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RESPONSIBLE SERVICE

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2.1 CLOSING THE DIGITAL DIVIDE

Digital divide is the phenomenon when different groups of society have differing opportunities to access information technology (due to geographical location, social or other reasons).

In our age access to information and communication technologies is crucial for economic development. The transformation of social relations and communication makes it important for us to be familiar with new technologies and the opportunities offered by them.

Supporting people living with disabilities

Magyar Telekom set an objective to offer comprehensive services for the disabled. Together with the relevant disability organizations, we jointly created the hello holnap! tariff packages that are available to the hearing-, sight- and otherwise-impaired in the form of pre- and postpaid tariff packages (people with mental health problems or autism are offered only prepaid packages).

Internet for Equal Opportunities (Egálnet) program

At the end of 2006 a community portal was started with the purpose of supporting the efficient operation of organizations that help

With its digital competence program Magyar Telekom tries to overcome the digital divide and support the positive effects of the spreading of information and communication technologies.

disadvantaged groups of people through the internet. Egálnet is a community site that enables registered organizations to use a simple program to create their own websites, as well as to keep in touch with each other – naturally all for free. The target group of the portal includes NGOs representing socially disadvantaged or disabled people, groups supporting young unemployed individuals or people just starting their careers, schools, minorities, as well as foundations and associations addressing other social problems.

The project provides means to the target group – interest groups, NGOs – enabling them to develop their capabilities and communication skills, which translates into an improvement in their professional achievements. Communities and NGOs can advertise themselves, exchange information and experiences with similar organizations, and even collect more donations.

By the end of 2010, more than 200 organizations had registered to participate in the project. In 2011 we checked how many of these organizations actually use the site actively, and deleted those websites where there had been no activity

for a long time (the organization that created it discontinued its operations, uses other websites, or has no time to manage its site). By the end of 2014 we had 50 active sites remaining; for these Egálnet offers help in their daily operation.

By the end of 2015 we realized that the Egálnet site is not up-to-date and didn't meet the needs of the modern websites, thus we suspend the operation. We informed the remaining users and with our help they could transfer their sites to their own Facebook page or to our new webkönyven service to remain on the internet free of charge.

<https://www.telekom.hu/uzleti/szolgaltatasok/informatika/ceg-es-web/webkonyven>

Supporting isolated, disadvantaged settlements and groups of society

The Digital Bridge program was designed for small settlements and has been running since 2004, offering free lectures by voluntary Telekom employees on topics related to the use of the internet, like how it can bring geographically remote people closer to each other or how it can help our everyday lives by making secure online payments or protecting our personal data.



Digital Bridge

On March 21 our volunteers organized the Digital Bridge Fest in Kótaj and Buj villages where, besides attending the plenary and personal training sessions, local people could present their artistic skills. Several generations and arts were represented at the event, showing their skills in modern and folk dancing, singing, playing music and performing literal arts. Almost 150 people took part in the event in both villages.

Within the frame of the Digital Bridge initiative enthusiastic Telekom volunteers organized a Digital Daycare event in Debrecen, in the Bolyai primary school, offering programs for



Digital Bridge

Under the Digital Bridge for Small Settlements program (Digitális Híd Kistélepüléseken) the volunteer team of Magyar Telekom visits disadvantaged settlements with fewer than 3000 inhabitants to give them efficient, customized IT education.

children, like live coloring books, virtual tales or detective work on the internet.

The volunteers gave hints and showed tricks on the safe use of the internet in a playful way, e.g. while searching for SpongeBob pictures or popular Hungarian children's songs on the web.

The Digital Bridge event series was organized in the 200th settlement on the first Saturday of November. On the jubilee day our volunteer employees gave presentations to the local people of Mikepércs and Kaba on the safe use of the internet.

Videos, pictures and further information about the Digital Bridge program:

https://www.telekom.hu/about_us/society_and_environment/society/digital_bridge

www.facebook.com/DigitalisHid

Telekom Smartdigital Program (Telekom Okosdigitális Program)

Our objective is that future generations should not simply use the internet but also be able to grab the opportunities offered by the digital world in a smart and conscious way. We also would like to encourage our children to turn to adults if they have any questions on the digital world therefore we give lectures to parents, teachers and the elderly generation too. This is the basis of the Telekom Smart Digital program with which we promote Hungary's digital maturity and literacy.

Within the frame of its own investments in 2015 Magyar Telekom increased the number of households (with 464 thousand) that have access to broadband internet service. Parallel to this and customized to the individual needs of the respective settlements the company offered various training programs for the citizens:

- Smart Digital Program for primary school children: Magyar Telekom volunteers visit schools and discuss the conscientious, safe and ethical use of mobile phones and the internet at lessons.
- Smart Digital Program for secondary school students: There are lessons for more mature students as well where our volunteers discuss the smart and safe use of the internet to consciously design and shape one's personal brand.
- Telekom Smart Digital program for parents: We teach parents how they can pay attention to their children in the digital space. Besides basic information on safety we also discuss cyber bullying.
- Telekom Smart Digital program for teachers: During the 2 x 45 minutes training sessions we convey the knowledge that teachers may need to be able to help and support their students in the online world.
- Telekom Smart Digital Program at municipalities/Digital Bridge Fest: We also visit communities to show the opportunities that lie in the internet. With this we would like to reduce and eliminate the existing digital gaps. During the Digital Bridge Fest event the participants may discuss various topics with our volunteering experts where we also offer talent management programs that can be followed online.
- Telekom Smart Digital program for beginners - intensive course: the series of presentations is comprised of five lectures where the participants start learning from the basics and by the end of the course they get to e-administration and making online purchases.
- Telekom Smart Digital program for beginners - basic course: in this type of training our volunteers try to answer questions and solve problems raised by the participants.
- Smart Digital Program in Telekom-shops: Our "Mobile Scientists" help customers in Telekom shops to use latest technology solutions and services.

HELLO HOLNAP! TARIFF PACKAGES

We recognized that access to and use of telecommunication services make disabled people's lives easier as everyday electronic services become available to more and more people and their homes are more livable and accessible. Magyar Telekom is the first to offer specific, comprehensive services to the disabled in Hungary. In order to use hello holnap! tariff packages one only has to be a member of an organization for the disabled (MEOSZ, SINOSZ, MVGYOSZ, ÉFOÉSZ). The services are offered at competitive prices – more favorable than our own tariff packages – in the form of monthly plans and prepaid packages. The hello holnap! Voice and Data package contains

100 hours of voice traffic, while the hello holnap! SMS and Data package contains 1000 SMS messages. Both packages contain 1 GB of internet traffic, and video telephone services are also offered at a discount price. The packages, presented as a joint effort with the disability organizations, have been available since 1 November 2013. From 2014 members of the National Autism Association may also subscribe to the hello holnap! packages.

In 2015 we started discussions with the involved organizations to renew the hello holnap! tariff packages to make them cheaper and more suitable for the customers. In the renewal process we'll offer wider scope of services and an extra subscription option for a helper or a family member.

- Smart Digital Program in homes: If our customers purchase broadband internet services our colleagues - upon request - visit the customer's home and explain for what purposes and how it is best to use the internet as a service.

In 2014 we set up the "Community Brainstorming" website where Magyar Telekom customers and the visitors of the site may discuss their experience and ideas in relation to the company's services and other topics related to the digital world.

<http://okosdigitalis.hu/>

Telekom forum

At Telekom Forum's social platform our existing and potential customers can chat, find information about our services and find information about how to use the internet, smart devices and online content. It is worth visiting the page as you can get answers to your questions from the most reliable experts: the users themselves. The page is moderated by Magyar Telekom experts.

Mobile Scientists

Our Mobiltudós experts ("Mobile Scientists") in Telekom shops are there to help every visiting customer with tools and services. They provide information on how the internet can help to 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 on Telekom's Facebook page.

Internet Academy

Our Internet Academy lectures for the elderly are focused on primarily practical issues: administration, communication on the web, reading the news, recipe searches, etc. At the end of the presentations there is also the chance for a private consultation. All our participants receive printed material to help them understand the presentation and as an aid in their self-education.



LÁSZLÓ BARABÁS
MOBILE SCIENTIST

I have been the member of the Mobile Scientist team since November 2014 and to be honest I couldn't have a better job during my college years. I work in the Telekom shop in Kecskemét and I help customers with the use of latest technologies.

On my first workday I was a bit awkward when I went to the first customer and introduced myself. To my greatest relief I could help him: he was about to buy a mobile phone and couldn't decide between two smart phones. We discussed the topic at length and he made a decision. By the time he got to the salesperson I switched on his phone, copied his contacts to the new device and introduced him the main features of the smart phone. Finally he thanked my help and went home with a great customer experience. This happened one and a half year ago and since then customers tend to come

to me and seek my help. As a Mobile Scientist the biggest experience is when I see the "wow" experience in their eyes!

Besides working in the shop I'm also an editor of the Mobile Scientists blog, which is the online "leg" of the Mobile Scientist program. We introduce the latest devices in our articles and I show the most interesting applications and startups to our readers. This year was the first time when I visited the Mobile World Congress in Barcelona as a journalist and sent blog reports from the worldwide mobile and technology fair. It was great to see that so many people read my articles on Facebook and in the newsletter too! I'm very happy that I work for the Mobile Scientist program, it is great, the team is also great and as a fresh graduate it's going to give me a great head start in the labor market!

Become an IT expert! program

We launched our career orientation program under the name of „Become an IT expert!". In the framework of the program IT experts of the company volunteer to explain to students who are about to choose their careers what it means to be an information technology professional. The session lasts for 45 minutes and allows students to learn about the opportunities and creativity offered by IT work, the world of programming, developing and running software to thus inspire them to embark upon studies in the relevant direction. We will widen the program in 2016.

Partnership for Digital Hungary

The Hungarian Government and Magyar Telekom, a subsidiary of the Deutsche Telekom Group, have entered into a partnership of cooperation to enhance Hungary's digital development. As outlined in the official document, Magyar Telekom intends to make further investments so as to foster the provision of high-speed broadband internet in Hungary. The intense use of innovative technologies and information and communications technology (ICT) solutions contributes to improving the quality of life for people in Hungary, the efficiency of businesses and the international competitiveness of the country's economy. Furthermore, the company aims to promote digital literacy and the widespread adoption of safer internet use. (Digital Bridge, Telekom Smart digital Program: Telekom Okosdigitális Program)

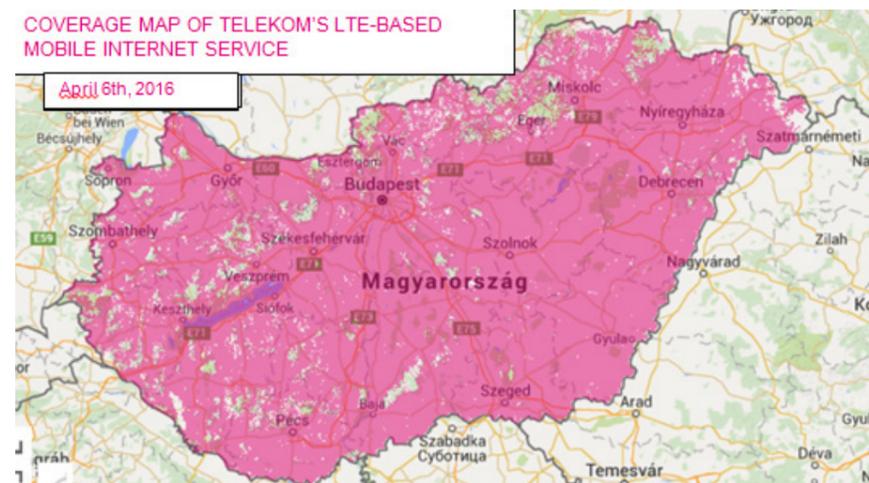
The aim of the Partnership for Digital Hungary is to make high-speed broadband internet available for every home by 2018.

As a result, Hungary could achieve the objectives specified for 2020 in the Digital Agenda for Europe before the deadline, and could serve as an example for other member countries.

Magyar Telekom is strongly committed to innovation, and keeps developing its newest and most advanced services. Besides the full implementation of a high-speed broadband internet network, future plans include a number of other developments that could elevate the domestic digital infrastructure and the associated services to be among the best in the world by 2018. Magyar Telekom's subsidiary, T-Systems Hungary serves business and public administration customers and therefore actively contributes to enhancing the digital economy and utilizing EU funds spent on ICT projects that could increase the competitiveness of Hungary's economy.

Plans include improving the safety of homes and residential areas with intelligent and user-friendly solutions; providing devices that ensure simple management of energy needs for the population and businesses; introducing convenient and secure mobile payment solutions; and making business and public administration processes simpler, more transparent and faster with the help of the most up-to-date internet-based services. In addition, Magyar Telekom significantly supports the acceleration of digitalization processes at enterprises and SMBs alike by means of the latest ICT technologies ranging from IT infrastructure to application solutions.

COVERAGE MAP OF TELEKOM'S LTE-BASED MOBILE INTERNET SERVICE

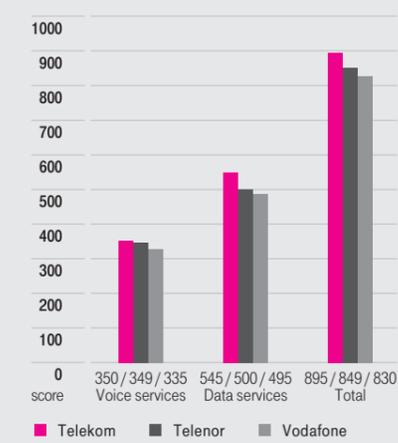


MAGYAR TELEKOM HAS THE BEST MOBILE NETWORK

In June, the comprehensive mobile network testing with the DT group countries ended, the P3 test that is becoming industry standard. The aim of the tests is to assess the quality of mobile networks of DT's subsidiary companies and their competitors, such as upload and download speeds, the call success or speech quality from the customer's point of view. In this test, in 2015, the best result was won by Magyar Telekom with 895 scores of the maximum 1000 scores, which P3 awarded with the „Best in Test" certification.

Magyar Telekom has been laying great emphasis on providing high quality mobile services in order to enhance customer experience, for years. It contributed to the success that within the framework of the 4 years network modernization project completed in spring, our total mobile network has been renewed. Installation of the new equipment has resulted in a more environmentally conscious use of energy.

P3 SCORING RESULTS IN HUNGARY



Access to broadband internet is an important, but in itself by no means sufficient pre-condition to creating equal opportunities digitally, which is one of the general objectives of this strategic partnership. Most internet users in Hungary still only use the basic services and many of them abstain from online shopping, electronic transactions and other advanced solutions. Magyar Telekom focuses on increa-

sing consumer awareness and cooperates with its partners to ensure that the number of citizens using the modern services in Hungary may reach the EU average and then exceed it. Furthermore, Magyar Telekom plays a pioneering role in facilitating digital literacy.

Magyar Telekom concluded a cooperation agreement with Telenor Hungary for the joint operation and development of 4G networks within the 800 MHz frequency band, which covers the whole territory of Hungary, except the capital. By means of the agreement our company may provide coverage for the 4G mobile Internet services to rural customers earlier, also thereby increasing the customer experience. The cooperation will allow twice the speed of mobile internet service to be offered, using the shared 20 MHz frequency blocks compared to the present 10MHz LTE800's network available at both providers each, separately. Thus, rural customers can enjoy a similar quality as those living in larger settlements. We are enabled to achieve our commitments guaranteed in the frequency tender offer faster, more economically, and

SERVICE AVAILABILITIES

Annual availability (%)	2011	2012	2013	2014	2015
Cable television analogue/digital	99.93/99.82	99.95 ✓/99.93 ✓	99.94 ✓/99.88 ✓	99.94 ✓/99.90 ✓	99.91 ✓/99.84 ✓
SatTV	99.87	99.86 ✓	99.94 ✓	99.948 ✓	99.924 ✓
IPTV	99.99	99.82 ✓	99.86 ✓	99.83 ✓	99.875 ✓
Fixed line internet (ADSL/GPON/CableNet)	99.92/99.95/99.78	99.93 ✓/99.99 ✓/99.90 ✓	99.89 ✓/99.96 ✓/99.87 ✓	99.89 ✓/99.90 ✓/99.86 ✓	99.89 ✓/99.97 ✓/99.91 ✓
Mobile internet (2G/3G/4G)	99.64/99.29	99.40/99.55	99.40/99.57/99.67	99.66 ✓/99.74 ✓/99.67 ✓	99.67 ✓/99.51 ✓/99.35 ✓
Telephone/VoIP/VoCa	99.95/99.96/99.92	99.95/99.93/99.84	99.93/99.90/99.87	99.94 ✓/99.88 ✓/99.90 ✓	99.94 ✓/99.92 ✓/99.91 ✓
Mobile telephone (2G/3G/4G)	99.94/99.89	99.93/99.88	99.91/99.88/99.84	99.907 ✓/99.883 ✓/99.849 ✓	99.914 ✓/99.886 ✓/99.870 ✓

with double bandwidth offered on almost the entire territory of the country, taking higher advantage of each other's capacities in order to better serve our customers. Thanks to the cooperation we were able to increase our nationwide 4G residential coverage up to 97% instead of the previously announced 93%, by the end of 2015.

At **Makedonski Telekom** the initiatives to eliminate the digital divide are the followings:

- 98% of the households are covered with fixed access network. In rural areas where we do not have coverage, any customer request for Voice service is served with an FGSM solution.
- With 398 locations where xDSL equipment is installed, broadband access is provided in the whole territory of Macedonia with 92.8 % overall coverage (more than 3Mbps). Additionally, in the next years starting from 2016 we will install VDSL equipment that standalone/combined with LTE can provide increased BB access speed for households in already covered low speed areas.
- We continue the development of the >40Mbps fiber network.
- Mobile BB access is provided using 3G network with 99% coverage and 4G network with 70% coverage.

- Additionally, BB access in rural areas will be improved with the implementation of UMTS 900 ad LTE 800 MHz

At **Crnogorski Telekom** along with offering the most advanced technologies, both services and products, the company continued enabling the internet to become a part of everyday life for the majority of Montenegrin citizens. By the initiative "connecting the unconnected", as a part of the Company's CSR strategy, Telekom continued to provide free of charge services to selected subjects in 2015 as well. The beneficiaries of these donations were preschool institutions, elementary schools and high schools as well as associations and organizations which gather persons with disabilities. For the ninth year in a row, Crnogorski Telekom is enabling free internet access via ADSL to all elementary and high schools in the country.

2.2 ICT FOR SUSTAINABILITY

In 2011 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 in 2012 the sustainability assessment of our handset portfolio was also made part of the regulations so that this information is accessible to our customers, in line with our current sustainable strategy. Within the frame of the revision the sustainable product database was updated, i.e. cancelled products were deleted whereas new products—upon their assessment—were entered in the database of sustainable products and services. We expand the sustainability assessment for the T-Systems' portfolio, too.

<http://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek> (only in HU)

<http://www.t-systems.hu/home-page>

One of the key priority tasks of the sustainability strategy 2011-2015 of Magyar Telekom is to increase the percentage of sustainable products in its portfolio.

Our revenue from sustainable products and services increased year by year, while in 2011 it was only 13% in 2015 we reached the 21% ratio. Our revenues originate 16% from devices and 84% from services.

List of the most important products and services groups with a sustainability impact in 2015:

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

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.

- Environmental pillar: assessment of the contribution of the product/service to the preservation of resources, reduction of the environmental footprint and climate protection.

For further details please read the **Sustainability Report of 2009**.

At **Crnogorski Telekom** ICT sustainability also represents the responsible acquisition, installation, use and disposal of information and communications technologies and services in order to utilize resources more effectively, improve efficiency and increase productivity, and reduce the environmental impact of operations. It also includes the effective use of information and communications technology and identifies the steps of applying available environmental standards in ICT industry, in order to promote more sustainable practices in the community.

In the way that we are working, it means raising the skills and knowledge of staff responsible for the purchase, deployment and disposal of ICT equipment and consumables.

Some activities in that direction are:

- managing energy consumption in sense of power usage effectiveness (for example, VDI instead of traditional PC devices),
- energy savings (LED lighting instead of traditional bulbs) with Smart cities, homes and offices projects,
- reducing the number of equipment in data center by consolidating and virtualizing servers,
- reduced hardware obsolescence,
- deploy wireless networks to facilitate more flexible work environments and reduce cabling and power requirements,
- replace power-hungry cathode ray tube (CRT) monitors and televisions in hotel industry with more efficient Light-Emitting Diode (LED) monitors,
- intelligent energy management in buildings, etc.

One of the strategical priorities in **Makedonski Telekom** is to assure sustainability also with the products from the portfolio as well as with the activities and projects in the system integration area. Aligned with our best technology network, we do tend through our products to assure sustain in the business but also in the environment. Within ICT, we are designing the products portfolio relying on cost efficient solutions, offering to the business community possibilities to reduce their daily operational costs, by utilizing our data center and managed cloud services. Within ICT, we also offer to the local market community possibility to use our network of sales forces, while putting their products on our central infrastructure, reduce in infrastructure investment, utilize one platform on different tenants for different customers, save on energy, save on environment, contribute to the growth of local business and economy. While preparing the technical system integration designs and concepts, we investigate the sustainability for them from three major aspects:

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 favorable environmental and social impacts, or whether it contributes to long-term economic growth and is favorable for the customer.

- environmental
- economical and
- social

By utilizing our network more and by offering sustainable cloud products on our infrastructure we sustain our ICT business.

2.3 INNOVATION FOR SUSTAINABILITY

Research and development

Tender Project

In 2015, Magyar Telekom research development activity has been completed with the support of National Research- Development and Innovation Base which was expanded to the sustainability of R&D tender project. In 2015, several prototypes had further development, within the framework of a tender project so called "Info communication R&D&I umbrella" implemented by Magyar Telekom. Such as „NFC based ticket purchase and information obtainment in transportation" or a "trustworthy, anonym voting and opinion declaration from home (e-voting)", the conception test of it was taken place within the framework of T-City in Szolnok in 2015.

Own Risk based Research and Development

In 2015, we have started the implementation of some smaller, independent R&D projects, which has been contributed to key projects, like Big Data or drone technology. Big Data themes research had been structured base on the usability of anonymized, already existed data in Magyar Telekom, driven by social value like disaster recovery or epidemiology. Henceforth, within the framework of this experimental development has created a kind of application prototype, which provides the ability for the cellular examination of mobile phones and WIFI usage habits for the purpose of analysis. Within the framework of applied research, the usability of drone technology

has been tested in the agriculture and in the geo-informatics border area.

R&D cooperation

The research and development projects are implemented by national innovated SMEs and Magyar Telekom's own product and service developers and researchers. Furthermore, the internal and external knowledge base synergy effects have been exploited by the company that further pursues to create relationships with well known innovation centres, with institutions of higher educations and with associations.

Our main partners are very famous Hungarian universities, research institutions, like Budapest University of Technology and Economics and Corvinus University of Budapest, University of Szeged, University of Debrecen, and Hungarian Academy of Sciences, furthermore we are also active members of Hungarian Association for Innovation.

TeleBike

In 2015, TeleBike (the Magyar Telekom employee bicycle renting system) could successfully close the third operation year. TeleBike, Magyar Telekom's bicycle rent service for employees, was launched on 24 May, 2013. The company's employees may rent bicycles free of charge from uniform design, well recog-

nizable docking stations to commute between various office buildings more swiftly and with a smaller environmental footprint. In 2015, the TeleBike system was working with 53 bicycles, from which six bicycles got electronic support (PEDELEC) as a trial base. The employees use the bicycles between the Magyar Telekom's and the T-system Magyarország Co.'s sites.

With this exemplary initiative Magyar Telekom expressed its commitment to sustainable development and innovative solutions. TeleBike is not a profit-oriented project, and the development is not simply a convenience service for our employees, but also an environment-friendly solution to support sustainable growth.

Thanks to our TeleBike initiative, Magyar Telekom was again proudly wearing the Bike friendly workplace title in 2015.

Mobil Wallet

After launching Mobil Wallet in November 2014, Telekom promoted the service with communication campaigns in 2015. With the Android application you can store your bank card on your smartphone to pay with your mobile not only at the 50K contactless terminals at shops in Hungary but also at the cashless festivals throughout the country in 2015. Telekom created the first interactive online advertisement on YouTube to publicize

Mobil Wallet-payment at festivals.

Besides the bank card you can store the virtual card of the most popular loyalty program of Hungary in your Mobil Wallet application. With the virtual loyalty card not only collecting of loyalty points but also the redemption is possible with tapping the phone to the terminal. On 'Double Point Day' in November 2015 every virtual card user could redeem their previously collected loyalty points on double value.

Thanks to the service we can also store our concert or event tickets in Mobil Wallet application so we can get in to the events paperless and convenient.

With our new services under development and with reducing barriers of entry we are going to provide the plastic card – and paper free shopping experience to much more customers in the future.

T-CITY, THE CITY OF THE FUTURE

The T-City project has been running in Szolnok since May 2009. The 78,000 inhabitants of the city can benefit from the possibilities offered by the pilot project, experience the impact of the latest ICT technologies on the quality of life, and learn about the community services of Magyar Telekom.

In 2015 the following services and tests were continued or introduced in the city:

The cooperation between the company and Szolnok is a long-term innovation program, focusing on the spread of digital literacy and on the development of transportation, public security, tourism and energy efficiency.

City Card: Intelligent Community Card

In May 2011 the Szolnok City Card was introduced into the T-City program, with which citizens can use innovative services and get various discounts. The system was launched with the involvement of the Local Municipality of the city of Szolnok, Magyar Telekom, local bus company KMKK Co. and NetLock Ltd. (the leader of the consortium that developed the CityPass system).

In 2015, the City Card of Szolnok continued the operation, which is included the previous innovation modulus test-type operation:

- School card
- City Card
- Safe Party Zone
- eVoting module

In additional, in 2015 the N-ticketing modulo test went further. Under this system, with the help of NFC tags at each bus stop, the ticketing is based on the kilometres travelled, giving a true usage-based pricing system for public transportation.

Since 2014 passengers can travel with their PayPass card instead of paper-based tickets on 10 bus lines in Szolnok. The electronic reader placed on these buses allows passengers to pay just by tapping their bank card against the readers without the need to print a ticket. The ticket inspectors can check whether payment with the bank card was successfully made.

CityGuard

The eNOTO equipment that is being installed in Szolnok as part of development plans is a practice-proven technology to monitor the roads entering and leaving a settlement. It can play a key role in improving public security and also the subjective sense of security of the residents. The eNOTO can be quickly installed, and its management does not require in-depth technical knowledge or dedicated staff. The equipment is used particularly efficiently by the national and local authorities responsible for public security or the civic organizations authorized by them. In 2015, the cover of Szolnok and Szolnok's access route took place.

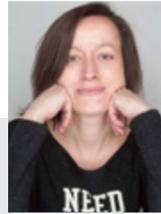
Shape the City of the Future!

In 2012 we released an app called "Alakítsd a jövő városát!" As part of the initiative we selected 20 families to be involved in Magyar Telekom's innovation processes. As a result of the project, these homes will be the first to receive for trial the latest services and products of Magyar Telekom, even ones still under development. We will consider their comments in the product development process. The project is especially important for Magyar Telekom because it may play a major role in the spread of digital competence.

In 2015 these families took part in many tests, including Mobile Wallet, City Card Module and TV GO, and some families were able to try the Smart Home service, too.



The T-City project is a cooperation between Magyar Telekom and the municipality of Szolnok that enables inhabitants to get to know the latest and most innovative info communication technologies. Usage of these technologies not only makes their lives easier but also contributes to them shaping a more sustainable and conscious lifestyle.



JUDIT VARGA
KIBU

Magyar Telekom's innovation laboratory, the Kitchen Budapest, has been inspiring local technological development since its establishment in 2007 with fresh and unique vision, while supports Hungarian talents to make their projects successful internationally.

This is KIBU's the main core value. The members of the Startup and Talent program, coming from versatile professional areas, often stay with the lab upon the expiry of their mentoring period. Now we have fine artists, electric engineers and developers too. With their vivid cooperation and the intensive interaction of their disciplines they create truly forward-looking and interdisciplinary projects.

Such recent projects are developments built on brain sensors, like the Weight of Words, Mindkick, Mood Balance and Youiverse. The Weight of Words installation, that made its debut in the Capa Center's exhibition, presents the emotional side of communication between two persons in a spectacular, virtual reality mode; and this was the basis of the idea of building the thought controlled table soccer and the mood seesaw that help to understand the feelings and thoughts of the other person. The research of neuron networks has been intriguing the international scientific community since the 30s and now our developers use the results of this research with IoT devices and software to create new developments.

Ideas are the key success factor in the 21st centuries' Hungary and to freely develop such ideas one needs dedicated workshops. The Kitchen Budapest (KIBU) is an experimental, spiritually innovative incubator laboratory, which has been established with the support of Magyar Telekom, in 2007.

We have been working for nine years to support young, talented people with know-ledge, networking and infrastructure. Kithcen Budapest is incentivized to work on problems that have a global, mass culture impact and transform ideas into tangible products that can be successful in the market of products and services.

KIBU started a Startup Program in 2012. They are considering it as an important milestone, which provides opportunities for startups with good ideas and to make their dreams come true.

So far we received 900 requests and included 9 teams in our incubation program. It is part of our mission to help ideas come into life.

Upon launching the Startup Program we experienced that there is much demand among young Hungarians to have a program that helps to develop ideas at an even earlier stage. As a response to this demand we set up the Talent Program at the end of 2013 where in every six months we give the opportunity to 4-5 teams to develop their ideas to the phase of building a prototype, under KIBU's

professional mentoring. Several hundreds of applications were submitted to the special idea-development program, out of which 20 teams were successfully admitted and could present themselves in the closing Demo Day. The objective here is to elaborate product and service ideas that have a valid business potential or cultural vision that can later successfully enter the Startup Program. The important thing is that the idea should provide a solid basis for a business case or an innovative development.

From 2016 we plan to launch the KIBU Lift program, trying to find individuals who could share their ideas and knowledge within the frame of an international exchange program, among the delegates of foreign partner institutions.

These investments and business opportunities can help Magyar Telekom Group to develop innovative products and partnerships. The ideas in the laboratories inspire our colleagues who work in the business development area thereby provide a better insight into the environment where our products are designed.

For more information please visit <http://www.kibu.hu>

Initiatives to raise ICT awareness.

Magyar Telekom Plc. is strongly committed to closing the digital divide. In this spirit it has organized two series of programs that Szolnok citizens can visit free of charge.

The T-City Kids courses bring closer the novelties of mobile phones and the internet to primary school students, and provide information to children about the dark side and dangers of the internet: how to prevent them and which tricks can be used for safe internet access.

Makedonski Telekom's Smart City project was delivered in 2015 in cooperation with the municipality of Skopje. With the Smart City project we enable smart transport as the main bloodpipe in the city, we inform the citizens on latest technologies and innovative infocommunication development. Usage of these technologies does not only make their lives easier but also contributes to them shaping a more sustainable and conscious lifestyle.

The cooperation between the company and Skopje is a long-term innovation program, focusing on the spread of digital literacy and on the development of transportation, public security, tourism and energy efficiency. Within the project we introduce the City Skopska Card, that currently is used for payment and authentication purposes of the travelers in the city transport, but during the next years also in parking places, bikes rental, cinemas, museums, ZOO and other areas of interest for the citizens and correlating with the smart city concept. Currently, with the electronic readers placed on these buses allow passengers to pay just by tapping their smart Skopska card against the readers without the need to print a ticket. The ticket inspectors can check whether payment with the bank card was successfully made. With the full paperless city transportation system, we again delivered ICT project that is sustainable for the economy, for the environment and for the society.

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

2.4 PROTECTION OF OUR CHILDREN IN THE DIGITAL AGE

Child protection efforts of the Telekom Okosdigitális Program (Telekom Smartdigital Program)

We would not like to leave our children alone in the digital world and would like them to seek help from their parents and teachers whenever they have problems in the cyberspace. That is why we extended the scope of our trainings - and transfer the necessary knowledge - adults, like parents, grandparents, teachers so that they can help our children in the digital world as partners.

Further information on Smart Digital Program is in 2.1 Closing the digital divide chapter.

Those who have not been contacted yet by the volunteers of the Okosdigitális Program may access our e-learning material on safe use of content and internet tools on the www.okosdigitalis.hu website. The program's Facebook-page provides updated news, information and advice to our visitors: <https://www.facebook.com/Okosdigitalis?pn-ref=Ihc>

Magyar Telekom is committed and uses its best efforts to help children, their parents and teachers to learn the safe use of the internet. The company's child protection website, launched in 2013, offers support for this effort with controlled content, advise, education and promoting events organized for children and their parents to prepare for the exposures and dangers of the digital world.

Child friendly customer service

Magyar Telekom recognized the importance of responsible corporate citizenship in the area of child protection and makes its best efforts to live up to the relevant expectations. The child lock on TV, the free downloadable content control software are good examples of these efforts.

There is much demand for the protection of young generations both from parents and teachers. Parallel to the rapid digitization of our world the number of exposures also increase and an increasing number of dangers are lurking through various communication channels. This is why we think it is important to empower the customer service with skills and competences to protect children.

Our objective is to ensure that our customer service can give an answer to children and adults alike on any security related question on the use of the internet, mobile phones or any Telekom service.

For further details please visit: http://www.telekom.hu/about_us/society_and_environment/society/protection_of_our_children website

At **Telekom New Media** we continuously monitor promotion material and mandatory customer information systems in relation to certain premium fee services and pay special attention to the restriction of adult content.

Our objective is to contribute to the digital maturity of Hungary and our children's safe and conscious use of the internet.

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 efforts and the work of NGOs.