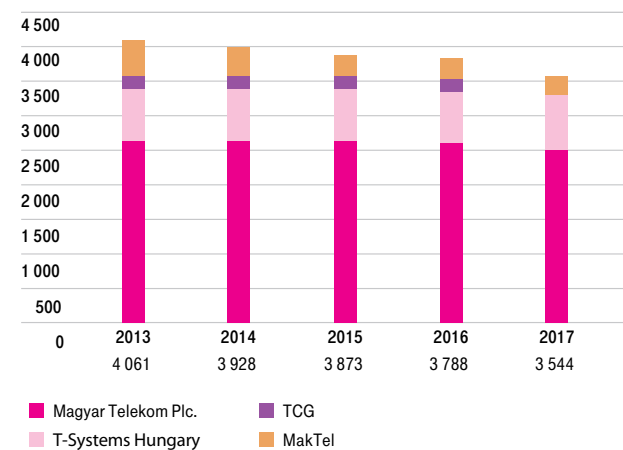
The fuel consumption (-7%[✓]), average fuel consumption of vehicles (-1%[✓]) and the mileage (-6%[✓]) have decreased at group level as compared to the previous year.

The electric cars' consumption increased from 3.38 MWh to 5.36 MWh[✓] (Personal use is more significant due to the lack of refill-station capacity of the national network.)

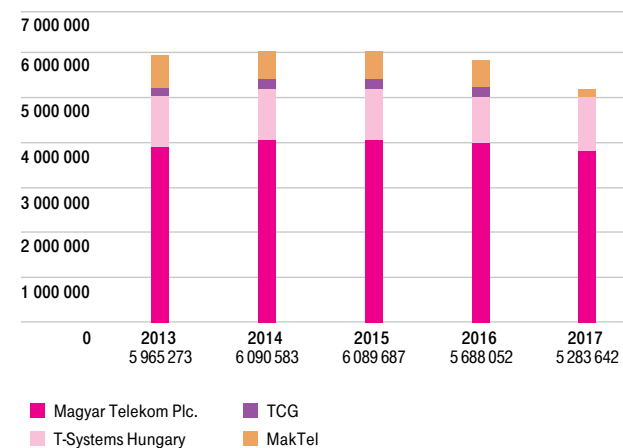
NUMBER OF VEHICLES BY FUEL AND USAGE TYPE AT MAGYAR TELEKOM GROUP [✓]

	2013	2014	2015	2016	2017
Total	4061	3928	3873	3788	3544
Diesel	2369	2261	2244	2181	2005
Gasoline	1600	1572	1541	1490	1371
Hybrid	89	92	82	112	163
Electric	3	3	3	5	5
Benefit cars	1636	1428	1423	1359	1399
Service cars	2425	2500	2450	2429	2145

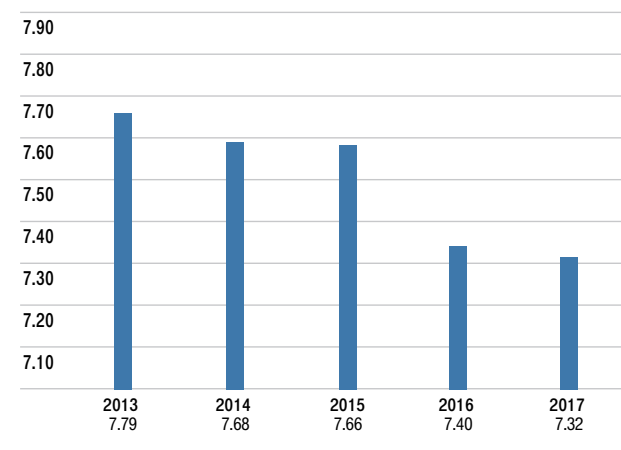
TOTAL NUMBER OF VEHICLES MAGYAR TELEKOM GROUP [✓]



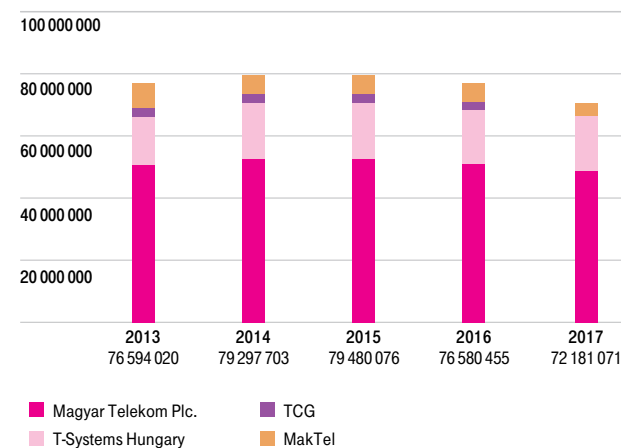
FUEL CONSUMPTION (LITRE) MAGYAR TELEKOM GROUP [✓]



AVERAGE FUEL CONSUMPTION (L/100KM), MAGYAR TELEKOM GROUP [✓]



MILEAGE OF VEHICLES (KM) MAGYAR TELEKOM GROUP [✓]



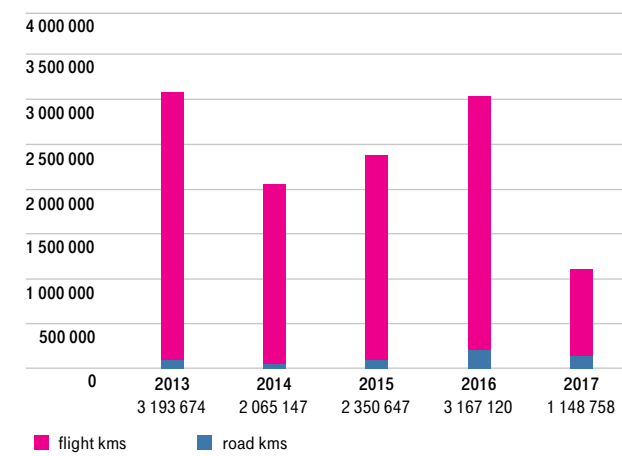
Travel replacement solutions

Mileage, as the measure of business trips has significantly decreased (2016: 8 361 494 km; 2017: 3 077 609 km). Share of business travels was the following: 84% by plane, 14 % by car, 2% by other form of transportation. The emission of business travels in 2017 was 527 tons of CO₂. (air travel: 465 t CO₂¹⁰; car travel: 62 t CO₂¹⁰)

TelePresence video conferences

Video conference and TelePresence systems are now available in Magyar Telekom headquarter, T-Systems Hungary's Budafoki str. headquarter and in regional offices. In 2017 more than 989 840 kilometers[✓] flight and 158 918 road kilometers[✓] of travel have been saved, thereby reducing our CO₂ emission with 112 tons[✓].

TRAVELS REPLACED BY VIDEO-CONFERENCES (KM) MAGYAR TELEKOM GROUP [✓]



Teleworking

Magyar Telekom has been supporting telework for years 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 2017 there were 123 227 telework days registered, saving 4 million kms of travel and 20 years of traveltime. Considering this result, teleworking has a significant role in replacing travel. For additional information on teleworking see Chapter 5.1 Human rights and equal opportunities.

TeleBike

In the spring of 2017, we re-launched TeleBike, Magyar Telekom's employee bike rental system with extended working hours. In 2017, TeleBike offered 53 bikes, and six electric bikes. Employees can commute between the offices of the company and six T-Systems Hungary sites that are located within the city limits of Budapest. Some key figures: 3800 rents, 5000 kms, saving 1 tons of CO₂ emission in 2017.

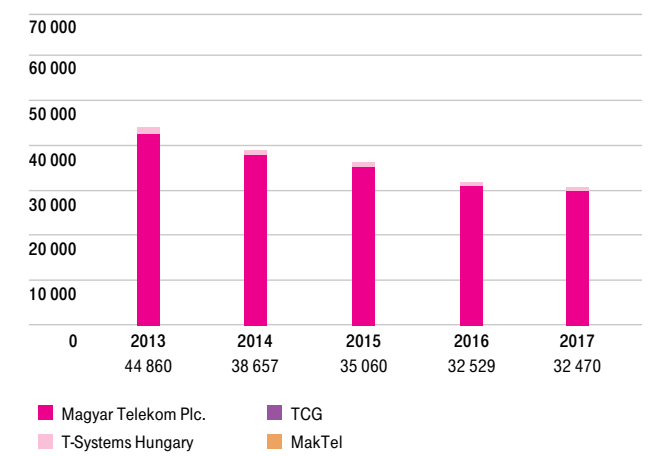
Bicycle courier service

Since 2012 Magyar Telekom has been sending some of its consignments using bicycle courier service. In 2017 we used bike carriers 401 times and saved 2262 km of car travel.

1.2.3 FOSSIL FUEL CONSUMPTION

Due to the extrem cold weather in 2017, the Group's natural gas consumption did not decrease, it was almost the same as the last year.

GAS CONSUMPTION (MWH) MAGYAR TELEKOM GROUP [✓]

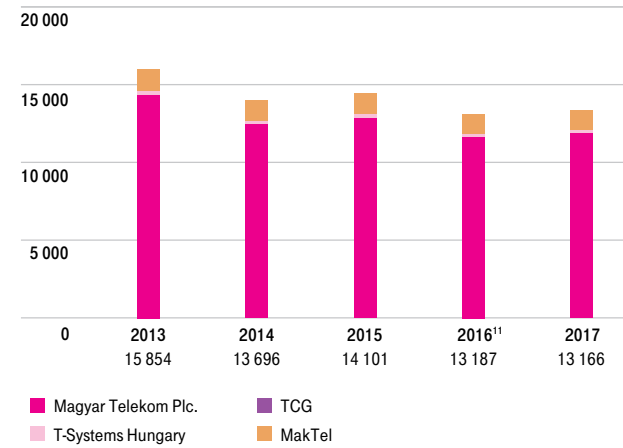


1.2.4 DISTRICT HEATING

At Group level, in the district heating consumption – similarly to the natural gas consumption – the decreasing trend stagnated. In 2016 there was a data mistake in MakTel disclosure, we corrected the calculation, nonetheless the trend has not changed.

(10) 180 g CO₂/km as an average of air travel, and 144 g CO₂/km as an average car travel

DISTRICT HEATING CONSUMPTION (MWH) MAGYAR TELEKOM GROUP ✓



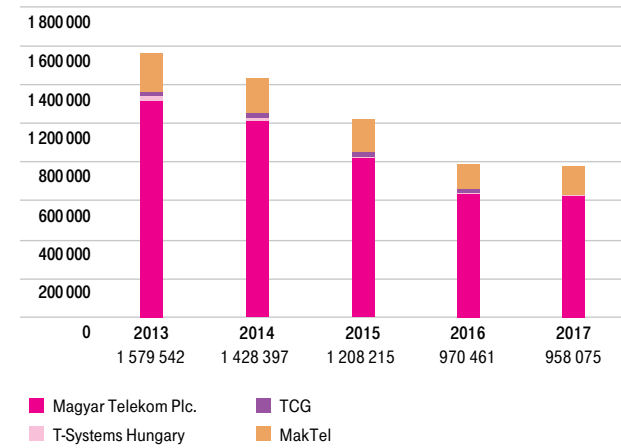
(11) there were a data mistake at MAKTEL in 2016 in district heating, now we corrected it

1.2.5 PAPER CONSUMPTION

The paper consumption data are estimated due to the specificity of the procurement system. The paper cost was decreased, thus we assume that our paper consumption has not decreased. The base of the estimation is the Y2016 data.

In the past two 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 amount of printed documents, 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 electronic customer service in the future where legally binding documents with electronically recorded signatures will replace all paper-based contracts. As a result of these solutions we were able to reduce the number of printed pages by 60%.

TOTAL PAPER CONSUMPTION (KG) MAGYAR TELEKOM GROUP



We report on paper consumption not primarily to provide as accurate data on our CO₂-emissions as possible, but rather to reflect on its use. (It's less than 1% of our emissions).

In Hungary, despite of the increase in our public relations related marketing activities in recently connected areas, our paper consumption has further decreased due to the use of non paper-based marketing and PR tools. More information on network development is in chapter 2. Responsible services.

The decrease in group-wide office paper use is a result of the continued improvement and automatization of processes, the spread of paperless office solutions, the consolidation of the printer pool and the maintenance of our achievements in this area.

PAPER CONSUMPTION OF THE GROUP (KG)

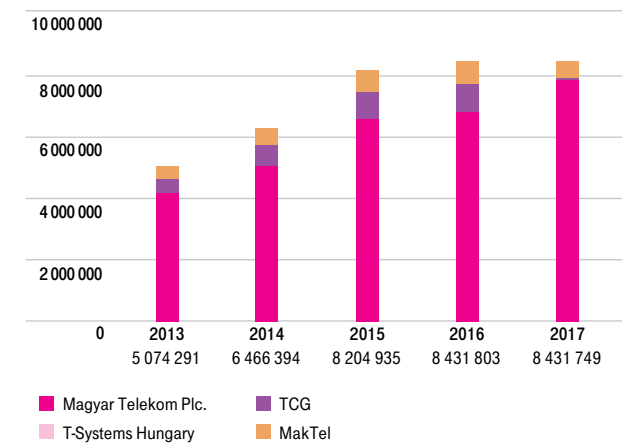
	2013	2014	2015	2016	2017
Total paper consumption (kg) ¹²	1 579 542	1 428 397	1 208 215	970 461	958 075 ¹²
Packaging paper (kg)	128 114	175 479	97 371	14 551	14 365 ¹²
Office paper(kg)	544 134	481 009	459 653	84 897	83 813 ¹²
Bills (kg)	653 966	662 409	799 757	823 798	813 284 ¹²
PR and marketing material (kg)	253 328	109 500	335 231	47 215	46 612 ¹²
Recycled paper (kg)*	194 056	192 456	162 789	158 669	156 644 ¹²

(12) estimation based on 2016 data

E-billing

Thanks to the campaigns Magyar Telekom achieved outstanding growth, electronic invoicing constitutes more than 25.2% of all residential billings which means 11% growth compared to the previous year.

ELECTRONIC BILLS (PCS) MAGYAR TELEKOM GROUP ✓



1.2.6 BIODIVERSITY

Magyar Telekom Plc.'s developments are generally not obliged to prepare impact assessment studies (EIA). In 2017 there was no investments that would have concerned protected areas and/or Natura 2000 areas. Along our operations no damage occurred on 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 of 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 absolutely necessary proportion of landuse, thereby preserving the original biodiversity of the natural environment. Along our property investments we also make sure that our buildings fit in the original landscape.

The composition of the mobile network represents no significant change: the number of base stations have not changed, in 2016: 7894; in 2017: 7557 on Group level (in 2017 without TCG). The number of towers shared with other operators increased by 6.5% (in 2016: 1827 pieces, in 2017: 1947).

We contribute to local communities by creating community gardens and taking uncultivated land in use, thereby increasing the diversity of the area. In 2014 Magyar Telekom Plc. started the development of three community gardens, the first of which was opened near the company's site on Csárda Street, where the local gardeners started their work on 28 plots. In 2015 we opened two more community gardens near the company's site in Soroksári Street and Ceglédi Street. The community garden in Soroksári Street is the largest in Budapest, where garden owners can work on almost 100 plots. We continued our cooperation in 2017.

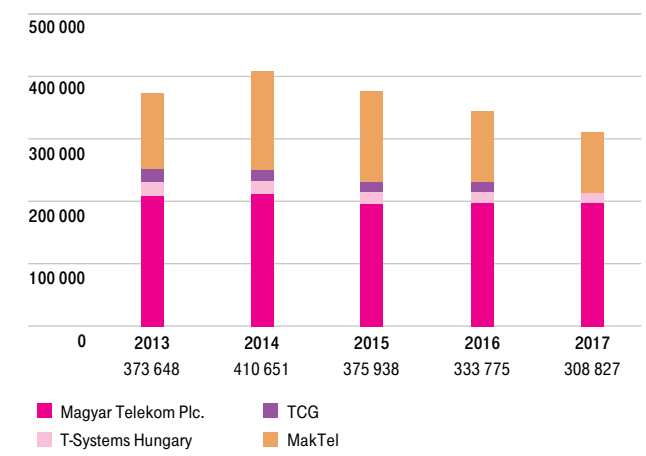
Noise and vibration protection

In Magyar Telekom Group sites we have to pay increased attention to the potential noise sources of outdoor air-conditioning equipment and emergency diesel generators. Last year 4 complaints have been issued about the noise level of Magyar Telekom. Two of them are in the solution phase - one is threshold application and the other one is noise protecting wall.

Water consumption

The water consumption at Magyar Telekom Group is exclusively for social purposes. Group-level water consumption decreased by more than 7%, partly due to the water-saving solutions (perlators) introduced in the previous year, and partly due to the decreased space and headcount. (TCG is no longer part of Magyar Telekom Group)

WATER CONSUMPTION (M³) MAGYAR TELEKOM GROUP ✓



1.3 EMISSIONS

1.3.1 WASTE

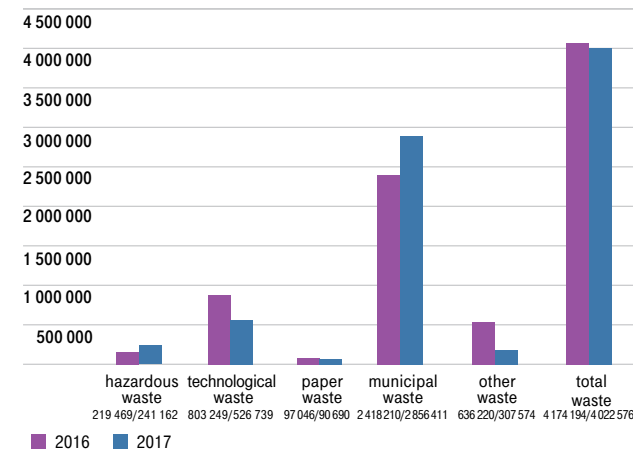
The quantity and quality of waste generated greatly depends on the current telecommunication projects and developments: on Group level in 2017, compared to 2016, the total amount of waste decreased by 4%. Due to the finished projects the Group level recycling rate has decreased to 15%.

Within Magyar Telekom Group the largest proportion of generated waste (close to 71% ✓) – is still the residual waste, it has increased by 18%. Second by volume is technological waste 13% ✓; hazardous waste is 6% ✓; the proportion of paper waste is 2% ✓.

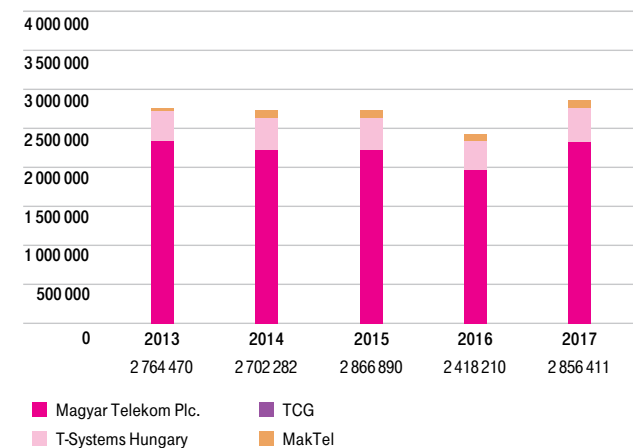
In order to reduce the harmful effects of waste on the environment:

- 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 management cables.

WASTE BY TYPE (KG) MAGYAR TELEKOM GROUP ✓



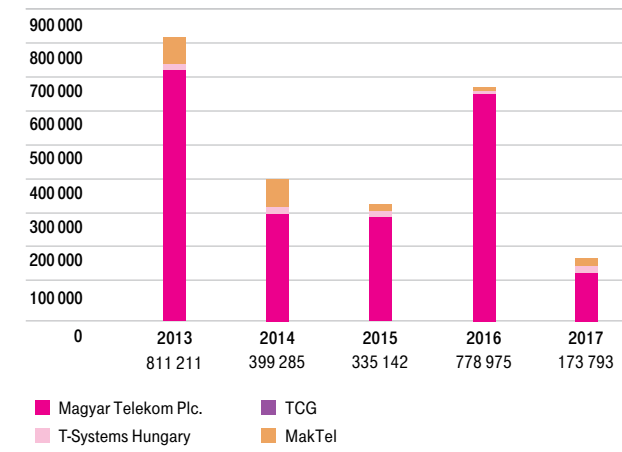
RESIDUAL WASTE (KG) MAGYAR TELEKOM GROUP ✓



QUANTITY OF WASTE BY TYPE AND RECYCLING RATE AT MAGYAR TELEKOM GROUP, 2010-2016 ✓

	2013	2014	2015	2016	2017
Hazardous waste (kg)	148 923	104 058	119 556	219 469	241 162
Recycled hazardous waste (kg)	95 794	56 303	85 194	164 327	232 430
Technological waste (kg)	1 079 417	628 656	549 757	803 249	526 739
Recycled technological waste (kg)	811 211	399 285	335 142	778 975	173 793
Paper waste (kg)	149 894	134 828	79 337	97 046	90 690
Recycled paper waste (kg)	143 874	125 248	78 637	96 346	90 690
Municipal waste (kg)	2 764 470	2 702 282	2 866 890	2 418 210	2 856 411
Recycled municipal waste (kg)	2 916	1 140	-	13 317	12 045
Other waste (kg)	241 550	356 145	249 877	636 220	307 574
Recycled other waste (kg)	24 768	28 394	29 334	77 103	-
Total waste (kg)	4 384 254	3 925 969	3 865 417	4 174 194	4 022 576
Recycled waste total (kg)	1 078 563	610 370	528 307	1 130 068	508 958
Recycling rate (%)	25%	16%	14%	27%	13%

RECYCLED TECHNICAL WASTE (KG) MAGYAR TELEKOM GROUP ✓



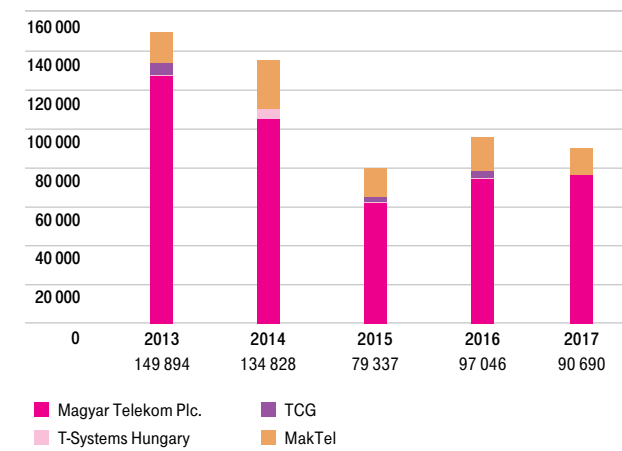
Hazardous waste

The amount of hazardous waste increased by 10% ✓ at Group level, due to network upgrade and maintenance (e.g. batteries, replacement of network elements). Non technical waste decreased by -89% on group level and by -84% at Magyar Telekom Plc. The reason for the decrease of the later is the fact that the hazardous waste generated from building maintenance or power supply equipment maintenance is being handled and removed by the subcontractor responsible for maintenance.

Paper waste

The quantity of paper waste decreased at Group level by 7% ✓, due to the paperless office objectives.

PAPER WASTE (KG) MAGYAR TELEKOM GROUP ✓



Other waste

The quantity of other waste at Magyar Telekom Plc. has dropped to 52% due to the finished building renovations.

At Magyar Telekom Plc. the recycling rate is nearly 13% ✓. 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.

1.3.2 PRODUCER'S AND DISTRIBUTOR'S RESPONSIBILITY

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

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 48%.

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 2016. The national collection rate requirement was 45% in the IT sector (the national system does not report company-level data.)
- In the case of batteries, in accordance with the provisions of law, Magyar Telekom Plc. partly transferred the obligation to intermediary organizations. Each year, our contracted partner, ReLem Limited Liability Non Profit Corporation fulfils its obligation above the law 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. In spite of ensuring the opportunity to exchange returned waste and thus receive a discount from the price of new devices the volume of such waste showed a decreasing trend.

All of our commercially available products are certified with energy efficiency certificates according to the requirements of the European Union and are in compliance with the environmental standards set by Hungarian law. 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 standards of energy efficiency.

1.3.3 EMISSIONS TO AIR

Magyar Telekom pays an air pollution fee in accordance with the national legislations. The amount of pollutants emitted by Magyar Telekom Plc: NO_x: 5197.33 kg, SO_x: 459.71 kg). The decrease of emission is due to reduced hours of operation.

1.4 ENVIRONMENTAL OBJECTIVES, COSTS AND COMPLIANCE

In 2017, Magyar Telekom Group's CO₂ emission decreased from 110 736 tons of CO₂ to 97 111 tons of CO₂. Our energy efficiency indicator followed the increasing trend to 95.62 GBit/kWh ✓. Our fleet average emissions are experiencing a stable

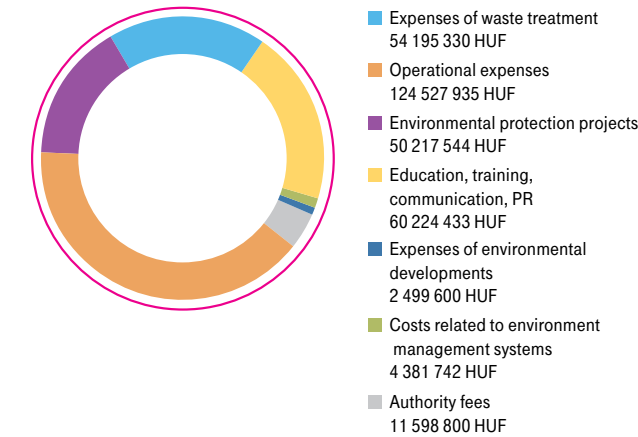
decrease, while the share of the hybrid and electric benefit cars in the fleet has increased to 16.1% by the end of 2017. Thanks to the paperfree solutions in the stores the amount of printed paper has dropped by 60%.

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 (Our Hungarian e-mails addresses are fenntarthatosag@telekom.hu and kornyezetvedelem@telekom.hu). We are dedicated to respond to all proposals, complaints and enquiries as soon as practicable.

In 2017 Magyar Telekom Plc. received – and succesfully closed the case of – four complaints regarding waste management. In eleven cases, related to electromagnetic fields we have conducted radiation biology tests upon citizens' requests and found that the measured rate stays under the threshold stated in the relevant decree No.63/2004. (VII.26.) ESzCsM on the healthy limits of electric, magnetic and electromagnetic fields between 0 Hz and 300 GHz relevant to citizens' health. There was no penalty declared upon these cases as the emission levels were below threshold. As common sensitivity toward electromagnetic fields is high we continue to conduct the related complaint management cases with utmost care to deliver reassuring solutions for our stakeholders.

T-Systems Hungary Plc. did not receive any environmental complaints in 2017 that required investigation.

ENVIRONMENTAL PROTECTION COSTS IN 2017 (HUF) MAGYAR TELEKOM GROUP ✓



KPI BY 2020	
CO₂ emission	<100 000 tCO₂
fixed network	min -44% based on 2008
mobile network	max +35% based on 2008
data center	max +3% based on 2008
buildings	min -16% based on 2008
Energy efficiency	100 Gbit/kWh
Fleet	
fuel consumption	min -34% based on 2008
average CO ₂ emission	<100 gCO ₂ /km
share of hybrid and electric cars	min 30%
CPE's emission	general decrease
Waste reduction	min -10% based on 2015
Paper usage in the shops	min -90% based on 2015