GRI Global Reporting Initiative is an international organization the purpose of which is to provide a standard framework of guidelines and indicators for preparing sustainability reports, thus ensuring comparability and promoting transparency among companies. The following table helps the reader to find the information attached to specific GRI indicators. You can read more about the guidelines and the indicators on the following website:
https://www.globalreporting.org/standards/g4/Pages/default.aspx

GRI CONTENT INDEX

MAGYAR TELEKOM - SUSTAINABILITY REPORT 2015 - GRI G4 CONTENT INDEX - TELECOMMUNICATION SECTOR SPECIFIC DISCLOSURES

Chapter in Sustainability Report 2015 | Page Number | Website | Direct Answer | Omission | External Assurance
--- | --- | --- | --- | --- | ---
General Standard Disclosures

Strategy and Analysis

G4-1 Letter from the CEO | 3-4 | http://www.telekom.hu/lakossagi/english | ✓ | |

G4-2 Our approach (Sustainability strategy) | 6 | | |

Organizational Profile

G4-3 | | http://www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group | ✓ | |

G4-4 | | http://www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group | ✓ | |

Ownership Structure of Magyar Telekom

<table>
<thead>
<tr>
<th>Owner</th>
<th>Ownership Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic institution</td>
<td>6.99%</td>
</tr>
<tr>
<td>Other foreign institutions</td>
<td>20.73%</td>
</tr>
<tr>
<td>Deutsche Telekom Europe B.V.</td>
<td>59.21%</td>
</tr>
<tr>
<td>Domestic individuals</td>
<td>6.56%</td>
</tr>
<tr>
<td>Government institutions</td>
<td>0.01%</td>
</tr>
<tr>
<td>Nominees</td>
<td>3.58%</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>0.09%</td>
</tr>
<tr>
<td>Other</td>
<td>2.82%</td>
</tr>
<tr>
<td>Total</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Based on the company's share register as of March 31, 2016.

Magyar Telekom, founded in 1991 (under the name of Matav) was privatized in 1993. Magyar Telekom’s shares were introduced at the Budapest and international stock exchanges in 1997. The majority shareholder of Magyar Telekom (59.21%) is Deutsche Telekom Europe B.V., which is owned exclusively by Deutsche Telekom AG.
Our approach (Sustainability strategy)

3. Suppliers

http://www.telekom.hu/about_us/about_magyar_telekom/procurement

CHANGE IN THE COMPOSITION OF MAGYAR TELEKOM GROUP OVER THE PAST YEARS

http://www.telekom.hu/static-tr/sw/file/20160224_Risk_management_guideline_ENG.pdf

As a result of the corporate environment becoming more risky in more and more European countries, it was made compulsory for listed companies to operate a risk management system and to make risk reports for the information of their investors. Establishing a comprehensive risk management system for the Company complies with the relevant requirements such as the recommendations of Budapest Stock Exchange, as well as with international standards. It is Magyar Telekom’s policy that all disclosures made by the company to the shareholders and the investment community be accurate and complete, and fairly present Telekom’s financial condition and results of operations in all material respects. In 1999 Telekom established a formal risk management system. This system has been operating in an integrated way with the risk management system of Deutsche Telekom since 2002. All risks related to material internal and external operations, financial and legal compliance and certain other risks are evaluated and managed by a well-defined internal mechanism. A risk management handbook and an internal regulation on risk management were issued. A risk management course was developed for employees responsible for risk management in all organizational areas. Risk items affecting our operations are reviewed quarterly throughout the Company. All of Telekom’s subsidiaries, business units, divisions and entities are obliged to identify and report their operational risks on a quarterly basis. After evaluation of these risks, results are reported to the Company’s management, to the Board of Directors and to the Audit Committee. For the sake of prompt disclosure of all risks, Telekom enhanced its risk management procedures with a new element, complemented the quarterly risk reporting system with a continuous reporting procedure which requires all departments and subsidiaries to report in a real-time basis any new material fact, information or risk that comes to their knowledge. Information thus submitted is monitored and evaluated by the risk management area and the CPO is notified when a new material risk or information is identified.

1. Climate protection and energy efficiency

2. Stakeholders

3. Suppliers

4. Key operating statistics of Magyar Telekom Group (as of December 31, 2015)

Number of employees of Magyar Telekom Group: 10,357 persons (as of December 31, 2015)

30-33

9 -14

5.1 Human rights, equal opportunities

30-33

5.2.1 Human rights, equal opportunities

30-33
### IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

<table>
<thead>
<tr>
<th>Chapter in Sustainability Report 2015</th>
<th>Page Number</th>
<th>Website</th>
<th>Direct Answer</th>
<th>Omission</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-17</td>
<td></td>
<td></td>
<td>The report covers Hungary, Macedonia and Montenegro and all activities of the Group are included. Telekom uses its best efforts to ensure completeness of the report therefore includes all member companies that are of key importance from a sustainability point of view. The data disclosed in the report are comparable to the changes of the composition of the Group which is supported by the table in the direct answers to the G4-13 indicator.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>G4-18</td>
<td>7</td>
<td></td>
<td>Based on the analysis, Telekom believes that all topics have significance both inside and outside the company.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>G4-19</td>
<td>7</td>
<td>9-14</td>
<td>Based on the analysis, Telekom believes that all topics have significance both inside and outside the company.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>G4-20</td>
<td></td>
<td></td>
<td>In 2015 the Company continued its sustainability operation based on the 2011-2015 Sustainability Strategy. Thus there are no significant professional changes in respect of the content of the report in comparison to previous years.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>G4-21</td>
<td>9-14</td>
<td></td>
<td>Although the content did not change there were minor changes to the structure of the report. The structure of the report follows the priorities of the materiality analysis. High and medium priority topics are presented in details whereas information on low priority topics are primarily provided in the GRI indicator table to provide as transparent information to all stakeholders as possible on the company’s corporate governance, environmental and social impact as well as the underlying risks and opportunities.</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

### STAKEHOLDER ENGAGEMENT

<table>
<thead>
<tr>
<th>Chapter in Sustainability Report 2015</th>
<th>Page Number</th>
<th>Website</th>
<th>Direct Answer</th>
<th>Omission</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-24</td>
<td>9-14</td>
<td></td>
<td>The report is an information source for all stakeholders, however, the entirety of the report is primarily prepared for Telekom’s shareholders and investors, and among them, for the responsible investors and sustainability analysts in the first place. Nevertheless, the Company uses its best efforts to involve all stakeholders and to provide them with information.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>G4-25</td>
<td></td>
<td>9-16</td>
<td>Based on the analysis, Telekom believes that all topics have significance both inside and outside the company.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>G4-26</td>
<td>9-16</td>
<td>25-27</td>
<td>In 2015 the Company continued its sustainability operation based on the 2011-2015 Sustainability Strategy. Thus there are no significant professional changes in respect of the content of the report in comparison to previous years.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>G4-27</td>
<td></td>
<td>9-14</td>
<td>Although the content did not change there were minor changes to the structure of the report. The structure of the report follows the priorities of the materiality analysis. High and medium priority topics are presented in details whereas information on low priority topics are primarily provided in the GRI indicator table to provide as transparent information to all stakeholders as possible on the company’s corporate governance, environmental and social impact as well as the underlying risks and opportunities.</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

### REPORT PROFILE

<table>
<thead>
<tr>
<th>Chapter in Sustainability Report 2015</th>
<th>Page Number</th>
<th>Website</th>
<th>Direct Answer</th>
<th>Omission</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-28</td>
<td></td>
<td><a href="http://www.telekom.hu/static-ko/sw/file/FJ_2014_ENG.pdf">http://www.telekom.hu/static-ko/sw/file/FJ_2014_ENG.pdf</a></td>
<td>Based on the analysis, Telekom believes that all topics have significance both inside and outside the company.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>G4-30</td>
<td></td>
<td><a href="http://www.telekom.hu/about_us/society_and_environment/sustainability_reports">http://www.telekom.hu/about_us/society_and_environment/sustainability_reports</a></td>
<td>Magyar Telekom releases the sustainability report on an annual basis.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>G4-31</td>
<td>9-16</td>
<td></td>
<td>Should you have any questions or queries on the report, please do not hesitate to write to the following e-mail address: <a href="mailto:fenntartasosag@telekom.hu">fenntartasosag@telekom.hu</a></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>G4-32</td>
<td>57</td>
<td>58-77</td>
<td>The year’s report was again prepared in compliance with the “Comprehensive” level of the fourth generation Global Reporting Initiative (GRI G4).</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>G4-33</td>
<td></td>
<td>57</td>
<td>In order to ensure credibility and transparency, the Company continued to rely upon the support of an experienced and respected, external, independent third party. The purpose of the assurance procedure that they conducted is to determine the completeness, authority, comprehensiveness, structural integrity, justifiability and verifiability of the Sustainability Report. The report has been audited by PricewaterhouseCoopers Kőnyvvizsgáló Kft, and they assure that the information contained therein is reliable. The assurance process was 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.</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

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 organisational 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.
<table>
<thead>
<tr>
<th>GOVERNANCE</th>
<th>Chapter in Sustainability Report 2015</th>
<th>Page Number</th>
<th>Website</th>
<th>Direct Answer</th>
<th>Omission</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-34</td>
<td>7.1 Sustainability coordination</td>
<td>52-53</td>
<td><a href="http://www.telekom.hu/about_us/investor_relations/corporate_governance">http://www.telekom.hu/about_us/investor_relations/corporate_governance</a></td>
<td>The Board of Directors is responsible for the management of the Company, which has the power to act on behalf of the Company vis-à-vis third persons, and represent it in court. The competences of the Board of Directors include decisions on all issues with regard to the management and business activities of the Company that do not fall into the exclusive scope of authority of the General Meeting or any other corporate body pursuant to the Articles or the relevant laws. In accordance with the Company's Articles of Association and the rules of procedure of the Board of Directors, in 2000 the Board of Directors established the Management Committee (MC) with powers to pursue its activities in compliance with the annual business plan. The Supervisory Board (SB) supervises the management of the Company in order to protect its interests. In this role it supervises the management of the company, its finances and controls compliance with the regulations and the Company's Articles of Association. The Audit Committee is a permanent committee, established by the General Meeting from the independent members of the Supervisory Board. The objective of the Committee is to assist the Supervisory Board (SB) in supervising the financial report regime, to select the statutory auditor (3) in working with the statutory auditor. The Committee acts within its competence as defined in the Hungarian Civil Code, the Articles of Association and the Supervisory Board's Rules of Procedure. Magyar Telekom Telecommunications Public Limited Company's Board of Directors established the Remuneration and Nomination Committee with the objective to support the Company's Board of Directors in matters related to the remuneration of corporate bodies and top managers as well as in certain nomination issues. The reason of merging remuneration and certain nomination tasks into a single committee was to make the Board’s personnel decision making process more effective thus ensuring the complex management of the relevant matters.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>G4-35</td>
<td>7.1 Sustainability coordination</td>
<td>52-53</td>
<td><a href="https://www.telekom.hu/static-tr/sw/file/BoD_self-evaluation_2015_20160224_eng.pdf">https://www.telekom.hu/static-tr/sw/file/BoD_self-evaluation_2015_20160224_eng.pdf</a></td>
<td>On December 31, 2015 the Board of Directors had eight members, one executive and seven non-executive members. 3 members were considered independent and 7 members were not considered independent. Members of the Board of Directors on December 31, 2015: Frank Odzuck, Chief Executive Officer, Zwack Uni Palmer-Horváth, Chairman of the Remuneration and Nomination Committee; Senior Vice President, Technology Europe, Deutsche Telekom AG, Christopher Mathiesen, Chief Executive Officer, Magyar Telekom Plc., Thilo Kusch, Chief Financial Officer, T-Systems International GmbH.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>G4-36</td>
<td>7.1 Sustainability coordination</td>
<td>52-53</td>
<td><a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors">https://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors</a></td>
<td>Members of the Remuneration and Nomination Committee on December 31, 2015: Kerstin Günther, Chairperson of the Board of Directors; Senior Vice President, Technology Europe, Deutsche Telekom AG, Christopher Mattheisen, Chief Executive Officer, Magyar Telekom Plc.; Thilo Kusch, Chief Financial Officer, T-Systems International GmbH, Frank Odzuck, Chief Executive Officer, Zwack Uni Palmer-Horváth, Chairman of the Remuneration and Nomination Committee; Senior Vice President, Technology Europe, Deutsche Telekom AG, Christopher Mathiesen, Chief Executive Officer, Magyar Telekom Plc., Thilo Kusch, Chief Financial Officer, T-Systems International GmbH.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>G4-37</td>
<td>Stakeholders</td>
<td>9-14</td>
<td><a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/commission">https://www.telekom.hu/about_us/investor_relations/corporate_governance/commission</a></td>
<td>On December 31, 2015 the Board of Directors had eight members, one executive and seven non-executive members. 3 members were considered independent and 7 members were not considered independent. Members of the Board of Directors on December 31, 2015: Kerstin Günther, Chairperson of the Board of Directors; Senior Vice President, Technology Europe, Deutsche Telekom AG, Christopher Mathiesen, Chief Executive Officer, Magyar Telekom Plc., Thilo Kusch, Chief Financial Officer, T-Systems International GmbH.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>G4-38</td>
<td>7.1 Sustainability coordination</td>
<td>52-53</td>
<td><a href="http://www.telekom.hu/static-tr/sw/file/8_BoDmembers_21March2013_eng.pdf">http://www.telekom.hu/static-tr/sw/file/8_BoDmembers_21March2013_eng.pdf</a></td>
<td>On December 31, 2015 the Board of Directors had eight members, one executive and seven non-executive members. 3 members were considered independent and 7 members were not considered independent. Members of the Board of Directors on December 31, 2015: Kerstin Günther, Chairperson of the Board of Directors; Senior Vice President, Technology Europe, Deutsche Telekom AG, Christopher Mathiesen, Chief Executive Officer, Magyar Telekom Plc., Thilo Kusch, Chief Financial Officer, T-Systems International GmbH.</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
The Chief Executive Officer does not fill the position of the Chairman of the Board of Directors.

Top management decisions have a direct impact on the entire Magyar Telekom Group's activity and future priorities. The performance of the top management (Chief Executive Officer, Chief Officers) is incentivized through the Lead to Win incentive system. The incentive system has a short-term incentive (bonus), a long-term, cash-based incentive (LTI) and a long-term, share-based incentive (share benefit program - SBP) element. The Remuneration and Nomination Committee of Magyar Telekom Group’s Board of Directors makes proposals both for the annual targets and the evaluation of their implementation. The Committee Member, independent from the majority owner, shall provide for the representation of the minority owners’ interests. Upon consideration of the proposals made by the Remuneration Committee, the Board of Directors adopts decisions regarding the targets and evaluation of top executives’ performance. The Board of Directors evaluates the performance of the previous year and finalizes the targets of the current year in the first meeting of the year. In general, 55% of top executives’ salary is fixed, while 45% is variable pay (bonus). The annual bonus is payable to the evaluated performance of the party collective, partly individual targets set at the beginning of the year and derived from Magyar Telekom Group’s strategic targets. In the case of the collective targets no bonus is payable. If performance is below a certain minimum limit, defined in advance, in case of under-reaching the targets, additional bonus is paid, the extent of which cannot exceed 50% of the bonus payable upon 100% performance. The framework of bonus target setting (bonus amount, structure and maximal amount of additional bonus) is defined by the strategic investor’s compensation guidelines (Deutsche Telekom Global Compensation Guidelines). In addition to the annual target-setting, evaluation and bonus payment used as short-term incentive, the Company also lays emphasis on long-term performance stimulation. The first package of the LTI-program - as part of the Lead to Win system - was introduced in 2015 so as to stimulate the contribution of the top management to the achievement of the strategic objectives even more effectively. With the 4 year term Telekom focuses on the increase of sustainable performance. It is the competence of the General Meeting to approve the “Remuneration Guidelines” that sets forth the remuneration principles and components for the top management and the members of corporate bodies. Besides, as part of the Corporate Governance Report, Telekom each year discloses the previous year’s remuneration for the top management and corporate bodies in the Remuneration Statement. The conditions of selecting the members of Magyar Telekom’s Board of Directors, Supervisory Board and Audit Committee were amended by the Remuneration and Nomination Committee in April 2016 as new elements diversity and the reciprocal supplementation of competences are also taken into account. In order to fulfill the sustainability objectives the responsible middle managers and experts are incentivized directly through the TM system.
3. Suppliers

The information on the fee of the members of the Board of Directors, the Supervisory Board, the Audit Committee as well as the management (members of the Management Committee of the Company) are disclosed in the Corporate Governance Report, prepared in accordance with the provisions of the Hungarian Civil Code and the Corporate Governance Recommendations (GGR) of the Budapest Stock Exchange Plc. ("BET").

The information is confidential - Partial disclosure

ETHICS AND INTEGRITY

Magyar Telekom Group's Code of Conduct is a summary of the corporate compliance requirements; this document sets out the common values of the Group and is also the basis for the internal decision-making process. The Code of Conduct also sets out the policies and procedures for handling conflicts of interest, the handling of sensitive information, the use of company assets, and the reporting of misconduct.

Magyar Telekom Group must comply with the Code of Conduct and the legal and regulatory requirements. The Code of Conduct provides a framework for decision-making and is a key tool for the Group in achieving its business objectives and avoiding conflicts of interest.

Magyar Telekom Group's Code of Conduct is available on the Company's website in English. It is also translated into Hungarian and other languages as required.

GRI CONTENT INDEX

Table G4-01: Sustainability Report 2015

<table>
<thead>
<tr>
<th>Number</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-01</td>
<td><a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a></td>
</tr>
<tr>
<td>G4-02</td>
<td><a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a></td>
</tr>
<tr>
<td>G4-03</td>
<td><a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a></td>
</tr>
<tr>
<td>G4-04</td>
<td><a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a></td>
</tr>
<tr>
<td>G4-05</td>
<td><a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a></td>
</tr>
<tr>
<td>G4-06</td>
<td><a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a></td>
</tr>
<tr>
<td>G4-07</td>
<td><a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a></td>
</tr>
<tr>
<td>G4-08</td>
<td><a href="https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation">https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation</a></td>
</tr>
</tbody>
</table>
## SPECIFIC STANDARD DISCLOSURES

### ASPECT: ECONOMIC

#### CATEGORY: ECONOMIC

<table>
<thead>
<tr>
<th>GRI Content Index</th>
<th>Specific Standard Disclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EC1</td>
<td>Creating value for our stakeholders</td>
</tr>
<tr>
<td>G4-EC2</td>
<td>Our approach (Management systems)</td>
</tr>
<tr>
<td>G4-EC3</td>
<td>Our approach (Corporate strategy)</td>
</tr>
</tbody>
</table>

### G4-EC1: Creating value for our stakeholders

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit before income tax (or the profit before loss)</th>
<th>Tax credit utilization</th>
<th>Tax benefit on wage cost of software developers</th>
<th>Tax impact of tax base decreasing</th>
<th>Retained earnings (after-tax profit + depreciation - dividends)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>580,800 million HUF</td>
<td>3,011 million</td>
<td>560 million</td>
<td>876 million</td>
<td>100,635 million</td>
</tr>
<tr>
<td>2014</td>
<td>560,433 million HUF</td>
<td>305 million</td>
<td>785 million</td>
<td>223 million</td>
<td>83,677 million</td>
</tr>
<tr>
<td>2013</td>
<td>530,473 million HUF</td>
<td>-66 million</td>
<td>785 million</td>
<td>132 million</td>
<td>96,691 million</td>
</tr>
<tr>
<td>2012</td>
<td>656,342 million HUF</td>
<td>-876 million</td>
<td>-583 million</td>
<td>19,874 million</td>
<td>-2,231 million</td>
</tr>
</tbody>
</table>

### G4-EC2: Our approach (Management systems)

1. Climate and environmental protection
2. Sustainability protection

### G4-EC3: Our approach (Corporate strategy)

1. Shareholder (management)
2. Suppliers
3. Customers
4. Community investments
5. Employees
6. Investors
7. State

### G4-EC4: Awards won in 2015:

- Family Friendly Workplace Award 2015
- Biker Friendly Workplace Award 2015
- Disabled Friendly Workplace Award 2015
- Most Creative Good Deed Award

### Substantial financial support from the state

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>State payments to the state budget</td>
<td>8,046 million HUF</td>
<td>1,687 million HUF</td>
<td>3,011 million HUF</td>
<td>1,201 million HUF</td>
<td>221 million HUF</td>
</tr>
<tr>
<td>Investments in major capital projects</td>
<td>-66 million HUF</td>
<td>-303 million HUF</td>
<td>-66 million HUF</td>
<td>-221 million HUF</td>
<td>-13 million HUF</td>
</tr>
<tr>
<td>Subsidies</td>
<td>-827 million HUF</td>
<td>-89 million HUF</td>
<td>-827 million HUF</td>
<td>-13 million HUF</td>
<td>-221 million HUF</td>
</tr>
<tr>
<td>Tax credit utilization</td>
<td>8,046 million HUF</td>
<td>1,687 million HUF</td>
<td>3,011 million HUF</td>
<td>1,201 million HUF</td>
<td>221 million HUF</td>
</tr>
<tr>
<td>Tax benefit on wage cost of software developers</td>
<td>560 million</td>
<td>785 million</td>
<td>785 million</td>
<td>83,677 million</td>
<td>96,691 million</td>
</tr>
<tr>
<td>Tax impact of tax base decreasing</td>
<td>876 million</td>
<td>223 million</td>
<td>132 million</td>
<td>19,874 million</td>
<td>-2,231 million</td>
</tr>
</tbody>
</table>

(27) There is no significant state financial aid (donation, R&D or tax discount, etc.) in other countries above Hungary, that we report in Hungary.
## ASPECT: MARKET PRESENCE

| G4-DMA | Our approach (Corporate strategy, Strategies and policies related to our sustainability approach) | 5, 7-8 |  |  |
| G4-EC5 | 5.1 Human rights, equal opportunities | 41-43 |  |  |

Telekom always pays at least the minimum wage as required in the relevant legislation and the salary of new entrants is exclusively determined by the value of the advertised position. The pay brackets are determined on the basis of the actual market benchmark.

## ASPECT: INDIRECT ECONOMIC IMPACTS

| G4-DRX | Our approach (Corporate strategy) | 5 |  |  |
| G4-EL7 | 5.1 Human rights, equal opportunities | 41-43 |  |  |

## ASPECT: PROCUREMENT PRACTICES

| G4-DRX | Our approach (Sustainability strategy) | 6 |  |  |
| G4-EC9 | 3.3 Local procurement | 33 |  |  |

## CATEGORY: ENVIRONMENTAL

### ASPECT: MATERIALS

| G4-DRX | Our approach (Sustainability strategy, Environmental policy) | 6, 8 | 15-23 |  |
| G4-EN1 | 1.3.3 Effects of transport and logistics | 23 |  |  |

### ASPECT: ENERGY

| G4-DRX | Our approach (Sustainability strategy, Environmental policy, Management systems) | 6, 8 | 15-23 |  |
| G4-EN1 | 1.1.2 Energy efficiency | 17 |  |  |

### ASPECT: WATER

<p>| G4-DRX | Our approach (Environmental policy, Management systems) | 8 | 15-23 |  |
| G4-EN1 | 1.2.6 Biodiversity (Water consumption) | 21 |  |  |</p>
<table>
<thead>
<tr>
<th>Chapter in Sustainability Report 2015</th>
<th>Page Number</th>
<th>Website</th>
<th>Direct Answer</th>
<th>Omission</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN9 1.2.6 Biodiversity (Water consumption)</td>
<td>21</td>
<td><a href="http://www.telekom.hu/about_us/society_and_environment">www.telekom.hu/about_us/society_and_environment</a></td>
<td>Note: the usage of groundwater is only a minor part of the total water consumption. the wells are not located in protected areas, therefore we only report quantitative data.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>G4-EN10 1.2.6 Biodiversity (Water consumption)</td>
<td>21</td>
<td><a href="http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees">www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees</a></td>
<td>Telekom does not perform water recycling activities.</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

**ASPECT: BIODIVERSITY**

| G4-EN01A 7.2.6 Biodiversity (Water consumption) | 21 | [www.telekom.hu/about_us/society_and_environment](http://www.telekom.hu/about_us/society_and_environment) | Telekom does not perform water recycling activities. | ✓ | ✓ |

**ASPECT: EFFLUENTS AND WASTE**

| G4-EN02 1.3.4 Emissions into the air | 23 | [www.telekom.hu/about_us/society_and_environment](http://www.telekom.hu/about_us/society_and_environment) | ODS material: Magyar Telekom does not produce, export or import substances that damage the ozone layer. No leakage was detected from air-conditioning equipment. Due to the very low number of occurrences Telekom does not report this item. | ✓ | ✓ |

**ASPECT: PRODUCTS AND SERVICES**

| G4-EN04A 1.3.2 Producer's responsibility | 21-22 | [beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/vendors/information/main.vm](https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/vendors/information/main.vm) | There was no significant leakage or unsupervised output. | ✓ | ✓ |

| G4-EN05A 1.1 Climate protection and energy efficiency 1.2 Resources management | 16-17 | [www.telekom.hu/about_us/society_and_environment](http://www.telekom.hu/about_us/society_and_environment) | Magyar Telekom Group only uses potable water for social purposes (we do not use water for technology purposes). Therefore the quantity of sewage water output is the same as the potable water consumption. | ✓ | ✓ |
### Chapter in Sustainability Report 2015

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page Number</th>
<th>Website</th>
<th>Direct Answer</th>
<th>Omission</th>
<th>External Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN29</td>
<td>23</td>
<td><a href="http://www.telekom.hu/about_us/society_and_environment/environment/project_management">http://www.telekom.hu/about_us/society_and_environment/environment/project_management</a></td>
<td>Magyar Telekom Plc.'s intermediary partner for batteries is ReLEM (<a href="http://www.relem.hu/">http://www.relem.hu/</a>).</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

#### ASPECT: COMPLIANCE

| G4-DM08 | 8          | [https://www.telekom.hu/about_us/society_and_environment](https://www.telekom.hu/about_us/society_and_environment) | The company has not been sanctioned by the environment protection authorities. | ✓        | ✓                  |

#### ASPECT: TRANSPORT

| G4-DM09 | 15-23      | [https://www.telekom.hu/about_us/society_and_environment](https://www.telekom.hu/about_us/society_and_environment) | ✓        | ✓                  |

#### ASPECT: OVERALL

| G4-DM08 | 8          | [https://www.telekom.hu/about_us/society_and_environment](https://www.telekom.hu/about_us/society_and_environment) | ✓        | ✓                  |

#### ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT


#### ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS

| G4-DM04 | 8          | [http://www.telekom.hu/about_us/society_and_environment](http://www.telekom.hu/about_us/society_and_environment) | ✓        | ✓                  |

#### CATEGORY: SOCIAL

| SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

#### ASPECT: EMPLOYMENT


(28) There are no data available broken down to age and other indicators. The number of employment terminations, with the exception of the 2012 data, are compared to the previous year’s closing headcount, due to the employment of the retired workforce, in 2012 we calculated with an annual average headcount. This change does not impact the comparability of the data.
FLUCTUATION AT MAGYAR TELEKOM GROUP IN 2015 (29)

<table>
<thead>
<tr>
<th>Fluctuation</th>
<th>Magyar Telekom Group</th>
<th>Magyar Telecom Plc.</th>
<th>T-Systems</th>
<th>Origo</th>
<th>Makedonski Telekom</th>
<th>Crnogorski Telekom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>13.7%</td>
<td>15.0%</td>
<td>10.0%</td>
<td>22.0%</td>
<td>6.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Termination initiated by the employee</td>
<td>6.9%</td>
<td>5.5%</td>
<td>6.0%</td>
<td>18.0%</td>
<td>3.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

NUMBER OF NEW HIRES AT MAGYAR TELEKOM GROUP IN 2015

<table>
<thead>
<tr>
<th>Member company</th>
<th>Magyar Telekom Group</th>
<th>Magyar Telecom Plc.</th>
<th>T-Systems</th>
<th>Origo</th>
<th>Makedonski Telekom</th>
<th>Crnogorski Telekom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>935</td>
<td>652</td>
<td>135</td>
<td>40</td>
<td>34</td>
<td>43</td>
</tr>
</tbody>
</table>

Our approach (Human resources strategy)

5.1 Human rights, equal opportunities

The remuneration elements are determined by the position level (job grade) of the given position (base wage, bonus %, cafeteria, etc.).

ASPECT: LABOR/MANAGEMENT RELATIONS

Our approach (Human resources strategy)

Magyar Telekom has long traditions of negotiation with employee representative bodies. Employee representation bodies are treated as partners in the operation of the company. At present two unions and workers council operate at Magyar Telekom, communicating with them on two levels. Central decisions concerning the whole Company, when the employee representation bodies need to be consulted, are deliberated with the Central Workers Council and the representatives delegated by the trade unions, either in the frame of joint consultation (Interest Reconciliation Council), or separately, depending on the nature of the matter discussed. Central communication is managed both verbally (negotiation) and in writing. The Chief HR Officer and the HR Strategic Director are responsible for central-level communication with the employee representation bodies. Interest enforcement issues concerning a given governance area are also discussed locally with the representatives of the trade unions and the local works council. The HR Business Partners of the governance area are responsible for communication with the local employee representation bodies.

Trade union and workers council (Central Workers Council) must be consulted and their opinion solicited on significant decisions resulting in organizational changes or changes affecting a large group of employees. In organization restructuring decisions the collective bargaining bodies have 7 days to submit their comments, in other cases 15 days. The measure in question may not be implemented during this 15-day period. Trade unions and workers councils (Central Workers Councils) must be consulted with regard to draft resolutions, aiming at organizational changes without regard to the number of employees concerned.

ASPECT: OCCUPATIONAL HEALTH AND SAFETY

Our approach (Human resources strategy)

Magyar Telekom looks at health and safety as a precondition of the success of the company that play an important role in the satisfaction of our employees as well as in the quality of work and corporate culture. That is the reason why the company is committed to operate the Workplace Healthcare and Occupational Safety Management System that ensures the successful fulfillment of the objectives. The results (Daily Telekom’s workplace, i.e. as a result of the year 2015 audit the company successfully renewed the MEIRI certification.

ASPECT: OCCUPATIONAL HEALTH AND SAFETY

Our approach (Human resources strategy)

5.1 Human rights, equal opportunities

Trade union and workers council (Central Workers Councils) must be consulted and their opinion solicited on significant decisions resulting in organizational changes or changes affecting a large group of employees. In organization restructuring decisions the collective bargaining bodies have 7 days to submit their comments, in other cases 15 days. The measure in question may not be implemented during this 15-day period. Trade unions and workers councils (Central Workers Councils) must be consulted with regard to draft resolutions, aiming at organizational changes without regard to the number of employees concerned.

<table>
<thead>
<tr>
<th>ASPECT: OCCUPATIONAL HEALTH AND SAFETY</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Depending of the risk category of the respective areas the occupational safety risks - and interests - are weighted. In general the technical areas have the highest representation in the weighted structure.</td>
</tr>
<tr>
<td>b. M 0.01% (81 persons), T-Systems: 0.07% (23 persons)</td>
</tr>
</tbody>
</table>

(29) There are no data available broken down to age and other indicators.
In 2015 there was no occupational disease or fatal accident. Most frequent injuries are bruising and dislocation of limbs. Magyar Telekom Plc.: 52 injuries (10 female, 42 male): 20 cases with more than 3 lost workdays, 27 cases that did not involve loss of workdays, 5 unsubstantiated accidents, i.e. a total of 1031 lost workdays. Injury types: 39 technical and 13 office. T-Systems: There was no accident. Makedonski Telekom: 3 injuries with 62 lost workdays. Crnogorski Telekom: 7 injuries with 399 lost workdays. Telekom does not keep records on injuries at suppliers.

Prevention and screening examinations are important part of Magyar Telekom’s prevention system. Within the frame of the system the Company requires the vaccination of employees who are exposed to thick bites. It is also important that within aptitude tests Telekom performs hearing and eye examinations. The company pays special attention to locomotor screening examinations too. Independently from the activities performed Telekom provides opportunities for heart and cardiovascular examinations as well. The Company elaborates technological processes to avoid electric shock accidents and to ensure the safety of work performed in heights. In the case of business trips abroad - if necessary - the relevant vaccination is determined.

Besides determining the tasks and responsibilities of occupational safety representatives in the Occupational Safety Rules and Regulations, the competences of the Central Works Council also includes participation in measures to provide healthy and safe workplaces and to avoid accidents and occupational diseases. The regulatory function of the Central Works Council (Occupational Safety Rules and Regulations) guarantees that employees may work in a healthy and safe environment and the Council also has the right to express its opinion in such matters. The Occupational Safety Rules and Regulations determines the scope of personal protective equipment, the environment to provide healthy and safe workplaces that also ensures compliance with the effective legislation as well as the MSZ 288001 MEBIR safety standards.
ASPECT: TRAINING AND EDUCATION

G4-DMA Our approach (human resources strategy) 7

Magyar Telekom Group lays much emphasis on constant training, development of its employees and supports the use of the acquired knowledge. Magyar Telekom Group is a decisive organization of Hungary’s ICT sector. In this industry it is imperative to know and apply new trends, research results both at employee and managerial levels. The development plans are based on the alignment of the company’s strategic objectives and the individuals’ development targets.

G4-LA9

RATIO OF DISTANCE LEARNING AT MAGYAR TELEKOM GROUP

ANNUAL AVERAGE TRAINING HOURS PER CAPITA, BROKEN DOWN TO EMPLOYEE CATEGORIES AT MAGYAR TELEKOM GROUP IN 2015
The company’s management has been using its best efforts to devote 1.5-2% of the personnel expenses to the training and development of managers and employees. 2015 was an outstanding year in terms of trainings and education because the management of the company increased the annual training budget with 50%, i.e. the management would like to offer even more opportunities to employees to have access to the latest developments of their professional fields. Besides, Telekom also strengthened the internal knowledge sharing system (Knowledge Stock Exchange, Employee Academy). Trainings plan at business unit level define the direction of development activities, professional training courses, skills and cooperation development programs, management development events and conferences of the given year. Coaching is a key management development and culture forming tool at Magyar Telekom both for individuals and groups. Telekom also supports its employees in their studies, pursued in the framework of the state education system by concluding study contracts with them, thus providing financial subsidy and some reduction of working hours. In 2015, Magyar Telekom concluded a total of 106 study contracts. Out of them 14 covered school training, the others were related to training courses or agreements containing mutual commitments. Upon registration the employees involved in downsizing could use the following services: two-day labor market training course in groups, support in active job search, financial support to training and retraining activities to meet labor market requirements, personal psychological and labor law consulting, as well as follow-up activities and monitoring participants’ potential placement are also granted.

In 2015 almost 100% of Magyar Telekom Plc. employees participated in the centrally operated performance management system (TM). The vast majority of the member companies apply the same TM-KMR system as the parent company does, or run their own performance assessment system to assess the employees’ performance and professional development. In the career management (KMR) system not only the employees’ professional performance, but also their personal competences and the performance potential are assessed and the areas of future development are also planned jointly by the relevant manager and the employee. The system does not store information on the gender of employees therefore it is not possible to assess the male- female ratio of the evaluated staff.

### ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

<table>
<thead>
<tr>
<th>G4-LA9</th>
<th>5.1 Human rights, equal opportunities</th>
<th>41-43</th>
<th>Direct Answer</th>
<th>Omission</th>
<th>External Assurance</th>
</tr>
</thead>
</table>

### ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN

<table>
<thead>
<tr>
<th>G4-LA9</th>
<th>5.1 Human rights, equal opportunities</th>
<th>41-43</th>
<th>Direct Answer</th>
<th>Omission</th>
<th>External Assurance</th>
</tr>
</thead>
</table>

### ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES

<table>
<thead>
<tr>
<th>G4-LA9</th>
<th>3. Suppliers</th>
<th>30-33</th>
<th>Direct Answer</th>
<th>Omission</th>
<th>External Assurance</th>
</tr>
</thead>
</table>
Chapter in Sustainability Report 2015 | Page Number | Website | Direct Answer | Omission | External Assurance
--- | --- | --- | --- | --- | ---
**ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS**
G4-DMX | 5. Employees | 40-45 |  |  | ✗
G4-HR8 | On January 1, 2015 there were 12 pending labor law litigations. In 2015 three more cases were launched and 11 cases were postponed, carried over to 2016. |  | ✗

**SUB-CATEGORY: HUMAN RIGHTS**

**ASPECT: INVESTMENT**
G4-OMX | 3. Suppliers | 30-33 |  |  | ✗

**ASPECT: NON-DISCRIMINATION**
G4-DMX | 5. Employees | 40-45 |  |  | ✗
G4-HR3 | Magyar Telekom Group's Code of Conduct is a summary of the corporate compliance requirements; this document sets out the common values of the Group and it is also the token of the strong position, reputation and successful future of Telekom. Everyone at Magyar Telekom Group must comply with the Code of Conduct from staff employees to the Board members. In addition to the employees the contracted partners of Magyar Telekom Group are also required to learn and accept these values when registering on the Company’s procurement site. |  | ✗

**ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**
G4-OMX | 3. Suppliers | 30-33 |  |  | ✗
G4-HR4 | 3. Suppliers | 30-33 |  |  | ✗

**ASPECT: CHILD LABOR**
G4-DMX | 5.1 Human rights, equal opportunities | 41-43 |  |  | ✗
G4-HR5 | 5.1 Human rights, equal opportunities | 41-43 |  |  | ✗
G4-HR6 | 5.1 Human rights, equal opportunities | 41-43 |  |  | ✗

**ASPECT: FORCED OR COMPULSORY LABOR**
G4-DMX | 5.1 Human rights, equal opportunities | 41-43 |  |  | ✗
G4-HR7 | 5.1 Human rights, equal opportunities | 41-43 |  |  | ✗

**ASPECT: SECURITY PRACTICES**
G4-DMX | The aspect is not material |  |  |  | ✗
G4-HR7 |  |  |  |  | ✗
ASPECT: INDIGENOUS RIGHTS
G4-DMA
The aspect is not material.

ASPECT: ASSESSMENT
G4-HR9
3. Suppliers
5.1 Human rights, equal opportunities
30-33
G4-HR11
3. Suppliers
5.1 Human rights, equal opportunities
41-43

ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT
G4-DMA
Our approach (Sustainability strategy)
6
30-33
G4-HR11
3. Suppliers
30-33

ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS
G4-DMA
Our approach (Human resources strategy)
7
Magyar Telekom Group's Code of Conduct is a summary of the corporate compliance requirements; this document sets out the common values of the Group and it is also the token of the strong position, reputation and successful future of Telekom. Everyone at Magyar Telekom Group must comply with the Code of Conduct from staff employees to the Board members.

G4-HR12
In 2015 there was no such case.

SUB-CATEGORY: SOCIETY
ASPECT: LOCAL COMMUNITIES
G4-DMA
2.1 Closing the digital divide
4.2 Involvement of our customers
25-27
G4-SO1
2.2 ICT for sustainability
27-28
http://www.telekom.hu/about_us/company/telekom-for-digital-hungary
In the case of network development efforts the physical construction of the network make cause inconvenience to the residents.

ASPECT: ANTI-CORRUPTION
G4-DMA
In 2012 every employee of Magyar Telekom Group had to update their knowledge and accept the Code of Conduct after an online training. In addition, the Company launched online training courses at group level on anti-corruption and employee conflict of interest for employee target groups selected through risk analysis. The Company provides training appropriate for their position for the new entrants on an ongoing basis.

G4-SO2
http://www.telekom.hu/about_us/company/telekom-for-digital-hungary
In 2015, similarly to earlier years, the organizational units and the subsidiaries of Magyar Telekom Plc. took part in the process of risk analysis. On the basis of the result of the analysis a comprehensive audit was conducted about the potential compliance and fraud related risks, the findings of which were submitted to the Company’s Audit Committee.

G4-SO3
Our yearly Compliance Risk Assessment (CRA) addresses active and passive corruption separately. It always includes Magyar Telekom, T-Systems, Makedonski Telekom and Crngorski Telekom. Other subsidiaries may be included on an ad-hoc basis based on inputs coming from compliance investigations. The CRA covers the before mentioned companies entirely (100%).

GRI CONTENT INDEX
**Chapter in Sustainability Report 2015**

**G4-SO4**

- a. number and proportion of the members of management bodies to which the organization’s anticorruption policy and processes have been communicated, broken down to regions:
  - 100%, all regions, Magyar Telekom: 7 persons

- b. number and proportion of employees to whom the organization’s anticorruption policy and processes have been communicated, broken down to employee categories and regions:
  - 100%, all regions

- c. number and proportion of business partners to which the organization’s anticorruption policy and processes have been communicated, broken down to business partner types and regions:
  - 100%, Magyar Telekom’s current business partners

- d. number and proportion of management organizations that were trained on anticorruption, broken down to regions:
  - 100%, all regions, Magyar Telekom: 7 persons

- e. number and proportion of employees who were trained on anticorruption, broken down to employee category and region:
  - Magyar Telekom Plc.: 2264 persons, in 2015 84% of new entrants completed the course successfully

**G4-SO5**

- a. number of confirmed corruption incidents: 0

- b. number of cases as a result employees have been dismissed or were subject to disciplinary measures due to corruption: 0

- c. number of incidents as a result contracts were terminated or were not prolonged with business partners due to corruption: 0

- d. public legal action initiated in the reporting period against organizations or employees due to corruption: 0

**ASPECT: PUBLIC POLICY**

**G4-DMA**

Magyar Telekom Group is involved in shaping public politics indirectly, through its representation organizations, in such a way that the representation organizations, in compliance with the effective regulations, are given the opportunity to comment draft laws and industry-specific strategies. The ministries and authorities supervising the industry pass the relevant regulations to the representation organizations, which synthesize the opinions received from the member companies and submit a summary to the relevant ministry. Such regulation commenting procedures are implemented through e.g. the Telecommunication Reconciliation Council, the Joint Venture Association, the American Chamber of Commerce (AmCham), the German Hungarian Chamber of Industry and Trade, the Association of IT Enterprises, the Communication Interest Conciliation Council and the Hungarian Energy Traders’ Association.

**G4-SO6**

The Company has no knowledge of any financial support to political parties, politicians or any related entities provided by Magyar Telekom Group affiliates in 2015, which is in full compliance with the detailed stipulations set forth in the Code of Conduct - Paragraph [3.1.1 and 3.1.4].

**ASPECT: ANTI-COMPETITIVE BEHAVIOR**

**G4-DMA**

Magyar Telekom uses its best efforts to fulfill its obligations in accordance with the effective laws. In order to prevent potential authority penalties and sanctions the Company always strives to ensure Magyar Telekom’s compliance with the effective laws and manage conflicts - besides harmonizing our processes and IT systems with the amendment of laws - with continuous personal consultation, agreements concluded with the authorities and retroactive settlement plans set out in undertakings, made in the form of declarations.

**G4-SO7**

In 2015 no fines were imposed due to anti-competitive conduct or violation of anti-trust or anti-monopoly statutes. In 2015 there was one Competition Office proceeding initiated against Telekom, which is still pending.

**ASPECT: COMPLIANCE**

**G4-DMA**

Magyar Telekom uses its best efforts to fulfill its obligations in accordance with the effective laws. In order to prevent potential authority penalties and sanctions the Company always strives to ensure Magyar Telekom’s compliance with the effective laws and manage conflicts - besides harmonizing our processes and IT systems with the amendment of laws - with continuous personal consultation, agreements concluded with the authorities and retroactive settlement plans set out in undertakings, made in the form of declarations.

**G4-SO8**

In 2015 the National Media and Info-Communications Authority conducted several individual complaint and general/overall market supervision proceedings against our company. Within the frame of general market supervision proceedings the authority imposed HUF 180 million HUF whereas in the case of subscriber complaints a total of 334 million HUF penalty. The Hungarian Consumer Protection Authority completed several investigations against Magyar Telekom, in 2015 the total amount of fines were HUF 43.8 million.

**ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY**

**G4-DMA**

Our approach (Sustainability strategy)

3. Suppliers

**G4-SO9**

3. Suppliers

30-33

http://www.telekom.hu/about_us/about_magyar_telekom/procurement

**G4-SO10**

3. Suppliers

30-33
ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY

G4-DMA

Magyar Telekom uses its best efforts to fulfill its obligations in accordance with the effective laws. In order to prevent potential authority penalties and sanctions, the Company always strives to ensure Magyar Telekom’s compliance with the effective laws and manage conflicts. Besides, harmonizing processes and IT systems with the amendment of laws, with continuous personal consultation, agreements concluded with the authorities and retroactive settlement plans set out in undertakings, made in the form of declarations.

G4-DO11

In 2015 the National Media and Info-Communications Authority conducted several individual complaint and general/market supervision proceedings against the Company. Within the frame of general market supervision proceedings the authority imposed HUF 180 million HUF whereas in the case of subscriber complaints a total of 354 million HUF penalty. The Hungarian Consumer Protection Authority completed several investigations against Magyar Telekom. In 2015 the total amount of fines were HUF 43.8 million.

SUB-CATEGORY: PRODUCT RESPONSIBILITY

ASPECT: CUSTOMER HEALTH AND SAFETY

G4-DO6A

2.4 Protection of our children in the digital age

Within Deutsche Telekom Group, issues related to electromagnetic fields are regulated as part of DT’s EMF objectives, the so-called ‘EMF Policy Recommendations’, with special emphasis on transparency, information provision, support of and involvement in research. Magyar Telekom applies the relevant Deutsche Telekom recommendation as mandatory regulation since 2004, T-Mobile Macedonia since March 2011, and the Management Committee of Crnogorski Telekom adopted the company’s EMF regulations aligned to the DT regulations on October 27, 2011. To support preventive action both Magyar Telekom and T-Mobile Macedonia set up dedicated workgroups, which meet quarterly and monitor EMF-related national and international developments and respond to the EMF-related queries of the authorities, residents or employees.

G4-PR2

Magyar Telekom did not identify such incidents.

ASPECT: PRODUCT AND SERVICE LABELING

G4-DMA

Our approach (sustainability strategy)

2.2 ICT for sustainability

4.3 Informing our customers

G4-PR3

Our approach (sustainability strategy)

1.3.1 Waste

1.3.2 Producer’s responsibility

G4-PR4

The information related to electromagnetic fields (SAR values) can be found in user manuals supplied in the packaging of devices as well as in the web shop among the detailed information of the respective device.

G4-PR5

4.1 Customer satisfaction

35-37

ASPECT: MARKETING COMMUNICATIONS

G4-DMA

Our approach (sustainability strategy)

2.2 ICT for sustainability

4.3 Informing our customers

G4-PR6

Magyar Telekom Group does not sell prohibited or debated products.

G4-PR7

In 2015 a consumer protection—e.g. marketing communication—proceeding was initiated against Telekom due to the alleged breach of the relevant rules before the Competition Office which is still pending and no fine has been imposed.

ASPECT: CUSTOMER PRIVACY

G4-DMA

https://www.telekom.hu/about_us/data_protection

Within the frame of the development and provision of services, Magyar Telekom pays increased attention to the protection of its customers’ and business partners’ personal data. Magyar Telekom controls personal data in accordance with the provisions of the effective Hungarian laws, the recommendations of the Hungarian National Authority for Data Protection and Freedom of Information as well as the European Union’s data protection guidelines. The Company guarantees the safety of personal data with high-priority security, IT, technical and organizational measures. The company joined those Deutsche Telekom Group members that adopted Deutsche Telekom Group’s Binding Corporate Rules Privacy as a binding policy.

G4-PR8

In 2013 Magyar Telekom received requests and complaints from the Hungarian National Authority for Data Protection and Freedom of Information or directly from the customers, which were duly investigated by the Data Protection Group of Magyar Telekom, and the findings were reported both to the complaining customer and the Hungarian National Authority for Data Protection and Freedom of Information. In 2015 Telekom received 106 requests, to investigate personal data management complaints and only 4 of these were found to have a ground. Based on the results of the investigation, the Company reviews the processes and makes the necessary adjustments.
Magyar Telekom uses its best efforts to fulfill its obligations in accordance with the effective laws. In order to prevent potential authority penalties and sanctions the Company always strives to ensure Magyar Telekom’s compliance with the effective laws and manage conflicts - besides harmonizing processes and IT systems with the amendment of laws - with continuous personal consultation, agreements concluded with the authorities and retroactive settlement plans set out in undertakings, made in the form of declarations.

In 2015 the National Media and Info-Communications Authority conducted several individual complaint and general/overall market supervision proceedings against the Company. Within the frame of general market supervision proceedings the authority imposed HUF 180 million HUF whereas in the case of subscriber complaints a total of 354 million HUF penalty. The Hungarian Consumer Protection Authority completed several investigations against Magyar Telekom. In 2015 the total amount of fines were HUF 43.8 million.

According to the Company’s common practice, at base station antennas are installed in a way that employees normally cannot stay in front of them, they cannot and do not have to work in the relevant zones, and passage ways do not cross the areas in question. If, in extraordinary cases, people must pass or work in front of the antennas - which usually occurs with external contractors’ work, e.g. when renovating a building, safety distance data are made available. If necessary, site measuring can be conducted, or in justified cases the antennas can be temporarily relocated or the performance of the transmitter can be reduced. If a Magyar Telekom employee performing work in the vicinity of an antenna detects an unidentified signal source, he will use his RADMAN personal radiation detector to determine the boundaries of safe zone. If necessary, site measuring can be conducted, or in justified cases the antennas can be temporarily relocated or the performance of the transmitter can be reduced. If a Magyar Telekom employee performing work in the vicinity of an antenna detects unidentified signal source, he will use his RADMAN personal radiation detector to determine the boundaries of safe zone and prevent health risk. Compliance with the value limits defined by law for Magyar Telekom mobile network is audited and certified by independent measurement bodies. In 2015, 13 on-site non-ionization electromagnetic exposure measurements were made, all of which found the emission levels to be under the relevant limits. In the framework of the company’s overall education program, new employees are informed about matters concerning electromagnetic fields as part of their mandatory orientation training.

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

Within Deutsche Telekom Group, issues related to electromagnetic fields are regulated as part of DT’s EMF objectives, the so-called EMF Policy Recommendations, with special emphasis on transparency, information provision, support of and involvement in research. Magyar Telekom applies the relevant Deutsche Telekom recommendation as mandatory regulation, T-Mobile Macedonia since 2004 and Crnogorski Telekom since 2011, too. The information related to electromagnetic fields (SAR values) can be found in user manuals supplied in the packaging of devices as well as in the web shop among the detailed information of the respective device.

The company consults and cooperates with the relevant stakeholders in each and every case when building new base stations. If needed, citizens’ forums are held with the participation of all concerned parties to reach an agreement.
## Category: Providing Access

### Aspect: Access to Telecommunication Products and Services: Bridging the Digital Divide

| PA 1. | 2.1 Closing the digital divide | 25-27 |  |  |
| PA 2. | 2.1 Closing the digital divide | 25-27 |  |  |
| PA 3. | 2.4 Protection of our children in the digital age | 9 |  |  |

- Magyar Telekom grants subscribers’ rights connected with service availability and fault repair on the basis of its General Contract Conditions, available on the internet and in the customer service points. In these the Company guarantees compliance with the published quality targets in the service provision process in its entire service area, whose compliance is controlled with tests, and the methods of measuring are made public. The Company also specifies here the quality target figures of services provided, and continuously measures their fulfillment and makes the readings publicly available annually. Faults are managed in the dedicated subscriber process, among others, in line with their rights laid down in the General Contract Conditions, after the detection and registration by the Company of the fault. Magyar Telekom strives to ensure continuous availability with regular technological upgrades and with the provision of spare devices, setting the target of improving customer experience.

### Aspect: Access to Content

| PA 4. | 2.4 Protection of our children in the digital age | 25-27 |  |  |

- There is an effective service contract and a Code of Ethics in place between the content providers and Magyar Telekom that regulate the terms and conditions of providing services, however, it does not contain provisions on the content.

### Aspect: Customer Relations

| PA 5. | 4.3 Informing our customers | 39 |  |  |

- In 2015 Magyar Telekom, together with OSSKI, performed a joint radiofrequency microenvironment and human exposure survey. All measurement results were significantly below the ICNIRP threshold limit. Every national affiliate of Deutsche Telekom is committed to supporting independent research aimed at extending the Company’s knowledge on the impacts of electromagnetic fields. Magyar Telekom, as a member of the GSM Association, continuously supports GSMAR’s research in every year through its membership fee. This makes Deutsche Telekom Group one of the biggest supporters of research on this subject.

## Category: Providing Access

### Aspect: Resource Efficiency

| TA 1. | 1.1 Climate protection and energy efficiency | 16-17 |  |  |
| TA 2. | 1.1 Climate protection and energy efficiency | 16-17 |  |  |
| TA 3. | 1.2 Fleet management, fuel consumption | 18-19 |  |  |
| TA 4. | 1.2 Fleet management, fuel consumption | 18-19 |  |  |
| TA 5. | 2.2 ICT for sustainability | 27-28 |  |  |

- Magyar Telekom respects intellectual property and observes the provisions of the relevant law. All software used by Magyar Telekom are procured from lawful sources and are used in accordance with the provisions of law.