



**SUSTAINABILITY
REPORT**

2021



**Együtt.
Veled**



LETTER FROM THE CEO

Dear Reader,

Our annual Sustainability Report is mostly a review of the previous year, the considerable work that has been done over the past period and its achievements. We are proud to report on the work we have done on sustainability, highlighting lessons learned and achievements. This is the usual structure of this document - but it is not what you will get this year. And the main reason for the change is that we ourselves are no longer the same.

Magyar Telekom reached a milestone in its previous sustainability strategy, which ended in 2020, and then crossed it and opened a new chapter. Last year was already spent setting out the plans and taking the first decisive steps for the decade ahead. Allow me to briefly present our new sustainability strategy, the path we have chosen for ourselves in a spirit of stability, responsibility and forward-looking in a world of rapid and, in many ways, unpredictable change.

The main objective of our new sustainability strategy from 2021 to 2030 is to ensure that Magyar Telekom remains the country's leading sustainable company by putting digitalization at the service of the development of people, families and businesses, and the protection of the environment. While maintaining this leadership may seem like an easy undertaking - as one might assume that there is nothing left to do but continue what we have been doing so far - in fact, this mission requires the utmost responsibility, creativity, and willpower. It is easy to understand the aim of the riders in the field, who want to overtake the leader - but the front runners not only set the pace, but also must break new ground.

It is partly this realization that has led us to set our strategic goals for the next ten years, rather than five. Our social, economic, and natural environment is constantly changing and there is a good chance that it will change in many ways over the next ten years. As a responsible company, our task in such circumstances is to commit ourselves to a stable, reliable, and guiding role in the long term. To this end, we have defined our strategic priorities along three well-defined dimensions: climate, digitalization, and diversity. Now let's look at our key objectives in a nutshell.

Although Magyar Telekom has been carbon neutral since 2015 - for example, we cover our energy needs entirely from renewable sources - we can further reduce our environmental footprint by improving the efficiency of our operations. Therefore, one of our most important climate protection targets is to reduce our own emissions by around 84 percent by 2030 and to reduce our indirect emissions by a further 30 percent, for example from our customers and suppliers. Beyond this, we commit to generate at least half of our revenues from climate services by the end of the strategic cycle.

Digitalization is the area where our business orientation gives us the largest toolbox. We have, therefore, set out no less a commitment here than to digitalize Hungary and make our customers 100 percent gigabit enabled. Of course, expanding the possibilities and developing gigabit network access on a large scale also come with responsibilities, as a significant part of society will become part of the online world with the help of our systems and devices.

Recognizing this, we are committed to making an active contribution to the digital maturity of six million people by 2030.

The social dimension of sustainable operations is reflected in our diversity objectives. Magyar Telekom has always been a committed advocate and representative of the values of equal opportunities and diversity, and we have set ourselves expectations that are a logical extension of our existing efforts. We have committed to creating a 100% inclusive workplace by 2030 and to providing 100% barrier-free services to our customers.

I believe that our business and our daily work must be in line with our values and our strategic ambitions, and I am convinced that our operations reflect this approach. A company that separates its profit goals from its social and sustainability goals will sooner or later underperform in at least one of these areas - which is why at Magyar Telekom, all our major efforts and the direction of our development are consistently aligned with the principles set out in our strategy. Let's look at some of last year's important milestones with this in mind.

We have launched significant changes to our mobile service in several ways. Of these, the decommissioning of the 3G network stands out, which, although it will not be completed until June 2022, a significant part of the preparatory work related to the process is related to last year. The 3G switchover is truly the dawn of a new era, as the simplification of the network will not only save electricity but also allow us to make more efficient use of the available spectrum, opening the way for much more advanced 4G and 5G services.

Modernizing the network is a prerequisite for future-proof, long-term reliable telecoms, so the fact that we managed to upgrade around 1,100 of our mobile base stations in 2021 is a significant achievement, both from a business and a sustainability perspective. This is largely since the quality of our mobile network is among the best in almost all categories, as measured by several major international certification bodies.

Excellent performance is an important expectation not only for efficiency reasons, but also for our customers - so it is a confirmation of our efforts that in just one year, data traffic on our network has increased by 30% compared to 2020 levels. The digitalization of Hungary is one of our most important strategic commitments, and I believe that last year we took another milestone in this direction with our gigabit developments.

In just one year, we increased the number of optical endpoints by more than 400,000, so by the end of 2021, gigabit-capable connections were available in around 69 percent of the households covered by Magyar Telekom, i.e. in more than 3 million homes. The modernization of the fixed line network also provides an opportunity to replace outdated, old technologies, allowing us to phase out copper cable networks in around 100 settlements in 2021.

Having said all this, it is no big news that at Magyar Telekom we believe that digitalization is the tool that creates opportunities for progress and development in our economy, our natural environment, and our personal relationships. By taking online connectivity to a societal scale, we are opening an endless range of unprecedented opportunities. As we stressed in our campaign last autumn, digitalization connects people and has the potential to become a tool for listening and caring. The main challenge for the sustainability strategy we have just launched, and for the ten years ahead, will be to make this idea a reality in as many areas as possible.

Budapest, May 31 2022



TIBOR RÉKASI
Chief Executive Officer