

ABOUT THE REPORT

By publishing the 12th edition of its annual Sustainability Report, Magyar Telekom strives again to present its sustainability activities and the related achievements in an integrated format, while making the Group's environmental, social and business operations transparent for everyone.

In 2014, we continued to pursue our sustainability activities according to our third Sustainability Strategy, encompassing the period of 2011–2015. Therefore, the content of the document has not changed significantly compared to that of the previous years, as we continue to present our sustainability performance against key challenges. Due to some minor changes in the emphasis on and the interrelations among the topics addressed, the structure of the report and the grouping of the topics therein has been modified somewhat.

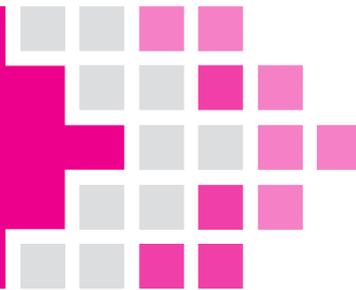
The report was compiled along the Fourth-generation Principles set forth by the Global Reporting Initiative (GRI G4) applied in accordance on Comprehensive level, and

includes more information than ever before to present the Group's sustainability performance.

When compiling the report, we focused on materiality, stakeholder inclusiveness, completeness, accuracy, comparability, timeliness, reliability, balance, and the interrelations of sustainability aspects.

The most important business data are included in the chapter titled 'About the Group', while details of our business performance can be found in Magyar Telekom's Annual Reports.

The report encompasses the calendar year 2014 and includes many data from the previous five years for the sake of transparency and comparability of the achievements addressed. In order to keep the report up-to-date, we also address changes that occurred in the period when the report was compiled, as well as enumerate several tasks set forth for the future, as they constitute an integral part of strategic goals defined for a multiple-year period.



ÉVA SOMORJAI
Chief HR Officer

The future translated into the present does not always spell pleasant actions. Getting ready for the future involves forecasting the economic environment therein and preparing to be ready to operate as part of it. In light of all that, we must adopt decisions that may incur reorganization and downsizing. Downsizing an average of 1700 people, as announced in 2014, is also part of the process of getting ready for the future, but maintaining employees' loyalty and motivation, as well as continuing the implementation of the People Strategy remain just as important as before.

We are building the future in the present. It involves, on one hand, the continued management of sustainability along the strategy prepared and approved for the 2011–2015 period, on the other hand its incorporation into the company's identity.

We also support the effort to build the future by more direct means, too. Through our internship program, we help following generations to gain experience they will have to be in possession of. From 2008 through 2014, we invited university and college students of active status to join our Telekom Internship Program. From January 01, 2015, it is the joint internship program of Magyar Telekom Plc. and T-Systems Hungary that offers the same opportunity to close to 500 active daytime students.

We also build the workplaces of the future, including the possibility of flexible, atypical ways to work. In 2014, 1481 colleagues have put in a total of 27 227 telework days, thus saving close to 1 million kilometers and 5 years of commuting, not to mention the related environmental effects.

The most important goal set for the Future Work project launched last year is to establish working methods and culture that can ensure employees' commitment and motivation in the long run.

As in the present, we remain committed to sustainability in the future, too, and our primary objective is to make it an integral part of the company's identity. For that, colleagues must be aware of the concept, which 72% of them were in 2014, while they also have to identify with the fact that Magyar Telekom is the most sustainable company, which close to 74% of them already do.

The future will not work without sustainability, just like it will not without our employees. In 2015, we focus on the last year of the existing strategy and the elaboration of the next one along with the efforts made to build the future for people, for the company and for the society.



The report covers Hungary, Macedonia and Montenegro, and encompasses the corporate group's every activity. We strive to provide a comprehensive view by covering foreign subsidiaries, too. As a result, many chapters cover an even greater part of the Group than before. There are even fewer gaps in the data provided by Hungarian and foreign subsidiaries, too. All affiliates of significant relevance from sustainability aspects were involved in the collection of data. The data published in the report are historically comparable along the structural changes of the Group, details of which are included in the section titled 'About the Group'.

In order to ensure credibility and transparency, we continued to rely upon the support of an experienced and respected, external, independent third party. The purpose of the assurance procedure 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 ✓ symbol in the report and in the GRI content index. We also contributed data to Deutsche

Telekom's CR Report, in course of the auditing of which the German PricewaterhouseCoopers entity also checked the validity of the energy, waste and car fleet data provided.

Sources of the data included in the report:

- The business data are from the Group's year-2014 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.

Our Sustainability Report was compiled in a way to contain information mainly relevant for our shareholders, investors, especially respon-

Éva Somorjai
Chief HR Officer
Top executive in charge of sustainability

sible investors and sustainability analysts, however, we have also striven to involve all stakeholders and to help them obtaining the information they need. The Report is available in Hungarian and English languages. The full report is available exclusively on the internet.



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.

We wish to continue the joint thinking process and cooperation with our stakeholders, thus, we encourage everyone to share their comments and ideas with us by writing to the sustainability@telekom.hu address.

Budapest, June 19, 2015.

Katalin Szomolányi
Head of Corporate Sustainability Center
Directly in charge of sustainability activities



KATALIN SZOMOLÁNYI
Head of Corporate Sustainability Center



We consider corporate sustainability a business approach that increases share price in the long run by exploiting opportunities and alleviates risks surrounding economic, environmental and social progress. In other words, by minimizing the negative environmental impact, we act responsibly towards employees and the society, while we seek innovative solutions beneficial for people and the environment alike, while offering business potential for us in the future. That is what we mean by the concept of present in the future.

Since 2005, we have achieved the objectives of sustainability along strategies which are approved by Magyar Telekom's Management Committee, which also monitors the implementation of the strategies and modifies them, if necessary.

The greatest professional recognition of the relevant investments, in

addition to the performance of the strategic KPIs and increasingly good results, is the Oekom responsible investor assessment achieved in 2014, where out of 108 telecommunication companies audited around the world, Magyar Telekom came in third. To beat 105 telecoms of the world and be beaten only by two of them from the aspect of sustainability, we needed lots of hard work, a systematic approach and continuous control, not to mention the joint and continued enthusiasm of our colleagues.

This result is not only unparalleled, but it is also inspiring enough for us to perform even better in the last year of the strategy than we did in 2014 and to create a new five-year strategy, thus building the future in the present, as we have done from the beginning and, even after the 10 years that have passed, still striving to demonstrate professionalism, leadership and comprehensiveness.