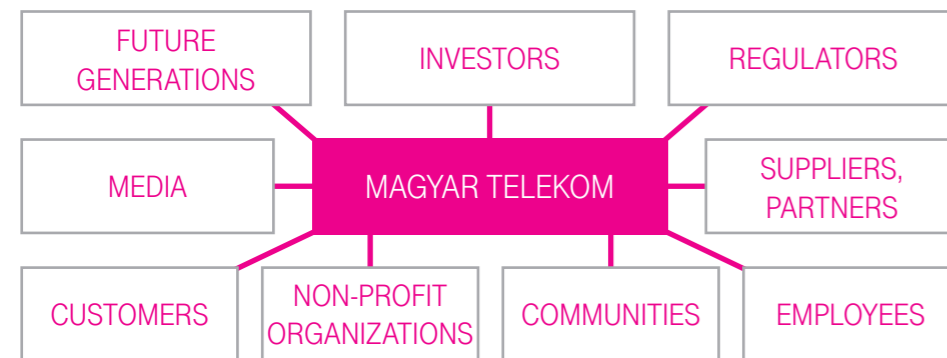


# STAKEHOLDERS

The stakeholders of Magyar Telekom Group include all those groups, which have an influence on, or hold an interest in the implementation of the objectives of the Company. The Company earlier identified its stakeholders through review of its management systems and benchmark studies, and keeps continuous contact with them to ensure that their interests are taken into consideration in the course of its operations. Their opinion and critical comments are important for us in respect of our sustainability activities. We had the opportunity to meet with our stakeholders on several occasions at forums and surveys as well as in person where we could discuss our sustainability activities and challenges.

Our most important stakeholders are considered to be the regulators, investors, employ-



ees, communities, NGOs, suppliers, partners, the media and future generations.

In 2015, we organized the 16<sup>th</sup> Sustainability Roundtable, which aimed to hold an open dialogue to learn the expectations from Magyar Telekom Group and to discuss the problems raised, and also to provide an appropriate background for joint thinking and for cooperation in the building of a sustainable future as well as to present our sustainability achievements and goals.

Within the frame of the sustainability roundtable discussions we introduced non-profit organizations that help the company's digitalization, sustainability and donation efforts through the hello holnap! mobile telephone

Based on the survey the most important areas for our stakeholders are climate protection, efficient use of energy, emissions and cooperation in the field of environment protection and social matters.

application. The participants could familiarize with the company's sustainability strategy and results as well as the relationship between consumer attitudes and sustainability.

The most important issues discussed with the stakeholders are contained in the memorandums of previous Sustainability Roundtables:

<http://www.telekom.hu/rolunk/fenntarthatosag/esemenyek/2015/kerekasztal-beszelgetes>

In the Sustainability report - besides referring to the available surveys and research - this time we invited the stakeholders to express their opinion on certain matters via filling in a survey sheet. We asked them to judge the importance of the individual topics within the Company's sustainability performance in a scale of 1-5.

In general we may conclude that our stakeholders find active participation in politics as the least important activity in respect of the Company's sustainability efforts.

The feedback of our stakeholders was taken into consideration when preparing the materiality analysis of this report.



16<sup>th</sup> Sustainability Roundtable

## TOPICS EVALUATED BY THE STAKEHOLDER GROUPS AND THEIR IMPORTANCE

	Regulator	Supplier, partner	NGO	Employee	Future generation	Investor	Community	Media	Customer
Climate protection and energy efficiency	3,5	2,9	2,9	2,9	2,8	2,6	2,7	2,6	2,7
Emissions	3,5	2,8	2,9	2,8	2,7	2,5	2,6	2,7	2,6
Cooperation in environmental and social issues	3,5	2,7	2,8	2,8	2,8	2,6	2,6	2,6	2,6
Resource-consumption	3,0	2,9	2,8	2,7	2,6	2,6	2,5	2,7	2,6
Human rights, equal opportunities	3,0	2,8	3,1	2,8	2,6	2,3	2,5	2,7	2,5
Corporate governance	3,0	2,9	3,0	2,7	2,7	2,2	2,6	2,6	2,6
Occupational health and safety	3,5	2,9	3,0	2,5	2,6	2,3	2,6	2,4	2,5
Protection of our children in the Digital Age	3,0	2,8	2,8	2,8	2,7	2,5	2,6	2,4	2,4
Innovation for sustainability	3,0	2,9	2,4	2,7	2,6	2,5	2,5	2,6	2,5
Sustainability in the supplier chain	2,5	2,8	2,9	2,6	2,6	2,5	2,5	2,6	2,5
Informing our customers	3,5	2,8	2,3	2,8	2,5	2,5	2,5	2,1	2,5
Procurement locally	2,5	2,7	2,9	2,7	2,6	2,5	2,6	2,3	2,5
Involvement of our employees	3,0	2,6	2,7	2,6	2,5	2,5	2,4	2,3	2,3
Environmental targets, costs and compliance	2,0	2,7	2,9	2,6	2,6	2,6	2,4	2,7	2,3
Safe use of mobile phones, electromagnetic fields	3,5	2,3	2,5	2,5	2,4	2,4	2,3	2,3	2,3
Initiatives to eliminate the digital divide	3,0	2,6	2,6	2,7	2,5	2,4	2,3	2,1	2,3
Our employees as corporate citizens	2,5	2,5	2,6	2,7	2,7	2,4	2,4	2,3	2,3
ICT products for sustainability	3,0	2,7	2,4	2,6	2,5	2,5	2,2	2,2	2,3
Data protection	3,0	2,6	2,4	2,6	2,5	2,5	2,3	2,0	2,3
Professional cooperation	3,0	2,7	2,1	2,4	2,4	2,5	2,3	2,6	2,2
Donation	2,5	2,4	2,8	2,6	2,6	2,5	2,2	2,3	2,2
Customer satisfaction	2,5	2,8	2,3	2,6	2,4	2,4	2,3	2,2	2,4
Supplier relations	2,0	2,8	2,7	2,4	2,3	2,5	2,3	2,3	2,4
Sponsorship	2,5	2,2	2,8	2,4	2,4	2,5	2,2	2,4	2,0
Talent management	2,5	2,5	2,2	2,4	2,4	2,3	2,3	2,6	2,2
Management of customer complaints	2,5	2,8	2,2	2,5	2,3	2,5	2,2	1,9	2,3
Involvement of our customers	2,5	2,6	2,2	2,4	2,4	2,3	2,2	2,1	2,2
Service availability	2,5	2,5	2,4	2,3	2,2	2,1	2,2	1,9	2,2
Addressing legal and ethical aspects of content service providing	2,5	2,7	2,5	2,4	2,3	2,1	2,1	1,8	2,0
Risk management	2,5	2,5	2,5	2,3	2,2	2,1	2,1	2,0	2,2
Managing changes	2,0	2,4	2,5	2,3	2,3	2,3	2,2	2,1	2,0
Investor relations	2,0	2,7	2,1	2,2	2,2	2,3	2,1	2,4	2,0
Regulatory compliance	2,0	2,4	2,7	2,2	2,1	2,0	2,0	2,0	2,1
Corporate compliance	1,5	2,4	2,4	2,3	2,2	2,1	2,0	2,0	2,0
DELFIN Award to responsible companies	2,5	2,5	1,9	2,1	2,0	2,3	1,7	1,7	1,9
Operational data	1,5	2,4	2,2	2,0	2,0	2,2	2,0	1,9	2,0
Political presence	1,0	1,4	1,6	1,2	1,5	1,9	1,3	1,2	1,2

We wish to continue our co-thinking and cooperation with our stakeholders therefore we encourage everyone to share their comments, ideas and opinion with us by sending them to the [fenntarthatosag@telekom.hu](mailto:fenntarthatosag@telekom.hu) email address.

## STAKEHOLDER INVOLVEMENT

In order to successfully operate the company it is essential to have strong relations with stakeholders. Below you will find a list of our key activities with our stakeholders the details of which are elaborated in the respective chapters of this Report:

### Frequency of the involvement of our stakeholders and key events in 2015

## SHAREHOLDERS

Four times during the year 2015 the Chief Financial Officer presented quarterly results to the representatives of investors and professional financial journalists (25 February: Release of fourth quarter 2014 results; 12 May: Release of first quarter 2015 results; 5 August: Release of first half 2015 results; 4 November: Release of third quarter 2015 results).

On 15 April 2015 the Annual General Meeting was held, convened by the Board of Directors of Magyar Telekom Telecommunications Public Limited Company, at which the AGM approved the audited consolidated and standalone financial statements of the Company, as well as the Corporate Governance and Management Report of the Company for the business year of 2014, and decided on the use of the profit after tax earned in 2014.

In 2015 we participated in eight investor conferences and roadshows around the world

- 27 January 2015: Raiffeisen Roadshow – Wien
- 2 March 2015: Concorde investor lunch – Budapest
- 17-19 March 2015: European and Emerging Markets Telecoms Conference, London;
- 9 April 2015: Concorde Conference, Budapest;
- 20-22 May 2015: US Roadshow organised by Goldman Sachs – New York, Boston, Los Angeles

- Investors – Investor (and responsible investor) assessment
- Customers – Sustainable products and services
- Employees – hello holnap! points and club
- Regulators – conformity, regulatory relations

- 9-10 September: HSBC EEMEA Investor Forum – London;
- 24 September 2015: Goldman Sachs CEE3/Russia Corporate Day – Frankfurt
- 6-7 October 2015: Erste Conference, Stegersbach;

Magyar Telekom's top management and staff from the Investor Relations department spend 20–25 days abroad every year at various roadshows and conferences in the main centers of the financial world, where the vast majority of fund managers and investors are active. Around 150–200 meetings take place annually with investors and analysts.

Magyar Telekom also gives space on its website to satisfy the information needs of interested parties. Up-to-date information can be found in the 'For Investors' section about the corporation's strategy, financial situation (quarterly financial reports), general meetings, and dividend payments. The current listing of Magyar Telekom's shares and all the information necessary to get in touch with the corporation are also available. The e-mail address and telephone number of the Investor Relations department can be found on the website, and members of the department respond to questions sent via e-mail as quickly as possible.

In addition to the above, the corporation assesses investor needs each year with the help of a questionnaire. An independent specialist firm is commissioned to prepare a

- Local communities – Digital Bridge, voluntary work
- Non-profit organizations – sustainability panel discussions
- Suppliers – sustainable supplier chain
- Media – Sustainability Media Club
- Future generations – Telekom Smart Digital Program, Become an IT expert!, sustainable innovation, hello holnap! mobile app

so-called perception study, which assesses investors' opinions, needs and expectations with the help of a series of detailed questions asked to a representative sample. The summary presentation of the final results of the survey is prepared by the Investor Relations department, and presented at the meeting of the Management Committee.

Magyar Telekom continues to be the target of responsible investor analyses. Responsible investors are those who take into consideration the environmental and social performance of the Company when making their analysis in addition to the customary financial and risk analyses.

In 2015 Magyar Telekom was listed again among the CEERIUS (Central and Eastern European Responsible Investment Universe) Index companies of the Vienna Stock Exchange, rating Central and Eastern European companies that offer outstanding sustainability performance.

Magyar Telekom participated in the Carbon Disclosure Project (CDP) also in 2015. In the framework of this worldwide initiative the largest companies report about their climate protection approach, the related risks and opportunities and their CO<sub>2</sub> emission to the key investors. Before this report was published the responsible investment consultants of FTSE4Good and Trucost analyzed the 2015 sustainability performance of Magyar Telekom Group.

## CUSTOMERS

On November 25, 2015 T-Systems Hungary organized the Symposium for the fourth time in the Budapest Congress Centre with almost 2000 registered guest. The Symposium, regarded as the biggest whole-day professional event of the industry, presented actual and future technological challenges that companies and institutions have to face in the future.

The presenters of the plenary morning session of the Symposium included Brad Templeton, Singularity University's expert, who gave a presentation on Moore's law on disruptive technologies and Albert-László Barabási, professor of the Harvard University. The presenters also included Michael Ganser, Cisco Systems' Central-European Vice-President and Gábor Gonda, HP Hungary's managing director. During the evening session of the Symposium the "Partner" awards were distributed for the second time along with the "Project of the Year" award. The nominees of the latter award were presented by Mihály Németh, T-Systems Hungary's Chief Officer, and the participants could vote on the best project through the Symposium mobile application.

In April this year Telekom announced the "Business Applications Competition" where those business applications could be nominated that were developed on the basis of actual business needs and support small and medium enterprises. The top prize, i.e. the 10 million HUF worth advertisement campaign, was awarded to Accessium Kft. for the e-Access cloud-based building access control system. The e-Access access control system is a combination of wireless data transmission technology and cutting-edge data protection procedures. The solution offers the connection of unlimited number of locations and their management in a single system. On top of that the solution is not only useful in traditional office buildings but also in vehicles (e.g. trucks) or in remote places (e.g. farms) there there is no access to the fixed line network infrastructure. The user interface of the cloud-based system, communicating through the mobile network, is available both on mobile phones and tablets. The system provides real-time information on the operation and status of all devices integrated into the system.

In 2015 the former customer satisfaction measurement methods were replaced by the

Contact person satisfaction survey. The contact person satisfaction survey is performed at the end of each quarter among customers who used T-Systems' telephone or email based fault reporting and administration processes. Within the frame of the survey we contacted our customers' contact persons who turned to the Corporate customer support department or the T-Systems Service Desk with fault reports or complaints. The survey is performed with the involvement of an external partner at the end of each quarter whereby we contact approximately 200 contact persons by telephone; then based on the answers we prepare an evaluation report at the end of the quarter. Upon closing the fourth quarter's survey we prepare an annual contact person satisfaction report which is presented to the management of the company.

Within the frame of the Omnibusz survey we ask Telekom and non-Telekom customers about their consumption habits four times a year. We survey core services, such as TV, internet, telephone service as well as energy and insurance too. Twice a year we include questions on sustainability as well. We normally involve 1430 persons in the survey.

## REGULATORS

Magyar Telekom regularly harmonizes the following topics with ministries (in particular with the following ministries: Ministry of Interior, Ministry of Justice, Prime Minister's Office, Ministry for the National Economy, National Development Ministry, as well as with authorities (in particular with the following authorities: National Media and Info-Communications Authority, Hungarian Energy and Public Utility Regulatory Authority):

- industry-specific draft strategies;
- comments to draft legislations circulated by the lawmaker for public discussion;
- further discussions initiated by the lawmaker

in relation to the above mentioned comments;

- elaboration of the lawmaker's standpoint in matters of legal interpretation to ensure full compliance with the intentions of the lawmaker;
- matters on the practical interpretation of the law to obtain the authority's standpoint to ensure full compliance with the intentions of the lawmaker.

Besides the above Magyar Telekom keeps contact with market players and competitors too. Harmonization with interest representation forums (in particular with the: Communications Reconciliation Council [HÉT], IVSZ Alliance for the Digital Economy) where the company's key objective is to establish a common legal opinion on the legislative process. HÉT

is the dedicated consultation partner of the telecommunication industry in respect of the Digital National Development Program (DNFP), launched as a result of the InternetKon national consultation that determined the future of the domestic internet market, and from December, 2015 the Digital Welfare Program (DJP). During the planning and implementation of the government decree, issued to ensure the implementation of the DJP, the HÉT represents the standpoint of the industry.

Magyar Telekom's regulatory area organizes the so-called Regulatory Forum event in every six months where in-house stakeholders are informed on the most important regulatory changes and processes.

## EMPLOYEES

In 2015 Magyar Telekom supported the 30-year old Telekom Vivicitá city run as a naming sponsor. The event was simultaneously held in 3 cities for 4 days. Our colleagues were encouraged to take part in the city run with free admission to the race and a preliminary campaign. More than 1000 employees - together with the families - took part in the biggest sport event of spring. Depending on the distance completed the participants were awarded with hello holnap! points and could collect one extra point only for cheering.

Several hundreds of employees took part in the Y2015 "It is good to give!" cookie campaign. The event was organized by 38 volunteers in 15 sites where 222 employees made cookies that were sold to several thousands of employees on December 7. On the day of the event almost 1.7 million HUF was raised for the Autistic Art-Smile Fund.

Within the frame of our Smart Digital Program 52 Telekom volunteers gave 485 lessons in more than 300 schools across Hungary. Only last year 12,576 children attended our interactive presentations on the safe use of the internet and mobile communication.

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. In 2015 we held the 200<sup>th</sup> events in Kaba and Mikepércs.

We increased the sense of social responsibility of our employees with the organization of volunteer programs; 2% of team building activities contained charitable elements. In 2015 10 such programs were organized and at these occasions altogether 649 Magyar Telekom volunteers participated in 4412 hours. With these programs we provided 21.8 million HUF worth of theoretical contribution to the society.

Several thousands of employees attended the Kick-Off event at the beginning of the year. At the Kick-Off event the Group CEO presented the Y2014 results and outlined the objectives and expectations for 2015.

Magyar Telekom organized the traditional "Health Week" in 2015 too to preserve the health of employees. This year T-Systems also joined the program. The motto of 2015 was the following: "A week focusing on health and stress management". Within the frame of the program we provided stress examinations, mental health programs, presentations, trainings and free consultation with psychologists where our colleagues could collect information on this topic and seek help if they deemed it necessary. We organized complex stress factor medical screening (online stress test and medical, laboratory tests) in six sites in Budapest and five in the countryside. The online stress survey was filled in by 1076 employees and 708 employees attended medical exams.

## COMMUNITIES

The first phase of the complex Digital Hungary government program was implemented in the city of Nyíregyháza where this spring Magyar Telekom launched various development projects together with the Ministry of National Development and the Municipality. The network development work was performed in several parts of the city. Besides, in order to improve digital literacy, we continued the Telekom Smart Digital program in Nyíregyháza: we launched an intensive series of training sessions for adults and elderly people on the basics of the use of the internet and our volunteers visited schools to give lessons to pupils on similar subjects.

Ferencvárosi Torna Club and Magyar Telekom signed a long term, three-year sponsorship agreement in November. By signing the agreement Telekom expresses its commitment to deepen the current cooperation between the company and the sports club. The company has been sponsoring the youth development of FTC from 2014 and from November 28, 2015 supports the first division football team as its main sponsor thereby contributing to the club's success even more than before.

The agreement fits into the Telekom general sponsorship objectives and aligns with the mother company's international support system: Hungary's leading telecommunication service provider supports the biggest and most successful clubs and their athletes - like the Hungarian Olympic Committee, MVM Veszprém, the Hungarian Swimming Association and FTC.

In November Telekom renewed the cooperation agreement concluded with the Veszprém

handball team which is of key importance for the sports club. Telekom, as the most loyal sponsor of the MVM Veszprém handball team, supported the successful preparation of the team for Hungarian and international matches through financial support and with the provision of telecommunication services and devices.

Deutsche Telekom's very popular and successful electronic music festival was organized again between October 16-18, attracting visitors with numerous new programs, exclusive music and visual experience.

The multiple-day event makes life more colorful in Budapest not only with music programs but also with various arts, technology, gastronomy and fashion shows. Festivalgoers can visit new venues this year, the main events were organized in the Akvárium, the A38 boat and Anker't. The program included several exciting daily events and some of the exhibitions, concerts and all night parties were organized by partners representing the local community.

T-Systems has been supporting numerous organizations that fit into Magyar Telekom Group's sustainable strategy. The fulfillment of the objectives of these programs give us an opportunity to build a renewable society and environment. We supported the Hungarian Interchurch Aid with 5 million HUF to purchase a new "Life Changing" house for the social and development center in Kastélyosdombó. We supported the building of an IT room in Orosháza with 5 million HUF at a nursing home, available both for adults and children and also donated another 5 million HUF to modernize the heating system in a transitional home built for families in Szolnok thereby supporting the sustainable operation of the building.

Makedonski Telekom's Smart City project delivered in 2015, was performed 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 citizens on latest technologies and innovative infocommunication solutions. The use of these technologies does not only make their lives easier but also contributes to them shaping a more sustainable and conscious lifestyle.

For the 13<sup>th</sup> year in succession, the Telekom for Macedonia Foundation organized a humanitarian New Year's Caravan for the most vulnerable groups of children in December, 2015. The caravan visited more than 2,000 children without parental care, children with special needs, impaired hearing and vision or other physical disabilities, and children from socially vulnerable families. A special New Year's play was staged and gift bags handed out to the children. The caravan was organized and managed by approx. 50 volunteers from Makedonski Telekom, who visited 45 institutions. The Caravan did not only brighten the lives of these needy children but also raised awareness among the employees for the importance of corporate volunteering.

Besides the donation contest in 2015 Crnogorski Telekom supported a number of initiatives dealing with problems of socially vulnerable groups. These included donation to purchase a sterilizer for the Danilovgrad Primary Health Center and donation for the purchase of a telephone exchange for a Special Hospital in Risan. Both devices were urgently needed for the daily activities of the medical institutions. The National Breast Cancer Awareness Month Campaign in Montenegro was supported too.

## NON-PROFIT ORGANIZATIONS

Everyone has the opportunity to exchange ideas and experience with NGOs at the annual Sustainability Roundtable discussions. In 2015 the panel discussion was organized on June 12.

The Sustainability Day has been organized for eight years on the last Saturday of September. In 2015 there were 50 exhibitors at the event, including non-profit organizations. The event was attended by 3000 visitors.

As a preparation for the year 2015 Sustainability Report we distributed a survey sheet among non-profit organizations trying to find out which topics of the report are most useful and important for them. The survey was sent to all non-profit organizations that were granted donations from Magyar Telekom in the past four years as well as the partners and beneficiaries of the hello holnap! mobile application, the organizations that took part in the elaboration of the hello holnap! fee package, the organizations representing people with disabilities, the organizations participating in the 8th Sustainability Day and the winners of the Civil and Civil Net Application for Funds.

In the process of the preparation of the hello holnap! mobile application Magyar Telekom had non-profit organizations as cooperation partners: the "Szatyor" consumer community, the 30km.hu and the Oszkár car sharing service, the Amnesty International, the Suhanj! Foundation, the Budapest Bike Maffia and the Hungarian Bird Science Association. In 2015 the following organizations became beneficiaries: Autonómia Foundation, Budapest Bike Maffia, "Heti Betevő" (Weekly Meal), Hungarian Bird and Environment Protection Association and the Suhanj! Foundation.

Magyar Telekom launched its Civil Tariff Package service in March, 2004. In 2014 the Company invited applications on one occasion and provided discount schemes to 27 organizations in an overall value of 2.4 million HUF.

In 2015 Crnogorski Telekom organized donation contest "Za svako dobro", which is supporting socially responsible projects of special importance for the community, for the second year in a row. Total amount of funding for this year's contest was 35,000 euros, which is an increase of 67% compared to the previous year.

The contest was open to all non-governmental organisations from Montenegro that could apply their projects in the fields of education, arts and culture, environmental protection and the creation of equal opportunities for inclusion in digital society.

Among 50 NGOs that applied for grants, 6 projects were selected and awarded with funds for implementation.

The goal of the "All the best" program is to support socially responsible projects that are contributing to the community's welfare, engagement of important stakeholders and gaining their trust as well as the increase of transparency in the company's social engagement. In order to ensure transparency and the selection of the best projects, besides Telekom employees, representatives from NGOs, the media and the local UNDP office participated in the selection of the winning projects.

The company also participated in disaster relief activities by supporting collection of aid for migrants in Southeast Europe, through a donation line. The donation line was opened in cooperation with Red Cross Montenegro, in order to enable our customers to give a contribution and help those in need.

of selected suppliers. The uniform auditing system promotes and ensures compliance with the minimum social and environmental standards. As part of the system, in 2015 a total of 16 indirect Magyar Telekom suppliers were audited.

Deutsche Telekom's cross-border initiative 'Together for Sustainability' was created in 2014. This is a supplier development program, and in 2015 seven key ICT product suppliers cooperated in it.

companies participated directly in the survey in 2015. Respondents were informed about their results, where they have received topic specified feedback on their performance.

T-Systems Hungary organizes every year the T-Systems Symposium infocommunications conference, where we present in cooperation with our partners the innovations and trends in the ICT world, as well as a vision of the future.

Deutsche Telekom conducts worldwide audits

## SUPPLIERS

We invited our TOP80 key suppliers to fill out the EcoVadis assessment, which evaluates companies in terms of economic, environmental, social and responsible procurement aspects, and we received 33 responses from our direct and indirect suppliers.

Magyar Telekom Sustainability questionnaire is a series of questions on environmental, social and business ethics topics. 15 out of 40

## MEDIA

Magyar Telekom's sustainability center and the organization responsible for media relations organized two meetings for the members of the Sustainability Media Club. All nine members took part in the meeting. The participants, besides Magyar Telekom, were: CEMP-group, TV2, RTL Klub, Class FM, Ringier AxelSpringer, Metropol, Origo-group and Centrál Média.

Almost 50 applications were submitted to Magyar Telekom's Sustainability media award. Projects could be nominated in three categories: "Bottom View", "Wide-angle View" and Blog. The projects were required to address environmental, social or economic phenomenon. The awards were distributed among the winners on the eighth Sustainability Day.

In 2015 a record-breaking number of participants - more than 26 thousand - took part at the Telekom Vivicitá Run for the City event. The members of the Sustainability Media Club as well as several hundreds of employees of nine Hungarian media companies run to support children in need and the future of the next generation.

## FUTURE GENERATIONS

On February 10, on the occasion of the Safe Internet Day, Telekom volunteers visited and educated 1000 children in 14 schools in 12 cities on the conscious and safe use of online technologies. Our volunteers taught practical tips and tricks on the use of the internet, called the children's attention to potential dangers on the web, showed them useful browser settings and talked about the etiquette of communicating through electronic channels. The objective of Telekom's **Smart Digital Program** is to support the development of Hungary's digital maturity and literacy. In partnership with the Academy of Digital Knowledge our volunteers have been visiting schools for four years and teach practical tips and tricks on the use of the internet, call the children's attention to potential dangers on the web, show them useful browser settings and talk about the etiquette of communicating through electronic channels. On the Safe Internet Day, besides three schools in the capital, our volunteers also visited schools in Budaörs, Szentendre, Diósd, Győr, Cegléd, Szolnok, Eger, Miskolc, Szeged, Pécs and Nyíregyháza. The interactive sessions are organized as 45 minute school lessons and taking into account the inherent features of the age group such topics were discussed as password protection, avoiding dangerous web content and cyber bullying.

On the 8th Sustainability day in 2015 – where the target group was young, educated city-dwellers within the age group of 18–35 – as many as 3000 persons visited the event that was comprised of four panel discussions.

Music and festivals are among the main target groups of Magyar Telekom's sponsoring efforts. The company has been supporting the VOLT and Balaton Sound festivals for years and in 2015 we started to support the Sziget Festival too. Besides offering a great opportunity to present our brand these events are also important occasions for the event-specific presentation of our ICT products and services.

By way of supporting festivals Magyar Telekom reached more than 700,000 young adults in 2015: 123,000 persons partied at the VOLT, 145,000 at the Balaton Sound and 441,000 at the Sziget festival.

The Become an IT expert! career guidance program was launched by Magyar Telekom and T-Systems Hungary where the companies use their knowledge base to inspire students to choose the IT profession. In 2015 the program reached 1114 students. Within the frame of the program Telekom volunteers present the advantages and characteristics of the IT and engineering profession in 45 minute school lessons, mainly in secondary and primary schools.

In December 2015 the e-Engagement educational caravan project of the Macedonian subsidiary ended with the closing conference at the Telekom Innovation Center. The event was organized by the NGO Youth Union with the support of the e-Macedonia Foundation, established by Makedonski Telekom. The aim of the project was to encourage young people to use digital tools for self-improvement and creating positive changes in society.

In 2015 Makedonski Telekom organized 12 workshops in 12 cities. In the two years of its existence, the educational caravan visited 16 cities around the country and over 1,500 young people were actively engaged. Through these workshops young people were encouraged to become leaders and creators of the future, both in the civil society and in youth cooperation. The closing conference on December 12, which was attended by 15 lecturers and the most motivated and active young people, produced many useful conclusions and recommendations about how young people's electronic engagement can support strategies for proactive involvement in all spheres of social life.

The partnership between UNICEF and the Telekom for Macedonia Foundation aims to raise awareness of the importance of early education. After all, children develop most in the first five years of their lives, and children who attend high-quality pre-school programs are more successful in school and life in general. To this end, the partnership is striving to open early childhood development centers so that children from vulnerable environments enjoy the same opportunities for early education as their peers who go to kindergartens. In order to close the gap between urban and rural areas, where kindergartens are underrepresented, the new early childhood development centers are being built in the communities that need them most. Overall, nine centers have been opened by the end of 2015. The Telekom for Macedonia Foundation made an initial cash donation of US\$ 50,000 (€ 46,000) to help pay for the new centers, and also donated some of the revenues from text messages sent on New Year's Eve.

## COOPERATION IN ENVIRONMENTAL AND SOCIAL ISSUES

Besides professional challenges, the Group also seeks cooperation opportunities for the solution of social and environmental problems.

The Group is a member of several working groups of the Hungarian Business Leaders Forum (HBLF):

- Partnership and Volunteering Working Group
- HBLF for Diversity HR Working Group
- Equal Opportunities Working Group
- Health Working Group
- Environmental Protection and Sustainability Working Group
- Community Programs Working Group
- Business Ethics and Transparency Working Group

The Group has been an active member of ETNO's (European Telecommunications Network Operators Association) Sustainability Workgroup for years. The members work closely towards solving all kinds of sustainability-related programs. In addition to the three meetings held each year, an internet portal also helps our joint work and contributes to the sharing of best practices.

In respect of the hello holnap! Fee package we held various forums with the involved organizations (SINOSZ, MVGYOSZ, MEOSZ, ÉFOÉSZ, AOSZ). Our cooperation with these bodies is continuous, active and based on the proposals we continuously improve our relationship with the disabled people and develop our relevant services. In 2016 we implement the latest version of the fee package that provides several services at the cheap price for disabled people. Our most important new initiative is that each entitled member can use



Sustainability Press Award ceremony

two hello holnap! subscriptions to involve a family member or an attendant.

We supported the work of the Environment Protection Committee of the Hungarian Academy of Sciences as well as the scientific work of the National Adaptation Center. Our colleagues are in close relationship with several higher education institutes and we help the universities with consultancy for writing theses, expert education and giving lectures.

### Sustainability Day

The sustainability Day (FN8) was organized on the eighth occasion on September 26<sup>th</sup>. The conference on distances that "separate" and "connect" was opened by **Róbert Alföldi**. In his inspirations speech Alföldi said that it is important to be open, to get even closer to things around us and to step out of one's comfort zone.

In the **environmental section** the participants discussed genetically manipulated and organic products as well as innovative technologies to be applied in agriculture, including the use of drones. After the discussion of the environmental section the participants of the **economic section** continued the discussion of distances between stakeholders in the world of business as well as trends and the biggest challenges and opportunities of the Hungarian

and global economy. In the **social section** the topics of discussion were poverty and segregation. During the discussion the participants highlighted the importance of calling young people's attention to the importance of voluntary work while they came to the conclusion that social problems can be best eliminated with the improvement of living conditions and stimulation of development. The participants of the **+1 section** were debating on the topic of immigration and emigration – which were particularly actual in September, 2015. To let in or to let go? To open or to close? To admit or to accept? To call or to keep distance? Is there a good solution? These were the questions that the experts were trying to answer.

The attendees of the event could visit 40 exhibitors, including the Traveling Market, selling agricultural products, T-Systems' newly implemented bus timetable operated by solar cells and dynamo or could purchase Kele Clothing pullovers made with the use of the drawings of autistic children supported by the Mosoly Otthon (Home of Smile) Fund. The CollMot Robotics prepared a very spectacular presentation for the audience: the Dance of Drones.

Several awards were distributed at the FN8 event. For example the winners of the "How long are you around?" application for funds were announced as well as the awardees of the Sustainability Press Award.

Within the frame of the Sustainability Press Award the applications were submitted in three categories. The winner of the Bottom View category was a journalist from RTL Klub TV: **József Czakó** with his "Asbestos trilogy" report. In the Wide Angle category the members of the jury, delegated by Telekom and the Sustainability Media Club, gave the first prize to **Tóth Bálint** for the „Karmas – community builders” film while in the E-world category the first prize was given to **Petra Gál** from RTL Klub for the report „Kamureg” (Fake registration).

In line with our traditions acknowledgments were given to the three most popular exhibitors on the basis of the attendees' votes. This year the acknowledgment was given to the **Responsible Gastro Hero**, the Molinó Bag Workshop and the Homoktövis Primary School. (**The Homoktövis Primary School** was one of the winners of the community garden application for funds, related to the Vivicittá city run, organized in 2013.)

The all-day event was closed by a huge party to the music of Bohemian Betyars, Rotfront and the Dublic dj duo.

### The hello holnap! application

Magyar Telekom concluded donation contracts with six new non-profit organizations for years 2015–2016.

The **Autonomy Fund** primarily supports the Roma people's integration, the strengthening of the civilian society and helps segregated communities. The **Budapest Bike Maffia** and the **Heti Betevő** gives food to those in need; the former delivers food donations by bike and the latter distributes restaurant quality food among disadvantaged people. The Hungarian **Bird and Environment Protection Association (MME)** helps to protect birds all around Hungary, the **Hungarian Environment Protection Association** improves the citizens' and decision-makers' awareness on environment protection with view-shaping programs. The **SUHANJ! Fund** helps to share the joy of doing sports with handicapped and disabled people.



DELFIN Award ceremony



The hello holnap! application is available for iOS, Android and Windows phone. This is one of the most popular Magyar Telekom application and has been downloaded more than 7500 times.

### DELFIN Award

In 2008 our company established the DELFIN Award: The award stands in Hungarian for a Committed, Sustainable, Innovative Generation ([http://www.telekom.hu/rolunk/fenntarthatosag/gazdasag/delfin\\_dij.](http://www.telekom.hu/rolunk/fenntarthatosag/gazdasag/delfin_dij.))

With the **DELFIN award** Magyar Telekom wants to promote the idea of sustainable development among all companies in Hungary and recognize efforts made towards this goal. The award is given to suppliers offering outstanding performance in the field of sustainability, on the basis of applications judged by a board of professionals.

Members of the professional jury:

- Péter Bodó – founder of the Route4U wheelchair navigation application
- Viktor Nagy – leading analyst of Portfolio
- András D. Tóth – RTL Klub's editor-reporter, representing the Sustainability Media Club
- Dr. György Pataki – dean of the Corvinus University of Budapest
- Ernő Simon – journalist
- Katalin Szomolányi – head of Magyar Telekom's sustainability center

The seventh award ceremony was held on June 12, 2015 at the 16th Sustainability Roundtable discussion. The roundtable discussion and the DELFIN Award ceremony was organ-

ized in the Design Terminal in Budapest. The professional jury of the event rewarded exemplary sustainability solutions and performance among the competing companies.

Any Hungarian enterprise could apply for the DELFIN award in 2015 – with implemented and running programs. Winners of the DELFIN Award in 2015:

- In the Sustainable Innovation category the Y2012 DELFIN award winner Budapest Taxi won again with purchasing electric cars and establishing the first “green”, environmentally friendly taxi fleet in Hungary.
- In the climate protection category the winner was Ericsson Hungary’s Take-Back program thanks to which, first in the region, 100% of outdated and dismantled mobile network equipment was recycled.
- In the Equal Opportunity category, after 2013, JOB HR Consulting won the award again by creating the [www.rehabjob.hu](http://www.rehabjob.hu) portal to facilitate the integration of people with reduced capacity to work into the labor market via their Facebook site and blog .
- In the Awareness category the winner was Hegyvidéki Sport Hall and Sports Facility Center (MOM Sport) for organizing competitions for sportsmen in multiply disadvantaged situation.

The application materials can be found on the following website:

<http://www.telekom.hu/rolunk/fenntarthatosag/esemenyek/2015/kerekasztal-beszelgetes>

## PROFESSIONAL COOPERATION

Upon the initiation and financing of T-Labs (Telekom Innovation Laboratories, Berlin) a new faculty department was launched at the ELTE University from September, 2016 to connect education and R+D+I activities. The

objective of T-Labs is to create an EU Labs researcher network. Hungary is the first pillar in this effort. The department was established for a definite term of five years and they plan to employ one Associate Professor and two PhD students. The positions have been advertised and there are applicants already. The planned name of the department is: Data Science and Engineering Department. Magyar Telekom will support both the education (trainee positions, knowledge transfer, external consultant) and research (financing of the R+D efforts) activities of the new department. For 2016 we plan to propose two R+D topics to the MT R+D Committee.

In recent years special emphasis has been laid on the development of international cooperation among DT member companies to tap the synergies of the group. We play an important role in the international program designed to restructure the operation model of the mother company. The objective of the effort is to establish the necessary infrastructure to support the future operation as well as the service portfolio thereby making DT group the leading European service provider and optimizing the network infrastructures and resources at a company group level.

To this end we have taken part in several international projects:

- In April 2015 we established the Fixed Access SSC – MT and OTE Hub – centers through which we provide access network services to DT EU countries based on service catalogues and contracts concluded with the respective countries.
- In line with the company’s strategy we give key priority to customer satisfaction to further improve it from network side. To this end we launched a joint project with DT called CNE (Customer Network Experience) to improve our customer’s satisfaction with our services.
- We continuously strive to improve quality: together with DT subsidiaries we jointly assessed the fault rate of the IPTV service

and based on our findings we elaborated joint quality improvement action plans the success of which will be assessed together in the future.

- Our colleagues took part in the DT PANNET project within the frame of which we will establish a uniform infrastructure and operation model.

Within the frame of the PSTN replacement project, launched in 2014, we migrate our PSTN/ISDN customers to a modern and long-term sustainable MSAN technology IP network by the end of 2016.

The MSAN’s advantage is that the equipment is operated on a cheaper and energy efficient IP network while the services for our customers are provided in unchanged quality and with unchanged parameters.

By the end of 2015 half of the centers was switched off thereby we managed to save a significant amount of energy.

We have the equipment to dismantled by contracted subcontractors with the use of environment friendly methods and in consideration of sustainability. Each and every “part” of the centers will be recycled.

The project continues by the end of 2016 and more centers are expected to be switched off with which we may save as much as 10% of the annual electric energy consumption of Telekom.

In March 2015 we started our cooperation with Telenor Hungary within the frame of which we build the LTE800 network in the countryside together. The network will be built by Telekom in the areas east from the Danube while in the western part of the country Telenor will design and build the facilities. The cooperation is not extended to joint efforts in Budapest.

Our main objective is to jointly achieve the coverage commitment made to the National Media and Info-Communications Authority.

With the joint effort we can build cutting-edge mobile technology facilities for our customers in the countryside and the cooperation scheme was designed in a way that none of the companies have to abandon their plans to complete important developments, not even if it is not a preferred option by the partner.

Besides, the 10-10 Mhz bands acquired by the two companies will be shared thus both enterprises can build 20 Mhz bandwidth which results in double nominal speed.

We may conclude that the winners of the cooperation are the subscribers of the two companies. They can use the internet sooner and at a higher bandwidth while the network is built cost effectively, as a result of the joint effort.

In 2015 T-Systems Hungary was a member of various industry-specific interest representation bodies, chambers. The objective of membership in chambers is the targeted management of professional, economic and opinion leader organization activities besides the opportunity to acquire useful information and knowledge. Membership also helps us to actively keep contact with market players and professional organizations.