



**SUSTAINABILITY
REPORT
2019**



EGYÜTT. VELED

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LETTER FROM THE CEO

DEAR READER,

For Telekom, sustainability is not solely about meeting requirements, observing standards and fulfilling criteria, but a mindset that is a part of our overall operations, philosophy and strategy. I trust that our Sustainability Report regarding 2019 confirms and underlines this statement, and provides an authentic proof of Telekom's commitment to sustainability to all readers.

Being a telecommunications, ICT company, we are in the fortunate position to be able to firmly and honestly claim that through our operations and services we truly make the world a better place. That is not an unfounded belief or wishful thinking on our behalf: we know and experience every day that digitalization is the tool that helps us overcome the social, economic and environmental challenges that have accumulated and piled up in front of us by now. Here, at Telekom we firmly believe that we have something to give to the world that can stop the current trend or even turn it around, and that is digitalization.

Our company does not shy away from serious undertakings. By means of our services, we wish to support our customers in becoming the winners in their lives, to enable them to get in contact with each other, conduct their business, work and have fun whenever and however they wish to – to make their lives more efficient, economical, effective, in one word: smarter. But we do not stop there. We have undertaken to digitize Hungary, and to build a gigabit society. We feel responsible for our direct environment. Therefore, it is our goal to enable the local economy and the population of the country to utilize the benefits of digitalization in their efforts to grow and prosper. As we stated in Telekom's Sustainability Strategy encompassing the years from 2016 through

2020: our company assumes responsibility and commits to pursue its operations, corporate governance and overall activities in a way to generate a positive effect upon the society, the environment and the economy. We do that along four foci: climate protection, education, digital sustainability and diversity.

These demanding goals require full dedication. By their nature, they call for adaptability and change, and we have undertaken to implement them. We wanted to become more sensitive to the needs of our customers, and we wished to make our internal processes more dynamic, as well as to improve the efficiency of our developments and operation. The agile transformation has not even been completed, yet, but Telekom has already visibly changed, and has become a company whose every segment is renewed. The change was also necessary for us to be able to deliver 1 million gigabit connections in 2019, which is more than ever before, as well as to position ourselves among the best in Europe in terms of the development of our state-of-the-art fiber network.

Digitalization helps to make the world a better place, but we must admit that the development and operation of technology are energy-intensive processes. That is exactly why we consider it a major achievement that our operations had been carbon-neutral for the fifth year in a row last year: the company has improved its energy-efficiency, modernized its network and data centers, and increased the ratio of hybrid and electric cars in its fleet. Telekom powers several of its infrastructures by solar energy, and gives preference to sustainable ICT products and services as part of its operations. The company purchases its total Hungarian power consumption from renewing sources, and neutralizes its emis-

sions generated by fossil fuel consumption by supporting green projects.

In the past three years, in order to increase the volume of green energy generated by the company itself, Telekom installed solar panels at Budapest and Szeged, which enabled the launch of the community solar panel project among the employees. We extended the program also to customers in 2019: the approximately 80 000 customers opting for the ExtraNet Green 1 GB data extension package can constantly monitor the performance of the solar panel systems they support, as well as promote the installation of further solar panels by their choice, as Telekom finances its following such projects from the revenue thus generated.

Another important step is that in 2019 we updated our long-term emissions targets set for 2030 in line with IPCC's 1.5°C scenario, which has also been approved by the Science Based Target initiative.

We also do our best in the area of our internal operations to decrease the emissions detrimental to the environment. We defined another major undertaking in 2019 by deciding to stop using disposable plastic. The target of the Plastic Free Telekom program is to decrease the volume of PET by 80% by the end of 2020, reduce the ratio of disposable plastic to zero, and to replace all polystyrene that come from our supplier chain.

While striving to reduce our environmental footprint, we have not forgotten about the social dimension of sustainability either. Telekom assumes an active role in the digital education of different layers of society, by which we contribute to the goal of enabling the greatest possible number of people to benefit from the opportunities offered by our services. As part of the Become a member of Generation NOW! program, close to 70 customized sessions were held in the high-schools of nine towns last year, where students taught members of the elder generation how to use features of the digital world. Though the young are better at handling those features, we also set the goal to protect them from the online threats specifically targeted young users, and we have stood up, among others in our commercial communication, against online harassment, fake news and violation of privacy.

At Magyar Telekom, we continuously work on creating an open, inclusive and safe workplace for everyone. As part of our commitment to equal opportunity and a discrimination-free corporate culture, we created the first unconscious bias awareness training in Hungarian, which we offered not only to our employees, but by making it a publicly available course on our website, we also supported others in their endeavors to fight against discrimination. Telekom continues to support the UN Global Compact targets, and we report, along the goals primarily relevant to our operations, about our commitment to the Sustainable Development Goals (SDG), too.

Global developments, like the shift of investment funds' focus to ESG (environmental, social and governance) performance or the

Green Deal package announced by the European Commission, which is aimed at establishing a more sustainable economic and social structure, all point to the direction that companies' sustainable operation in increasingly becoming a requirement posed by all stakeholders. That is another reason why we find the assessment of responsible investment analysts evaluating Magyar Telekom an important feedback.

In 2019, we held our position being a member of the FTSE4Good indexes, the assessment related to which put the company among the top 1% best performers of the sector. And from MSCI ESG Research, we received an AA rating on a scale from CCC to AAA. We took part in the Carbon Disclosure Project in 2019, too, in the framework of which the biggest corporations of the world report about their climate protection approach, related risks and opportunities, as well as their CO₂ emission levels to investors. We have got our assessment from ISS ESG responsible investor analysts already at the beginning of 2020, which put the company among the top three best performers of the sector with a "B" Prime rating. Assessments like the above are also important for us, because 45% of Magyar Telekom's free-float shares are held by responsible investors.

The year 2019 seems to be a watershed from many aspects not only for Magyar Telekom, but also for the whole of international economy and society. Sustainability has become a household term, about which not only careful warnings and forecasts are published, but specific requirements and urgent demands are also made. I personally also believe that steadfast and decisive measures are needed affecting economy and society alike, because measures adopted for the sake of appearances only cannot address the enormous threat we are facing. My above statement applies here, too: demanding tasks call for adaptability and change. I hope that the measures adopted by Telekom serve as examples for others, and urge them to accept the same responsibility in their own operations.

Budapest, April 7 2020

TIBOR RÉKASI
Chief Executive Officer



OUR APPROACH

Sustainability approach

Since Magyar Telekom has long ago recognized the overall importance of sustainable development, as well as the fact that it is specifically critical for future business operations, it remains committed to pursue its operations, corporate governance and other activities in the above spirit in Hungary and in all countries where the Group is present through its operations or partnerships, which is not only a token of our future business success, but one of our major assets in light of the Group's role in the region and its social, environmental and economic influence.

Sustainable development is not a challenge for one. It affects everyone across the whole corporate Group. Therefore, it cannot be approached as a task dedicated to one organizational unit. The different entities of the Group learn about and then apply the sustainable practices applicable in their respective areas through the policies governing internal operating procedures. Our newly hired employees familiarize with and start to apply the sustainable operating principles that govern the whole Group and are present as an organic part of our corporate culture. The specific tasks often involve totally different entities within the Group, and require the cooperation of organizations far from each other. Magyar Telekom's sustainable corporate governance practice is described in **Chapter on Corporate Governance**.

Values identified by our sustainability approach in the environmental, economic and social dimensions:

Economic dimension

- Business venture, integrity, transparency
- Vision, innovation
- Employees, team, dynamism
- Client

Social dimension

- Democracy, information society
- The future generations, sustainable society
- Diversity, social solidarity, quality of life
- Partnership, talent, creativity

Environmental dimension

- The Earth
- A viable and wholesome environment
- Nature, biological diversity
- Natural resource

BE SMARTER! – 4th Sustainability Strategy (2016-2020)

Magyar Telekom's 4th Sustainability Strategy has been compiled in harmony with Company's other strategy. Its main objective is to make sustainability an integral part of Magyar Telekom's business. This can be ensured, if considering all three pillars of sustainability, we are comprehensive, credible and innovative. Until end of 2020, climate protection, education and awareness, digitally enabled sustainability and the Dicersity are the major foci of the strategy.

Climate protection

Our goal is to make our customers climate-conscious, too, and to be an authentic and responsible company that helps them along that journey. It is our ambitious objective to generate revenue from our climate protection activities, as the ICT world offers especially great potential for that, at the same time to push Magyar Telekom Group's actual CO₂ emission below 100,000 tons. In order to achieve the above, in addition to the emission decreasing initiatives, we also need to work on elaborating "green" services specifically.

Education

We want to assume a role in educating the public and our customers. Our goal is to directly or indirectly reach 1 million people in Hungary with our trainings by the end of the period covered by the strategy. We shall primarily focus these digitization and responsibility related trainings on three areas: programs aimed at eliminating the digital gap, the succession pool of the industry and awareness raising edutainment/inspiration activities.

Digitally enabled sustainability

Being a sustainable digital company, it is our clear expectation that our customers should also use sustainable digital services. To that end, we strive to pursue responsible marketing and activities that enable and inspire others, as well as are based on sharing. In this context, our goal is that awareness about Magyar Telekom, as a sustainable company should reach 50%.

Diversity

As a responsible employer we pay special attention to the elimination of discrimination from the workplace environment, ensuring all voices be heard and all perspectives respected. Our equity and inclusion efforts imply a special focus on the diverse needs of employees coming from underrepresented social groups when it comes to the comfort of well-being, sense of belonging or career aspirations.

The Y2019 report has been structured along the above-mentioned focus areas to present the sustainability performance of the company.

SUSTAINABILITY STRATEGY STATUS BY SUBTASKS

Climate protection

- Operational emission decrease
- Customer greening solutions

Digitally enabled sustainability

- Responsible marketing
- Enabling, inspiring sharing activities

Education

- Digital competencies
- Industry succession
- Edutainment/Inspitainment

Diversity

- Corporate governance
- Diversity and inclusion
- Workforce diversity
- Workplace flexibility
- Accessibility

Sustainable Development Goals (SDGs)

In 2015, the UN adopted its sustainable development blueprint to be implemented by 2030. These 17 goals and 169 targets determine the main direction towards resolving the most urgent problems posing a threat to humanity and the planet. Magyar Telekom elaborated its Sustainability Strategy encompassing the period from 2016 through 2020 along these SDGs.





In each chapter of the Sustainability Report, we indicate which SDG the specific chapter is relevant to, and we also compiled a **separate report** that includes which goals we consider as priorities along our activities, and how we contribute to the achievement of specific targets.



Public companies are increasingly expected to clearly state their corporate governance principles and to what extent those principles are implemented. As a company listed on the Budapest Stock Exchange, Magyar Telekom is highly committed to come up to these expectations and to meet legal and stock exchange requirements.

To increase the transparency of the company's corporate governance practices Magyar Telekom provides several information on [this](#) website.

Information on annual general meetings and the resolutions adopted at them is available on [this](#) website.

SUSTAINABILITY COORDINATION

The group-level governance of corporate sustainability operations in 2019 is shown on the diagram below. The Group-level coordination is continued to be implemented under the auspices of the Group Sustainability Coordination Council (GSCC). The levels of development and management of the corporate sustainability strategy are separated from the operative implementation level within the operation of the GSCC, thus the process of implementing sustainability activities is divided to the following levels:

1. Strategy development and strategy management level operating under the auspices of the GSCC:
 - development of strategic concepts
 - implementation of the strategy
 - relevant communication with national and international organizations
2. Operative implementation level managed by relevant organisations of the governance areas and business units
 - actual operative activities
 - task management
 - data provision etc.

COMPETENCE

determination of main directions, decision on key issues

RESPONSIBLE

Management Committee (MC)

ensuring the necessary framework and supervision of the activities

responsible senior manager - Chief Human Resources Officer (CHRO), member of the MC

making the decisions and resolutions necessary for the operation, ensuring the coordination for the performance of tasks

Group Sustainability Coordination Council (GSCC)

professional management; harmonized implementation of group level tasks; participation in the Hungarian and international professional activities

GSCC manager - leader of the HR-VFK

implementation of tasks of the management area/organization/member company, information, participation in meetings, data supply, implementation of operative tasks

GSCC members

¹ The Management Committee, ceased to exist, as a decision-making body of the Company, with effect from January 01, 2020. The responsibilities and authorities of the Management Committee were reallocated partly to the Board of Directors, partly among the CEO and the other Chief Officers.

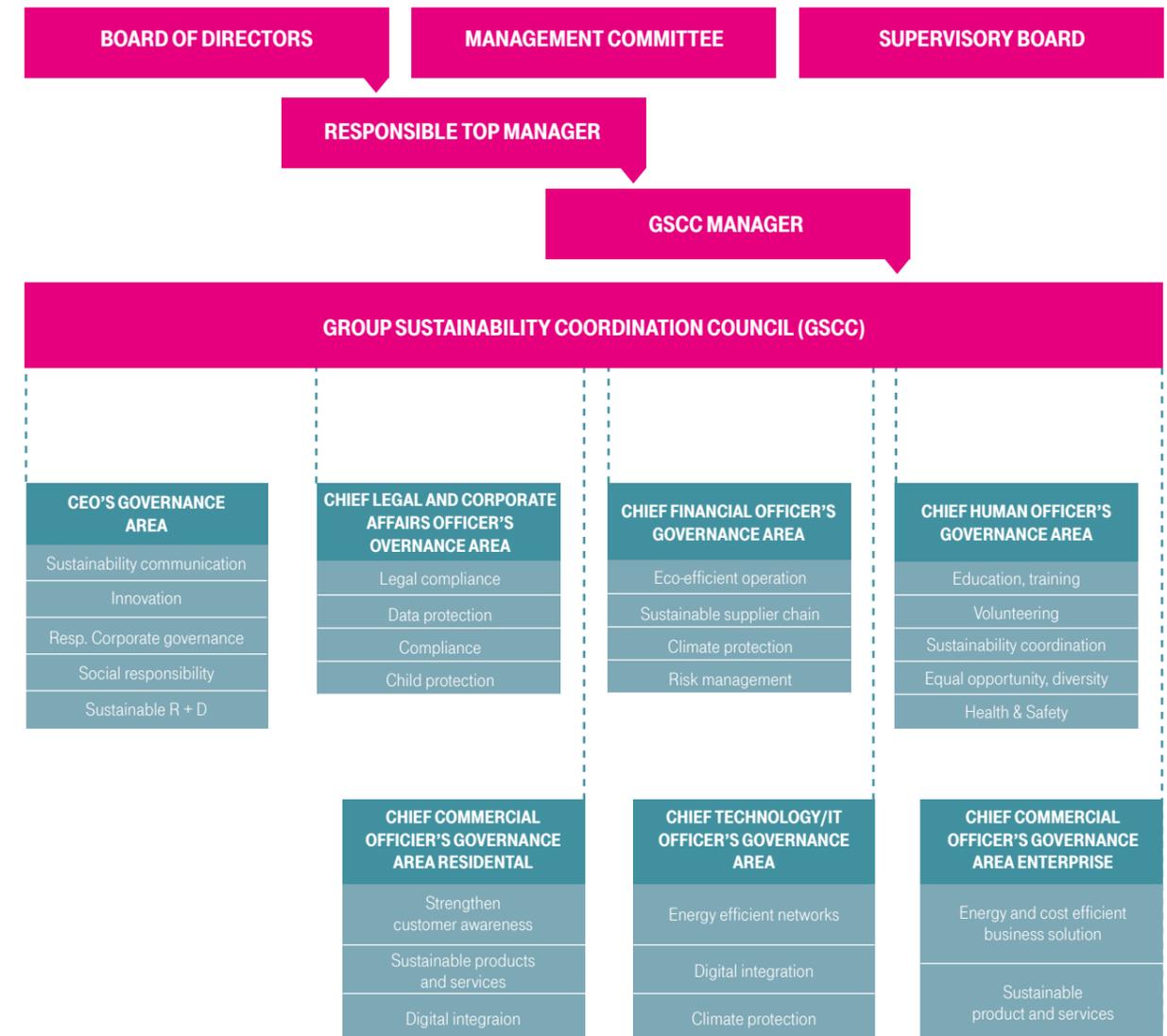
The GSCC's operation is regulated by a group level directive: on the regulation of Magyar Telekom Group's sustainability operation and the responsibilities and competence of stakeholders.

According to the directive the operative leadership of Magyar Telekom Group, the Management Committee¹ (MC) receives annual track report on the Group Sustainability Strategy tasks and related significant sustainability activities, results, potential exposures and opportunities.

The annual track-report allows the MC to be up-to-date about the latest sustainability trends and respond to the stakeholder feedback in the annual report. The Committee may also decide on the amendment of the strategy based on the annual report. The MC keeps contact with the stakeholders (e.g. General Meeting) through the GSCC. Incoming inquiries are received by the respective professional areas and critical comments regarding sustainability are transferred to the responsible staff members by the GSCC members. According to the relevant group directive the strategic tasks are allocated to the respective Chief Officers.

Communication is based on the results of the above activities a key element of which is the annual Sustainability Report. In 2019 professional management of the data collection and editing process of the report was carried out by the Corporate Sustainability Center under the supervision of the Chief Human Resources Officer.

SUSTAINABILITY MANAGEMENT OF MAGYAR TELEKOM IN 2019



Hierarchy of the sustainability activities

The hierarchy of the sustainability activities of Magyar Telekom Group has not changed lately, only the structure of the Group changed that can be followed in the annual sustainability reports. The sustainability strategy was determined in line with various policies of the Group, Hungarian and international trends (climate protection, electromagnetic fields, responsible content services, etc.) and in consideration of the stakeholders' expectations (i.e. proposals made had roundtable discussions and at various sustainability forums, email messages, survey results, etc.). The continuously updated strategy then served as a basis of our tasks and objectives.

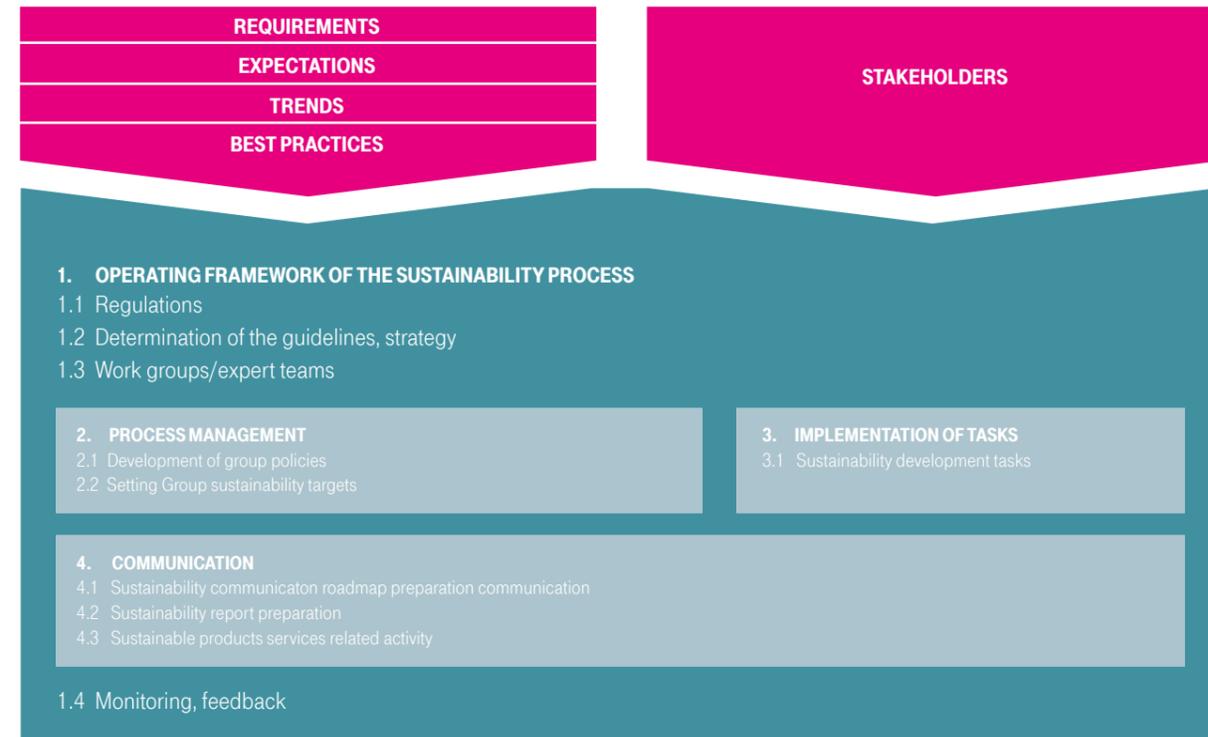
All our activities are supervised by the Management Committee, based on our regular reports. In order to manage risks that may have an impact on the business we established the sustainable supplier chain management process. Incidents are managed by a work group established by the GSCC and based on them we elaborate measures to mitigate potential future exposures.

REGULATION OF THE SUSTAINABILITY ACTIVITIES, GROUP SUSTAINABILITY PROCESS, ENVIRONMENTAL COORDINATION

The sustainability management process covers Magyar Telekom Group's entire sustainability activity (including environment protection).



THE CONNECTION OF SUB-PROCESSES AND ACTIVITIES ARE SHOWN IN THE FOLLOWING FIGURE:



CORPORATE COMPLIANCE

Magyar Telekom Group's Corporate Compliance Program has been elaborated with the aim to ensure that Magyar Telekom Group conducts its business with maximum consciousness and commitment, in accordance with relevant laws and regulations, in harmony with the strictest possible business ethics standards.

To this end we have issued directives addressing the potential compliance risks, operate the procedures contained by them and provide continuous training for our employees. Clear processes are in place for the whistle-blowing, investigation, monitoring and remedy of suspected cases of non-compliance.

The Corporate Compliance Program is supervised by the Group Compliance Manager. The Group Compliance Manager reports directly to the Audit Committee and is in direct contact with the Board of Directors, the Supervisory Board and the management.

The centerpoint of the Compliance Program is the Code of Conduct that summarizes the relevant requirements and the applicable ethical norms. Employees may ask compliance related questions through the Ask me! portal.

RISK MANAGEMENT

It is our **policy** that all disclosures made by us to our shareholders and the investment community be accurate and complete, and fairly present our financial condition and results of operations in all material respects. Such disclosures should be made on a timely basis as required by applicable laws, rules and regulations. To achieve these objectives, we developed and have continuously enhanced our risk management policies.

Our risk management includes identification, assessment and evaluation of risks, development of necessary action plans, as well as monitoring of performance and results. For risk management to be effective, we must ensure that management take business decisions with full understanding of all relevant risks.

In 1999 we 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.

The Company verified the cases of unethical conduct reported during the year and launched appropriate investigations if it was considered necessary. In the cases where the action of fraud was verified, the necessary remedial actions were duly taken. Complaints and comments related to issues and violations of internal and external regulations can be submitted to Magyar Telekom Group's Tell me! Portal.

Risk items affecting our operations are reviewed quarterly throughout the Company. All of our 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 our management, to the Board of Directors and to the Audit Committee.

For the sake of prompt disclosure of all risk items influencing investors' decisions, we enhanced our risk management procedures with a new element, we complemented our quarterly risk reporting system with a continuous reporting procedure which requires all of our departments and subsidiaries to report on 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 CFO is notified when a new material risk or information is identified.

An internal regulation has been issued to define responsibilities of each employee in risk monitoring and management.



1. CLIMATE PROTECTION

Emissions and energy efficiency	11
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Waste	15

6

CLEAN WATER AND SANITATION



7

AFFORDABLE AND CLEAN ENERGY



11

SUSTAINABLE CITIES AND COMMUNITIES



12

RESPONSIBLE CONSUMPTION AND PRODUCTION



13

CLIMATE ACTION



As a leading provider of info-communications services in the region, Magyar Telekom's commitment to sustainable development with a focus on preserving the environment lies in the centre of its mission. We have realized that many of our products and services help our customers to become more climate-friendly, at the same time, we are aware of the impact our industry has on the climate, too. Therefore, we identified strict emission decrease targets. In our Sustainability Strategy 2016-2020 we set the ambitious goal to reduce the level of our carbon dioxide emission below 100 000 tons.

In 2018 we were the first and only company in Hungary, whose long-term emission reduction targets have been approved by Science Based Target initiatives, in 2019 we updated the targets according to IPCC's 1,5°C scenario:

- reduce absolute scope 1 and 2 GHG emissions 84% by 2030 from a 2015 base year.
- reduce absolute Scope 3 GHG emissions 30% by 2030 from a 2017 base-year.

WE'VE HAD OUR SCIENCE-BASED TARGET APPROVED



2019 marked the fifth year in which Magyar Telekom Group set the objective of carbon-neutral operation – and reached it. We spent half of the income of our company car policy regulated bonus-malus system to carbon offset. We purchased 182,5 GWh renewable energy which covers 100% of our electricity consumption, beside that we purchased and retired 32,771 CER units to become 100% carbon neutral.

Strategic Goals

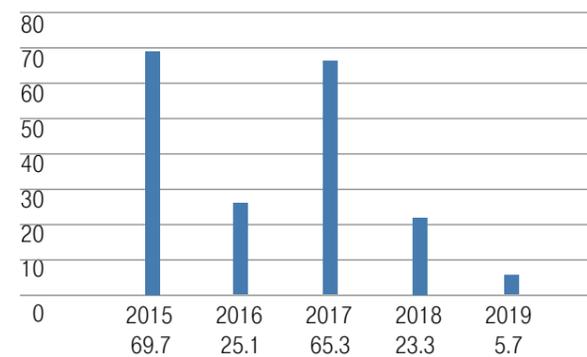
- Reducing our CO₂ emissions
- Energy consumption: saving energy (reduce consumption), increase of energy efficiency levels, using green energy
- Increase the energy efficiency of our buildings
- Decrease our fleet consumption, promotion travel replacement solutions and dematerialization solutions
- Introduction of sustainable and climate friendly products and services
- Measure the climate footprint of our customers and suppliers

	KPI by 2020
CO₂ emission	<100 000 t CO₂
fixed network	min. -44% based on 2008
mobile network	max. +35% based on 2008
data center	max. +3% based on 2008
buildings	min. -16% based on 2008
Energy efficiency	100 Gbit/kWh
Fleet	
fuel consumption	min. -34% based on 2008
average CO ₂ emission	<100 g CO ₂ /km
share of hybrid and electric car	min. 30%
CPE's emission	general decrease
Waste reduction	min. -10% based on 2015
Paper usage in the shops	min. -90% based on 2015

Risks and opportunities

Based on the Business Continuity Management System (BCM) we have identified the critical climate risks (floods, heat waves) that might affect our operations and we have prepared action plans for possible risk management. According to our annual assessment the rate of climate damage in the network did not reach the level of intervention (HUF 50 million damage/month). In 2019 we have identified 45[✓] climate related cases (storm damage).

STORM DAMAGE (HUF M), MAGYAR TELEKOM PLC. ✓

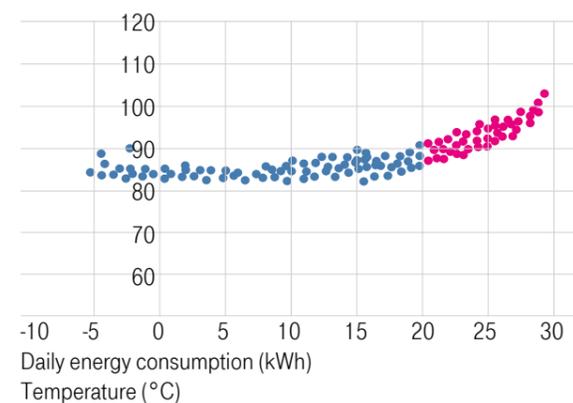


In 2019 during the heatwave many of our colleagues worked remotely in order to reduce the energy consumption of our offices, and we increased the core temperature of our data centres and base stations.

We observed that the energy consumption of our base station starts to increase when the temperature is above 20 C°, therefore there is an expected possibility that our climate change and health wave-related expenses could rise with tens of millions of HUF in the future.

Based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure) initiative, we identified additio-

BASE STATION DAILY POWER CONSUMPTION DEPENDING ON TEMPERATURE LEVELS



RUNNING OUT OF GBS INCLUDED IN YOUR PACKAGE?

TRY IN GREEN!



Climate change is a relevant threat to our operations as well as to our supply chain. We can mitigate this risk by evaluating and educating our suppliers. We have a common interest in building a resilient supply chain network. For more information, see our **Suppliers** chapter.

The company pays increased attention on installing energy efficient equipment in our networks and securing that all of our products and services comply with the requirements of environmental sustainability. We aim to provide our customers with solutions they can benefit from, allowing them to use less energy and protect the environment. For more information, please refer to chapter **ICT for Sustainability**.

nal risks and opportunities in our operations.

In setting our emission reduction targets, we have considered the current Paris Climate Agreement and EU standards, as well as the IPCC's 1.5 C° goals, but we assume that regulators will set stronger emission reduction targets in the future, which may involve financial risks. On the other hand, thanks to our forward-looking climate strategy, we have an advantage over our competitors, along with rigorous regulations.

One of the pillars of our carbon-neutral operation is that we use 100% renewable energy in Hungary subsidiaries and the uncertainty of future prices poses a risk to this pillar. The more companies switch to green energy, the more the price may rise, which may mean more than 10 M HUF additional expenses for Magyar Telekom. In addition, long-term renewable usage can continue to be a business advantage as our customers are increasingly looking for sustainable products and services powered by green energy. Our surveys have shown that a large part of our customers is willing to pay more for their green products, so if we power our entire portfolio with renewable energy, we can potentially increase our revenue.

Green 1 GB data option

We would like to offer the choice to our customers who consider it as important as we do to fight against climate change to pick a service that serves the purpose of protecting the climate. That is why we came up with the globally unique ExtraNet Green 1 GB option. By choosing the ExtraNet Green 1 GB data extension option, we guarantee that we generate the same amount of energy as the one required to transmit 1GB data using our solar power plants installed on the top of our Kékvirág street facility.

New Headquarters

At the end of 2018 we moved to our new headquarters and 2019 was the first whole year in it, we tried to implement as many eco-friendly solutions as possible. We have already taken environmental aspects into account when designing, and we consider the effects of the 100-year flood events too. The building has innovative building control that significantly reduces its energy consumption. In addition, the operation of the building is supported by an application tailored to our employees. There are green walls within particular interior spaces and a green roof covers a part of the building-top, which is irrigated with rainwater. We use the waste heat of the server rooms and handle the waste types separated.

EMISSIONS AND ENERGY EFFICIENCY

To present the quantitative greenhouse gas emissions of Magyar Telekom Group's activities, in accordance with the global warming potential (GWP), we use a CO₂e (carbon dioxide equivalent) as an indicator. (We do not measure greenhouse gases separately and we do not have biogenic CO₂ emissions.)

The details of Magyar Telekom Group's CO₂ emissions are given in the following table. The CO₂-conversion factors were determined by the GHG Protocol, the recommendation of International Energy Agency Data Services (electricity), the UNEP guidelines (heating oil, fuel, natural gas), DEFRA's coefficients and by the data provided by a prominent Hungarian paper factory. We present our real emissions with and without carbon offset.

In 2019 Magyar Telekom Group's total emission reduced by 2% compared with 2018 and was 94,584 tonnes of CO₂.

AGGREGATED CO₂ IMPACT MAGYAR TELEKOM GROUP (T CO₂) REAL AND ADJUSTED BY GREEN ENERGY AND CARBON OFFSET EMISSIONS ✓

CO ₂ emission (t CO ₂)	2015	2016	2017	2018	2019
Natural gas	8 910	8 266	8 252	8 656	7 541
Oil	1 629	1 206	319	384	430
Fuel (total)	14 954	13 982	12 974	12 744	12 317
<i>Fuel (diesel oil)</i>	<i>8 364</i>	<i>8 109</i>	<i>7 248</i>	<i>7 316</i>	<i>7 446</i>
<i>Fuel (gasoline)</i>	<i>6 590</i>	<i>5 873</i>	<i>5 726</i>	<i>5 428</i>	<i>4 871</i>
Electricity (adjusted with green energy)	23 673	16 580	10 590	5 996	10 249
<i>Electricity</i>	<i>87 010</i>	<i>84 725</i>	<i>72 911</i>	<i>72 974</i>	<i>72 061</i>
<i>Green energy</i>	<i>63 337</i>	<i>68 145</i>	<i>62 321</i>	<i>66 978</i>	<i>61 813</i>
District heating	1 918	1 793	1 791	1 778	2 234
CO₂ emission of total energy consumption	114 421	109 972	96 246	96 536	94 584
CO₂ emission of total energy consumption (adjusted with green energy)	51 084	41 827	33 926	29 558	32 771
Carbon offset	-52 189	-50 000	-43 971	-30 000	-32 771
Cumulated CO₂ emission	0	0	0	0	0

SCOPE 1 EMISSIONS

Our Scope 1 emissions decreased by 7% compared with 2018. Hungarian subsidiaries show major changes, Magyar Telekom Plc lowered, T-Systems Hungary increased its emissions due to a new building

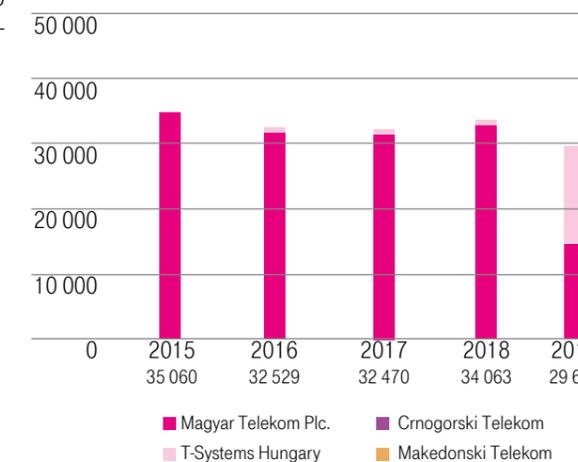
A MAGYAR TELEKOM GROUP'S SCOPE 1 EMISSIONS ✓

Scope 1 emissions (t CO ₂)	2015	2016	2017	2018	2019
<i>by source</i>					
Natural gas	8 910	8 266	8 252	8 656	7 541
Oil	1 629	1 206	319	384	430
Fuel (total)	14 954	13 982	12 974	12 744	12 317
<i>by member companies</i>					
Magyar Telekom Plc.	19 086	17 889	17 349	17 466	12 502
T-Systems Hungary	2 993	2 825	2 991	3 056	6 518
Crnogorski Telekom	1 120	997	0	0	0
Makedonski Telekom	2 293	1 744	1 205	1 261	1 268
Cumulated Scope 1 emission	25 493	23 454	21 545	21 783	20 288

Gas consumption

The Group's natural gas consumption decreased by 13% due to the relocation to the new headquarters building, but the rearrangement among the affiliates can be seen here, too.

GAS CONSUMPTION (MWH), MAGYAR TELEKOM GROUP ✓



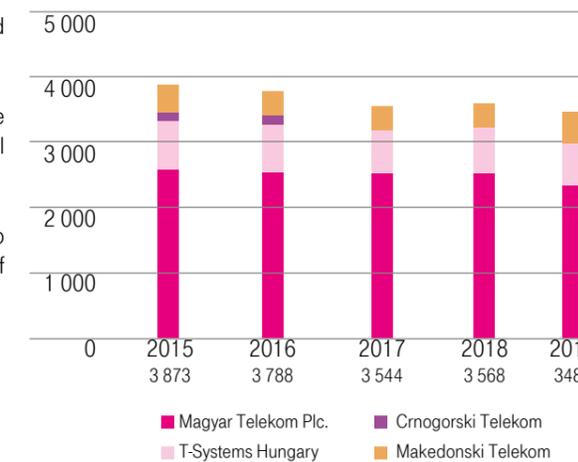
Fleet management, fuel consumption

The number of vehicles in the fleet on a Group level slightly decreased, but there are more benefit cars. The number of hybrid cars increased, their share in the benefit cars is 23.3%,

The fuel consumption (-4% ✓), the mileage (-3% ✓) and the average fuel consumption of vehicles (-1% ✓) has decreased at group level as compared to the previous year.

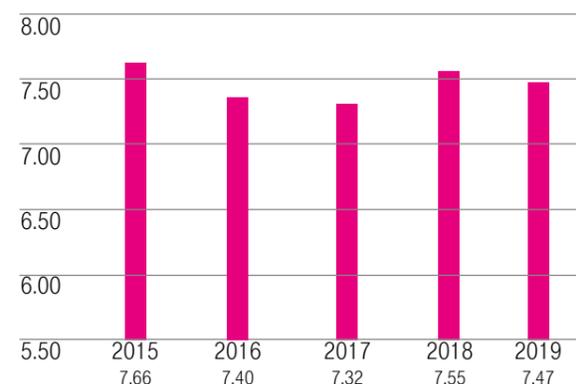
The electric cars' consumption decreased from 17.9 MWh to 17.1 MWh ✓ (Personal use is more significant due to the lack of refill-station capacity of the national network.)

TOTAL NUMBER OF VEHICLES MAGYAR TELEKOM GROUP ✓

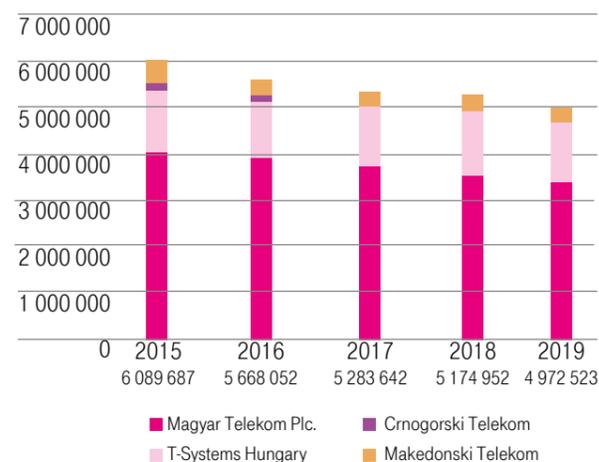


NUMBER OF VEHICLES BY FUEL AND USAGE TYPE ✓	2015	2016	2017	2018	2019
Number of vehicles	3 873	3 788	3 544	3 568	3 489
<i>by fuel type</i>					
Diesel	2 244	2 181	2 005	2 027	1 956
Gasoline	1 541	1 490	1 371	1 336	1 266
Hybrid	82	112	163	200	260
Electric	3	5	5	5	7
<i>by usage szerint</i>					
Benefit cars	1 423	1 359	1 399	1 450	1 587
Service cars	2 450	2 429	2 145	2 118	1 902

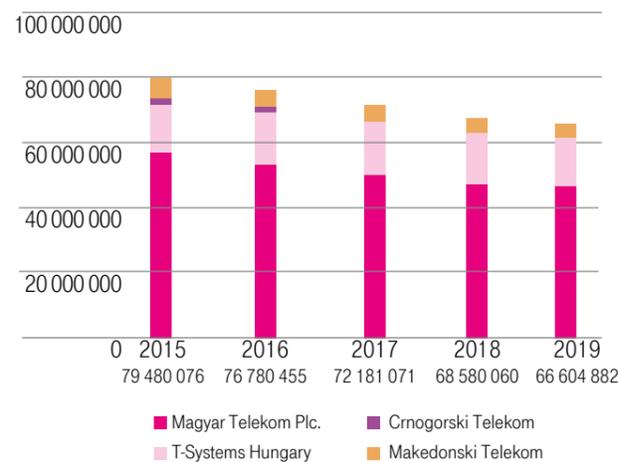
AVERAGE FUEL CONSUMPTION (L/100 KM), MAGYAR TELEKOM GROUP ✓



FUEL CONSUMPTION (LITER), MAGYAR TELEKOM GROUP ✓



MILEAGE OF VEHICLES (KM), MAGYAR TELEKOM GROUP ✓



SCOPE 2 EMISSIONS

Our Scope 2 emissions have increased because in 2018 the surplus of the renewable certificates (GoO – Guarantee of Origin) purchased of Magyar Telekom were accounted for Makedonski Telekom's emissions. In 2019 we purchased less GoOs. According to the GHG Protocol, CO₂ emissions from renewable energy were calculated as 0 tonnes of CO₂.

A MAGYAR TELEKOM GROUP SCOPE 2 EMISSIONS ✓

Scope 2 emissions (t CO ₂)	2015	2016	2017	2018	2019
<i>by source</i>					
Electricity (adjusted with green energy)	23 673	16 580	10 590	5 996	10 249
District heating	1 918	1 793	1 791	1 778	2 234
<i>by member companies</i>					
Magyar Telekom Plc.	7 886	1 534	1 556	1 493	1 889
T-Systems Hungary	1 276	35	28	145	204
Crnogorski Telekom	5 081	5 756	0	0	0
Makedonski Telekom	11 348 ¹	11 048	10 797	6 136	10 390
Cumulated Scope 2 emission	25 591	18 373	12 381	7 774	12 483

Electricity consumption

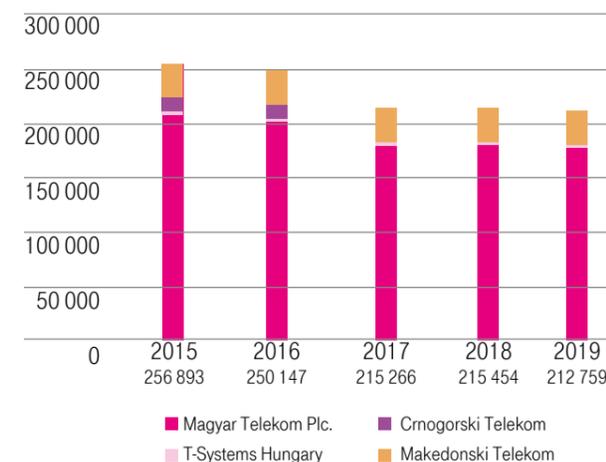
Magyar Telekom Group in 2019 Magyar Telekom Group continued with its efforts to energy-efficient operations, the electricity consumption decreased by 1% ✓. We continue to improve our energy efficiency in accordance with our Sustainability Strategy, and in compliance with the ISO 50001 standard.

The projects that could yield major savings (PSTN-replacement, data center ventilation, printer consolidation) had been completed by Magyar Telekom, in place of which several minor changes and maintenance projects ensured that energy consumption did not significantly increase. Thanks to the EMS (Energy management system) we could measure one by one the consumption of the most energy-efficient sites and we could correct the energy consumption immediately in case of over-consumption.

In 2019 we detected 1 081 MWh electricity savings at 3 main projects.

- Replacement of technological air conditioners, annual energy savings: 66 MWh
- Replacing chargers, annual energy savings: 725 MWh
- Battery replacement, annual energy savings: 290 MWh

ELECTRICITY CONSUMPTION² (MWH), MAGYAR TELEKOM GROUP ✓



¹ The data for 2015 had to be corrected compared to previous year's report because there was a mistype in case of Makedonski Telekom.

² Purchased electricity, the own energy production is not included.

COMMUNITY SOLAR PROJECT FOR EMPLOYEES

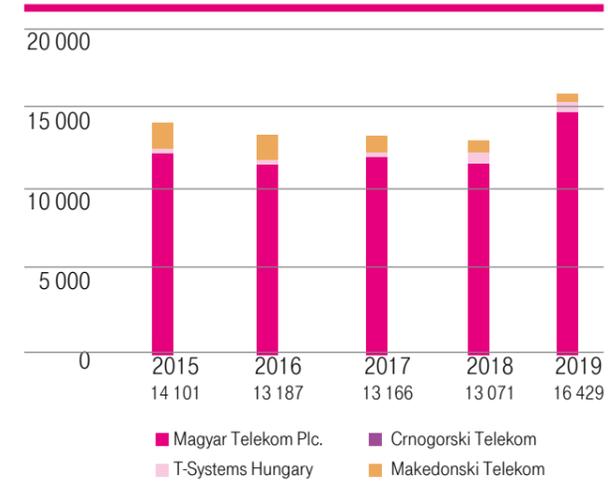
As the first in Hungary, Magyar Telekom introduced the Community Solar Project. As part of the project, 100 Magyar Telekom employees were able to rent a solar panel from the company for one year. The solar panels were installed on our Kékvirág Street educational building and the generated energy is used

locally. The system provides quarter of the energy consumption of the building. The employee solar panel project was also announced in 2019, all solar cells were sold out in about 18 hours record time. The solar system produced 32 MWh of clean energy in 2019. Current production can be followed [here](#).

District heating

At Group level, there is a minimally increasing trend in district heating, as we moved in to our new headquarter where district heating has been used instead of gas heating. Makedonski Telekom's energy consumption slightly increased, T-Systems' district heating has increased due to a newly rented property.

DISTRICT HEATING CONSUMPTION (MWH), MAGYAR TELEKOM GROUP ✓



SCOPE 3 EMISSIONS

Our Scope 3 emissions were measured more precisely by our commitment to Science Based Target initiative (SBTi). When we determined our emissions, we considered our own operating numbers, indicators of GHG Protocol and our suppliers' CDP disclosures.

MAGYAR TELEKOM PLC'S SCOPE 3 EMISSIONS (T CO₂)

Category	2017		2018		2019		KPI: 2030
1. Purchased goods and services	16 733	9,9%	16 920	12,9%	25 828	17,4%	13 387
2. Capital goods	12 311	7,3%	14 929	11,4%	22 789	15,4%	9 848
3. Fuel- and energy-related activities	4 132	2,4%	1 327	1,0%	2 026	1,4%	3 306
4. Upstream transportation & distribution	10 909	6,4%	12 338	9,4%	11 906	8,0%	10 909
5. Waste generated in operations	1 857	1,1%	1 987	1,5%	1 947	1,3%	1 857
6. Business travel	688	0,4%	410	0,3%	346	0,2%	344
7. Employee commuting	47 308	28,0%	2 893	2,2%	2 357	1,6%	37 846
8. Upstream leased assets	Not relevant, excluded						
9. Downstream transport	380	0,2%	637	0,5%	1 399	0,9%	380
10. Processing of sold products	Nem releváns						
11. Use of sold products	12 905	7,6%	14 596	11,1%	14 085	9,5%	6 453
12. End-of-life treatment of sold products	2 417	1,4%	2 734	2,1%	2 638	1,8%	2 417
13. Downstream leased assets	59 594	35,2%	62 153	47,5%	62 861	42,4%	29 797
14. Franchises	Not relevant, excluded						
15. Investments	Not relevant, excluded						
SUM	169 233	100%	130 923	100%	148 182	100%	116 543

Equipment in customers' premises

Our customers generate significant energy consumption by operating our CPEs, but that consumption is essential for using our services. Since 2016 we have conducted a precise calculation on the number and performance of CPEs (set-top-boxes, modems, terminals). Taking the number of subscriptions in 2019 into account, the energy consumption of our CPE's was 185.6 GWh ✓, which is equivalent to 62,86 tons ✓ of CO₂ emission. The average CPE's energy consumption dropped by 4% from 2018

Business travel

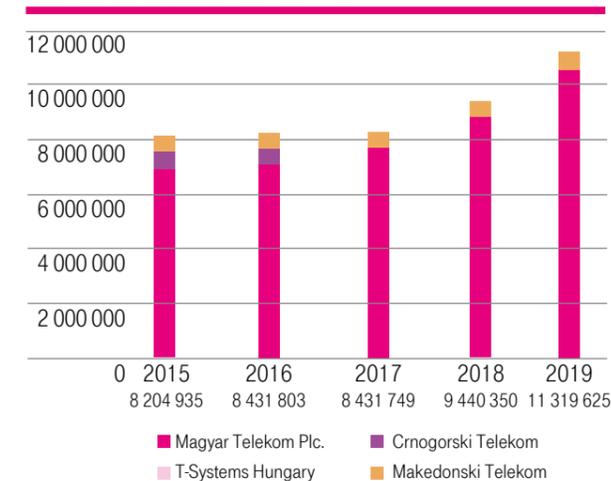
Share of business travels were the followings: 91% by plane and 9% by car. The emission of business travels (180 g CO₂/km as an average of air travel, and 111 g CO₂/km as an average car travel in 2019 was 592 tons of CO₂.

Electronic contract and billing

In the last couple of years Magyar Telekom has introduced e-signature and e-Terms of Service in its stores thus renewing personal customer service operations. This innovative solution may considerably reduce the number of printed documents, the working time and costs of printing, filing and storing. This will also improve the operational efficiency and reduce the environmental impact as well. Telekom's aim is to set up a full range electronic customer service in the future where legally binding documents with electronically recorded signatures will replace all paper-based contracts. The introduction of e-signature through tablets marks the first step of this process, as a result of which we were able to reduce the number of printed pages by 69%.

Thanks to the campaign Magyar Telekom achieved outstanding growth, electronic invoicing constitutes more than 26.6% of all residential billings.

ELECTRONIC BILLS (PCS), MAGYAR TELEKOM GROUP ✓



Teleworking

Magyar Telekom has been supporting telework for years as it is beneficial for the employer and the employee alike. In 2017 we started monitoring the commuting habits of our employees (based on a small sample, but for a large office building in a good location in terms of public transport): approximately 1/3 of the employees choose to come to work by car, driving a daily average of 40 kilometres and 2/3 choose community services commuting a daily average of 30 kilometres. In 2019 there were 169,161 telework days registered, saving 6 million kms of travel and 30 years of travel time. Considering this result, teleworking has a significant role in replacing travel. For additional information on teleworking see Chapter **Human rights and equal opportunities**.

Bicycle courier service

Since 2012 Magyar Telekom has been sending some of its consignments using bicycle courier service. In 2019 we used bike carriers 166 times and saved 1372 km of car travel. When moving to the new headquarters, the need to use bike couriers was kept to a minimum.

ENERGY EFFICIENCY

In order to measure our energy efficiency, in our Sustainability Strategy we use a Gbit/kWh indicator. Our goal was to reach 100 Gbit/kWh, in 2019 it was 149.06 Gbit/kWh ✓.

We apply three kinds of energy intensity indicators in order to show the changes in three factors: the electricity consumption of the network, fuel consumption of the fleet and the ratio of the revenue and the energy consumption. The effectiveness of the energy consumption of Magyar Telekom Plc.'s operation is characterized by the Gbit/kWh (transmitted bits/electricity consumption) energy efficiency indicator. The indicator shows that as the quantity of transmitted information grows the energy consumption proportionally reduces (i.e. we transfer more information with less energy). The fuel consumption efficiency is characterized by car pool average CO₂ emissions in g/km. For the revenue related energy consumption indicator, we use the GJ/HUF M. We would like to increase the first and reduce the second and the third indicator, we achieved all of them.

BITS TRANSMITTED/ENERGY CONSUMPTION (GBIT/KWH), MAGYAR TELEKOM PLC. ✓



Average carbon dioxide emissions from vehicles have further decreased to 130.7 g CO₂/km ✓, due to the introduced restriction in our bonus-malus system. We limited the emissions of the employee benefit cars and maximized their power.

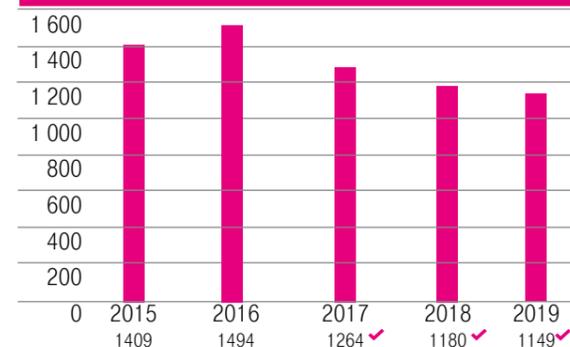
THE AVERAGE CO₂ EMISSIONS OF THE FLEET (G CO₂/KM), MAGYAR TELEKOM PLC. ✓



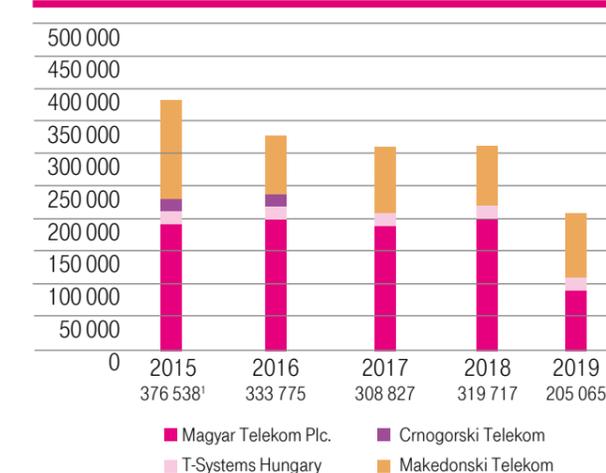
We introduced new financial incentives to make the hybrid and electric cars more favourable.

The revenue related energy consumption was 1149 GJ/HUF M ✓.

REVENUE RELATED ENERGY CONSUMPTION (GJ/M FT), MAGYAR TELEKOM GROUP



WATER CONSUMPTION (M³), MAGYAR TELEKOM GROUP ✓



ENVIRONMENTAL IMPACTS

Magyar Telekom Plc.'s developments are generally not obliged to prepare impact assessment studies (EIA). In 2019 there was no investment that concerned protected areas and/or Natura 2000 areas. Along our operations no damage occurred on the natural habitat and biodiversity of the concerned territories. We continue to pay increased attention to the protection of our shared natural heritage, by planning all our developments in compliance with the relevant rules and regulations.

Land use, landscape impact

It is important to the Group to implement its projects with only the necessary proportion of land use, thereby preserving the original biodiversity of the natural environment. Along our property investments we also make sure that our buildings fit in the original landscape.

The composition of the mobile network represents no significant change in 2019, there were 8003 base stations on Group level, the number of towers shared with other operators was 1713.

We contribute to local communities by creating community gardens and taking uncultivated land in use, thereby increasing the diversity of the area: in 2014 Magyar Telekom Plc. started the development of three community gardens, the first of which was opened near the company's site on Csárda Street, where the local gardeners started their work on 28 plots. In 2015 we opened two more community gardens near the company's site in Soroksári Street and Ceglédi Street. The community garden in Soroksári

Street is the largest in Budapest, where garden owners can work on almost 100 plots. We continued our cooperation in 2019.

Noise and vibration protection, electromagnetic fields (EMF)

In Magyar Telekom Group sites, we must pay increased attention to the following potential noise sources: outdoor air-conditioning equipment and emergency diesel generators. Last year, Magyar Telekom received 1 noise-related complaints from residents, in this case, the Green Authority carried out an inspection and determined by measurement that the limit was not exceeded, so the procedure was terminated. As to EMF issues, we carried out measurements in 13 cases, 2 of which prompted by complaints by residents, 10 upon the requests of lessors, and 1 mandated by the relevant authorities. The results of the measurements were in all cases in compliance with the relevant regulations.

Water consumption

The water consumption at Magyar Telekom Group is exclusively for social purposes. Group-level water consumption decreased by 36%.

Producer's and distributor's responsibility

In cooperation with equipment manufacturers Magyar Telekom is committed to environment friendly equipment manufacturing and recycling processes. For more details on our procurement requirements, please see chapter **Suppliers**. Sustainable products are elaborated in detail in chapter **ICT for sustainability**.

The major aim of the company is to carry out its operations with the least possible impact to the environment; we pay special attention to the revision, repair and re-use of the equipment in our network. The re-use rate of CPE devices is 57.6%.

Hungarian companies are obliged to comply with producer's responsibilities as follows:

- In the case of electronic equipment subject to product fee regulations most companies choose the payment of the product fee payment and the use of the national collection system. Magyar Telekom Plc. paid the mandatory product fee for electric and electronic equipment in 2019. The national collection rate requirement was 45% in the IT sector (the national system does not report company-level data.)
- In the case of batteries, in accordance with the provisions of law, Magyar Telekom Plc. partly transferred the obligation to intermediary organizations. Each year, our contracted partner, ReLem Limited Liability Non-Profit Corporation fulfils its obligation above the law enforced level.

In accordance with the legislations in force we inform our customers on our websites about the various waste disposal options for used equipment and batteries. The number of devices taken back was 32 kg in 2019.

All of our commercially available products are certified with energy efficiency certificates according to the requirements of the European Union and in compliance with the environmental standards set by Hungarian law. Manufacturer's statements with detailed information about the life cycle, reuse, the recycling of the product, the used materials and the reparability features are available in all of our stores. All of our procured network equipment should meet our high energy efficiency standards.

Emissions to Air

Magyar Telekom pays air pollution fee in accordance with the national legislations. The amount of pollutants emitted by Magyar Telekom Plc: NO_x: 1,0401 kg/h, CO: 0,207 kg/h according to air pollution control measurements. SO₂ emissions are not being tracked due to the desulphurization of fuels in Hungary. Magyar Telekom takes all necessary measures to treat the risk from operation of the fluorine greenhouse gas containing equipment. Based on the inspections carried out in accordance with the regulations there was no leakage in 2019. There is no equipment with R22 gas.

¹ The data for 2015 had to be corrected compared to previous year's report because values were incorrectly summarized.

WASTE

The quantity and quality of waste generated greatly depends on the current telecommunication projects and developments: on Group level in 2019, compared to 2018, the total amount of waste decreased by 2%. Due to the finished projects the Group level recycling rate has increased to 23%.

Within Magyar Telekom Group the largest proportion of generated waste (close to 60%) – is still the residual waste. Second by volume is technological waste 16%; hazardous waste is 11%; the proportion of paper waste is 3%.

In order to reduce the harmful effects of waste on the environment:

- We make sure that unused equipment gets reused either within the company, or by trading them to employees or external partners, or by renting, leasing or transferring them without compensation (donation).
- We collect waste selectively in more sites.
- We improve their effectiveness through the revision of our existing contracts, the regular revision of collection points and through communication.
- We continue to operate in accordance with the DT group level policy, released in 2015, for the regulation of the management of cables.



Recognizing the importance of plastic pollution at Magyar Telekom we set a new goal to significantly reducing the amount of single-used plastics generated during our operations. Within the Plastic Free Telekom initiative, first we removed these plastics from the headquarters operation. We provided our colleagues filtered water and jugs to reduce the amount of PET bottles.

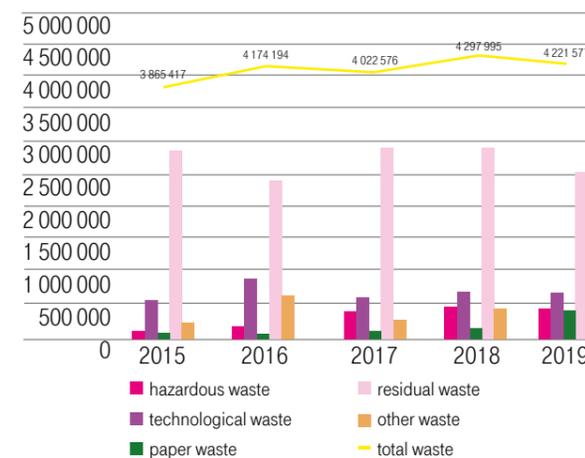
By the end of the Sustainability Strategic Period (2020), we aim to reduce the amount of PET bottles by 80% and completely eliminate disposable plastics. This requires strong cooperation with suppliers and partners and customers are affected too through the T-shops.

We reached our goal, we cut PET bottle usage by 80% by end of the year. We do not stop here: in 2020 we are willing to introduce the half size SIM card and expand the Plastic Free Telekom initiatives to all Hungarian Telekom sites.

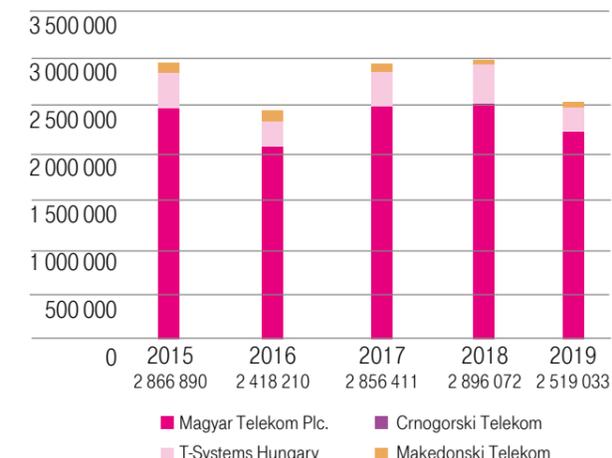
QUANTITY OF WASTE BY TYPE AND RECYCLING RATE AT MAGYAR TELEKOM GROUP, 2015-2019 ✓

	2015	2016	2017	2018	2019
Hazardous waste [kg]	119 556	219 469	241 162	383 097	472 507
Recycled hazardous waste [kg]	85 194	164 327	232 430	366 461	443 689
Technological waste [kg]	549 757	803 249	526 739	590 685	666 479
Recycled technological waste [kg]	335 142	778 975	173 793	189 452	201 806
Paper waste [kg]	79 337	97 046	90 690	126 712	132 646
Recycled paper waste [kg]	78 637	96 346	90 690	126 712	132 646
Residual waste [kg]	2 866 890	2 418 210	2 856 411	2 896 072	2 519 033
Recycled residual waste [kg]	0	13 317	12 045	1 543	0
Other waste [kg]	249 877	636 220	307 574	298 856	430 912
Recycled other waste [kg]	29 334	77 103	0	151 374	195 307
Total waste [kg]	3 865 417	4 174 194	4 022 576	4 297 995	4 221 577
Recycled waste total [kg]	528 307	1 130 068	508 958	835 542	973 447
Recycling rate (%)	14%	27%	13%	19%	23%

WASTE BY TYPE (KG), MAGYAR TELEKOM GROUP ✓



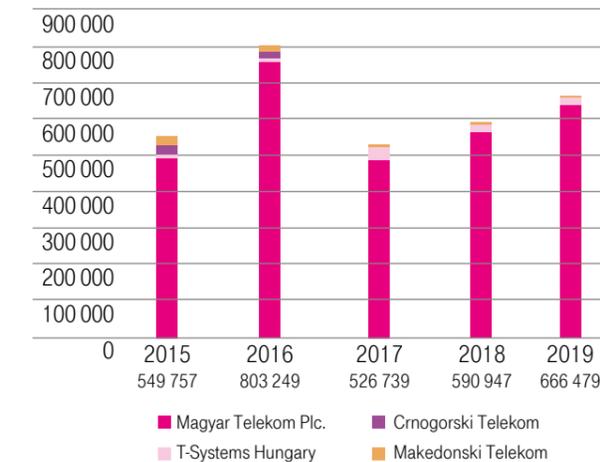
RESIDUAL WASTE (KG), MAGYAR TELEKOM GROUP ✓



Technological waste

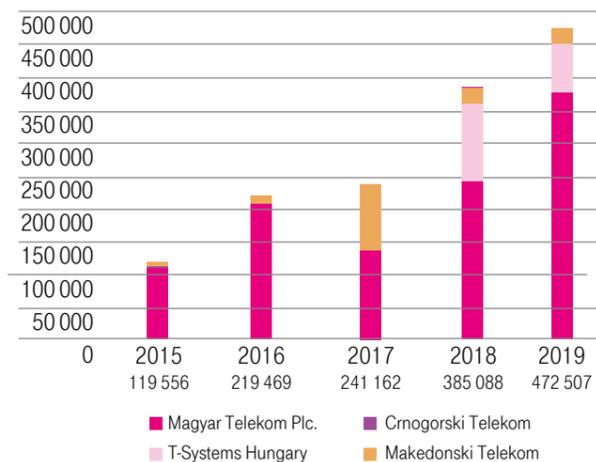
The amount of technological waste at group level increased by 13% ✓ due to a large-scale battery exchange project in our data centres. The recycling rate of technological waste has increased by 7%.

TECHNOLOGICAL WASTE (KG), MAGYAR TELEKOM GROUP ✓

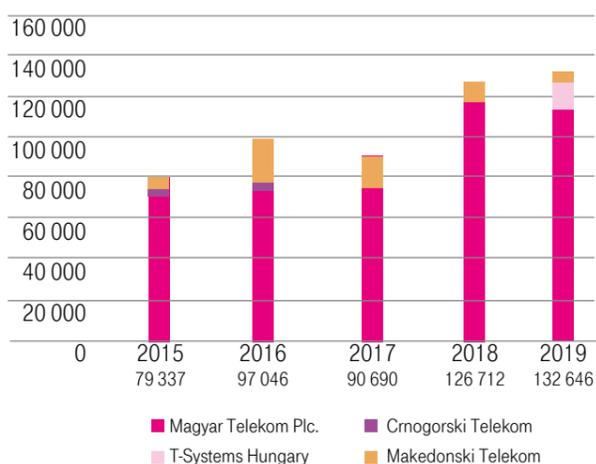


Hazardous waste

The amount of hazardous waste increased by 23% ✓ at Group level, due to network upgrade and maintenance (e.g. batteries, replacement of network elements). The amount of recycled hazardous waste increased by 21%.

**HAZARDOUS WASTE (KG),
MAGYAR TELEKOM GROUP ✓****Paper waste**

The quantity of paper waste increased at Group level by 5% ✓, due we used a significant amount of paper when moving into the new headquarters. 100% of the wastepaper is recycled

**PAPER WASTE (KG),
MAGYAR TELEKOM GROUP ✓**

At Magyar Telekom Plc. the recycling rate is nearly 23% ✓. In the case of residual waste, local public services must be used, so only estimated data is available; the waste is disposed into licensed landfill sites. The company does not transfer waste directly to incineration or composting.

The management of our stakeholders' environmental complaints is the responsibility of the Group Environment Protection Manager. Complaints and messages could be directed to: sustainability@telekom.hu (Our Hungarian e-mails addresses are fenntarthatosag@telekom.hu and kornyezetvedelem@telekom.hu). We are dedicated to respond to all proposals, complaints and enquiries as soon as practicable.



2. EDUCATION

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4

QUALITY
EDUCATION

DIGITAL COMPETENCY

Development of communities, consciousness forming

As a responsible corporation, we believe that we are not only here to provide services to our customers but also to educate them on the safe and responsible use of internet. Along these efforts we aim to close the digital divide in Hungary, because we firmly believe that digital solutions can bring us closer to achieving our goals.

Not only do we bring them into this world, but also give them guidance so that they clearly see the potential and the threats involved. As part of our initiatives, we put extra emphasis on the online and physical safety of our children. The goal of our **Child Protection Guidelines** is to ensure that every child or young adult access the information they need in an enjoyable and safe environment, because the wellbeing of children is of primary importance. Our Child Protection Guidelines, information materials and tests are available to everyone on the legyelteis.hu site.

Become a member of Generation NOW! Program

By launching the **"Become a member of Generation NOW!"** Program, Magyar Telekom's goal is to enable everyone independent of their age to access the benefits offered by digitalization not only by providing access, but also by developing their digital competences.

At Telekom, we find it important that the elderly be able to access the benefits of digitalization, but are aware that they need support and guidance in that.

Clearly, they should receive that help from those who navigate that field the most confidently, i.e. from high-school students, who are happy to spend their time to provide help and have a good time at the same time.

Along the following concept, we have designed a program in which we cooperate with high-schools and organize students to hold digital education classes, as part of their community service, for members of pensioner communities. In course of the classes, they introduce to them digital solutions that can help them in their everyday lives. While bringing the two generations closer together, we help pensioners to benefit from the phenomena of the digital world, its unlimited possibilities, the knowledge, information and community experience it provides. Thus, they become more enabled, as they will be able use the digital competences they acquire to take one step further, and achieve their goals, take action upon their own initiative.

The "Become a member of Generation NOW!" initiative, which provides an alternative volunteer opportunity to students, has a

low entry level, still generates significant value for society, and gives students a real feeling of achievement.

At the sessions, the young participants can also learn a lot from the elderly, and by cooperating, they can exploit their respective abilities to the fullest. Cooperation is a decisive factor in the development of their personality, and helps them build skills like critical thinking, complex problem solving, creativity and communication. The sessions are organized with the involvement of schools and are held typically in school environment or other social spaces by the non-profit partners involved in the Become a member of Generation NOW! program, who also undertake to conduct the sessions, liaise with the participants, and issue certificates as evidence of the community service rendered.

Following the pilot run at Budapest in the spring of 2019, the Become a member of Generation NOW! program was rolled out nationwide from November 06, 2019 to cover the schools and pensioner communities of 13 towns. A total of 1531 people, 762 students and 769 pensioners took part in the nationwide program in 2019.

To support them in their preparation, we provide a detailed syllabus to the students and preparatory sessions they can register to online. The pensioners can take a quiz to determine what they need to learn.

In course of the program, we put extra emphasis on observing the Child Protection guidelines.

Telekom's objectives regarding the enforcement of the guidelines:

- Provide the necessary information to all participating partners about the content of the protection guidelines and the related processes.
- Demonstrate to the children, the parents, the teachers, the pensioners and other partners the commitment of the Become a member of Generation NOW! program to security.
- Share information and the right practices with the children, the parents, the teachers, the pensioners, other participating partners, our employees and volunteers about the protection of children and vulnerable adults in the Become a member of Generation NOW! program.
- We are committed to the regular revision of the present guidelines and the right practices.
- Provide particular protection to the children and vulnerable adults attending the Become a member of Generation NOW! program events. We firmly believe that nobody should be a victim of any form of abuse. We feel responsible for the wellbeing and protection of children, the youth and vulnerable adults. We strive to protect them in our work processes, too.
- To appreciate children, we need to listen to them and give them the respect they deserve.
- Provide a safe environment to children, youth, teachers, pensioners and partners, employees participating in the Become a member of Generation NOW! program.

Digital Theme Week

Digital Theme Week, organized by the Ministry of Human Capacities and coordinated by IVSZ, was held between April 8-12, 2019. The main objective of Digital Theme Week is to improve digital competence and implement curricular development goals by efficient application of technologies in pedagogical projects.

At Magyar Telekom we believe that by seizing the opportunities offered by the digital world, anyone can make progress in his or her specific domain, be that relevant to personal, family or social goals. Being a leading ICT company, Telekom bears digital responsibility in terms of its duty to enable the widest possible layers of society to access innovative services, and to contribute to the improvement of Hungary's digital maturity by its educational initiatives. For that very reason, Magyar Telekom has been a regular participant of Digital Theme Week. Relying upon the company's knowledge base, as well as the employees' expertise and experience, volunteers of Telekom and T-Systems held interactive presentations to 2800 students of 27 schools in 2019 addressing four topics: social media and personal branding, internet security, IT careers and future jobs. The success of the program is partly based on the fact that the students can discuss issues of their interest with experts who have up-to-date, practical knowledge about the given topics due to their daily work experience.

Magenta 1 Non-profit proposition

In 2019, we renewed and extended the range of our propositions to non-profit organizations. Being a responsible service provider, we support and promote the digitalization of the non-profit sector in order to make its players even more efficient and effective. Digitalization make it possible for them to conduct their business and keep in contact, which saves energy and resources for them that they can spend on generating social and environmental value.

In order to support non-profit organizations, Telekom and T-Systems elaborated its Magenta 1 Nonprofit proposition, which includes mobile voice and data in addition to fixed internet and voice, for a HUF 0 (zero) monthly fee for one year. We provide the Magenta 1 Nonprofit package to non-profit organizations, whose applications have been accepted. The services included in the package will be provided to them for one year. The winners were selected by the donation committee of Telekom and T-Systems.



INDUSTRY-SPECIFIC SUCCESSION POOL

Intern jobs in 24 hours

The 24-hour intern selection program has a dual objective: to show the youth that using digital phenomena, they can land a job in 24 hours, and to find the most talented intern candidates for Telekom, who can become part of the company's succession pool.

The 24-hour program is based on the idea that it takes only 24 hours from putting up the intern job ads to hiring the candidates selected. After a quick registration, HR used an online skills assessment game and a video interview to select the candidates that best fit the positions. They were invited to the headquarters to be interviewed by their future supervisors. In the afternoon of the interview day, we announced at a ceremony who had proven to be the best and thus could start their careers at the company. In 2019, 28 students were hired by Telekom by the 24-hour selection method.



Projects and case studies

It is an important goal of Telekom not only to support the growth of students who work for the company as interns, but to enable the greatest possible number of the young to acquire practical knowledge even during their college years. In order to achieve that, we are in cooperation with several student organizations, colleges and universities.

As part of the Action Learning class, students of BCE can work on real Telekom projects for half a year, while our partnership with Liska Tibor Advanced Studies Group enables students of BME to gain experience with a real-life corporate problem. In case of both initiatives, the students get their problems to work on at the first session, then they may consult their respective Telekom experts at certain intervals to ensure the best results. They can present their solutions at the end of the term.

It was in 2019 for the first time that Telekom launched a case study contest under the title "Challenge. Accepted?". Teams could enter into competition in three categories: we expected students of IT, business and communication/marketing. In the first round, the students had to elaborate a proposed solution to a business problem related to their own areas of studies, based on which

three teams got into the finals. In the two-day finals, we created mixed teams from the students from different areas of studies, which means they had to work together on complex, cross-functional cases in a way that they had just got to know each other in the morning. They had 24 hours to elaborate their solutions, and they presented their proposals to a jury composed of Telekom managers during the second day, who then selected the best solutions, and gave feedback to the participants. Members of the best team were offered intern jobs at Telekom.

Career advice

It is important for Telekom to support the young in learning about the greatest possible number of career paths, and thus be able to make their choice based on a wide range of options. In 2019, the company took part in the Educatio exhibition, where, in addition to the company attending as an exhibitor, Telekom's Chief People Officer, Zsuzsa Friedl delivered an inspirational speech about the most important skills students must have in the future to be successful.

Career options were also the focus of the IT Picnic informal job fair organized for IT professionals, and we presented successful professional careers at one of the stations of the "Successful life stories" lecture series of FMN, BCE's student organization addressing women's careers.

TSM Academy

T-Systems Hungary launched two academy programs. They were about IT infrastructure in 2017 and 2018, and about SAP in 2019. The goal of the academy is to provide a training program for new graduates or people thinking about changing careers that they can use to acquire knowledge that is unique and competitive on the labor market, as well as to enable them to start their careers at T-Systems immediately upon the successful completion of the training. A total of 197 people applied to T-Systems Academy SAP in 2019, and after the preselection assessment of 140 of them over the phone, 48 attended group interviews, and finally 11 junior SAP developers and 10 junior SAP consultants started the training in September. The training, which also provides a salary, is open not only to external applicants, but also to employees who would like to test their abilities in other areas, too. The participants can in the meantime continuously and actively work on our company's specific projects and overall operation, which pose professional challenges every day.

Fazekas Day

T-Systems Hungary was present at the Fazekas Day event in 2019, too. The festival held at Fazekas Mihály Primary and High School Budapest aims to give students an outlook on real life, and enable them to learn more about the greatest possible number of topics of their interest, thus enriching their knowledge and helping them better understand their further education options. Gábor Vasvári and Manuella Lukács from Kitchen Budapest represented

T-Systems Hungary at the event on March 20. In their inspiring presentation, they presented T-Systems's innovation lab, Kitchen Budapest and its different projects from the past and the present.

Digital Education Meetup

Digital Education Meetup is a part of the Become an IT Professional! program. Digital transformation quickly reshapes educational demand. T-Systems Hungary wishes to serve that purpose and to establish an optimal learning environment for kids by means of its Modern School program designed to support education. In the framework of the program, the company offers free-of-charge online learning materials for teachers they can use to earn further training credits, and a gamified robotics training package to institutions. A total of 102 high school students and 87 teachers from schools located in Budapest and in the countryside attended the Digital Education Meetup.

IT Education Conference

HTTP Foundation organizes its IT education conference for teachers and managers working in IT training, as well as for representatives of governmental agencies, professional organizations and companies. The conference provides a wide-scope perspective on the current status of IT education for the education, education-policy and corporate spheres alike.

The purpose of the conference is to help teachers who work in the area of IT education to find their way in this period of rapid change and vast number of novelties, as well as to give them inspiration in their personal professional development. Zoltán Kaszás CEO delivered the keynote speech of the 2019 event about T-Systems's solutions and the related potential and challenges of digitalization.

Startup Safari

Startup Safari is an international two-day initiative, which is somewhere between a professional conference and an easy-going festival: the most exciting startups located at Budapest open their gates in the form of breakfasts, office tours, workshops, hackathons and trainings.

The objective of T-Systems, which supports the program in its capacity of being a market leader ICT company, is to demonstrate its openness within its organization towards trends shaping the future of how we work, and to draw attention to the possibility of working for a multinational company on a project basis, as a freelancer, and thus refute the most frequent stereotypes about the multinational world, including the mutual exclusivity of freedom and working for a multinational firm. Due to the nature of IT tasks, most of the work pursued at T-Systems provides an excellent opportunity to us to work with freelancers and smaller creative teams, who are used to working together with each other, in our projects impacting and shaping the world.

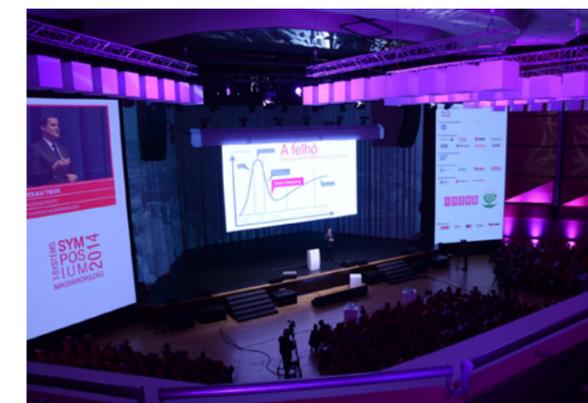
Become a digital teacher now!

In our Become a digital teacher now! material, we introduce new methods, programs that are easy and quick to integrate into classes, as well as exciting and interesting for students, which can make classes intriguing for the young. Using the practical descriptions, many ideas and advice in our mini training course, participants can become digital teachers step by step. Beyond ideas for classroom content, they can learn about solutions that can make administration, liaison with parents or collaboration with colleagues more efficient. Reading and learning the contents of the material, the first 15 000 participants to take the exam get 5 credits after having successfully filled in the online test based on the book.

Symposium

T-Systems Hungary Symposium is a unique and internationally acclaimed professional conference of the digital world and Hungary's innovation, the goal of which is to provide answers to one of the most current questions: how can the economy and the society keep pace and change along with the technology, and what is more, guide its development.

At the 8th Symposium conference, organized in 2019, approximately 2000 people, including decision makers of economy and innovation policy, renowned Hungarian technology experts and major players of ICT obtained inspiration from lectures, demos and attended special programs aimed to find the answer to challenges of the present and the future together.



Smart City Challenge finals

Shared economy, smart public transportation and smart office buildings were areas in which the organizers of Mathias Corvinus Collegium – T-Systems Smart City Challenge invited solutions from university teams. The topics were selected because an increasing amount of focus and funds are dedicated globally to smart city development programs. In Hungary, T-Systems supports new solutions in this area not only as an innovation partner, but also by providing an incubator environment.

At the semi-finals, the teams brainstormed about smart public transportation, smart office buildings and sharing economy topics with the help of mentors. Courtesy of T-Systems, the winner team attended the 3-day Smart City Expo held in Barcelona in November, where they learned more about the smart city solutions of different companies, cities, countries, too.



EDUTAINMENT, INSPITAINMENT

Sustainability Day

The Sustainability Day (FN12) was organized on the twelfth occasion on September 14th. The conference with the slogan “DIRTY12 – 12 dirty problems” was organized in the Aquarium club and more than 11000 visitors were interested in. This time, it was Eszter Cseke and András S. Takács (On The Spot) who helped the audience to be inspired with the topic.

Experts on the environmental panel addressed issues concerning climate change, air pollution and plastic-waste. Afterwards, members of the social panel explored three dirty problems of sociality: health effects of climate change, fast fashion and prejudices. Experts on the economic panel discussed problems of dark web and cryptocurrency, overconsumption and media. Panel +1 was organized around the theme of the individual in 2019, too. The experts discussed the topic of „social bubble”, the procrastination and delinquency.

The attendees of the event could visit many of reputable organization who presented their sustainability activities. During the day more than 40 exhibitors waited visitors with interactive presentations, games and informational materials. The exhibitors informed people about sustainable transport, renewable energy using, urban gardening, waste management and recycling, sustainable food and conscious consumption, equal opportunities and accessibility, introduced digital solutions, but there were a lot of children's program for the little ones as well.

Our Sustainability Day is an opportunity every year for Magyar Telekom to recognize the best. In addition we recognized the winners of the „Let's clarify something.” creative contest, which forms a part of the FN12 event. The jury handed out 3 prizes in the different categories of film, music/ slam and creative projects, and visitors of FN12 voted for the winner of the audience award. The creative contest was sponsored by CISCO, NOIZZ.hu, Ringier Axel Springer and Samsung.

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 Meixner School, NEO Hungarian Helper Dog Public Benefit Association and Greenpeace.

The all-day event was closed by a huge party to the music of the Random Trip band.

Mobile Experts

Our Mobile Experts (Mobiltudósok) are to be found in Telekom shops offering help and support to visiting customers in the use of our devices and services. They provide information on how the internet can improve the customers' lives (administration, banking, online shopping). Our experts can also be found online: they share their knowledge about the latest technical improvements, products and interesting facts. Their blog can be found on the Mobiltudós blog and they are also present on Telekom's Facebook page.

Hello Biznisz

The Hello Biznisz program was launched to guide SOHO/ SMBs in the maze of management, workforce management, marketing, sales or finance. We help our SOHO/SMB partners to answer their questions with practical know-hows and information, both in written and video forms too.

Edutainment/inspitationment contents

With our Edutainment and Inspitainment content, we empower everyone to use the achievements of the digital world according to their level of technological adaptation, and to make their lives more sustainable, simpler and digital. Throughout the program, our contents has been viewed by hundreds of thousands who become a member of the Now Generation

Telekom Forum

Telekom Forum is an online social platform where our existing and potential customers can chat, find information about our services, and about the use of internet and smart devices, and also information about access to various online contents. The page is public and worth to visit for all who wish to gain firsthand information about Telekom products from the most reliable experts: the users themselves. The page is moderated and supported by Magyar Telekom experts. .

NOW Forum

Magyar Telekom launched a residential, professional education event series in 2019, where we discussed digitalization, the appearance and effects of technologies in our lives with experts, addressing different topics on a monthly basis. A total of 7 sold-out Forums were held in 2019 attended by a total of 2000 people. The goal of the series is to build a community of people thinking together that can serve as a source of inspiration for other communities and stakeholder groups by involving opinion leaders and putting the spotlight on positive examples, innovative solutions and digital trends..



PROTECTION OF OUR CHILDREN IN THE DIGITAL AGE

Magyar Telekom is committed to assist children's, parents' and teachers' safe use of the internet and uses its best endeavors to support it. The Company's **child protection website** helps this effort with controlled content, advice, education and events organized for children and their parents alike to be prepared for risks of the digital world..

Be safe! On the net

At Telekom, we believe in children's right to benefit from technological achievements, seize opportunities offered by digitalization to live better lives, grow and succeed. It is our goal to provide children access to information in the widest possible sense, the opportunity to express their opinions freely, exercise their right to privacy and equal opportunity, at the same time we are responsible for ensuring that they do all that safely, conduct themselves properly in the online space and not be victimized in any manner.

What do we do?

1. We provide every child access to technology and safe environments designed for their age groups to minimize risks.
 - The Mobile Professors at our shops provide technical help in setting security parameters of the devices, as well as in installing filter software.
 - We sell our devices with data protection features set to a high setting by default.
 - When designing, developing and introducing products and services, we keep children's right in the focus.
2. For safe internet use and quality online content consumption, we organize educational presentations at schools with the involvement of our corporate volunteers, and share informational materials on our online channels.
 - We take part in centrally organized programs, which are aimed at establishing safe environments, as well as to promote digital literacy, like **Digital Theme Week**.
 - Our volunteer colleagues visit schools and hold internet safety classes for students aged 10-14 about topics like data protection, physical security, harassment, personal branding, and how to behave in the online space, etc.
 - By means of our **Teachtoday** initiative we strive to provide support to the young, their parents and teachers in acquiring knowledge useful in their everyday lives in the form of practical tips and materials.
 - We provide **educational materials** for use at home or in the school.

Teachtoday - Telekom for the conscious use of the internet

As a responsible large enterprise it is among our tasks to help and promote the safe use of the internet. We use our best efforts to ensure that all age groups leverage the opportunities offered by the digital world in a smart and conscious way and we also work

on the elimination of the digital divide between certain areas of Hungary. In November, 2017, similarly to other members of the company group, Magyar Telekom also joined Deutsche Telekom's "Teachtoday" initiative to disseminate online education content with the objective to reach a broad audience.

On the **Teachtoday website** the relevant content is linked to everyday situations explaining how younger generations use internet while taking into account potential differences in needs and living conditions. The platform offers practical tips and solutions to parents and children alike on topics like data protection, big data, social networks, use of mobile phones or popular applications. The topics are colorfully varied and the website offers case studies, interviews, tips, infographics, magazines and games, too. The site even offers media competence tests for two different age groups.

For parents

Sometimes it is hard for parents to understand the online world of children. On the Teachtoday platform parents may find useful information on the advantages and disadvantages of applications, for example they may learn why young people love Musical.ly so much, or how intriguing it is to learn effortlessly while playing a game on a digital device. The website offers tips for meaningful conversations with children on data security or cyberbullying. It gives advice and support if we do not know at what age should we give mobile phones to our children and with the help of a draft mobile usage agreement it helps to encourage children to observe certain basic rules. A dedicated subsite is about the issue of responsibility, where we can get an objective perspective on topics like personal data privacy, harassment, hate speech, net manners or online identities.

For teachers

Teachtoday helps the work of teachers with ready-made modules that can be immediately incorporated into the digital curriculum as well as best practices and examples. For example, teachers can set up a Media Adventure Park together with the students or may acquire new skills and knowledge with the use of the Be a meteorologist! project.

For children

While browsing the Teachtoday website children may playfully acquire the skill of conscious use of devices. They may read about useful applications in the App Tips or may find ideas on how to make great videos.

The site helps them navigate a world lead by opinion leaders, differentiate news from disinformation, and stresses the importance of formulating your own opinion. In the context of changing consumer habits, it invites its young readers to go on a digital shopping round, revealing for them the opportunities and traps inherent in online purchases.

The downloadbale English language Scroller magazine is written for small children as another fun source of information about the digital world.

Smart watch for kids

Many people are reluctant to buy smart phones for their kids of 6-12 years old, as they might not be able to take care of the device, and parents cannot properly monitor what their children do online. At the same time, a sense of safety is an important aspect, when we do give a smart phone to our kids, often too soon. It was based on that need that we made MyKi Gyerek smart watch available from December 1, 2018.





3.

DIGITALLY ENABLED SUSTAINABILITY

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9 INDUSTRY, INNOVATION AND INFRASTRUCTURE ICT FOR SUSTAINABILITY



One of the key priorities of the sustainability strategy of Magyar Telekom is to increase the revenue from sustainable products.

10 REDUCED INEQUALITIES



In line with this objective, we incorporated the product sustainability assessment into the regulation of the sustainability coordination process; defined the process players as well as their tasks and their layers; then the sustainability assessment of our handset portfolio was also made part of the regulations so that this information is accessible to our customers. The process players were identified again in the new organization structure, building daily contacts with them for the implementation of the objectives.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Our revenue from sustainable products and services increased year by year. By 2019, the revenue from these products has reached a 35.8% ratio.

List of the most important products and service groups with a sustainability impact in 2019:

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

The purpose of the sustainability assessment is to identify the sustainability impacts of our products and services and determine whether the given product or service has favorable environmental and social impacts, or whether it contributes to long-term economic growth.

The sustainability impact of products/services is measured in 3 dimensions, in 15 topics and through 42 questions. According to related regulation sustainability assessment covers all products and services of the company.

For years we have been using the same methodology for the sustainability assessment of our products and services, based on three pillars of sustainability:

- Social pillar: assessment of the contribution of the product/service to health, access to information, equal opportunities and personal growth.
- Economic pillar: assessment of the contribution of the product/service to sustainable consumption, competitiveness and actual needs (fair prices, regional responsibility).
- Environmental pillar: assessment of the contribution of the product/service to the preservation of resources, reduction of the environmental footprint and climate protection (environmentally compatible products and proceedings).

Green 1GB data option

We would like to offer the choice to our customers who consider it as important as we do to fight against climate change to pick a service that serves the purpose of protecting the climate. That is why we came up with the unique ExtraNet Green 1 GB option. By choosing the ExtraNet Green 1 GB data extension option, we guarantee that we generate the same amount of energy as the one required to transmit 1GB data using our solar power plants.

Pet tracker

At the end of 2019, we introduced a new pet finding tool and its associated tariff package. The device itself is a collar-mounted tracking device that can track our four-legged friends in an application. The amount of data needed to use the device is offered in a new package called Radar.



INNOVATION FOR SUSTAINABILITY

Innovation projects at T-Systems & KiBu

Canary (EHS smart watch)

This smart watch application was developed to create a safe environment for employees in warehouses. The solution reacts to the increasing shortage of labour that is a huge problem nowadays. The solution supports the integration of a new segment, employees with reduced capacity of work. Employees with hearing disabilities need to wear these smart watches during their work. In case of any emergency such as fire alarm, the watch notifies them with constant vibration. Only the employee can stop the notification via the smart watch.

After the stoppage the application sends an automatic message to a central email address with the employee's ID so that it is constantly trackable.

Forklift proximity detection

KiBu created a system that can detect the distance between forklifts, using the benefits of the indoor localization and real time tracking system and the Canary smart watch also developed by KiBu.

It is possible to determine the route and the speed of the vehicles by placing tags onto the forklifts. The watch notifies the worker when a forklift truck is coming, preventing the collision that sometimes could be mortal.

Pig monitoring

Pig monitoring system is a machine seeing artificial intelligence based system that can be installed to security cameras. We are in the testing phase under real technical conditions and working on the validation in association with Serket B.V and Nagisz Zrt.

With this technology we can track the number, behaviour and the health state of the animals and by detecting the anomalies, we can identify abnormalities. Monitoring can reduce the costs and increase the efficiency in an industry where there are huge operational risks and challenges. Information that we get from this solution are able to reduce the death rate, optimise the usage of antibiotics, reduce the high handling fees and we can avert illnesses so we can ensure the animal well-being requirements.

e-Scooter sharing

Public e-scooter sharing service offers a simple, fast, budget-priced and green way of travelling.

This service turns travel into an experience and also improves the viability of the cities.

Pack Track - Packlogistics solution

Pack Track is a smart indoor pack tracking solution, that automatise the processes of pack logistics with digital tools. This system is a high accuracy live tracking system supported by web applications and manual tools connected to cloud.

Agronity smart hive

We started a long run mentorship program with one of the winning teams of IoT Hackathon that we organized in association with University of Szeged in April 2019. We support them in the implementation of their plan. The team is working on a smart hive, a monitoring system that helps in checking the hive and the bees all day from anywhere. The different sensors built in the hive are capable of monitoring the temperature, humidity, weight and the status (open/closed) of the hive. They use the NBloT network to transmit the data. The apiarist can constantly get information on the conditions of the hive, or in case of any anomaly, a warning notification appears.

Smarthand - smart hand prosthesis for children

Smarthand is a project of one of our talents in the KiBu Lift program in 2018, who became an employee of KiBu in 2019. In the project we can make a 3D printed arm-prosthesis do functional movements with the help of a Myo Armband and a model taught by artificial neural network.

The identified problem was that the available bionic arms in the market are very expensive, many patients, mainly children and pre-school students can't afford to buy them.

The challenge of this age group is that these prosthesis need to be changed from time to time because of the fast growth and biological change of children. The main goal of the project is to create cheap smart bionic arms.

Mission T – Inhouse incubation program

Mission T is one of the biggest intrapreneurship programs in Hungary for employees. Employees of Magyar Telekom can introduce their ideas, project suggestions that support the company's strategy.

First season in 2017 - 150 tenders from 100 colleagues. Second season in 2018 - 104 tenders from 72 colleagues. The second season was closed in January, 2019 with a Demo Day event.

IoT Challenge Program

The IoT Challenge Program was launched in order to educate the market and to generate new ideas in 2019 spring. We organized 3 full house meetups (in Budapest and in Szeged), where attendees had the opportunity to get acquainted with the IoT technology and they could make their first sensors based on IoT.

Within the program we organized a 24 hours hackathon in association with University of Szeged. Applicants needed to reflect on problems in agriculture or telemedicine by using NBloT technology.

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

Kitchen Budapest (KiBu) is an experimental innovation and incubation laboratory that was established in 2007 with the support of Magyar Telekom. As one of the first media labs in Hungary, KiBu found its primary mission in investigating digital literacy and DIY techniques on the local scene. Ever since, KiBu has been actively present as an internationally recognized innovation lab with young researchers and developers forming its team. In 2017 KiBu has been transformed into T-Systems Hungary Open Innovation center. Through the activation and involvement of external innovation capacities its tasks include the support of the growth of the industry which is used to respond to T-Systems' business and technological challenges. KiBu incorporates two functions including research and development (prototyping, testing, service design, UX/UI design) and industry collaboration.

KiBu is a place where ideas come alive. Material instantiations of great ideas are the first steps in the making: via 24-hour hackathons, pressure cooking sessions we try and test methodologies, concepts, objects, services. KiBu has a well-equipped workshop area to enable wide-ranging projects to be manufactured, programmed or constructed from 3D printers to strong server parks to run high fidelity renders and machinery for AR/VR developments.

KiBu looks at its Startup Program launched in 2012 as an important milestone; it gives teams with budding ideas the opportunity to make their dreams come true. It is part of our mission to help ideas come into life. Since the launch of the Startup Program we

experienced that there is high demand among young Hungarians for a program that supports idea development from a very early stage. As a response to this demand, we set up the Talent Program in 2013 where in we gave the opportunity to youngsters to develop their ideas to the phase of building a prototype, under KiBu's professional mentoring.

The objective here was to elaborate product and service ideas that have a valid business potential or cultural vision that could successfully enter the Startup Program later on. A key quality of a good idea is that it provides a solid base for a business case or an innovative development.

These investments and business opportunities may help Magyar Telekom Group to develop innovative products and establish partnerships, while the ideas elaborated in the laboratory can inspire the colleagues working at the business development area, who can gain a better understanding of the environment our products target.

The partnerships have led to successful developments like the Tracker application, which helps indoor localization and vehicle tracking or the alert monitoring smart watch app. T-Systems, with the cooperation of KiBu, launched its Entrepreneur Residence Program in the second half of 2018 to influence the innovation ecosystem and to promote business-relevant innovation projects.

The purpose of the EIR Program is to involve business persons and researchers working in the industry, as mentors, in the innovation projects ran by KiBu, in the validation of their business rationale and in determining their development direction. At the end of 2019, we concluded our first EIR Program, as part of which, in response to a package logistics problem presented, KiBu developed the PackTrack package logistics solution, which was assessed a huge success by the customers.

You can read more at the <http://www.kibu.hu> website.

VOLUNTEERING

What volunteering means to us?

In its Sustainability Strategy 2016-2020, the Group's objective is to further increase the contribution to the society: the Group plans to contribute about 50 thousand dedicated volunteer hours by the end of 2020.

As a responsible large enterprise, employing several thousands of employees, Magyar Telekom encourages its workforce to step up their social responsibility efforts by way of offering and supporting 12 different types of volunteer programs. We find it important that our colleagues may choose from various volunteer activities that best fit their preferences.

Being a digital company, we consider it one of our primary goals to spread digital optimism, and to ensure that anybody is being able to seize the unlimited range of opportunities offered by the digital world, apply the knowledge one can build upon it and enjoy the community experience inherent in it.

At the same time, we know that many need support and guidance in that. Our goal is to make sure that they get that help from Telekom colleagues who navigate this field in full competence, and are happy to volunteer to share their experience with those who wish to learn.

Magyar Telekom has been a regular participant of Digital Theme Week. Drawing on the corporate knowledge base and the expertise and experience of the employees, the volunteers of Telekom and T-Systems held interactive presentations in 2019 to 2800 students of 27 schools in four topics: social media and personal brand, internet security, IT as a career and professions of the future. The success of the program is partly due to the fact that the students can discuss issues on their mind with professionals who have hands-on, practical experience in the matters at hand.

"Students nowadays live their lives in the digital space, know more about gadgets, apps and their use than we do. That is why I find it extremely important to help them to become conscious users and adopt safe practices. We must talk to them about the threat potentially posed by the internet, how reliable the information they are faced with is, whom they can turn to for help, if they get into trouble. I think we are also responsible for that as parents."

"I had two reasons to be part of the initiative. The first is that I find the topic itself and that it should reach as many students as possible very important. The second is that the program is good not only for the students, because the kids energize me: I can leave the daily chores, and do something entirely different. It is a great feeling that I am useful."

These and similar feedback from our colleagues justify that our common work for others has a very strong community building effect, it helps to break away from the everyday routine and unleashes positive energy that can be used both at work and outside the company.

There are other popular forms of internal volunteer activities that help the customer service staff, the shops' staff and our customers' convenience at the busiest peak times. In 2019 there were two occasions where colleagues working in various departments had the opportunity to experience the call center calls and the work in shops.

Our colleagues were enthusiastic to put in volunteer work at the corporate events, like the "Move, Telekom" sports day or the "It is good to give" cookie event, where they worked to help their colleagues and families to have fun.

In addition to the traditional activities, the Digital Education for Pensioners Program was launched as a new initiative, in the framework of which, our enthusiastic colleagues provide personal support regarding internet security, smart phone and internet use to members of the elder generation, who can ask their questions and get immediate answers and solutions from the volunteers.

In 2019 344 colleagues donated blood at least once during 22 organized blood donation events in Budapest and in the countryside.

As part of our above volunteer efforts of 2019, all together more than 479 ✓ Magyar Telekom volunteers contributed their workforce in 6158 hours ✓. With these programs we provided HUF 23 million ✓ worth of voluntary contribution to society.



Corporate volunteering at Makedonski Telekom

Makedonski Telekom, following its strategic purpose to become a company appreciated by the society, additionally upgraded the corporate volunteering concept lived in the company, now the concept is much more comprehensive, using all the possibilities of technology for good. It is expected the expansion of the concept focus to also expand the range of the realized good things with the assistance of the technology and the complete involvement by the employees.

1. Donate a book – download a book

“Donate a book – download a book” is one of the volunteering activities in which Makedonski Telekom employees were included. The title is not illogical; on the contrary, it contains the idea to become more modern and do twice as good things with the assistance of the technology. By donating books in hard copy from the libraries, employees have in their own homes, they had the opportunity to download more than 200 new electronic book titles from Macedonian and other international authors. Doing twice as good is the fact that by donating books they enrich the libraries in the rural areas; and by downloading the offered electronic versions of the books - they become even richer, doing good for themselves with the assistance of the technology. The process was simple; by donating a book the employee had the opportunity to download an electronic version of a book title by their own choice from the offered list via the corresponding application.

2. Donating clothes via electronic platform

The second volunteering activity led by Makedonski Telekom employees was of a more comprehensive social context. “Donating clothes via electronic platform” for “Button” social shop of the Red Cross of the City of Skopje. The call for donating clothes has always been of particular interest for Makedonski Telekom. This time, by using the technology they have at their disposal, they have brought to life and modernized the process of taking a socially responsible activity. Makedonski Telekom completely supports the creation of the shop website which makes it possible for the potential donor to take photos of the pieces of clothes he/she wants to donate, and even tell the story behind any particular piece of clothes which is of special emotional importance for the donor. The employees in Telekom were the first donors of clothes for “Button” shop, who were the company voice urging to take more comprehensive social activities and ensure self-sustainability of the social shop with the assistance of the technology.



4.

DIVERSITY & INCLUSION

Human rights and equal opportunities27

5

GENDER
EQUALITY

HUMAN RIGHTS AND EQUAL OPPORTUNITIES

Policies and agreements

Code of Conduct

The **Code of Conduct** provides the framework of orientation for all employees of Deutsche Telekom Group and Magyar Telekom Group. Additionally, it applies to people to who are viewed as equivalent to employees in functional terms, e. g. to temporary agency employees. It combines the joint requirement of compliance with legal obligations and acting with integrity and thus ensures that Deutsche Telekom and Magyar Telekom remain transparent and traceable enterprises for everybody. Deutsche Telekom and Magyar Telekom expect their suppliers and consultants to comply with the rules of behavior manifested in this Code of Conduct and to endeavor them to ensure that they are also obliged to abide to its regulation by contract.

Code of Human Rights and Social Principles

The **Code of Human Rights and Social Principles** and the Equal Opportunities Plan of Magyar Telekom set the general human rights principles of the group and guidance to their group-wide implementation. Magyar Telekom Group recognizes and respects the fact that the cultural, social and legal diversity of its employees provide the foundations of operations based on equal opportunities. It is also a competitive advantage that leads to business success. The Code of Human Rights & Social Principles has replaced the former Social Charter in November, 2017 and it now serves as the framework of the protection of human rights, diversity and inclusive corporate culture.

The Code of Human Rights and Social Principles has been developed in accordance with internationally recognized norms, directives and standards, in particular those of the:

- International Bill of Human Rights,
- the ILO Core Conventions,
- the OECD Guidelines,
- the Global Compact,
- the Tripartite Declaration of Principles concerning Multinational Enterprises, and Social Policy (MNE Declaration),
- and Guiding Principles on Business and Human Rights.

Diversity Policy

The **Diversity Policy** of Magyar Telekom Group underscores our commitment to consistently identify and utilize potential for improvement. We embrace, respect and acknowledge the diversity of our employees, the markets we serve, the suppliers we work with, our shareholders and the entire society we live in. We consider diversity to be our strength and this is the quality we strive to encourage in our approach to business as well.

Suppliers' Compliance

Magyar Telekom Group is committed to respect and protect human rights and it expects its suppliers to comply with these rules of behavior. Prior to becoming authorized suppliers of Magyar Telekom and T-Systems our suppliers must register their enterprises at our vendors' **registration site**.

As an obligatory part of the registration process vendors are obliged to understand and accept our Suppliers Code of Conduct that among other policies, entails our Code of Conduct, Code of Human Rights and Social Principles and Diversity Policy. Our suppliers must understand and accept these policies and obligatory frameworks for their behaviors as well.

Employee Relations Policy of Magyar Telekom Group and Deutsche Telekom Group

The **policy**, valid since 2011 as an internal regulation and available as a public policy since 2018 defines and regulates the framework of relationships between employees and the company throughout the entire employee lifecycle contributing to a corporate environment in which employees are empowered to contribute individually to business performance and increase shareholder value.

Equal Opportunities Plan

Anti-discrimination and the safeguarding of equal opportunities is a key priority to Magyar Telekom Group. According to the act CXXV of 2003 on Equal Treatment and Promotion of Equal Opportunities, and the corporate protocol in place since 2010 Magyar Telekom Group has accepted its 4th **Equal Opportunities Plan** in order to secure the practices of equal treatment, the advancement of equal opportunities and the monitoring an improvement of the labor positions of particular disadvantaged employee groups. The Equal Opportunities plan currently in force is valid between 2016 and 2020 and has been developed in close cooperation with the employee representative bodies.

The Diversity Charter of the European Union

Hungary has joined the Diversity Charter of the European Union in 2016 and, among 50 signatory companies Magyar Telekom has also declared its dedication to safeguard diversity as a fundamental value in the forthcoming years as well as in 2019

Monitoring and auditing practices

Magyar Telekom Group's Code of Conduct covers the requirements of corporate compliance and states our collective set of values, and thus stands as an affirmation of Magyar Telekom's strong reputation, solid position and future success. The Code of Conduct applies to all board members of Magyar Telekom Group

from employees to managing directors, executives and board members. Furthermore, Magyar Telekom Group expects its suppliers and consultants to comply with the rules of behavior manifested in this Code of Conduct and to endeavor them to ensure that they are also obliged to abide to its regulation by contract.

Magyar Telekom Group's Corporate Compliance Program has been elaborated with the aim to ensure that Magyar Telekom Group conducts its business with maximum consciousness and commitment, in accordance with relevant laws and regulations, in harmony with the strictest possible business ethics standards. The Compliance Program involves the Group Compliance Manager and compliance representatives of particular functional areas of operation, who are working together as members of the Group Compliance Committee. The Compliance Program has been designed to ensure that the Group conducts its business to the highest standards of awareness, transparency, accountability, commitment, and adherence to applicable laws and regulations. External audits or inspections could be initiated towards any employer in Hungary by the Hungarian Labor Inspectorate due to public interest complaints, inquiries or reports of concern. The institution supports employer-compliance with the relevant laws and regulations with counseling and supervision. The Equal Treatment Authority is the relevant authority responsible for issues concerning equal opportunities. The authority accepts direct appeals from employees. There were no equal opportunity proceedings initiated on account of Magyar Telekom in 2019.

As Deutsche Telekom's subsidiary Magyar Telekom Group takes part in the annual internal survey, to ensure the compliance of the subsidiaries of the Deutsche Telekom Group with the social principles of DT. As of November 2017, the basic principles of Deutsche Telekom are no longer included in the Social Charter, but in the Code of Human Rights & Social Principles. The Social Charter has thus been replaced by the Code of Human Rights & Social Principles. The senior executive responsible for the confirmation of the observance of these principles is Magyar Telekom's Chief Human Resources Officer, by way of providing the annual Human Rights and Social Performance Report.

As a tribute to the 70th anniversary of the Universal Declaration of Human Rights and in compliance with the Code of Human Rights and Social Principles, all employees of Magyar Telekom Plc. and T-Systems together with their external workforce involved in brand representation participated in a compulsory human rights e-Learning training in 2018 and it remains to be a mandatory course in 2019.

Deutsche Telekom Group introduced a regular monitoring process in which specific parameters of compliance with the Group Employee Relations Policy are being periodically evaluated in all Group Units. The monitored key elements are being evaluated with the local companies, followed by a dedicated on-site review. Magyar Telekom hosted this on-site review in June, 2018.

New employees of Magyar Telekom Group as part of their orien-

tation process in their first two months receive compulsory education about the company principles, guidelines and practices concerning social issues, labor standards and human rights. All employees must understand and accept these guidelines as the fundamentals of their own professional behavior and operations. Nevertheless, the company is aware of the fact that there could be situations in which it is harder to tell appropriate from inappropriate. In order to assist employees in making the right choices in these situations, the company offers secure internal whistleblower channels, operated by the Corporate Compliance Department. "Kérdezz!" ("Ask me!") advice portal has been set up to help resolve uncertainties as far as compliance-relevant behavior is concerned. Serious misconduct must be announced for prevention purposes and for appropriate sanctions. For this reason the "Tell me!" whistleblower portal has been established. Esélyegyenlőséget érintő kérdéseikkel a vállalat esélyegyenlőségi referenséhez fordulhatnak. The main principles and the detailed description of the internal inspection process is detailed in employee directives available on all employees on the shared intranet platform. Throughout the inspection process the whistleblowers' anonymity, personal and data privacy are guaranteed and handled with utmost discretion.

Diversity and Equal Opportunities

In 2018 our 2016-2020 Sustainability strategy was supplemented with a Diversity and Inclusion plan the strategic steps, targets and result indicators of which have been defined based on employee feedback. Our employee survey on the perceptions of corporate D&I culture is being repeated biannually to support the revision of the key targets of the D&I action plan. One of the top priorities in 2019 was the development of our diversity culture along which we were the first Hungarian company to develop a Hungarian language e-learning material on 'unconscious bias', adapting the term and its context to local language and understanding. 92% of Telekom employees did this course by the end of October 2019. In order to support the anti-discrimination efforts of our society in general, we have made the e-learning material publicly available and free to use for all.

We have also restructured our parental leave and back-to work scheme, and we have furthered and expanded our family-friendly solutions and care work scheme. Thorough and detailed intranet sites have been developed in 2019 in order to inform and guide our employees through our D&I topics and summaries of these topics are to be found on **our public website** as well.

Employee expectations and equal opportunities

The business strategy of Magyar Telekom is centered around the realization of a digital business model that is based on utilizing new technologies in service of consumer relationship management in order to build trust and drive value creation. In support of reaching this goal the operating model and the organization of HR has been transformed to an even more efficient and client-oriented body backing up the corporate business strategy goals.

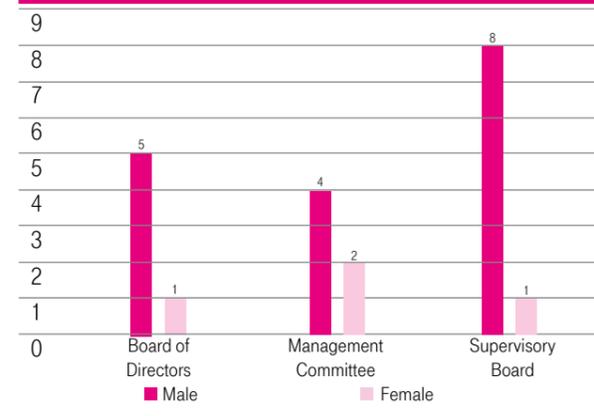
BASE WAGE COMPARISON BY JOB GRADES AND GENDER (%), MAGYAR TELEKOM PLC., 2019 ✓



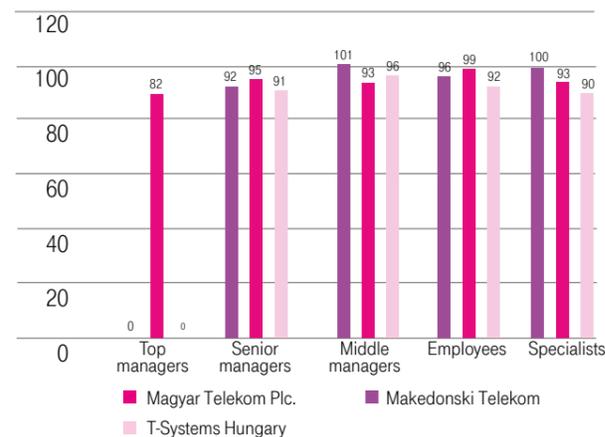
Magyar Telekom, as a company committed to provide equal opportunities to its employees, finds it especially important to harmonize wages and to terminate unjust wage gaps. Our tiered wage system, built on the Hay methodology, serves the above purpose. Our remuneration system is fully transparent thus our base wage tables and the relevant policies are available for all employees. We pay special attention to avoid gender pay gap and any unjust discrepancies between the wages of colleagues doing similar jobs. We and that potential differences should solely be based on their performance and achievements

Raise in the amount of women in leadership positions

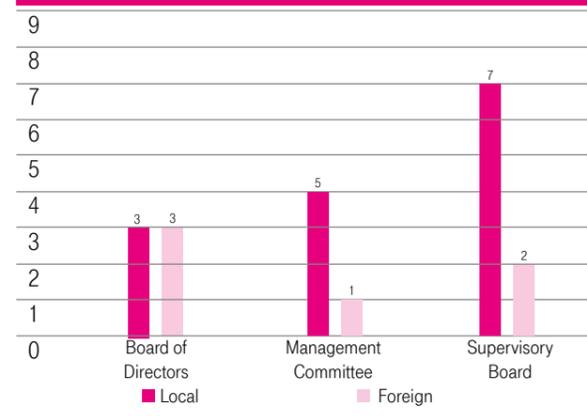
GENDER MIX OF MAGYAR TELEKOM GROUP MANAGEMENT BODIES IN 2019 ✓



PROPORTION OF BASE WAGES OF FEMALE EMPLOYEES COMPARED TO THE BASE WAGES OF MALE EMPLOYEES (100%) BROKEN DOWN TO JOB CATEGORIES, MAGYAR TELEKOM GROUP, 2019 ✓



BREAKDOWN OF THE MEMBERS OF MAGYAR TELEKOM GROUP MANAGEMENT BODIES IN 2019 ✓



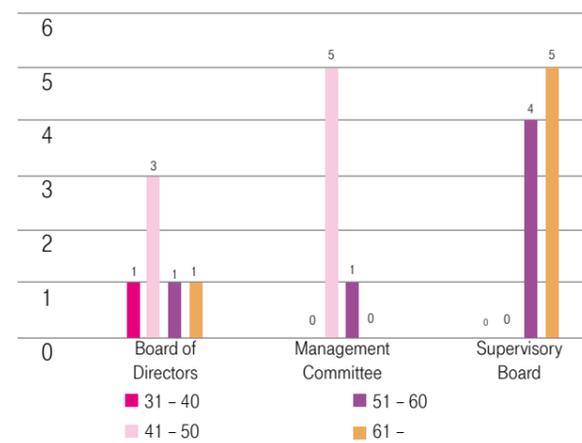
As an employer dedicated to diversity as a core value, Magyar Telekom finds it important to raise the number of women in leadership positions. As a member of Deutsche Telekom Group, the objective in 2010 was to increase the proportion of female managers to 30% by 2020. Along the aim to contribute to reaching the defined target, the company strives to utilize the actual business benefits inherent to the advancement of corporate diversity culture.

2019 witnessed an increase in the number of women in leadership resulting in a 40% ratio in the management committee. There was also an increase in the proportion of female senior management of Magyar Telekom Plc. to 28%. By the end of 2019 the female ratio of overall management workforce was 26%. Our aim is to bridge the divide between different leadership levels and contribute to the promotion of more talented female leaders in the company. A way to achieve this is to further improve the gender equity basis of our succession planning processes. In executive succession planning we work on finding suitable highly qualified female candidates to all positions possible. There are some areas of company operations affected by prevalent social stereotypes in which this is not possible at the moment but we aim to minimize the number of these areas by further stretching the scopes of our succession management practices and by contributing to the de-gendered opening of all relevant fields.

Our policies, charters and initiatives do not only aim to ensure equal opportunities for employees but also to strengthen our engagement in this field, in line with our corporate sustainability strategy. The Equal Opportunities Principles (2016-2020) of Magyar Telekom Plc. and T-Systems Hungary Plc. are:

1. Enforcement of requirements pertaining to equal treatment and the prohibition of differentiation
2. Equitable and flexible treatment, diversity
3. Respect for human dignity, securing healthy and safe working environment
4. Partnership, cooperation
5. Social Solidarity

AGE BREAKDOWN OF MAGYAR TELEKOM GROUP MANAGEMENT BODIES IN 2019 ✓



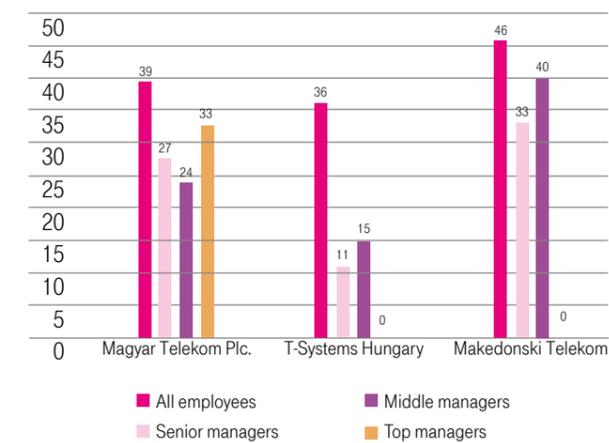
Plan for the period of 2016-2020 the employers especially plan to take measures to improve the situation of the following employee target groups:

- a. Women
- b. Employees with families in particular those who:
 - Raise three or more children under 18 years of age
 - Raise their children alone
 - Raise disabled children, and
 - Employees who care for a permanently ill family member
- c. Employees on maternity leave or childcare benefit (GYES/GYED)
- d. Disabled employees or whose ability to work has deteriorated
- e. Career entrants
- f. Employees above the age of 5
- g. Female employees in leadership positions

On May 6, 2009 the company joined the UN Global Compact initiative and its 10 principles in the areas of human rights, labor, environment and anti-corruption. Our measures to maintain gender equity among employees are consistently taken in the spirit of the following Global Agreement Principles:

1. Support and respect the protection of internationally proclaimed human rights
2. Make sure that they are not complicit in human rights abuses
4. The elimination of all forms of forced and compulsory labour
6. The elimination of discrimination in respect of employment and occupation

RATIO OF WOMEN IN MEMBER COMPANIES IN 2019 (%) ✓



Magyar Telekom joined 'Girls Day' in 2019 as well. We have offered an insight to our company life and professional challenges to 95 student girls from all over the country. We also introduced them to some female professionals who shared their success stories and career paths in STEM at Magyar Telekom Group. Welcoming the young talents in the joint HQ building of Telekom and T-Systems resulted in a reassuring 85% satisfaction rating with 75% of the participants declaring that they became interested in applying to STEM subjects when choosing university.

'Girls Day' is an interactive, open day organized on the same day in all countries of the European Union, where high school girls interested in technical sciences can spend a day at a leading technical company or a university laboratory. Participants get the chance to meet successful women in STEM, research or engineering sciences.

In 2019 Telekom has cooperated with FMN student association supporting women in conscious career planning at Budapest Corvinus University. Along our collaboration student girls participated at a career training. They could try out the innovative telepresence software Telekom is using, to have a first-hand experience with the common job interview situation, where they have to attend a video interview session before a live meeting for the role. Telekom has also provided a speaker to FMN's „Successful Life Stories” lecture series, presenting the career stories of successful women and role models.

Telekom also promoted Deutsche Telekom's Women in STEM Award 2019 extensively on its public and social channels. The aim of the competition is to promote a variety of STEM careers among female talents and to motivate talented candidates in their aspiration towards STEM education. The competition was open to all women, who wrote their final theses in any STEM subjects and the face of our campaign was an IT trainee at Telekom.

Labor force inclusion of underprivileged groups

As an employer, Magyar Telekom has issued the following actions in 2019 to improve the conditions of the employee groups marked in the 2016–2020 Equal Opportunities plan.

As a mentor company Telekom supports roma workforce integration programs Integrom and HRom to contribute to the equal labor market opportunities. The program participants are being supported with job application counselling, job interview practices, CV writing and editing skill practices. Our inclusive recruitment practices include dedicated recruiter tracking support for program participants throughout their application process, providing detailed evaluation and feedback, and company mentoring upon request.

As members of the Hungarian Employers Forum on Equal Opportunities (MEF) in 2019 Telekom has participated in the working group for LGBTQ open and inclusive working environments under the professional supervision of Háttér Society.

In order to secure the equal opportunities of our current and future colleagues living with disabilities, we are using a special module on our online **job-application site** since 2010, where our applicants are encouraged to state any accessibility requests they might have in order to attend the selection process. Apart from workplace accessibility we support the workplace integration and enablement of our entrants and their welcoming teams by education materials with modules for basic attitudes and inclusive behavior with colleagues with visual or hearing impairments, colleagues facing physical or mental difficulties to work independently within the team. We also provide workshops on demand.

Disability-friendly Workplace

The 2017 Disability-Friendly Workplace Recognition awards were distributed at "The World is Better with Us" Gala the Gala Event organized on the International Day of Persons with Disabilities. There are already 50 Hungarian that have been found eligible to receive the award, and Magyar Telekom is proud to be one of them. The regular bi-annual application process was not announced in 2019, thus according to the decision of the awarding body, eligible companies were entitled to use the logo for a prolonged period in 2019. The new application period is going to be in 2020.



The award was being given by Salva Vita Foundation, the advocating organization aiming to bring disability-friendly employers and job seeking people with disabilities together. Employers may apply to this title by expressing their commitment to the conscious improvement of their inclusive recruitment, employment and staff retention practices concerning people with disabilities.

To ensure equal opportunities for our future employees with reduced capacity to work or disability (since 2010) applicants with disabilities using Magyar Telekom's electronic **recruitment interface** are invited to state if they have any special request based on their needs or circumstances in order to secure full accessibility of our career selection process. We support the integration of our affected employees and the development of a smooth working routine within their teams by offering education material and on-demand workshops to the teams on the basic behavioral principles of working together with wheelchair-bound professionals, or those with visual or hearing impairment or living with autistic spectrum disorder.

In order to contribute to our aim in building an accessible and safe workplace for all we drew conclusions from the accessibility-related answers of our corporate Diversity Culture Survey from January 2018. There were also specific questions directed towards

our employees living and working with disabilities that served as valuable feedback evaluating our work towards this goal.

The Budapest based offices of Magyar Telekom group have moved in together in our new HQ building in the fall of 2018. The building is thoroughly wheelchair-accessible, and the rest of the accessible infrastructure development is being carried out in compliance with the BREEAM Standard. In November, after moving in the new building we have conducted an internal accessibility audit with the help of our visually impaired and disabled employees to define the most important points for improvement. The Telekom HQ building obtained its final BREEAM Excellent certification in July 2019 in the category of newly built real estate. Thus, the largest business center of Hungary also became the real estate with the highest BREEAM certification in the country.

Sensitization and promotion of involvement is an important part of the company culture. The annual 'Have you ever tried?...' sensitization program organized with the help of NGOs and associations was available at the Lets Move It! Telekom family and sports day where our colleagues could gain personal experiences about the everyday challenges of people living with disabilities in an able-bodied environment.

Besides these activities – following the tradition of past years – the company organized very successful thematic employee fairs (Christmas Fair, „It Is Good To Give” cookie event) at various company sites. Magyar Telekom employees could give donations and buy items manufactured by persons with disabilities through the involvement of NGOs that support employment of people with autism.

Become an IT expert – Accessible training

In 2019 almost 1300 students from 20 locations and 42 high schools have visited the HQ of Telekom and T-Systems, among whom we have welcomed 35 students living with autistic spectrum disorder or with different levels of disabilities.

The aim of Become an IT expert career orientation program is to bring engineering and IT science closer to students about to make their further education choices. They could have a closer look at a variety of IT related professions and experience the everyday work at a large corporation.

According to the feedback of the students the HQ tour was the most exciting feature of the event, with the career orientation talks and the meetings of IT professionals, who presented their individual career stories. In association with 'Közterem' the students also participated in skills development trainings where they focused on agile and adaptive ways of work and development. They were also introduced to the work of Kitchen Budapest, the innovations lab of T-Systems.

Almost 70% of the students gave the highest rate to the expediency of the event and 76% of the respondents became more in-

terested in choosing engineering or IT in higher education.

Workforce Reduction and Redeployment

Magyar Telekom – in order to ensure the resources related to the Company's strategic objectives - has reached an agreement with the trade unions in 2019 on headcount reduction and wage increase measures for 2020.

According to the terms of the agreement, the Company plans to make ca. 450 parent company employees redundant. The majority of the employees to be made redundant are expected to have left the Company by March 1st, 2020. The company shall provide active job search, labor market training and one-on-one counselling to the colleagues laid off, in the framework of Program Chance, which has proven its success in the past years, and trusts that the above support these highly-trained employees of up-to-date professional expertise in finding employment elsewhere as soon as possible.

It is planned to reinvest a significant proportion of the expected employee cost savings in resources related to the Company's strategic objectives.

As from July 1st, 2020, employee salaries at the Company will expectedly rise by an average of 5%.

Work-life balance

Magyar Telekom considers stress, overload and burnout related risk-reduction as its priority duty in relation to its employees. In order to take charge of these risks by securing an empowering environment to develop and maintain a healthy lifestyle, employees are also provided with coaching and training opportunities that help in the advancement of their task-management skills.

Through the implementation of particular forms of non-regular employment, the company aims to provide support to maintain a healthy work-life balance and is also dedicated to reducing the possibilities of working overtime. While offering flexible working hours through part-time (4- or 6-hour workdays), our internal regulations and methodologies support employees to find the most suitable way of work. The schedule options (e.g. flexi-time, banking of hours, compressed workweek) are being defined in the collective agreement. The number of working hours (4-, 6- or 8-hour workday options) is being recorded in the collective agreement, and employees can manage their working schedule on the appropriate time management interface. Flexible-time and unrestrained employment it is strategically important for the company to build teleworking into the company's culture.

The workspace design of the new HQ building of Magyar Telekom is based on shared-desk principle, its social and creative lounge spaces and well-equipped digital conference rooms also support the highest level of telepresence flexibility. Teleworking is

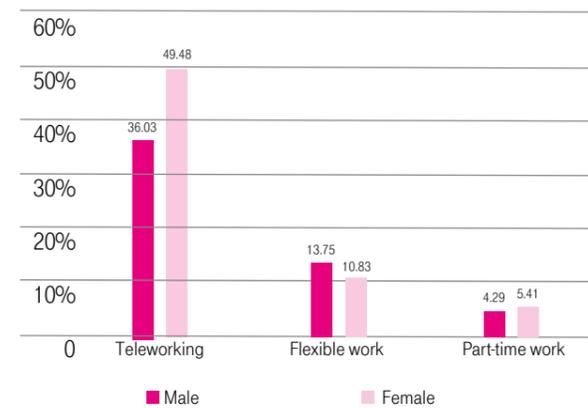
also supported by the continuous maintenance and development of a solid digital office network access. Employees receive mandatory courses to manage potential accessibility and/or data privacy risks related to teleworking. In front-end roles, where employees are working in shifts, teleworking is not an option, but their private life responsibilities are being taken into account when arranging schedules.

In 2019 our employees have worked a total of 169 161 days remotely, saving nearly 5 million kilometers or 25 years of travel.

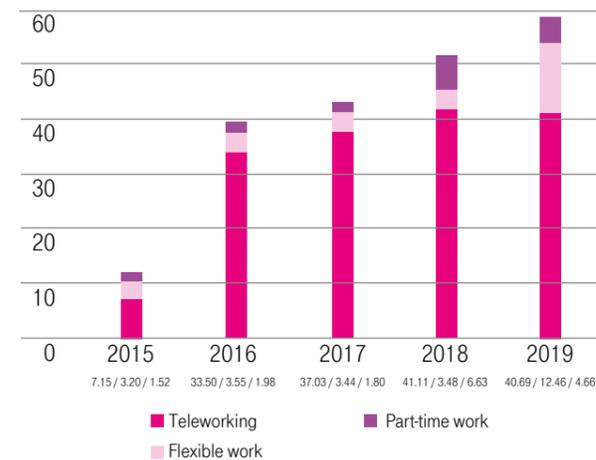
With regards on our employees' private and family circumstances (e.g. necessity of homecare of a permanently ill or elderly close relative) our colleagues may go on a permanent leave without pay as regulated by the Labor Code. The facts justifying the leave are to be verified to the employer and the period of leave must not exceed 2 years. In accordance with Hungarian labor legislations we provide our employees with extra days off after their children, and after blood donation. In cases of more than 40% health damage employees have the right for additional annual 5 days off for rehabilitation. Additionally, we credit the voluntary social contribution of our employees by providing days off, the proportion of which is being precisely regulated in internal corporate directives.

In order to prevent cases of burnout and support the restoration of work-life balance, the company offers the partly financed opportunity of a "sabbatical" leave for a period of 1-6 months, since 2016.

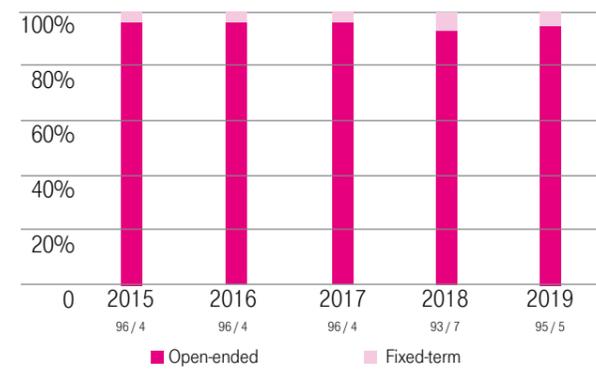
GENDER MIX OF NON-TYPICAL FORMS OF EMPLOYMENT AT MAGYAR TELEKOM PLC. IN 2019 (%) ✓



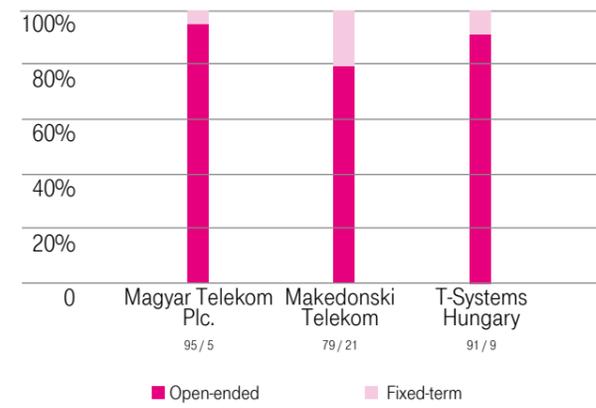
NON-TYPICAL FORMS OF EMPLOYMENT AT MAGYAR TELEKOM PLC. IN PERCENTAGE OF THE TOTAL HEADCOUNT (%) ✓



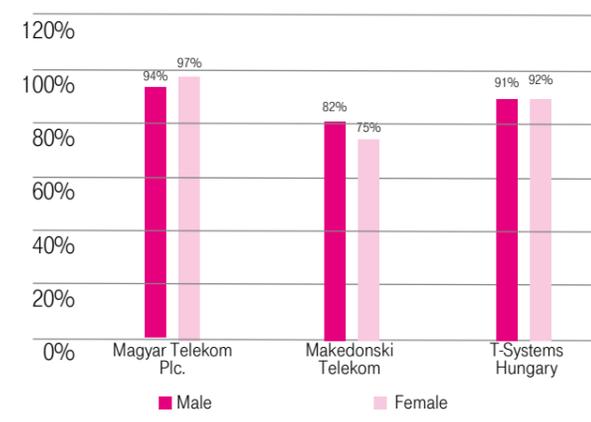
RATIO OF FIXED-TERM TO OPEN-ENDED EMPLOYMENT AT MAGYAR TELEKOM PLC (%) ✓



RATIO OF OPEN-ENDED EMPLOYMENT CONTRACTS BY GENDER AT MAGYAR TELEKOM GROUP IN 2019 (%) ✓



RATIO OF OPEN-ENDED EMPLOYMENT CONTRACTS BY GENDER AT MAGYAR TELEKOM GROUP IN 2019 ✓



Family friendly Telekom and T-Systems Hungary

In 2019 and 2020 one of the most important elements of Telekom's Diversity & Inclusion concept was the improvement of our entire parental leave process from planning to staying in touch during leave to reintegration support. In the second half of 2019 we have renewed our processes concerning the support of career-conscious and informed parental leave planning and we have introduced ways of keeping in touch while on leave. There is an internal process supporting the employee, the direct report manager and the team, in the smooth planning of pre-absence tasks. To maintain the connection of the employee on parental leave and the company, the company intranet remains to be accessible throughout the leave period, thus the employee can stay in touch with the corporate news, follow the changes and access all HR information relevant to their situation. The internal employee direct HR chat is also available for quick administration.

As another new element of the parental leave system of Telekom, the employees can keep their access to the entire free education and development portfolio, allowing them to learn and develop

Long-term leave and return to work from maternity leave ✓

	Male	Female	Total
Employees on long-term leave	2	201	203
Employees returning after long-term leave	2	96	98
Employees returning from long-term leave, after having been employed at least for 12 months upon joining the company	1	52	53
Employees retraining from long-term leave with continued employment	50%	54%	54%

In order to support a healthy balance between work and private life it is necessary to reorganize the workload within families. The „Daddy, it begins!” program tries to raise awareness of the father's role within the family. The internal communication portal of the company has published an information kit for young fathers („Daddy News”) since 2010, collecting useful information

and tips for young fathers. All new-Fathers of our company receive a congratulating e-mail and are informed about the extra holiday available for newborn-care.



From 2018, we employ our trainees in the status of employees. Internship contracts are either part-time or fixed-term ones, so this change is reflected in charts showing atypical forms of employment and contract types.

during their parental leave. Easy access support is being granted both through desktop services and mobile application.

We support of the reintegration of employees returning to work beyond our regulatory obligations with a direct recruitment channel dedicated to this employee group, providing additional support in cases when after several years of leave it might be difficult to return to a previous role.

We also remain being in touch through our traditional channels of correspondence, in our closed Facebook 'Telekom Families' and in person at our family and sports activities, where all our employees and families are invited to spend a day outdoors.



Both in 2014 and 2015 Magyar Telekom and T-Systems jointly and successfully applied for the Family Friendly Company award

and the Three Princes and Three Princesses Movement gave a special "Family Friendly" award to the company as an acknowledgement of its family-friendly initiatives and efforts. The Group elevated the qualification into a higher level and concluded a strategic frame agreement with the Movement. As a result, we have shared our best practices on the Family Friendly Workplace Gala and Award Ceremony in November 2019. Magyar Telekom has been awarded with the audited Family Friendly Workplace certification which was launched this year with a bronze degree.

In 2019 Dimenzió Mutual Insurance and Self-help Association's Family Support initiative provided assistance to the families in the Telekom community by offering discounted summer camp opportunities for their children during the long summer holiday season. In addition the tax-free nursery-kindergarten support is an optional element of the cafeteria system which also contributes to the reduction of the financial burden on parents with young children.

In order to support the needs of employees who need to manage childcare situations during their office related duties Magyar Telekom provided 1 family friendly office space in Debrecen and 3 offices on its Budapest sites. The later 3 have been closed down due to moving together from all Budapest office sites to one shared HQ building in the fall of 2018, but the Debrecen-office is still available. In order to support the smooth re-organization of family related duties and obligations we have provided a thorough list of available nurseries, kindergartens and schools in the neighborhood of the HQ building. We have opened our very first Telekom HQ 'Kid's Hut' in July, 2019 where we offer professional child-assistance for a couple of office hours during the most difficult school holidays, focusing on times when our employees must interrupt their work from home and come to the office. The opening of the playroom has been preceded with a thorough needs assessment, and our children and grandchildren were also invited to participate in a drawing contest, where they could imagine the future design, furniture and equipment of their own space within the Telekom HQ. We have announced the winners of the contest at our first #mutiholdolgozol, #showmewhereyouwork day. Scheduled on the first day of the spring vacation in schools, we had 150 of our children and grandchildren visiting us on a day at work in our new building.

A considerate proportion of employees in the company group take advantage of teleworking thus actively working parents and still actively working grandparents can successfully harmonize their family life and professional duties. Regulated by the Labor Act employees are entitled to unpaid leave to take care of ill close relatives, the timeframe and methodology is subject to the labor Act. Beyond our legal obligation we also support affected employees with a thorough database and detailed information about the available social care, health care, elderly care and/or permanently ill relative care institutional system and private facilities throughout the country to help planning and re-organizing life and care in their demanding situations.

The company employs various generations simultaneously thus personal fulfillment and the realization of the full potential of our colleagues is an important goal for Telekom.

Generations at Magyar Telekom

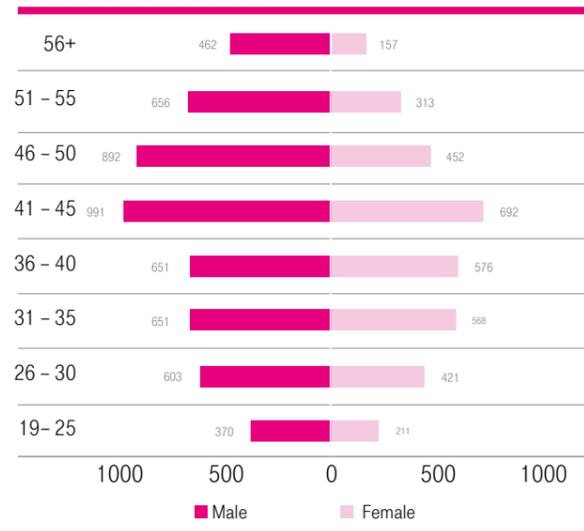
As a next step of the well-designed internship program, the Group offers jobs to many young people starting their career.

The family-friendly atmosphere of the company offers various ways of support to young employees with families and it also tries to help them in the challenging times of becoming a parent. Teleworking is not just attractive for colleagues taking care of a baby, but it also offers a flexible way to manage work and life to our single colleagues as well, who can thus be more successful while managing their time in a flexible way.

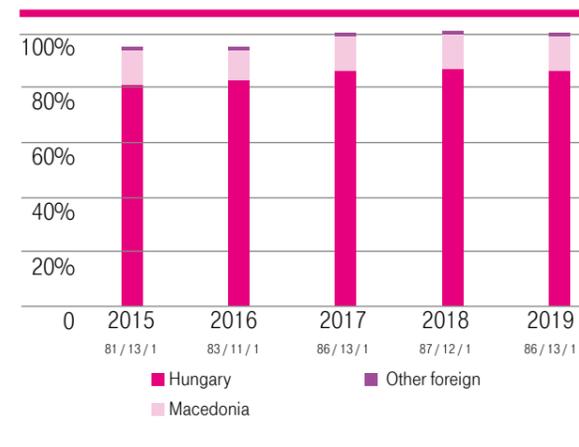
The majority of our employees fall into the mid-aged category of experienced professionals. They experience a slightly narrowing career path, while also having opportunity to obtain marketable experience along various horizontal career tracks. This is supported by the company's significant resources for external- and internal trainings and in-house job advertisements. Telekom expresses its appreciation towards the experienced workforce with numerous acknowledgments, like the Loyalty Award and the Lifetime Achievement Award.

In certain cases those who approach retirement age (50+) may choose to enter the company's standby pool. With this initiative, among others, Telekom would like to take care of its employees and provide an interim solution for the period between work and retirement. Thus the employee could be reactivated from the standby pool if their extended employment is of mutual benefit for both parties.

AGE TREE OF MAGYAR TELEKOM GROUP, 2019. DECEMBER 31. ✓



DISTRIBUTION OF EMPLOYEES BY REGION (%) ✓





5.

STAKEHOLDERS

5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND

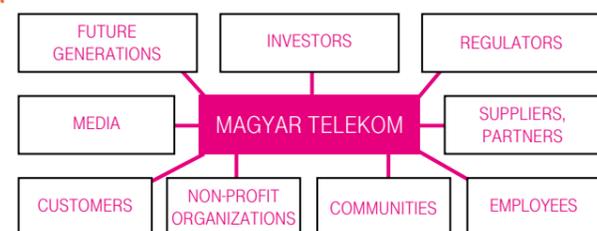


17 PARTNERSHIPS FOR THE GOALS



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 maintains 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, employees, communities, NGOs, suppliers, partners, the media and future generations.



STAKEHOLDER SURVEY

As part of the preparation process of Magyar Telekom's Corporate Sustainability Report we rely on our preliminary research findings and regularly monitor the opinions of our stakeholders concerning the importance of our sustainability topics. We conduct an annual survey aiming to find out how different stakeholder groups evaluate the corporate sustainability practices of our company. Our questionnaire offers the rating of 37 topics on a 1-5 scale where 1 stands for the least important and 5 for the most important topic. The analysis and evaluation of the answers plays a crucial role in the evaluation and materiality rating of our sustainability activities for this report. All topics are important contributing elements to the successful delivery of our strategic goals, nevertheless we pay particular attention to those that our stakeholders pointed to with high level and medium level importance.

Next to the rating of topics our stakeholder survey asks the following questions as well:

- suggestion of other relevant sustainability topics that are not listed
- examples of important scientific findings that would be important and worth for consideration for ICT companies.
- threats and opportunities for companies in relation to their sustainability approach
- the most commonly used communication platforms of Magyar

Telekom from where its sustainability activities and approach are accessible,

- which global Sustainable Development Goals (SDGs) should Magyar Telekom consider as priorities, based on its activities.

The latest survey, conducted in December 2019, shows that most of our stakeholders consider climate protection and energy efficiency, waste management and informing our customers. In the areas of ICT-relevant scientific achievements, they underlined the importance of climate protection and innovation, which we address in our report in separate subchapters.

As to risks and opportunities, the responders mentioned climate protection, electromagnetic fields and circular economy. Our stakeholders found that Telekom can mainly contribute to the achievement of SDG4: Quality Education, SDG11: Sustainable cities and communities and SDG8: Decent Work and Economic Growth.

TOPICS EVALUATED BY THE STAKEHOLDER GROUPS AND THEIR IMPORTANCE

	Regulator	NGO	Employee	Media	Customer	Future generation	Supplier/partner	Investor	Local community	Average
Climate protection and energy efficiency	3,60	3,48	3,56	3,20	3,05	2,82	2,95	2,80	2,44	3,10
Wastes	3,60	3,48	3,38	3,20	2,85	2,82	2,98	2,65	2,38	3,04
Informing of customers	3,20	3,48	3,35	3,20	2,71	2,74	3,00	2,45	2,36	2,94
Emissions	3,60	3,38	3,22	2,87	2,81	2,70	2,95	2,60	2,29	2,94
Protection of minors in Digital Age	3,60	3,30	3,64	2,53	2,82	2,88	2,88	2,40	2,29	2,93
Environmental targets, costs and compliance	3,60	3,42	3,20	3,20	2,75	2,76	2,45	2,65	2,15	2,91
Cooperation in environmental and social issues	3,60	3,52	2,97	3,20	2,72	2,70	2,51	2,65	2,09	2,89
Resource consumption	3,60	3,48	3,14	2,87	2,68	2,76	2,85	2,45	2,11	2,88
Customer satisfaction	3,60	3,24	3,31	2,67	2,66	2,68	2,66	2,65	2,36	2,87
Supplier relations	3,60	3,08	2,88	3,20	2,61	2,44	3,20	2,50	2,09	2,84
Sustainability in the supply chain	3,60	3,52	3,14	2,93	2,59	2,76	2,88	1,90	2,11	2,83
Innovation for sustainability	3,20	3,38	3,29	2,87	2,72	2,58	2,50	2,50	2,22	2,81
Involvement of employees	3,20	3,52	3,15	2,87	2,59	2,64	2,71	1,90	2,15	2,75
Local procurement	3,60	3,48	3,19	1,87	2,59	2,76	2,60	2,45	2,18	2,75
Data protection	3,60	2,90	3,15	2,60	2,61	2,54	2,50	2,60	2,09	2,73
Regulatory compliance	3,60	3,06	3,03	2,93	2,57	2,28	2,60	2,30	2,04	2,71
Sustainability coordination	3,20	3,42	2,96	2,93	2,52	2,42	2,50	2,30	2,04	2,70
Human rights, equal opportunities	3,20	2,96	3,20	2,67	2,63	2,34	2,60	2,50	2,18	2,70
Safe use of mobile phones, electromagnetic fields	3,60	3,30	3,30	2,20	2,54	2,58	2,28	2,25	2,00	2,67
Professional cooperation	3,60	3,22	2,64	2,73	2,48	2,28	2,68	2,45	1,96	2,67
Suppliers' Award	3,60	2,90	3,00	2,60	2,41	2,48	2,44	2,65	1,85	2,66
Our employees as corporate citizens	3,20	3,36	3,20	1,93	2,66	2,72	2,24	2,30	2,25	2,65
Service availability	3,60	2,64	2,84	2,67	2,39	2,40	2,54	2,50	2,13	2,63
Occupational health and safety	3,60	2,94	3,23	1,73	2,58	2,58	2,54	2,25	2,15	2,62
Risk assessment	3,60	3,10	2,90	2,27	2,33	2,26	2,59	2,50	1,89	2,60
Addressing legal and ethical aspects of content service providing	3,60	2,68	2,88	2,67	2,26	2,44	2,20	2,50	2,16	2,60
Corporate compliance	3,60	2,90	2,99	2,27	2,48	2,24	2,43	2,10	2,13	2,57
Involvement of our customers	3,60	3,16	2,98	1,47	2,25	2,66	2,53	2,10	1,75	2,50
Digital competency	3,20	2,80	2,99	2,40	2,39	2,36	1,81	2,25	2,05	2,47
ICT for sustainability	3,60	2,86	2,75	2,00	2,32	2,06	2,39	2,30	1,95	2,47
Managing changes	3,20	2,76	2,78	2,67	2,39	2,28	1,85	2,10	2,05	2,45
Talent management	3,20	2,78	2,59	2,33	2,19	2,42	2,35	2,30	1,64	2,42
Donations	2,80	3,08	2,75	2,53	2,25	2,46	1,78	1,90	1,65	2,36
Investors relations	3,60	2,56	2,59	1,80	2,08	2,08	1,91	2,10	1,69	2,27
Sponsorship	2,30	2,42	2,40	1,87	2,05	2,16	1,59	2,00	1,71	2,05
Average	3,44	3,13	3,05	2,57	2,53	2,52	2,50	2,37	2,07	

We wish to continue on joint thinking and cooperation with our stakeholders therefore we encourage everyone to share their comments, ideas and opinion with us by sending them via the [stakeholder survey](#) or to the sustainability@telekom.hu email address.

MATERIALITY

When preparing this report – in compliance with the “Comprehensive” level of the Global Reporting Initiative Standard (GRI Standard) – we put the emphasis on materiality, stakeholder inclusiveness, completeness, accuracy, comparability, timeliness, reliability, balance and sustainability.

The scope and the content of the report was defined on the basis of Magyar Telekom’s materiality analysis and as an external resource we also used the questions of responsible investor analysts (ISS ESG Rating, FTSE Russell, MSCI, Robeco SAM) as well as the materiality analysis and manual of the Global e-Sustainability Initiative (GeSI) prepared for the ICT sector.

Magyar Telekom’s materiality analysis helps to define all sustainability topics that are important and actual for the company and its stakeholders and supports the implementation of the stakeholders’ interests into business processes and strategic objectives.

The topics were defined, prioritized and grouped during the preparation of Magyar Telekom Group’s Sustainability Strategy in the first place, then the topics were verified - and if necessary revised and amended. The development of the materiality process is also supported by continuous harmonization with other strategies of the company.

When defining the scope, content and structure of the year 2018 report we took into account the results of the stakeholder survey. Based on the comparison of the sustainability strategy priorities for the period between 2016 and 2020 and the priorities of the stakeholders the ranking and groups of the materiality of sustainability topics are as follows:

MATERIALITY OF SUSTAINABILITY TOPICS OF MAGYAR TELEKOM IN 2019

High priority topics	Medium priority topics	Low priority topics
Climate protection and energy efficiency	Environmental targets, costs and compliance	Corporate governance
Protection of minors in the Digital Age	Management of customer complaints	Cooperation in environmental and social issues
Customer satisfaction	Data protection	Occupational health and safety
Resource-consumption	Informing our customers	Corporate compliance
Human rights, equal opportunities	Award for suppliers	Supplier relations
Emissions	Safe use of mobile phones, electromagnetic fields	Local procurement
Sustainability in the supplier chain	Sponsorship	Service availability
Innovation for sustainability		Addressing legal and ethical aspects of content service providing
Involvement of our employees		Regulatory compliance
Initiatives to eliminate the digital divide		Risk management
ICT products for sustainability		Managing changes
Our employees as corporate citizens		Talent management
Involvement of our customers		Professional cooperation
Community investments		Investor relations
		Political presence

Based on the analysis and the materiality ranking we believe that all topics have significance both inside and outside the company.

The structure of the report follows the priorities of the sustainability strategy and the materiality analysis: high priority topics are presented in details, information on medium priority topics are provided partly in the chapters, partly in the GRI table of contents whereas low priority topics are primarily provided in the GRI table of contents 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.

PROCESS FOR DETERMINING THE CONTENT OF THE REPORT

OBJECTIVE AND USE OF THE REPORT

The objective is to give a full-scope picture, as the report is an information source for all stakeholders; however the entirety of the report is primarily prepared for our shareholders and investors, and among them chiefly our responsible investors and sustainability analysts.

SPECIFICATION OF THE TOPICS

The topics of the report were determined on the basis of the information required by responsible investor analysts, investors and regulators.

INVOLVEMENT, TESTING VALIDATION

Continuous collection information, analysis of trends, harmonization with the company’s organizational units, involvement of stakeholders, incorporation of feedback into the material.

PRIORITIZATION OF THE TOPICS

Prioritization is provided in the strategy however, the Sustainability report is a reporting tool, therefore it covers all specific topics.

SUPPLIERS

Anti-corruption measures and ethical conduct are important cornerstones of operation for Magyar Telekom. Consequently the company requires its suppliers to adopt Telekom's Anti-corruption statement, the Suppliers Code of Conduct and the Coltan Policy of Magyar Telekom. As part of the contractual terms each and every supplier must know, approve and must comply with these requirements as stated.

Because of its size, Magyar Telekom Group has significant impact on other stakeholders of the economy, thus the scope of its responsibilities cannot be limited to the company itself. Along our risk management strategy, we maintain our ambition to do business with suppliers who appropriate a high level of social, economic and environmental performance and standards. In order to ensure this, the Group manages its supplier contacts with a strong commitment to fostering a sustainable supply chain. The group-level coordination of vendor relations is ensured by the Procurement and Logistic Directorate, partly through the provision of centralized procurement services, and partly through the coordination of the member companies' functional organizations.

Suppliers are selected in compliance with the laws, in procurement procedures that ensure fair competition, transparency, and documented processes, which are under continuous control by the Internal Control System (ICS) used jointly with Deutsche Telekom Group. Besides providing proper controls the system encourages us to improve and accelerate our processes.

In respect of contracting the company seeks to develop mutually advantageous, value-creating partner relations. To ensure cost efficient operation, the company is continuously rationalizing its processes by tapping the synergies of parent company and group-level procurement.

One of the main interfaces for supplier relations is the interactive **website of the Procurement, Logistic and Real Estate Management HUB** where suppliers – upon registration – can directly reach the newsletter service, the supplier qualification system, the OneSource system where quotations and auctions are managed, privacy policy, electronic invoicing description and may find useful information on our procurement processes and sustainability requirements.

The references, financial standing, quality assurance and sustainability capabilities of the suppliers are audited in a prequalification system which is also operated on the internet site of the Procurement and Logistic Directorate. The company's enhanced vendor prequalification system enables registered suppliers to complete the sustainability-focused questionnaire and also its evaluation. The results ensure the identification of risks and the possibility of joint improvement with the suppliers. The qualification results are important factors in the supplier selection process.

The company buys services and products from qualified suppliers. After filling out the questionnaire, we inform registered suppliers about their results in the vendor grading system. We procure more than 82% of the value of the orders from prequalified external suppliers, through 914 partners in 2019.

The Suppliers Code of Conduct includes the following principles:

- **Code of Conduct**
- **Code of Human Rights and Social Principles**
- **Diversity Policy**
- **Magyar Telekom Group's Environmental Policy**
- **Financial Code of Ethics**
- **Corporate Governance Declaration**
- **Magyar Telekom Group's Quality Policy**

One of the main pillars of the 2016-2020 sustainability strategy is to channel our commitment to sustainability to suppliers involved in our everyday business. This is only possible through setting new and ambitious goals and by following the best practices involving all relevant stakeholders. This is the primary reason why we have developed the Magyar Telekom Sustainability web audit, a questionnaire on environmental, social and business ethics topics.

There is a special focus in the assessment process on whether the suppliers have any sustainability expectations declared towards their partners or not. The final score is calculated within industry weighing of the supplier. 16 companies participated directly in this survey in 2019, which translates to 4.11% of the purchase value (this value was 10.86% in 2015, 3.83% in 2016, 21.07% in 2017 and 26.42% in 2018). The Sustainability web audit evaluation is valid for three years. In 2019, our 70 suppliers had a valid evaluation, representing 53.27% of the purchase value. Respondents were informed about their results, and they also received topic-specific feedback on their performance. Upon request we have also provided further information via email or phone to partners who requested it. There was no incident risk or non-compliance identified in 2018. Throughout its operations Magyar Telekom is keen on maintaining sustainability along its operations in a transparent way and encourages its partners to take their share in sustainable development. Therefore, we highly appreciate all partnerships along which we can gain a better understanding of our partners' sustainability related strategies and operations.

The top-rated suppliers of 2018 were awarded on 11 September 2019 at the Sustainability Chat event. At the event, the „Magyar Telekom's TOP3 sustainable supplier 2018” title was given to: Wavemaker Hungary Kft., NEC Eastern Europe Kft. and NET-MICRO Kft.

For the purpose of the sustainability evaluation of our active suppliers we use the internationally recognized and operated EcoVadis system, which is also supported by Deutsche Telekom. We invited strategically important and high-risk suppliers to declare their operational practices based on the detailed EcoVadis criteria. As a result, 4 suppliers have received direct and 21 suppliers indirect evaluation of social, environmental, economic and sustainable procurement aspects in 2019. These suppliers accounted for 44.40% of the overall procurement value, which value was 37.42% in 2015, 33.23% in 2016, 40.59% in 2017 and 45.06% in 2018. The validity of the EcoVadis ratings is two years, thus the results of 2017 and 2018 are taken into consideration.

One of our 2016-2020 sustainability strategy's objective is to ensure that Magyar Telekom's commitment to sustainability becomes part of the suppliers' business and that the suppliers' CO2 should be reduced.

An e-learning course is available for all Magyar Telekom employees about sustainable supply chain processes and in 2019 we have informed our colleagues about these topics through several channels. The e-learning material is available on the intranet and contains all processes, their detailed description and the list of contacts of topic owners.

As part of the sustainable supplier chain management process, and in order to support effective operation we created a working group, the members of which are responsible for and take action in the case of incidents as well as environmental working conditions, human rights or social problems arising in connection with suppliers. The permanent members of the working group are the employees of the Corporate sustainability center, the Procurement



and logistics directorate, the Corporate governance and General legal affairs department in addition to the employees working for the ordering organization involved in the incident, as well as the experts on the given issue. In order to support these efforts, we established an incident management process that defines the relevant actions in such cases. The incident management process analyzes the event that triggers the incident, the strategic importance of the supplier, the severity of the given case, the supplier's reaction and provides guidance on potential remedies. Such process was not launched in 2019 because the analyses have not revealed any negative environmental, working condition, human rights or social non-compliance. Therefore, no sanctions were imposed, and no contracts have been terminated in 2019.

Along the sustainability process, our procurement and compliance organization has an ongoing monitoring process responsible for identification of legal or economic non-compliance cases. There were no such cases identified in 2019.

Deutsche Telekom provides significant support for the sustainable improvement of supplier relations through sectorial initiatives such as JAC – Joint Audit Cooperation. As a result, audits are being conducted worldwide for the selected suppliers. The integrated audit criteria assure compliance with the basic social and environmental benchmarks when it comes to shared suppliers of different subsidiaries. Proving the compliance with the common group standards, in 2019 a total of 7 indirect Magyar Telekom suppliers were involved in Deutsche Telekom audits which is accounted for 38.87% ✓ of the overall procurement value; this value was

18.32% in 2015, 15.05% in 2016, 36.91% in 2017 and 40.14% in 2018. Depending on the results of the audits, corrective action plans are given to the poorly performing suppliers, followed by a re-audit if necessary.

In 2018, Deutsche Telekom transferred its existing Supplier Development Program (SDP) as an industrial approach under the umbrella of the ICT industry initiative Global-e Sustainability Initiative (GeSI). In the second half of the year, Deutsche Telekom launched the new GeSI SDP as a pilot project with four suppliers. In 2019, further ICT companies, their suppliers and subcontractors joined the program, so far, 23 selected suppliers have participated in the program.

SUPPLIER ASSESSMENTS' RISK CRITERIA USED BY OUR COMPANY WERE IDENTIFIED AS FOLLOWS:

	ECOVADIS	MT WEBAUDIT	AUDIT	PRE-QUALIFICATION	SUPPLIER SCORE CARD	GESI
Anti-corruption and Bribery	✓	✓	✓	✓	✓	✓
Conflict of interest	✓	✓	✓	✓	✓	✓
Fraud	✓	✓	✓	✓	✓	✓
Money laundering	✓	✓	✓	✓	✓	✓
Anti-competitive practices	✓	✓	-	✓	✓	✓
Respect of intellectual property rights	✓	✓	✓	-	✓	✓
Truthfulness of marketing and advertising messages	✓	✓	✓	-	✓	✓
Economics						
Consumer/client data protection and privacy	✓	✓	✓	✓	✓	✓
Access to essential services or products	✓	✓	-	-	-	-
Partner/supplier data protection and privacy	-	✓	-	✓	✓	✓
Associate/employee data protection and privacy	-	✓	✓	✓	✓	✓
Business Continuity Management	-	✓	-	-	-	-

	ECOVADIS	MT WEBAUDIT	AUDIT	PRE-QUALIFICATION	SUPPLIER SCORE CARD	GESI
Environment						
Reduction of production-related environmental risks	✓	✓	✓	✓	✓	✓
Energy Consumption and GHGs	✓	✓	✓	✓	✓	✓
Water management	✓	✓	✓	-	✓	✓
Biodiversity	✓	✓	✓	✓	✓	✓
Local Pollutions	✓	✓	✓	-	✓	✓
Materials, Chemicals management	✓	✓	✓	-	✓	✓
Waste management	✓	✓	✓	-	✓	✓
Product lifecycle management	✓	✓	✓	✓	✓	✓
Property lifecycle management	✓	✓	✓	-	✓	✓
Promotion of sustainable consumption	✓	✓	-	✓	✓	✓
Sustainable forest / paper policy	-	✓	-	-	-	-
Customer health and safety	✓	-	✓	-	-	-
Society						
Employees health and safety	✓	✓	✓	✓	✓	✓
Working Conditions	✓	✓	✓	✓	✓	✓
Labor Relations	✓	✓	✓	✓	✓	✓
Career Management	✓	✓	-	✓	-	-
Child and Forced Labor	✓	✓	✓	✓	✓	✓
Discrimination	✓	✓	✓	✓	✓	✓
Fundamental human rights	✓	✓	✓	✓	✓	✓
Customer health and safety	-	✓	-	-	-	-
Procurement						
Sustainable procurement charter	✓	✓	-	-	-	-
Training of buyers on issues within the supply chain	✓	✓	-	-	-	-
Integration of social or environmental contract clauses	✓	✓	✓	-	✓	✓
Regular supplier assessment	✓	✓	-	-	-	-
Audit of suppliers	✓	✓	-	-	-	-
Corrective action to facilitate supplier capacity building	✓	✓	-	-	-	-
Sustainable buyers performance appraisal	✓	✓	✓	✓	-	-
Pre-qualification of suppliers before evaluation	-	✓	-	-	-	-
Identified risks and impacts	✓	✓	✓	-	✓	✓
Conflicts minerals	✓	✓	✓	-	-	-

The procurement processes, that constitute a significant part of the vendor relations, are implemented with the support of IT systems. Internal procurement processes are initiated mostly through electronic systems. The suppliers' selection process is supported by an internet based RPF and tool (OneSource), orders are also placed/confirmed through an electronic commerce solution (CPEX) or e-mail, managing transactions growing from year to year.

These electronic solutions substantially reduce the processing time of the procurement processes and the e-mail-based placement of orders further reduces the quantity of paper-based documents. In the past years direct electronic procurement transactions (CPEX) hit a steady high level and in 2019 reached 93.78% of all items ordered (in 2015: 69%, in 2016: 89.9%, 2017: 91.3%, 2018: 92.35%).

The aim of DT Group One.ERP system was to make the orders running electronically smoothly. In PSL system (related on the network-based real estate assets and the tool area of the technology area) the proportion of electronically ordered requests was 97.41% in 2019 (2017: 95.4%, 2018: 99.65%). Total number of orders sent electronically without intervention in the procurement area was 100% in 2019.

We ensure compliance with the statutory and corporate expectations by including sustainability, environmental clauses in the supplier contracts. We expect our suppliers to use environment-friendly materials, technology and energy-saving solutions.

In the office stationery catalogue the supplier already marks "green" products, and we encourage our colleagues to order such items.

As to products, there is a blacklist and a gray list of ingredients, i.e. products that contain any of the listed materials are banned from procurement (blacklist) or are not recommended to be procured (gray list) by Magyar Telekom.

In an effort to prevent any damage and minimize transportation time, hazardous materials purchased are transported directly to the internal customer, with the exception of storing a minimum inventory. In an effort to raise cost efficiency and reduce transportation, we increase the percentage of stocks managed by the suppliers. We study the possibility of this jointly with the supplier when entering into the contract.

Despite the globalization of procurement, we continue to purchase a considerable number of products and services from local¹ suppliers. In 2019 more than 91% of our suppliers belonged to this category. By ordering products and services from local suppliers we significantly contribute to the retention of jobs.

VALUE RATIO OF PRODUCTS AND SERVICES FROM LOCAL SUPPLIERS, MAGYAR TELEKOM GROUP ✓

Subsidiaries ²	2015	2016	2017	2018	2019
Magyar Telekom Plc.	74.5%	78.9%	77.8%	85.56%	81.09%
T-Systems Hungary	77.8%	78.46%	84.32%	82.87%	80.92%
Makedonski Telekom	65% ³	67%	65%	61%	75%

¹ Suppliers with headquarters in a given country.

² Magyar Telekom Group member companies with significant procurement value.

³ T-Mobile Macedonia AD merged into Makedonski Telekom AD on 01.07.2015

CUSTOMERS

CUSTOMER SATISFACTION

Magyar Telekom performs complex customer satisfaction surveys on a quarterly basis among residential customers with the internationally used T*RIM customer satisfaction research method. With the help of T*RIM, the company can continuously monitor the expectations of subscribers as well as the level of satisfaction with its services.

These surveys produce a composite index reflecting customer satisfaction for all Magyar Telekom customers and for individual customer groups which helps tracing and easily interpreting the changes over time. Detailed analysis of service elements enables detecting current perception of factors impacting customer satisfaction, identifying the fields where Magyar Telekom delivers outstanding performance according to customer feedback, and the fields where actions are necessary for quality improvement in comparison to earlier performance or results from other competitors.

In 2017, the methodology of the T*RIM customer satisfaction survey was changed. Adjusting to the changed market conditions, the level of satisfaction with mobile and fixed line telecommunication service providers is no longer measured separately, instead, it is performed within the framework of an integrated measurement. The survey is conducted in the form of telephone interviews, encompassing samples of justified size, composition and weights. The content of the topics has not changed substantially, however, the change of methodology required to start a new timeline in 2017.

T*RIM - Residential customers

The satisfaction level of Magyar Telekom customers has increased by 2 index points compared to last year end results achieving the targeted goal of the company. Magenta1 customers have reached such a high level of satisfaction that was never measured before. It should also be noted that the fixed line customers have been receiving growing TRI*M evaluations, making it possible to even out with the satisfaction level of mobile subscribers.

Throughout the year 2019, balanced responses were received from Magyar Telekom customers. One of the principal strengths of Magyar Telekom is the renewing choices of fixed services, new tariffs and range of equipment, handsets. Furthermore, there is a steady growth concerning satisfaction towards mobile internet coverage and call quality. Improving satisfaction scores were achieved in the area of order placement process efficiency, and placing orders for new or modifying existing services were also perceived to be increasingly effortless. By last, customers had already become more satisfied with technical fault repair, too.

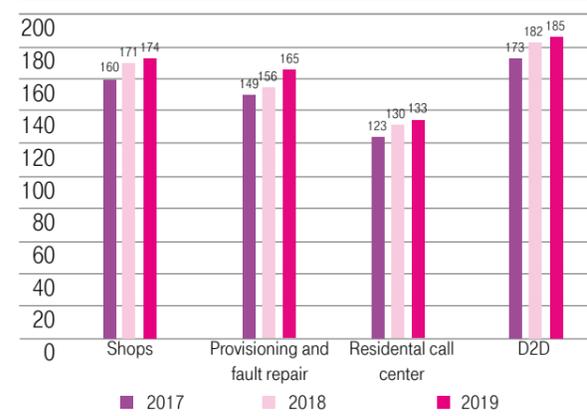
The customer satisfaction measurement of Flip, the second brand of Magyar Telekom offering a service package including three fixed line elements (telephone, Internet and television), was first introduced in 2018. The subscribers have voted Flip as the very best telecommunication services provider in Hungary with a substantial lead.

NG ICCA

In addition to general satisfaction measurement, we also measure the satisfaction of our customers with the given customer service cases throughout the year in the framework of the Next Generation International Customer Contact Analysis (NG ICCA) research. The purpose of the survey is to monitor the quality of our customer care service as experienced by our customers and collect information about their satisfaction and experience with the customer service and self-service of Magyar Telekom.

The research is transaction based: we poll our customers within 2–48 hours of their customer care event. Overall satisfaction is measured in a scale from -200 to +200. The results of the TOP channels involved in the research:

OVERALL SATISFACTION INDICATORS BY CHANNELS, 2017–2019



We modified the NG ICCA measurement system in 2019 in terms of the following aspects:

- The range of measurement points was extended to include the Telesales channel, which was split from the telephone customer service unit, and we started to measure the self-care transactions initiated through the Telekom app and on the web by an email questionnaire.
- The questionnaires were extended to apply the Net Promoter Score (NPS) methodology, which is aimed at measuring the probability of someone recommending the service provider to others: customers can grade their answers to the questions “Would you recommend Telekom to friends, colleagues based on your present experience?” from 0 (“would not recommend at all”) to 10 (“would definitely recommend”), thus enabling us to precisely identify the transaction types that need to be addressed to improve customer satisfaction.

All the above are to help us better understand the mechanics of customer satisfaction, and elaborate more efficient action plans based on that.

We place special emphasis on handling negative customer feedback (otherwise with low numerosity) and strive to find solutions to them in a short time, as well as identify, based on the feedback, the “pain points” we can effectively address through process and operations improvement measures.

T-Systems Hungary performs customer satisfaction measurements through multi-layer measurements.

Changes in measuring customer satisfaction – Micro-, small- and medium-sized enterprises

In January 2018, T-Systems Hungary has taken over the handling of micro-, small- and mid-sized business (SOHO and SMB) customer base of Magyar Telekom. By 2019 a stabilized customer satisfaction survey system has been launched where T*RIM has remained the measurement tool for customer satisfaction and loyalty of SOHO customers, that is to be carried out twice a year. Due to the 2017 change in methodology, conclusions from SOHO TRI*M survey findings can only be made from this date similar to residential market. But in case of the SMB segment, after the successful measurement of 2018 as a base, customer satisfaction has been measured by strategic satisfaction research.

TRI*M – Microenterprises (SOHO)

The level of satisfaction of mobile customers is higher than that of the fixed line subscribers in case of SOHOs, as well. Recently, the TRI*M index of mobile customers has shown a positive trend. In 2019, subscribers have reached a higher satisfaction level in terms of mobile network coverage and mobile internet connection

speed. Taking competitive results into consideration, our fixed line customers articulate more how they appreciate the progress that T-Systems has made in terms of coverage of the mobile network overall and we also measured higher satisfaction with new fixed and equipment offers, tariffs and pricing of fixed services.

Strategic satisfaction research – small-, medium and large enterprises

Within the frame of the annual satisfaction research we inquire IT and telco decision-makers of our customers about their satisfaction with T-Systems’ services and customer service.

Within the research we perform personal deep interviews and questionnaire-based survey as well. In 2018, the sample targeted by the survey was extended to include the SMB segment in line with T-Systems’s new segmentation structure. Due to these 2018 results as a base - in 2019 year-on-year analysis has been utilized in the SMB segment as well. The questionnaire-based survey is conducted on a random sample of the entire customer base where we contacted 649 companies in 2019. The deep interviews are taken in the top 50 segment of the large enterprise category. The questionnaires and deep interviews are performed anonymously, but the respondents also have the opportunity to identify themselves with their names during the interview.

The annual satisfaction survey includes industrial benchmark questions too. In order to make a truly independent customer satisfaction survey the measurement and the evaluation is performed by our market research partner.

The results are processed in respect to the entire T-Systems company, service areas and other areas and are presented to the representatives of the relevant professional areas.

The certain vertical sales and other service areas in T-Systems work on build up action plans based on the strategic satisfaction research results. The result and realization of action plans was summarized in case of every vertical sales and other service areas at the end of the year.

Based on the so far results of the T-Systems satisfaction survey we can state that the overall performance of the company is reliably high and balanced. Actually in 2019 the overall customer satisfaction has increased significantly both in SMB and large enterprise segments.

Contact person satisfaction research

The contact person satisfaction survey is performed at the end of each quarter among customers who used T-Systems’ telephone or email-based service deficiency reporting and administration processes. Within the frame of the survey we contacted our cus-

tomers' 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 a 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 professional areas of the company.

In 2019 both channels performed at an outstanding level and had a specifically positive impact on T-Systems' perception. Both the administrative processes and the professionalism, competence of the staff as well as the treatment of customers achieved a superior rating. Customers find that the vast majority of administrative processes are easy to follow and are successful. The duration of administrative processes is compliant with the SLAs undertaken by T-Systems as well as the expectations of customers.

CUSTOMER FEEDBACK MANAGEMENT

The customer's voice and indication in any case it is important for us to maintain the high quality of our services according to customers' expectations. The feedbacks of Magyar Telekom are continually help us creating our services and processes and finding ways of improving.

At complaint handling we focus on our customers' satisfaction and ensuring enhanced customer experience which. Our task is to provide qualitative and comforting solution for our customers during the investigation and handling of complaints. Along it is, we form again the continued use of the experience of Magyar Telekom services to the customer with customized solutions.

INVOLVEMENT OF OUR CUSTOMERS

Earth Hour

Earth Hour, the largest voluntary initiative to fight climate change joined communities around the globe on March 30, 2019, from 08.30 pm to 09.30 pm. In a record-breaking 178 countries around the world, including Hungary, many people joined the cause with a symbolic switch-off of lights for an hour, shining a light on climate action. Across Hungary all of the Telekom shops took part in the effort which were open in time of the event. We switched off the lights and projected Earth Hour material on displays in the company's shops during the day.

Enterprise customer support unit

We measure our customers' satisfaction with the activities of the business customer support area on a monthly basis. Within the frame of the measurement any customer can be interviewed who contacted the Call Center within the given period. When interviewing customers, we also take into account whether the given customer has a dedicated contact person and whether the contact person agreed to contacting the customer for the purpose of the survey.

Customer satisfaction is measured with a questionnaire prepared on the basis of the ICCA methodology. In order to ensure the independency of the survey the measurement was performed by T-Systems' market research partner. The partner performs 350-400 interviews per month and provides feedback to T-Systems measured in a scale from -200 to +200.

ICCA target value in 2019	ICCA results in 2019
CC: 125	CC: 139.4
Dedicated: 165	Dedicated: 179.2
Aggregated results: 147.8	

It is important for us to provide high quality services to our customers and quick solutions when dealing with complaints. In 2019 compared to the previous year the number of complaints decreased by 17% ✓.

It is our prime objective to provide customized quality services through solutions and developments that are based on our customers' feedback and needs and thereby make the "I'm a Telekom customer" experience sustainable in all phases of customer contacts.

Telekom Community Gardens

Magyar Telekom and the Contemporary Architecture Center (KEK) continued operation and maintenance of the community gardens. The gardening works continued in the Csárdás Garden and Kerthatár Community Garden. The two gardens offer an opportunity for urban gardening for more than 150 families in the city.

Carbon neutrality

One of the biggest challenges of our age is climate change which is mainly attributable to human activity resulting in carbon dioxide emission. Telekom recognized the importance of climate protection back in the 90s and now it is an integral part of the company's day-to-day operation. In line with our corporate Sustainability Strategy and by the implementation of innovative solutions the company has gradually decreased its energy consumption and increased its energy efficiency.

In 2019, Magyar Telekom Group completed its fourth consecutive carbon-neutral year. On top of reducing its own carbon footprint to zero, the company successfully engaged its customers in its climate protection efforts, too. In the first round, it was the residential and the business Magenta 1 services that went carbon-neutral on the customers' side, too, as the company neutralized the emission of the devices installed at the premises of the more than 150 000 customers concerned.

By launching its first service running 100% on energy from renewable sources, under the name of ExtraNet Green 1 GB, the company enables more customers to take action for climate protection.

Telekom Vivicitá

In 2019 the Telekom Vivicitá city run was organized for the 33rd time in Budapest. There were almost 32,000 runners at the two-day event in Budapest. School teams and families competed at the shorter races on Saturday. The routes of the longer races held on Sunday lead the participants through the most beautiful parts of the city.

The communication campaign designed for the Vivicitá 2019 race focused on being ready to take action, and ran under the title of "No excuses!". The central personality of the campaign was Réka Lukoviczki, the Robot Girl, who prepared for the race with the help of SUHANJ! Foundation. As part of the cooperation, Magyar Telekom donated HUF 1 million to the foundation to help implement SUHANJ! Fitness. SUHANJ! Fitness is the first integrative fitness facility in Hungary which welcomes visually impaired, disabled or able-bodied people alike.

Magyar Telekom employees could enter the Telekom Vivicitá race in return for symbolic donation. As a result, more than HUF 750 000 was collected in donations, which was given to the beneficiaries of the hello holnap! app. The same beneficiaries received the donations generated by the scans of the QR codes on the back of the start numbers. For each QR code scanned, the racers could donate HUF 500 paid by Telekom.

hello holnap! mobile application

The application went online on Sustainability Day in 2014 and by the end of 2019 it was downloaded almost 27,000 times. In various software stores the hello holnap! application is rated very positively. Users may collect points through the application that can be exchanged into money then donated to non-profit organizations available in the application.

The fifth period of the hello holnap! application was closed in 2019. Users collected thousands of points and donated HUF 4.2 million to the beneficiaries.



Sustainability Chat and DELFIN Award

The DELFIN Award ceremony took place on 11 September, as part of the Sustainability Chat roundtable discussion. The professional jury awarded best practices and leading examples in sustainability solutions and sustainable performance of competing companies.

In 2019 any Hungarian enterprise could apply for the DELFIN Award (Award for a Committed, Sustainable and Innovative Generation). The prize was established in 2008 and is open for already implemented projects or operating programs.

In the Sustainable innovation category, the jury awarded the prize to GREEN Culture Kft. while in Diversity category, the jury awarded the prize to the "Living without the Moon" Foundation. In the Sustainable awareness category, two prizes were handed out. One prize was awarded to "CSEMETE" nature conservation and environmental protection association and another was granted to Jane Goodall Institute nature conservation and environmental protection association.

As part of the Sustainability Chat our guests – Rezes Judit, actress, Réka Nagy "Ókoanyu", environmental writer, blogger, influencer, Gergely Hankó, CEO of the Association of Environmental Service

Providers and Manufacturers, and Katalin Szomolányi, head of sustainability at Magyar Telekom – discussed problems of climate change.

Magyar Telekom also rewarded the TOP3 Sustainable supplier. The „Magyar Telekom TOP3 Sustainable Supplier – 2018” award went to Wavemaker LLC, NET-Micro LLC. and NEC Eastern Europe LLC.

Omnibusz survey on consumers' habits

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. Four times a year we include questions on sustainability as well. We normally involve 750 persons in the survey.

EMPLOYEES

INVOLVEMENT OF EMPLOYEES

It is good to give! charity cookie market

It is a tradition going back many years by now that at the beginning of December, as part of the International Volunteer Day, we organize our It is good to give! charity cookie market event. Last year it was on December 09 that we invited our colleagues to trade their homemade cakes and cookies for donations that we further donate to different charitable causes.

We held the event on December 09 at three sites in Budapest (HQ, Budafoki út, Fehérvári út) and five in the countryside (Debrecen, Győr, Nyíregyháza, Pécs, Szeged). The employees collected a total of HUF 806 530, along with Telekom's matching donation of HUF 2 000 000 for the same purpose, for Hintalovon Child Rights Foundation, an organization promoting the enforcement of children's rights.

The mission of Hintalovon Foundation is to support and enforce the rights of children living in Hungary. Their goal is to achieve that the adult generations assume the greatest possible responsibility and take action for the peaceful upbringing of children.

At Magyar Telekom, we put extra emphasis on the online and physical safety of children. In course of our cooperation with Hintalovon Foundation, we work on ensuring that all children and juveniles access the information they need in an enjoyable and safe environment, because the wellbeing of children is of primary

importance., It was with the professional support of the Foundation that we elaborated our Child Protection Guidelines, in which we declare that throughout Magyar Telekom's all initiatives, we are committed to the importance of respectful and equal treatment of children and vulnerable adults, as well as to the appropriate culture of communication. The Guidelines helps all our partners, employees and representatives to exercise their commitment to providing protection against abuse and violence, and we strive to ensure the protection of children in our work processes, too.

Volunteer Program in December

Between 2 and 21 December, 2019, our back-office employees could take the opportunity to experience the challenges of their front-end colleagues by offering their volunteer hours to support the work of customer-contact professionals, working in our stores, at our call-centers or the Network Service Directorate. Nearly 100 Telekom volunteers contributed their workforce and had thus the chance to engage in customer related services that is at the core of our company activity.



Move it, Telekom! Sports and Family Day

Following previous years' tradition in 2019, we organized a corporate family and sports day event under the name of "Move it, Telekom! Day". The event was aimed at exercise and fun for employees and their family members. Move it, Telekom! Day 2019 took place on June 1 and was attended by 2260 colleagues and their family members, as part of which colleagues could compete in sports, try special sports and new types of exercise, as well as have their health condition checked.

Earth Hour

Magyar Telekom has been actively participating in the WWF initiative since 2008. On March 30, 2019 between 8:30 PM and 9:30 PM the employees turned off the lights in Telekom shops and properties.

Mobile Market

The Mobile Market visited the company's headquarters first in December 2014 where the employees could buy agricultural products directly from the farmers. As the initiative received a very positive feedback from the employees, we have continued with the events in support of buying local products from local farmers. In 2019, employees could buy fresh farm-food at Magyar Telekom Könyves Kálmán krt. headquarters building.

Happy Hour

The central atrium at the headquarters building provides an excellent space for all kinds of events. In 2019, the company launched a new series under the name of Happy Hour, which is aimed at filling the building with life, stories, activities with the involvement of our colleagues. A total of 4 events took place during the year, featuring guests like Vecsei H. Miklós, actor, Fördös Zé, gastro blogger, Há-mori Barbara, producer, Rajki Annamária, TV product Tribe lead, Varga „Sixx” Attila, journalist, critique, Tatár Csilla, program host, youtuber, Litkai Gergely, comedian, founder of Dumaszínház and Lubics Szilvia, ultrarunner.



INVESTORS

The Chief Executive Officer and the Chief Financial Officer presented quarterly results to the representatives of investors four times during 2019 (20/21 February 2019: Release of fourth quarter 2018 results; 8/9 May 2019: Release of first quarter 2019 results; 6/7 August 2019: Release of first half 2019 results; 6/7 November 2019: Release of third quarter 2019 results).

On 9 April 2019 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 2018, and decided on the use of the profit after tax earned in 2018.

In 2019 we participated at the following investor conferences:

- 18 March 2019: Citi European & Emerging Markets Telecoms Conference – London
- 19 March 2019: PKO CEE Capital Markets Conference – London
- 4 April 2019: Concorde investor Meetup – Budapest
- 7-8 October 2019: Erste Group CEE investor conference – Vienna

Magyar Telekom's top management and staff from the Investor Relations department spend ca. 10 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 100 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 'Investor Relations' section about the company's 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 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.

Magyar Telekom continues to be assessed by responsible investor ratings. Responsible investors are those who consider each company's environmental and social performance in addition to financial and risk analysis during their investor's assessment processes. Magyar Telekom has been listed among the CEERIUS (Central Eastern European Responsible Investment Universe) Index companies of the Vienna Stock Exchange that offer outstanding performance. Since 2019 the index has been renamed as CECE SRI. We also remained a member of the FTSE4Good Index in 2019, where the related assessment put the company among the top 1% of the sector. At the same time, we received an AA rating from MSCI ESG Research on their scale ranging from CCC to

	2015	2016	2017	2018	2019
FTSE4Good	ESG Rating: 3,9 Percentile rank: 74	Emerging Index: Listed ESG Rating: 4,4 Percentile rank: 93	Emerging Index: Listed ESG Rating: 4,3 Percentile rank: 87	Emerging Index: Listed ESG Rating: 4,7 Percentile rank: 92	Emerging Index: Listed ESG Rating: 5,0 Percentile rank: 100
ISS-oekom	Status: Prime Rating: C+ Telco ranking: #3	Status: Prime Rating: B-	Status: Prime Rating: B Telco ranking: #2	Status: Prime Rating: B Telco ranking: #1	Status: Prime Rating: B Telco ranking: top3
MSCI	-	-	ESG rating: A	ESG rating: AA	ESG rating: AA
CDP	Climate change: D	Climate change: C Supply chain: not scored	Climate change: C Supply chain: not scored	Climate change: C Supply chain: B	Climate change: B Supply chain: A-
CEERIUS	Listed	Listed	Listed	Listed	NEW! CECE SRI Listed

AAA. We have continued our participation in the Carbon Disclosure Project (CDP), in the framework of which the largest companies report on their climate protection measures, the related risks and opportunities and their CO2 emissions to the key investors. An ISS ESG responsible investment assessment agency report published in May 2019 named Magyar Telekom among the top3 sustainability performance in its sector.

REGULATORY AUTHORITIES

In case of industry-specific draft strategies and draft legislations circulated by the regulatory authorities for public discussion Magyar Telekom harmonizes with authorities mainly by invitation. Magyar Telekom regularly contributes to harmonization with interest representation forums (in particular with the: Telecommunications Council [HÉT], IVSZ Alliance for the Digital Economy) where the company's key objective is to establish a common legal and professional opinion on the legislative process. HÉT is the dedicated consultation partner of the telecommunication industry in respect of the Digital Success Program (DJP) – the former Digital

In 2019, we estimated that 45% of our free-floated shares are held by investors who take responsible investment aspects into consideration. From 2017 on, we apply the IPREO methodology, in alignment with Deutsche Telekom.

National Development Program (DNFP) – launched as a result of the InternetKon national consultation that determined the future of the domestic internet market. 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.

LOCAL COMMUNITIES

For Telekom it is utmost importance for all to access the opportunities and benefits of the digital world. Within the framework of the Digital Success Program, Magyar Telekom has launched its fixed and mobile Digital Success Program package providing quality internet service for users on a budget. Where the fixed internet network is not yet available, the SZIP Mobile internet tariff package can be ordered for the addresses defined in the SuperFast Internet Program (SZIP).

Magyar Telekom's network provides more than 1.7 Million Gigabit speed endpoint connection for one third of Hungarian homes and businesses. The advantages of optic network not only available for people living in cities, but for more than 400 settlement under 5000 residents, half of them has less than 1000.

Magyar Telekom organized Movie Club Picnic events at 8 locations across the country as part of the Network of Actions campaign in the summer of 2019. The company invited its customers to an open-air movie experience to demonstrate that Telekom's network enables them, too, to enjoy a movie anywhere.

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, Telekom Veszprém, the Hungarian Swimming Association, the FTC and the Hungarian Paralympic Committee.

Magyar Telekom and the Contemporary Architecture Center (KEK) continued operation and maintenance of the community gardens. The gardening works continued in the Csárdás Garden and Kerthatár Community Garden. The two gardens offer an opportunity for urban gardening for more than 150 families in the city.

NON-PROFIT ORGANIZATIONS

Everyone had the opportunity to exchange ideas and experience with NGOs at the **Sustainability Chat Roundtable discussions**, in Budapest. In 2019 the panel discussion was organized on 11th September.

The **Sustainability Day** of Magyar Telekom has been organized for twelfth time on the second Saturday of September. In 2019 there were 11,000 people wanting to know more about the topics raised. They could visit more than 40 exhibiting stands at the event, and receive information about the work of non-profit organizations who were also present.

By 2019, the number of NGOs Telekom customers could support through the **"hello holnap!" application** had raised to thirteen. In one year, users donated a total of HUF 4.2 million to the Autistic Art Foundation, 'Bátor Kicsi Lélek' Foundation, 'Bátor Tábor' Foundation, Déméter Foundation, 'Felelős Gasztrohős' Foundation, 'Humusz' Alliance, 'Jövő Őko-Nemzedéke' Foundation, 'Kutyaovi' Animal Protection Association, Shelter Foundation, 'NEO Magyar Segítőkutya' Alliance, Patrónus House, SUHANJ! Foundation and Zseton Animal Protection Association (Csutkarozó's Shelter).

Magyar Telekom launched its Civil Tariff Package service for NGOs in March, 2004 with beneficial rates and service package. In 2019 Magyar Telekom and T-Systems Hungary renewed and expanded the offer for non-profit organizations by **Magenta 1 Nonprofit**. Magyar Telekom invited applications on one occasion and provided discount schemes to 61 organizations.



ŐKET
TÁMOGATHATOD
2019-BEN

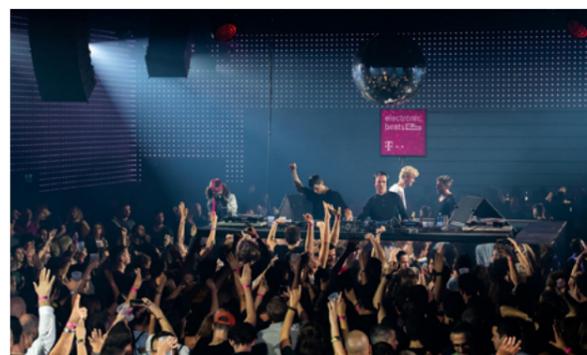
HELLO
HOLNAP!

FUTURE GENERATIONS

In 2019, we continued our “Become an...” digital educational and IT vocational program. We reached out to 4117 students throughout the year, including Digital Topic Week, with our “Become an IT expert!” training sessions held by T-Systems Hungary volunteers. In the first half of the year, we invited highschool students and their teachers and silver age people to compete in our “Be Generation NOW!” contest on which 96 persons participated.



The Telekom Electronic Beats program series rocked on in 2019, too. In addition to the independently organized events, Telekom Electronic Beats also took part in organizing Creative Camp 16, where participants were invited to learn more about how to compose music on hardware and software and with Budapest Spots held 3 “year-end party” in Budapest. The Telekom Electronic Beats Festival, held between September 19-22, included a contemporary music lineup, lifestyle market, movies and other activities at 4 places.



Music and festivals are among the main targets of Magyar Telekom’s sponsoring efforts. The company has been supporting the VOLT and the Strand Festival. By way of supporting festivals Magyar Telekom reached nearly 269 000 young adults in 2019: 143 000 persons partied at the VOLT, 126 000 at Strand Festival.



In addition to supporting the festivals, in 2019, Telekom worked on further improving the concert experience. In the framework of the cooperation with Budapest Park, in 2019 Magyar Telekom sponsored the Ferry Concerts.



MEDIA

Magyar Telekom held an award ceremony in 2019, too, to recognize positive examples of sustainability initiatives, stories on solutions to social problems or changing public mindset, as well as content demonstrating the positive societal effects of digitalization and communication. In 2019 31 applications were submitted to Magyar Telekom’s Sustainability Media Award.

Projects could be nominated in three categories: „TV/radio/video content”, „written content (print, online)” and „blog, vlog”. The projects were required to address environmental, social or economic phenomenon. The awards were distributed among the winners on the Sustainability Chat event



DATA PROTECTION

Among the 2019 sustainability objectives, Magyar Telekom pays special attention to the protection of personal data, with special respect to the General Data Protection Regulation (GDPR) that became applicable as of May 25, 2018. Magyar Telekom ensures the highest standard of data-security and technical and organizational measures regarding personal data management/processing

In the course of its operation and prior to developing new products and during provision of services, Magyar Telekom considers the protection of its customers’, employees’ and business partners’ personal data as top priority. Magyar Telekom processes personal data in accordance with the General Data Protection Regulation and the applicable legislation, taking also into account the guidelines of the European Data Protection Board and the National Authority for Data Protection and Freedom of Information. Magyar Telekom has paid particular attention to prepare itself for the application of the General Data Protection Regulation. Magyar Telekom ensures the highest standard of data security and technical and organizational measures regarding personal data management/processing. Magyar Telekom adopted the data privacy principles of Deutsche Telekom Group (Binding Corporate Rules Privacy).

Magyar Telekom regularly issues trainings prepared for employees and subcontractors to introduce the up-to-date regulations and internal processes regarding the protection of personal data.

In case of contracting with data processors, Magyar Telekom requests from its contractors and subcontractors in the data processing agreement to process personal data according to the highest standard of data security and technical and organizational measures.

Magyar Telekom provides information to its customers via multiple channels on the processing of their personal data. Magyar Telekom also grants the right of accession and other types of data subjects’ rights regulated by the GDPR to its customers. We treat our customers’ personal data related complaints and inquiries as matters of key importance and provide factual responses within the relevant deadline.

For further information, please visit [this](#) website.

BLOCKING CERTAIN ELECTRONIC DATA ON THE INTERNET

The coercive measure of blocking certain electronic data on the internet was introduced by the new Penal Code (Act C of 2012 on the Penal Code). The most important rules of this measure are contained in Section 158/B-D of Act XIX of 1998 (Act on Criminal Procedures - "ACP") – amended by Act LXXVIII of 2013. The ACP distinguishes between two kinds of measures: the removal of electronic data where the primary target group is hosting service providers and the temporary and final blocking of access to electronic data which is mainly applicable to telecommunications service providers.

The blocking or filtering of websites containing content that is subject to public prosecution is implemented in conformity with the ACP measures: the court may order to make electronic data temporarily inaccessible by way of temporarily blocking access thereto. When elaborating the new Penal Code the original objective of the above measure was to be able to take immediate action in serious cases (child pornography, crime against the state or act of terrorism) so that the authorities do not have to wait until a final court decision.

The amendment of Act LXXVI of 2015 has significantly extended the scope of criminal offenses where court resolutions can rule on the temporary blocking of content. Such crimes are as follows

- trafficking of drugs,
 - incitement to the use of narcotics,
 - furthering the manufacture of drugs,
 - drug abuse,
 - new psychoactive substance abuse,
 - child pornography,
 - criminal act against the state,
 - act of terrorism
- or, if the electronic data is connected to the above criminal acts.

The technical implementation of temporary blocking is the responsibility and obligation of the National Media and Info-Communications Authority (NMHH) and the internet service providers.

In 2013, upon the implementation of the above coercive measure, a similar legislative measure was introduced by the National Tax and Customs Administration of Hungary (NAV) by promulgating.

Paragraph 36/G of Act XXXIV of 1991 according to which the tax authority without the involvement of a court - is entitled to render any data provided through an electronic communications operator temporary inaccessible if the access thereto or the publication thereof is related to prohibited gambling.

The temporary blocking of content pursuant to the Tax Authority's resolution may last for 365 days.

From January 1, 2015, in accordance with Act XCV of 2005 on the use of pharmaceutical products applied to humans and the amendment of other regulations of the pharmaceutical market, the National Institute of Pharmacy and Nutrition (OGYÉI) is also granted the right to temporarily block electronic data on non-authorized medicinal products, i.e. may request the hosting service provider of the website to remove the website in question.

The link between the potential sanctions of courts and the Tax Authority is so strong that the entity responsible for the enforcement of the measures is the National Media and Info-Communications Authority in both cases.

Since 2014, in accordance with 159/B (3) of Act C of 2003 on Electronic Communications, the National Media and Info-Communications Authority has been managing a central database on rulings to block access to electronic information (hereinafter referred to as "KEHTA"), and processes the data entries to that end. This database contains all court and Tax Authority rulings that order the blocking of websites. All electronic communications operators must join the KEHTA thereby all operators are obliged to block prohibited websites. Thus, in line with the provisions of law, Magyar Telekom has also been blocking the given web pages.

Magyar Telekom, as a company listed in the stock exchange, complies with all requirements of the Hungarian law and actively participates in the industry's self-regulation and the respective efforts of the NGOs.

SAFE USE OF MOBILE PHONES, ELECTROMAGNETIC FIELDS

In order to provide high-quality services to the Hungarian and Macedonian mobile telephone subscribers through the mobile telecom network, UMTS licenses were distributed among operators in Hungary in December, 2004 and for operators in Macedonia in June, 2009. Besides, in December, 2011 Magyar Telekom acquired the right to launch the LTE service and the commercial rollout started in 2012. By the end of 2017 the frequency right acquired in the 800 MHz band allowed that almost 100% of Hungarian citizens can use Magyar Telekom's LTE service.

However, the rollout of the LTE – also 5G – related networks may heighten the interest of the communities in the issue of electromagnetic fields, which will increase the importance of the company's strategy in addressing the issue.

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.

In the framework of the company's overall education program, new employees are informed about issues concerning electromagnetic fields as part of their mandatory orientation training.

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, while Makedonski Telekom since March, 2011.

To support preventive action both Magyar Telekom and Makedonski Telekom set up dedicated EMF 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. Further information about T-Mobile International's EMF Policy Recommendations' adopted by Magyar Telekom is available in English on the **website of Deutsche Telekom**.

In the framework of this policy, Magyar Telekom and its subsidiaries address the complaints and inquiries in an efficient manner.

The EMF policy was also endorsed by Makedonski Telekom. The policy sets forth the basic principles applicable to the responsible use of mobile communications technologies. In this document we assume commitment for greater transparency, for the provision of information and for involvement in the relevant processes.

Mobile network, network development

According to the Company's common practice station radiating 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 zone, and passage ways do not cross the areas in question.

If, in extraordinary cases, people must pass or work in front of the antennas – this usually happens related to external contractors' work, e.g. when renovating a building, safety distance data are made clear and 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 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.

The company acts in accordance with the relevant laws and consults, 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.

Communication

Despite the fact that the radiation of Magyar Telekom's handsets and mobile base stations is well below the ICNIRP emission limits, the Company considers it important to provide information on handsets and base stations, both to employees and customers.

We coordinate these matters several times a year with the National Media and Info-Communications Authority's experts and supply measurement data for their purposes.

In addition to internal communication, in 2019 Magyar Telekom continued to respond openly to inquiries about the safe use of mobile phones.

The SAR values of the devices are included in the user manuals in the mobile set packaging and are available in Telekom shops as well.

Research

Exposure of the world's population to non-ionizing electromagnetic radiation and electromagnetic fields has considerably increased in recent years. Since a civilized society cannot avoid the use of equipment emitting non-ionizing electromagnetic radiation,

like mobile telecommunication equipment, satellite and terrestrial television/radio broadcasts, flight navigation, meteorological satellites, radio astronomy, space exploration, the exposure of the environment and the population is expected to increase further in the future. World Health Organization (WHO) and several other international organizations, as well as research groups monitor the impact of technological development on human health.

The assumed health effects of mobile telecommunication have been studied and analyzed for almost thirty years. So far scientific researches have not confirmed any negative health impact of mobile telecommunication on the human body.

The largest research project of this type, the INTERPHONE project of WHO-IARC (International Agency for Research on Cancer) conducted with the participation of 13 countries, was closed in 2011. After closing the INTERPHONE project on May 31, 2011, WHO-IARC classified electro-magnetic fields into the 2B potential carcinogenic category. According to the Chairman of the WHO-IARC workgroup "the evidence, while still accumulating, is strong enough to support a conclusion and the 2B classification.

The conclusion means that there could be some risk, therefore we need to keep a close watch for a link between cell phones and cancer risk". At present the following agents are classified to 2B category: coffee, petrol, the exhaust of petrol-fueled engines, nickel and alloys, talcum powder, network frequency magnetic field and mobile phone use as well.

Through its GSM Association membership, Magyar Telekom has directly contributed to the progress of independent research into the health impacts of mobile networks.

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. This makes Deutsche Telekom Group one of the biggest supporters of research on this subject

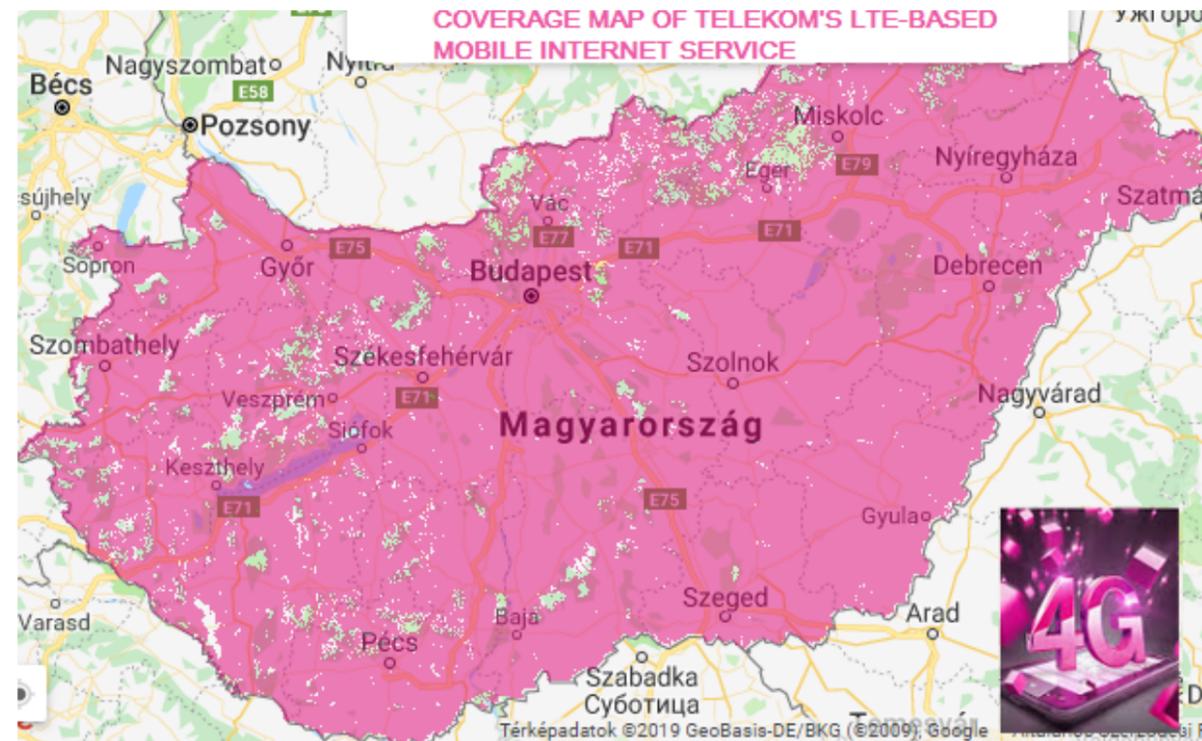
SERVICE AVAILABILITY

Magyar Telekom Plc. guarantees its customers rights in connection with service availability and troubleshooting on the basis of the **General Contract Terms and Conditions (GTC)** available at the customer service points and also in the Internet. In this it declares to fulfill the published quality targets during providing services on the entire service territory, to check this via measurements and to publish the measurement methods.

Here, the Company also defines the quality targets for the services provided, meeting of which is continuously measured and made available to everyone on an annual basis. The trouble management for customers is handled along a defined process – in accordance with their rights set out in the GTC, inter alia – after having detected the problem and having filed the trouble at the company.

ANNUAL SERVICE AVAILABILITY (%) ✓

Service availabilities	2015	2016	2017	2018	2019
Annual availability (%)					
Cable television analogue/digital	99.93/99.84	99.97/99.89	99.97/99.90	99.98/99.50	99.98/99.82
Sat TV	99.924	99.92	99.91	99.91	99.919
IPTV	99.898	99.85	99.83	99.84	99.896
Fixed line internet (ADSL/GPON/CableNet)	99.90/99.97/99.92	99.88/99.96/99.90	99.89/99.96/99.90	99.90/99.95/99.92	99.93/99.96/99.94
Mobile internet (2G/3G/4G)	99.66/99.74/99.67	99.56/99.79/99.35	99.902	99.893	99.86
Telephone/VoIP/VoCA	99.94/99.92/99.91	99.94/99.90/99.91	99.95/99.93/99.92	99.94/99.93/99.95	99.93/99.95/99.95
Mobile telephone (2G/3G/4G)	99.907/99.883/99.849	99.907/99.901/99.844	99.91	99.906	99.825



Magyar Telekom, by permanently developing technical solutions, security systems and backup tools, seeks to ensure continuity of the availability of the services, with setting the enhancement of customer experience as an objective.

We take the lead in mobile network quality

In 2019 we were again awarded with 'P3 Best in Test' certificate whereby the independent tester, P3's measurements showed that the best Hungarian mobile network is that of Magyar Telekom. In 2019 we achieved 916 points out of the maximum 1000.



SPONSORSHIP

The goals of the Company Group's sponsoring activities are the creation of experience and value for customers and business partners.

As one of the major sponsors in the country, the group has spent significant amounts in the past decades to support Hungarian sport and culture.

Magyar Telekom has been the committed supporter of the Hungarian sport life for decades and considers sport a cornerstone of its sponsoring strategy. The Company is proud to have contributed to many prominent international sport successes of several domestic sport branches and athletes outstanding as a sponsor. Part of its support was its sponsorship of the Hungarian team and the Hungarian Olympic Committee (HOC) in the 1996 Olympic Games in Atlanta, and later in Sydney, Athens, Beijing, London and Rio and going to be in Tokio¹, too.

As a key sponsor of the paralympic movement, Telekom considers important providing equal chances to everyone, including the handicapped. As the main sponsor of the Hungarian Paralympic Team, Telekom will support the preparations in the next paralympic cycle.

As a further important element of its sports sponsorship strategy, in 2018 Telekom signed a renewed four-year agreement with the Ferencvárosi Torna Club, in the scope of which not only male but already the female football teams as well as men's gymnastics, water polo, ice hockey and gymnastics sections are also prominently supported. We are proud that all teams wearing Telekom's name won their Hungarian championships in 2019.

Since 2014, Telekom has been supporting the football succession training program of the Ferencvárosi Torna Club, in 2015, as the FTC's prominent sponsor and under the new agreement, the FTC's main sponsor of the adult male football team. The company also contributes to the club's success as brandname sponsor of the sections FTC-Telekom Waterpolo, FTC-Telekom Ice Hockey, FTC-Telekom Women's Football and FTC-Telekom Men's Gymnastics. The agreement announced in 2018 fits into Telekom's overall sponsorship strategy, and to the parent company's international support system: as the country's leading telecom provider, the company is helping the work of the most popular and successful players in domestic sports life. As part of its sponsorship, it prominently supports the FTC-Telekom Active Fans lifestyle change program, as well as a number of digital solutions such as 360-degree sports ground tracks, AR and VR activities or the E-fan program to make fans' cheering experience even more exciting.

Telekom Veszprém handball team has been supported by our company for more than 20 years. Boosting our co-operation to a new level, since 2016 we are present as brandname sponsor of the team, contributing to the domestic and international success of this world elite club such as winning the SEHA League or the serial participation at Champions League Final Four. Magyar Telekom believes that such world-class performances and achievements make a significant contribution to attracting more young people to active sporting and promote healthy lifestyles. Our digital solutions, such as Telekom Speed Radar to display the fastest hits; our Digital Tattoos, AR and VR activities –help completing the cheering experience for the Most Generation.

Telekom also finds it important to support mass sports and has been promoting the Telekom Vivicitá city run as brandname sponsor for more than 20 years, where - besides professional sportsmen - a lot of amateurs and families take part to popularize the importance of sporting and leading an active life style. Like in previous years, Telekom Vivicitá was one of the biggest and most popular running events in Hungary in 2019, too.

In addition to Telekom Electronic Beats' impressive domestic media portfolio, in 2018 we also put much more emphasis on the representation of the local electronic music scene in the program. In the first half of 2019, its prominent domestic partner was Žagar, founded by Balázs Zságer, who is the forerunner of the Hungarian electronic music. We shared special contents through our online channels. (website, facebook, instagram, youtube channel, stream). The legendary Hotel Budapest hosted the Telekom Electronic Beats Summer Kickoff Party on June 08, where the DJs of three metropolises spun the records, while 8 rooms on the eighth floor went surrealistic thanks to the efforts of artists representing different perspectives on life. The same event hosted the conference organized jointly with NEO Budapest, addressing the sustainable cultural lives of large cities. The conference also served as the kickoff event of the joint program of Telekom Electronic Beats and NEO Budapest under the name „Budapest spots”, which offers exciting, forward-looking cultural, musical, theatrical, gastronomical and other locations and programs in Budapest, within and outside of the ring avenue.

Telekom Electronic Beats Festival took place at Akvárium on September 19-21 with the top-class musical performers, as always, and in Toldi Movie Theater, the premiere of the third part the award-winning documentary series of Budapest Underground about electronic music, the main sponsor of which is Telekom Electronic Beats. Magyar Telekom is present as sponsor at the biggest Hungarian festivals; in 2019 we were present at the Telekom VOLT at Sopron and at the Strand Festival in magenta colors, as well as at an additional 4 ferry concerts in the middle of the Lake Balaton, and we also attended World Urban Games in September. At the Efort Festival we provided WIFI, which was sponsored by T-Systems.

The presence of the brand in 2019 further extended the “Step out of your comfort zone, and discover something new every day!” platform launched in 2018, and this time we encouraged the youth to do so by a campaign encompassing the whole summer. The focal point of the campaign was the Magenta Vibe chatbot, through which, those who registered could learn about many surprising, interesting facts and novelties.

We successfully reduced the use of paper: the majority of our formerly printed documents (e.g. regulations, promotion material) were released in a digital form.



¹ The XXXII. Summer Olympic Games are going to be held between 23 July and 8 August, 2020, Tokio.



MEMBERSHIPS OF INDUSTRIAL AND OTHER ASSOCIATIONS, NATIONAL OR INTERNATIONAL ADVOCACY ORGANIZATIONS

A LIST OF THE MAIN MEMBERSHIPS OF MAGYAR TELEKOM GROUP OF INDUSTRIAL AND OTHER ASSOCIATIONS, NATIONAL OR INTERNATIONAL ADVOCACY ORGANIZATIONS

Name of Association	Strategic membership	Holding position in the governance body
Magyar Telekom Plc.		
European Telecommunications Network Operators Associations (ETNO)	x	
GSMA Association	x	
Joint Venture Association (JVSZ)	x	Curatorium membership
German-Hungarian Chamber of Industry and Commerce	x	Curatorium membership
Telecommunication Advocacy Council	x	Chairmanship
ICT Association of Hungary	x	Chairman of multinational department
Hungarian Association of International Companies		
Hungarian Business Leaders Forum (HBLF)	x	
Employers' Equal Opportunities Forum	x	
Hungarian Chamber of Engineers		
Hungarian Logistics, Procurement and Inventory Management Association		
Large Enterprise Logistics Managers Club		
T-Systems Hungary		
ICT Association of Hungary	x	
American Chamber of Commerce in Hungary	x	
Hungarian Outsourcing Association(HOA)		
Hungarian Hospital Association	x	
Hungarian Water Utility Association	x	
Hungarian Project Management Association	x	Vice-presidency
Scientific Association for Infocommunications		
Hungarian Librarian's Association	x	
Lobby Club Association		
Hungarian Chamber of Engineers		
Agro ICT Cluster	x	Chairmanship
Buday Business Club		
Association of Health Technology Suppliers and Medical Device Manufacturers	x	Board membership
it Services Management Forum (itSMF)		
Chamber of Bodyguards, Property Protection and Private Detectives		
Chamber of Architects		
Hungarian Innovation Association		Board membership
Makedonski Telekom		
International Telecommunication Union (ITU)	x	
European Telecommunications Network Operators Associations (ETNO)	x	
RIPE Network Coordination Centre	x	
GS1 Macedonia (bar code association)		
Economic Chamber of Macedonia	x	Board membership
American Chamber of Commerce in Macedonia	x	Board membership
Macedonian-German Business Association	x	
Macedonian IT Chamber (MASIT)		Board membership
GSMA Association	x	Board membership DT
Chamber of authorised architects and engineers of Macedonia	x	

ENVIRONMENTAL AND SOCIAL EXTERNAL INITIATIVES

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

Magyar Telekom 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.

Our cooperation with organizations of people living with disabilities (AOSZ, ÉFOÉSZ, MEOSZ, MVGYOSZ) is continuous, active and based on the proposals we continuously improve our relationship with disabled people.

The work of the Environment Protection Committee of the Hungarian Academy of Sciences was supported. Colleagues are in close relationship with several higher education institutes and help the universities with consultancy for writing theses, expert education and giving lectures.

Magyar Telekom has been the first among the Hungarian companies to accept **OECD Guidelines for Multinational Enterprises** and set them up as mandatory guidelines for its operations.

European Union's **Diversity Charter** has been signed by the company and considered as a mandatory guideline.

UN **Global Compact** has been signed by the company and the "Communication on progress" report on achievements in the 10 principles is published yearly.

Magyar Telekom has acknowledged the UN **Sustainable Development Goals** (SDG) and through incorporating the priority ones in its Sustainability strategy 2016-2020 the company finds the contribution to the goals a mandatory element of its operations.

Magyar Telekom discloses data and information on its climate related activities through the **CDP** (Carbon Disclosure Project) platform.

Magyar Telekom has been the first Hungarian company to join the **Science Based Target initiative** (SBTi) and has emission reduction targets approved by SBTi.

Magyar Telekom has joined the UNFCCC **Climate Neutral Now** initiative.

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

KEY OPERATING STATISTICS OF MAGYAR TELEKOM GROUP 2019

SUMMARY OF KEY OPERATING STATISTICS ✓			
	2018 31 December	2019 31 December	2019/2018 (% change)
MT HUNGARY			
Number of customers (RPC)	5 329 996	5 368 607	0.7
Number of mobile broadband subscriptions	3 011 938	3 115 130	3.4
NORTH MACEDONIA			
Mobile penetration (%) ⁽¹⁾	105.2	103.8	-1.3
Number of customers (RPC)	1 205 728	1 219 797	1.2
Market share of T-Mobile Macedonia (%) ⁽¹⁾⁽²⁾	49.6	48.7	-1.8
KEY OPERATING STATISTICAL FIGURES OF TELEKOM HUNGARY SEGMENT ✓			
	2018 31 December	2019 31 December	2019/2018 (% change)
MOBILE OPERATIONS			
Number of customers (RPC)	5 329 996	5 368 607	0.7
Postpaid share in the RPC base (%)	67.2	69,5	3.4
MOU	212	218	2.8
ARPU (Ft)	3 440	3 540	2.9
Postpaid	4 670	4 656	-0.3
Prepaid	1 078	1 102	2.2
Overall churn rate (%)	15.5	15,9	2.6
Postpaid (%)	8.2	8,7	6.1
Prepaid (%)	29.5	31,7	7.5
Ratio of non-voice revenues in ARPU (%)	43.6	47,1	8.0
Number of mobile broadband subscriptions	3 011 938	3 115 130	3.4

1 Data published by Macedonian Agency for Electronic Communications (AEC)

2 Based on active RPC

3 Data is based on NMAH reports

KEY OPERATING STATISTICAL FIGURES OF TELEKOM HUNGARY SEGMENT ✓			
	2018 31 December	2019 31 December	2019/2018 (% change)
FIXED-LINE OPERATIONS			
VOICE SERVICES			
Total voice customers	1 383 293	1 362 049	-1.5
Total outgoing traffic (thousand minutes)	2 427 220	2 217 492	-8.6
Blended MOU (outgoing)	145	134	-7.6
Blended ARPU (HUF)	2 254	2 192	-2.8
DATA PRODUCTS			
Blended retail broadband market share (%) ⁽³⁾	38,3	n.a.	n.a.
Number of retail DSL customers	542 072	506 596	-6.5
Number of cable broadband customers	396 091	424 572	7.2
Number of fiber optic connections	209 565	299 422	42.9
Total retail broadband customers	1 147 728	1 230 590	7.2
Blended broadband ARPU (HUF)	3 467	3 490	0.7
Number of wholesale DSL access	28 927	22 729	-21.4
TV SERVICES			
Blended TV market share (%) ⁽³⁾	30,6	n.a.	n.a.
Number of IPTV customers	714 980	814 771	14.0
Number of satellite TV customers	263 770	239 274	-9.3
Number of cable TV customers	108 974	103 768	-4.8
Total TV Customers	1 087 724	1 157 813	6.4
Blended TV ARPU (HUF)	3 425	3 295	-3.8

KEY OPERATING STATISTICAL FIGURES OF MACEDONIA SEGMENT ✓

	2018 december 31-én	2019 december 31-én	2019/2018 (%-os változás)
MOBILE OPERATIONS			
Number of customers (RPC)	1 205 728	1 219 797	1.2
Postpaid share in the RPC base (%)	50.3	51.9	3.2
MOU	227	224	-1.3
ARPU (HUF)	1 697	1 735	2.2
FIXED-LINED OPERATIONS			
VOICE SERVICES			
Fixed-line penetration (%)	10,6	10,7	0.9
Total voice customers	212 345	215 810	1.6
Total outgoing traffic (thousand minutes)	135 771	119 030	-12.3
DATA AND TV SERVICES			
Number of retail broadband customers	178 760	188 072	5.2
Number of wholesale broadband access	17 503	16 175	-7.6
Number of total broadband access	196 263	204 247	4.1
Number of IPTC customers	128 406	136 372	6.2

1 Data published by Macedonian Agency for Electronic Communications (AEC)

2 Based on active RPC

3 Data is based on NMIAH reports

ASSURANCE STATEMENT



INDEPENDENT ASSURANCE REPORT

To the Management of Magyar Telekom Nyrt.

This report is produced in accordance with the terms of our Contract dated 25 February 2020 for the purpose of reporting to Magyar Telekom Nyrt. (the "Company") in connection with the 2019 Sustainability Report.

Management's Responsibility

The Management of Magyar Telekom Nyrt. ("Responsible party") is responsible for the preparation of the Sustainability Report ("subject matter") in accordance with the GRI guidelines – "Comprehensive" option – as set out in Sustainability Reporting Guidelines of Global Reporting Initiative Standards version ("GRI criteria").

This responsibility includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for individual Sustainability disclosures which are reasonable in the circumstances.

Description of the Subject Matter and Identification of the Criteria

The aim of this limited assurance engagement is to express a conclusion whether the selected information and data (marked with the check symbol ("✓") in the Sustainability Report) of the 2019 Sustainability Report is prepared by the Management of Magyar Telekom Nyrt. in line with the GRI criteria.

Our Responsibility

Our responsibility is to report on the selected information and data in the 2019 Sustainability Report based on our work performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Information" ("ISAE 3000"). This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether the selected information and data included in the 2019 Sustainability Report has been prepared, in all material respects, in accordance with the GRI criteria.

We apply International Standard on Quality Control (ISQC 1) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PricewaterhouseCoopers Könyvvizsgáló Kft., 1055 Budapest, Bajcsy-Zsilinszky út 78.
T: +36 1 461 9100, F: +36 1 461 9115, www.pwc.com/hu



Summary of the work performed

Within the scope of our work we performed, among others, the following procedures:

- Inquiries of the management as well as personnel of the central unit responsible for the reporting of sustainability information and the preparation of the Sustainability Report to examine that the relevant processes for gathering and analyzing the information and data marked with the check symbol ("✓") in the Sustainability Report are in line with the GRI criteria;
- Examination whether the information and data marked with the check symbol ("✓") are disclosed in line with the GRI criteria, for example:
 - whether the indicators (profile indicators) of the company are fully included in the report;
 - whether the management approach and principles are presented for each major topics;
 - whether all of the material indicators required by GRI criteria are included in the report. If not, proper explanation has been included;
 - whether the supplemental indicators specific to the telecommunications sector are also included in the report.
- Analytical review, which contains inquiry of management about certain changes or fluctuations in the information and data marked with the check symbol ("✓") compared to the previous period;
- Performing sample testing for the accuracy of the information and data marked with the check symbol ("✓"), for example by inspecting statistical reports, accounting records, documents from external service providers, conduction of site visits.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected information and data (marked with the check symbol ("✓") in the 2019 Sustainability Report) has not been prepared, in all material respects, in accordance with the GRI criteria.

Budapest, 14 May 2020


Armin Krug
Partner

PricewaterhouseCoopers Könyvvizsgáló Kft.
1055 Budapest, Bajcsy-Zsilinszky út 78.
Registration number: 001464

Note:

Our report and the Sustainability Report will be published together with the GRI guidelines – "Comprehensive" option – as set out in Sustainability Reporting Guidelines of Global Reporting Initiative Standards version ("GRI criteria") on the website of Magyar Telekom Nyrt.

The Management of Magyar Telekom Nyrt. is responsible for the website and we do not accept responsibility for any changes in connection with the Sustainability Report and the GRI criteria described in the Sustainability Reporting Guidelines of Global Reporting Initiative Standards version – "Comprehensive" option – after our report was published.

Our report has been prepared in Hungarian and in English. In all matters of interpretation of information, views or opinions, the Hungarian version of our report takes precedence over the English version.

GRI CONTENT INDEX

GRI Standards used:

GRI 101: Foundation 2016,

GRI 102: General Disclosures 2016,

GRI 103: Management Approach 2016,

GRI 200: Economic 2016,

GRI 300: Environmental 2016,

GRI 400: Social 2016;

GRI 303: Water and effluents 2018;

GRI 403: Occupational Health and Safety 2018

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance														
GRI 102: GENERAL DISCLOSURES 2016																					
1. ORGANIZATIONAL PROFILE																					
102-1	Name of the organization				The registered company name of Magyar Telekom is Magyar Telekom Telecommunications Public Limited Company, and its abbreviated name is Magyar Telekom Plc.		✓														
102-2	Activities, brands, products, and services			http://www.telekom.hu/lakossagi/english/plans http://www.telekom.hu/about_us/about_magyar_telekom http://www.telekom.hu/uzleti/main http://www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group	<p>The activities of Magyar Telekom Group cover three main business areas:</p> <ul style="list-style-type: none"> - fixed-line and mobile telecommunication services to residential customers (under the Telekom brand), - services to small- and medium-sized businesses (under the T-Systems brand)', - and services to large businesses (under the T-Systems brand). <p>Magyar Telekom's employer and HR activities, business and investor relations, legal and corporate affairs, sustainability and corporate social responsibility, non-core business development, technical and network development activities also go under the corporate Telekom brand.</p> <p>Magyar Telekom does not sell debated or prohibited products.</p>		✓														
102-3	Location of headquarters				The headquarters of the Group are located in Budapest (IX., Könyves Kálmán krt. 36.).		✓														
102-4	Location of operations				The Group's area of operation: Hungary, Macedonia, Bulgaria and Romania.		✓														
102-5	Ownership and legal form			http://www.telekom.hu/about_us/investor_relations/magyar_telekom_shares/ownership_structure	<table border="1"> <thead> <tr> <th>Shareholders</th> <th>Ownership %</th> </tr> </thead> <tbody> <tr> <td>Deutsche Telekom Europe B.V.</td> <td>59,21%</td> </tr> <tr> <td>Other foreign institutions</td> <td>19,51%</td> </tr> <tr> <td>Domestic individuals</td> <td>9,57%</td> </tr> <tr> <td>Domestic institutions</td> <td>4,44%</td> </tr> <tr> <td>Other</td> <td>7,27%</td> </tr> <tr> <td>Total</td> <td>100,00%</td> </tr> </tbody> </table> <p>Deutsche Telekom Europe B.V. (formerly called CMobil B.V.) is 100%-os owned by Deutsche Telekom Europe Holding B.V., whose 100%-os owner is Deutsche Telekom Europe Holding GmbH (formerly called T-Mobile Global Holding Nr. 2 GmbH) and Deutsche Telekom Europe Holding GmbH is 100% owned by Deutsche Telekom AG, as a result Deutsche Telekom AG has 59,21% indirect ownership and voting rights in Magyar Telekom Plc.</p>	Shareholders	Ownership %	Deutsche Telekom Europe B.V.	59,21%	Other foreign institutions	19,51%	Domestic individuals	9,57%	Domestic institutions	4,44%	Other	7,27%	Total	100,00%		✓
Shareholders	Ownership %																				
Deutsche Telekom Europe B.V.	59,21%																				
Other foreign institutions	19,51%																				
Domestic individuals	9,57%																				
Domestic institutions	4,44%																				
Other	7,27%																				
Total	100,00%																				
102-6	Markets served			http://www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group http://www.telekom.hu/lakossagi/english/plans http://www.telekom.hu/lakossagi/english http://www.telekom.hu/uzleti/main	The Magyar Telekom Group's member companies operating in Hungary are managing content, media and other, non-access services provided under various brands. The Group's international member companies are operating in the markets of the South-East European region as integrated and alternative telecommunications service providers.		✓														
102-7	Scale of the organization				Number of employees of Magyar Telekom Group: 8,246 persons (as of December 31, 2019)		✓														
102-8	Information on employees and other workers	Diversity and inclusion		https://www.telekom.hu/about_us/career/telekom_internship_program	<p>The company uses external workforce in all major areas of its operations. The decisions are made by the relevant directorates. Generally we rely on external workforce in special areas, rare skillsets and qualities contracting them to fill in temporary vacancies in different areas of our operations. The positions as well as the levels of expertise may vary and thus they are hard to specify. On December 31, 2019 Magyar Telekom had 234 interns, and T-Systems had 80 interns. Throughout our internship program these 314 interns were provided with opportunities to gain real workforce experience in various areas of our operations. The diverse team of our interns included students from the fields of IT, business, economy, architecture, horticultural sciences and many other areas. Admission to the internship program of the company is not limited to any scholarly areas, we are eager to find out more about the applicants main drives and personality as well. We believe that thinking together with a diverse set of great people can lead to great solutions.</p>		✓														
102-9	Supply chain	Stakeholders - Suppliers		http://www.telekom.hu/about_us/about_magyar_telekom/procurement https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm	<p>The total number of suppliers that Magyar Telekom Plc. contacted with procurement orders in 2019 was 1310. The table at GRI 102-10 lists the types of supplier by procurement areas. If suppliers are involved in the procurement processes of multiple areas than the above table lists them in all areas concerned. Therefore the sum of the above numbers does not reflect to the total number of suppliers engaged in our corporate procurement processes. The proportion of local suppliers 91,95%. There is a corporate intranet site providing internal information for employees on the Procurement and Logistics Directorate's areas of concern, representatives and the related rules and regulations.</p>		✓														

(1) With effect from January 01, 2020, the integrated Customer Facing Unit will serve the small and medium business segment along with the residential segment.

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance																														
102-10	Significant changes to the organization and its supply chain	Stakeholders – Suppliers			In 2019 there was no significant change in the composition of Magyar Telekom Group. The members of the Group: Magyar Telekom Plc., T-Systems Hungary, KalászNet, Makedonski Telekom, Novatel, Combridge, Stonebridge, Telekom New Media, Kitchen Budapest, Investel, ITGen, Pan-Inform, Pelsoft. ✓ NUMBER OF SUPPLIERS AT DIFFERENT PROCUREMENT AREAS		✓																														
					<table border="1"> <thead> <tr> <th>Procurement area</th> <th>Description</th> <th>Number of suppliers in 2016</th> <th>Number of suppliers in 2017</th> <th>Number of suppliers in 2018</th> <th>Number of suppliers in 2019</th> </tr> </thead> <tbody> <tr> <td>Network</td> <td>wire and wireless network, transmission technology, backbone network</td> <td>347</td> <td>333</td> <td>342</td> <td>319</td> </tr> <tr> <td>IT</td> <td>hardware, software procurement, IT Consulting & Contracting, IT-operations and desktop-services, OSS, BSS</td> <td>347</td> <td>346</td> <td>331</td> <td>287</td> </tr> <tr> <td>CPE & Noncore</td> <td>special projects and terminals, functional area</td> <td>80</td> <td>79</td> <td>86</td> <td>130</td> </tr> <tr> <td>Indirect</td> <td>marketing, low cost suppliers, fleet management, real estate management, related services, consultancy, labor force and HR services</td> <td>1035</td> <td>878</td> <td>783</td> <td>770</td> </tr> </tbody> </table>	Procurement area	Description	Number of suppliers in 2016	Number of suppliers in 2017	Number of suppliers in 2018	Number of suppliers in 2019	Network	wire and wireless network, transmission technology, backbone network	347	333	342	319	IT	hardware, software procurement, IT Consulting & Contracting, IT-operations and desktop-services, OSS, BSS	347	346	331	287	CPE & Noncore	special projects and terminals, functional area	80	79	86	130	Indirect	marketing, low cost suppliers, fleet management, real estate management, related services, consultancy, labor force and HR services	1035	878	783	770		
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Indirect	marketing, low cost suppliers, fleet management, real estate management, related services, consultancy, labor force and HR services	1035	878	783	770																																
102-11	Precautionary Principle or approach	Our Approach – Sustainability strategy Climate protection Stakeholders – Suppliers		http://www.telekom.hu/about_us/society_and_environment/approach_strategy_and_goals https://www.telekom.com/resource/blob/525950/75e73159e55aec7fd50199ffb9878ad7/dl-180528-umweltschutz-en-data.pdf	Magyar Telekom complies with the legal requirements in all geographies it operates in. Beyond legal requirements, Magyar Telekom employs a precautionary principle in existing and new ventures. We intend to prevent or alternatively minimize negative environmental impacts related to existing and new projects, products and services. Environmental Risk Assessments are an integral part of our due-diligence processes for mergers and acquisitions.		✓																														
102-12	External initiatives	Stakeholders					✓																														
102-13	Membership of associations	Stakeholders					✓																														
2. STRATEGY																																					
102-14	Statement from senior decision-maker	Letter from the CEO					✓																														
102-15	Key impacts, risks, and opportunities	Our Approach – Sustainability strategy		https://www.telekom.hu/about_us/society_and_environment https://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf https://www.telekom.hu/about_us/society_and_environment/approach_strategy_and_goals			✓																														
3. ETHICS AND INTEGRITY																																					
102-16	Values, principles, standards, and norms of behavior	Our Approach Diversity and inclusion Stakeholders		https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf			✓																														
102-17	Mechanisms for advice and concerns about ethics			http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	Magyar Telekom Group takes the Code of Conduct and its detailed regulation seriously and considers its enforcement to be among the highest priorities, but it is also acknowledged that it is sometimes difficult to know right from wrong. That's why the employees are encouraged to initiate open communication through an internally available Ask me! portal. Complaints and concerns about possible non-compliance with ethics are to be issued through the dedicated Tell Me! secure internal employee site.		✓																														
4. GOVERNANCE																																					
102-18	Governance structure	Corporate governance		http://www.telekom.hu/about_us/investor_relations/corporate_governance	Magyar Telekom's Board of Directors as the management body of the Company represents the Company with regard to third parties, in court and before other authorities. The Board of Directors exercise their rights and perform their obligations as independent body. The Board of Directors are responsible for all matters relating to the Company's management and course of business not otherwise reserved to the General Meeting or to other corporate bodies by the Articles of Association of the Company or by the law. The Board of Directors is not an operative management body, in other words, the Board of Directors is not involved in the Company's daily business. For the purpose of the operative control and effective day-to-day management of the Company the Board of Directors established the Management Committee the members of which are the CEO and the Chief Officers. The Management Committee acts within the scope of competences assigned to it by the Board of Directors. The Management Committee reports to the Board of Directors on the operation and status of Magyar Telekom Group at each meeting of the Board of Directors. The Supervisory Board (SB) oversees the management of the Company in order to protect its interests. Within the framework of this activity the Supervisory Board supervises the control, management and business activities of the Company as well as compliance of the Company's operation with the laws and the Articles of Association. The Audit Committee is a permanent committee composed – by selection of the Company's General Meeting – of independent members of the Company's Supervisory Board. The purpose of the Committee is to support the Supervisory Board (1) in supervising the financial reporting system, (2) in selecting the statutory Auditor and (3) in cooperating with the statutory Auditor. The Committee shall act within its scope of authority provided in the Civil Code, in the Capital Markets Act, in the Articles of Association and its Rules of Procedure approved by the Supervisory Board. The Board of Directors established the Remuneration and Nomination Committee to function as supporting body of the Board of Directors of the Company regarding the remuneration and certain nomination related issues of the members of the corporate bodies and the top executives of the Company in accordance with its Rules of Procedure. The reason for combining certain tasks regarding the remuneration and nomination is to make the decision making procedure of the Board of Directors more efficient in personnel matters, and to ensure the complex handling thereof.		✓																														

(1) The Management Committee, ceased to exist, as a decision-making body of the Company, with effect from January 01, 2020. The responsibilities and authorities of the Management Committee were reallocated partly to the Board of Directors, partly among the CEO and the other Chief Officers.

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
4. GOVERNANCE							
102-19	Delegating authority	Corporate governance					✓
102-20	Executive-level responsibility for economic, environmental and social topics	Corporate governance					✓
102-21	Consulting stakeholders on economic, environmental and social topics	Stakeholders					✓
102-22	Composition of the highest governance body and its committees			http://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors http://www.telekom.hu/about_us/investor_relations/corporate_governance/management_committee http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation https://www.telekom.hu/static-tr/sw/file/IFRS_Group_20191231_AGM.pdf https://www.telekom.hu/static-tr/sw/file/2020AGM_Corporate-Governance-Report-2019.pdf https://www.telekom.hu/static-tr/sw/file/BoD_self-assessment_2019_ENG_final.pdf	<p>As at December 31, 2019 the Board of Directors had 6 members, with one executive and five non-executive members. Two members are considered independent and four members are not considered independent. Members of the Board of Directors on December 31, 2019: Dr. Robert Hauber, Chairman of the Board of Directors, Senior Vice President Finance & Performance Management Europe, Deutsche Telekom AG; Tibor Rékasi, Chief Executive Officer, Magyar Telekom Plc.; Ralf Nejedl, Senior Vice President B2B Europe, Deutsche Telekom AG; Frank Odzuck, Chief Executive Officer, Zwack Unikum Plc. (independent); Péter Rátatics, Chief Operating Officer of MOL UniCredit Bank Hungary Zrt. (independent); Éva Somorjai-Tamássy, Chief Human Resources Officer of European Center, Deutsche Telekom AG.</p> <p>Members of the Management Committee on December 31, 2019: Tibor Rékasi Chief Executive Officer; Zsuzsanna Friedl, Chief Human Resources Officer; Melinda Szabó, Chief Commercial Officer Residential; Zoltán Kaszás, Chief Commercial Officer Enterprise; János Szabó, Chief Financial Officer; Zatkó Lubor, Chief Technology and IT Officer.</p> <p>Members of the Supervisory Board on December 31, 2019: Dr. László Pap, Chairman of the Supervisory Board, Professor emeritus, Budapest University of Technology and Economics, (independent); Dr. János Illéssy, Managing Director, Lebona Kft.; Chief Financial Officer, Ventil Kft. (independent); Dr. Sándor Kerekes, Professor Emeritus, Corvinus University Budapest, (independent); Dr. Károly Salamon, Managing Director, MIS Kft. (independent); Dr. Konrad Wetzker, Chairman of Corvinus School of Management (independent); Martin Meffert, Project Manager Asset Development Europe, Deutsche Telekom AG; Tamás Lichnovszky, Chairman of the Central Workers' Council, Magyar Telekom Plc.; Zsoltné Varga, Chairwoman of the Central Functions Workers Council; Magyar Telekom Plc.; Attila Bujdosó, President of the Telecommunications Trade Union, Magyar Telekom Plc.</p> <p>Members of the Audit Committee on December 31, 2019: Dr. László Pap, Chairman of the Supervisory Board, Professor emeritus, Budapest University of Technology and Economics; Dr. János Illéssy, Managing Director, Lebona Kft.; Chief Financial Officer, Ventil Kft.; Dr. Sándor Kerekes, Professor Emeritus, Corvinus University Budapest; Dr. Károly Salamon, Managing Director, MIS Kft.; Dr. Konrad Wetzker, Chairman of Corvinus School of Management.</p> <p>Members of the Remuneration and Nomination Committee on December 31, 2019: Dr. Robert Hauber, Chairman of the Remuneration and Nomination Committee, Senior Vice President Finance & Performance Management Europe, Deutsche Telekom AG; Frank Odzuck, Chief Executive Officer of Zwack Unicum Plc., Ralf Nejedl, Senior Vice President B2B Europe, Deutsche Telekom AG.</p>		✓
102-23	Chair of the highest governance body			https://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors/_members_of_the_board_of_directors https://www.telekom.hu/static-tr/sw/file/2020AGM_Corporate-Governance-Report-2019.pdf	The Chief Executive Officer does not fill the position of the Chairman of the Board of Directors.		✓
102-24	Nominating and selecting the highest governance body			http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation http://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents https://www.telekom.hu/static-tr/sw/file/AGM_submissions_18March2019_eng.pdf https://www.telekom.hu/static-tr/sw/file/20190409-AGM-resolutions-kozvetetelre.pdf	<p>The Annual General Meeting held on April 9, 2019 elected the new Board of Directors members. Shareholders shall have the right to participate at the General Meeting, and if holding shares with voting rights, to vote, in accordance with the Articles of Association.</p> <p>The current job grading system is transparent and the structure is reflecting the actual value of the particular positions rather than representing a hierarchical model. Each employee is placed in the respective job category on the basis of the responsibility, professional knowledge required by the given position which is taken by the employee. The individual positions are therefore comparable and the entire system is transparent and clear. The Remuneration and Nomination Committee on its meeting held on April 21, 2016, agreed on the acceptance and compliance with the following statement: „In the nomination process diversity and complementary competencies are taken into consideration.</p>		✓
102-25	Conflicts of interest			https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/2020AGM_Corporate-Governance-Report-2019.pdf	<p>Members of the Board of Directors shall inform the Board of Directors and the Supervisory Board if he/she (or any other person in a close relationship to him/her) has a significant, personal interest in a transaction of the Company (or of any of the Company's subsidiaries).</p> <p>Transactions between members of the Board of Directors (or persons in a close relationship to them) and the Company (or the Company's subsidiaries) shall be conducted according to the general rules of practice of the Company, but, with stricter transparency rules in place. In the case such a transaction is outside the normal course of the Company's business, the transaction and its terms should be approved by the Supervisory Board.</p> <p>In the event of accepting a new executive office, within fifteen days of accepting such executive office, the member of the Board of Directors shall notify about this fact in writing those companies, where he/she already serves as an executive officer or a supervisory board member. The member of the Board of Directors shall inform the Supervisory Board, if he/she receives an offer of Board of Directors or Supervisory Board membership or an offer of an executive management position in a company which is not part of the Company group and also if he/she accepted the offer.</p>		✓
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate governance					✓
102-27	Collective knowledge of highest governance body	Corporate governance					✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
102-28	Evaluating the highest governance body's performance				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 motivation 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 prorated to the evaluated performance of the partly 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 over-achieving 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.		✓
102-29	Identifying and managing economic, environmental, and social impacts	Corporate governance					✓
102-30	Effectiveness of risk management processes	Corporate governance			The potential risk segments concerning the operations of Magyar Telekom are being revisioned on a quarterly basis. All of our subsidiaries, business segments and other corporate bodies are obliged to identify and report on the potential risks of their operations on a quarterly basis. The results of assessment and evaluation of these threats are being forwarded to the Board of Directors and the Audit Committee. In order to enable the immediate release of threats that might effect shareholder decisions we have introduced a supplementary element to the risk management process. Our quarterly risk reporting system has been supplemented by a continuous risk reporting obligation. Thus all subsidiaries and business segments of the company are obliged to immediately report on all relevant, news, facts, changes and threats. All transmitted information is being evaluated by the Risk management area, and in case of identifying new and relevant information and/or threat, the representative of the area immediately reports them to the Chief Financial Officer. There is an internal regulation in operation that secures and defines the levels of responsibility of employees in relation to risk management.		✓
102-31	Review of economic, environmental, and social topics	Corporate governance					✓
102-32	Highest governance body's role in sustainability reporting	Corporate governance					✓
102-33	Communicating critical concerns	Corporate governance					✓
102-34	Nature and total number of critical concerns	Stakeholders					✓
102-35	Remuneration policies	Diversity and inclusion		http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation https://www.telekom.hu/static-tr/sw/file/IFRS_Group_20191231_AGM.pdf https://www.telekom.hu/static-tr/sw/file/2020AGM_Corporate-Governance-Report-2019.pdf	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 motivation 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 prorated to the evaluated performance of the partly 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 over-achieving 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.		✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
102-36	Process for determining remuneration			http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation https://www.telekom.hu/static-tr/sw/file/20190409_Remuneration_Guidelines_ENG.pdf https://www.telekom.hu/static-tr/sw/file/20200101_MT_RNC_RoP_ENG.pdf https://www.telekom.hu/static-tr/sw/file/20200101_MT_BoD_RoP_ENG.pdf	Members of the Committee may request presence of external invitees (e.g. experts) who can attend parts or the entire meeting related to the agenda item.		✓
102-37	Stakeholders' involvement in remuneration			http://www.telekom.hu/static-tr/sw/file/8_javadalmazas_19March2014_eng.pdf http://www.telekom.hu/static-tr/sw/file/kozgyulesi_hatarozatok_2014AGM_14April2014_eng.pdf https://www.telekom.hu/static-tr/sw/file/AGM_submissions_18March2019_eng.pdf https://www.telekom.hu/static-tr/sw/file/20190409-AGM-resolutions-kozvetelre.pdf	The Annual General Meeting, held on April 11, 2014, determined the remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee. The Annual General Meeting, held on April 9, 2019 approved the amendments of the Remuneration Guidelines.		✓
102-38	Annual total compensation ratio			https://www.telekom.hu/static-tr/sw/file/2020AGM_Corporate-Governance-Report-2019.pdf	Information disclosed on remuneration of Board of Directors, Supervisory Board, Audit Committee and Management is available in Corporate Governance and Management Report (prepared on the basis of the provisions of the Civil Code and the Corporate Governance Recommendations of the Budapest Stock Exchange (BSE)).	Partial disclosure	✓
102-39	Percentage increase in annual total compensation ratio			https://www.telekom.hu/static-tr/sw/file/2020AGM_Corporate-Governance-Report-2019.pdf	Information disclosed on remuneration of Board of Directors, Supervisory Board, Audit Committee and Management is available in Corporate Governance and Management Report (prepared on the basis of the provisions of the Civil Code and the Corporate Governance Recommendations of the Budapest Stock Exchange (BSE)).	Partial disclosure	✓
5. STAKEHOLDER ENGAGEMENT							
102-40	List of stakeholder groups	Stakeholders					✓
102-41	Collective bargaining agreements				100% of the employment contracts of Magyar Telekom Group employees operating in Hungary fall under collective bargaining agreements, the same ratio for Macedonian workers is 90.2%.		✓
102-42	Identifying and selecting stakeholders	Stakeholders					✓
102-43	Approach to stakeholder engagement	Stakeholders					✓
102-44	Key topics and concerns raised	Stakeholders					✓
6. REPORTING PRACTICE							
102-45	Entities included in the consolidated financial statements				The report covers Hungary and Macedonia 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 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 102-10 indicator.		✓
102-46	Defining report content and topic Boundaries	Stakeholders - Materiality					✓
102-47	List of material topics	Stakeholders - Materiality					✓
102-48	Restatements of information				The report does not contain any restatements.		✓
102-49	Changes in reporting				There is no any significant change in reporting.		✓
102-50	Reporting period				All data and information presented in this current report references the year 2019.		✓
102-51	Date of most recent report			https://www.telekom.hu/static-tr/sw/file/sustainability-report-2017.pdf	The most recent report was published in 2019 covering the year 2018.		✓
102-52	Reporting cycle			https://www.telekom.hu/about_us/society_and_environment/sustainability_reports/?token=1468592762386	Magyar Telekom releases its sustainability report on an annual basis.		✓
102-53	Contact point for questions regarding the report				Should you have any questions or queries on the report, please do not hesitate to write to the following e-mail address: fenntarthatosag@telekom.hu		✓
102-54	Claims of reporting in accordance with the GRI Standards				This report has been prepared in accordance with the GRI Standards: Comprehensive option		✓
102-55	GRI content index	GRI content index					✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance																																																																																																														
6. REPORTING PRACTICE																																																																																																																					
102-56	External assurance	Assurance statement			<p>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 compliance, authenticity, comprehensiveness, structural integrity, justifiability and verifiability of the Sustainability Report. The report has been audited by PricewaterhouseCoopers Könyvvizsgáló Kft. and they assure the information contained therein to be reliable. The assurance process has been designed and conducted in accordance with the ISAE3000 standard, defined by the International Federation of Accountants. The respective limited assurance engagement report can be found in the 'Assurance Statement' chapter. Data and information audited are indicated by a ✓ symbol in the report and in the GRI content index.</p> <p>Sources of the data included in the report:</p> <ul style="list-style-type: none"> - The business data are from the Group's year-2019 Annual Report and Quarterly Reports and data collection conducted within the Group. - The data of social nature are collected within the Group partly with the support of an online reporting tool, while the rest was supplied by the affiliates and organizational units. - The environmental protection data are partly from a process-wise transparent, online data provision system, as well as data collection conducted within the Group. 		✓																																																																																																														
GRI 200: ECONOMIC STANDARDS 2016																																																																																																																					
GRI 201: ECONOMIC PERFORMANCE 2016																																																																																																																					
103-1-2-3	Management approach	Letter from the CEO Our Approach					✓																																																																																																														
201-1	Direct economic value generated and distributed				<p>CREATING VALUE FOR OUR STAKEHOLDERS ✓</p> <table border="1"> <thead> <tr> <th></th> <th></th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2019</th> <th>2019</th> <th>2019</th> <th>2019</th> </tr> <tr> <th></th> <th></th> <th>Group</th> <th>Group</th> <th>Group</th> <th>Group</th> <th>Group</th> <th>Hungary</th> <th>Macedonia</th> <th>Romania</th> <th>Bulgaria</th> </tr> </thead> <tbody> <tr> <td></td> <td>Revenues (total revenue + share from the after-tax profit of the affiliates)</td> <td>656 342 HUF million</td> <td>602 729 HUF million</td> <td>611 194 HUF million</td> <td>657 692 HUF million</td> <td>666 743 HUF million</td> <td>602 360 HUF million</td> <td>57 705 HUF million</td> <td>4 036 HUF million</td> <td>2 642 HUF million</td> </tr> <tr> <td>Stakeholder</td> <td>Distributed economic value</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> 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201-2	Financial implications and other risks and opportunities due to climate change	Our approach – Sustainability strategy Climate protection									✓																																																																																																										
201-3	Defined benefit plan obligations and other retirement plans										As of 2019 the employer contribution the private healthcare, mutual funds and voluntary pension ceased, while we remain to contribute to the state owned healthcare, pension and unemployment support systems. Meanwhile we deduct voluntary pension and healthcare membership fees and transfer them to the cash funds on behalf of the employee. The membership fee may be a fixed amount or a percentage, which is to be stated in the employee declaration.	✓																																																																																																									
201-4	Financial assistance received from government										<p>SUBSTANTIAL FINANCIAL SUPPORT FROM STATE</p> <table border="1"> <thead> <tr> <th></th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>tax credit utilization</td> <td>5493 HUF million</td> <td>1914 HUF million</td> <td>3208 HUF million</td> <td>2484 HUF million</td> <td>3 862 HUF million</td> </tr> <tr> <td>film- and sport subsidies</td> <td>664 HUF million</td> <td>395 HUF million</td> <td>546 HUF million</td> <td>500 HUF million</td> <td>645 HUF million</td> </tr> <tr> <td>tax benefit on wage cost of softwer developers</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>tax impact of tax base decreasing item on donations</td> <td>300 HUF thousand</td> <td>114 HUF thousand</td> <td>189 HUF thousand</td> <td>0</td> <td>559 HUF thousand</td> </tr> <tr> <td>tax impact of tax base decreasing item on R&D</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table>		2015	2016	2017	2018	2019	tax credit utilization	5493 HUF million	1914 HUF million	3208 HUF million	2484 HUF million	3 862 HUF million	film- and sport subsidies	664 HUF million	395 HUF million	546 HUF million	500 HUF million	645 HUF million	tax benefit on wage cost of softwer developers	0	0	0	0	0	tax impact of tax base decreasing item on donations	300 HUF thousand	114 HUF thousand	189 HUF thousand	0	559 HUF thousand	tax impact of tax base decreasing item on R&D	0	0	0	0	0	✓																																																																					
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GRI 202: MARKET PRESENCE 2016							
103-1-2-3	Management approach	Our Approach Diversity and inclusion Stakeholders					✓
202-1	Ratios of standard entry level wage by gender compared to local minimum wage				Magyar Telekom Group always provides 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. Magyar Telekom is an equal opportunity employer. The salary brackets are determined on the basis of the actual market benchmark regardless of the gender of the employees. The lowest base wage as stated in the Collective Agreement is 120% of the minimum wage.		✓
202-2	Proportion of senior management hired from the local community	Diversity and inclusion					✓
GRI 203: INDIRECT ECONOMIC IMPACTS 2016							
103 1-2-3-	Management Approach	Our Approach – Sustainability strategy					✓
203-1	Infrastructure investments and services supported	Digitally enabled sustainability Stakeholders					✓
203-2	Significant indirect economic impacts	Digitally enabled sustainability Stakeholders					✓
GRI 204: PROCUREMENT PRACTICES 2016							
103 1-2-3-	Management Approach	Stakeholders – Suppliers		https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm			✓
204-1	Proportion of spending on local suppliers	Stakeholders – Suppliers					✓
GRI 205: ANTI-CORRUPTION 2016							
103 1-2-3-	Management Approach			http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf http://www.telekom.hu/static-tr/sw/file/Anti_corruption_clause_en.pdf http://www.telekom.hu/static-tr/sw/file/corporate_governance_declarations_ICS_eng.pdf	Magyar Telekom does not tolerate intention or transaction on corruption; therefore several internal policies and procedures have been developed to prohibit and prevent bribery (including making facilitation payments). Magyar Telekom intention is to comply with the anti-corruption rules relevant to the Group and it expects its business partners that they will not use money or other consideration paid by Magyar Telekom Group for unlawful purposes, including purposes violating anti-corruption laws, such as make or cause to be made direct or indirect payments to any public official or private person in order to assist Magyar Telekom or anyone acting on its behalf in obtaining or retaining business with, or directing business to, any person, or securing any improper advantage. Telekom prohibits any form of corruption or bribery including but not limited to providing or accepting or promising personal advantage, kick-backs or facilitation payments. The Group also prohibits its employees to make decisions for the employees' benefit or that of the employees' family, friends, associates and acquaintances. No gift or invitation to events can be granted to a third-party where they could affect or be perceived to affect the outcome of a business transaction. The Magyar Telekom Group does not financially or morally support political parties, political organizations or their representatives. Its charitable contribution activities are disclosed on its internet site. Magyar Telekom does not intend to conduct any business with third parties who violate the anti-corruption regulations or the guiding principles of the Compliance Program.		✓
205-1	Operations assessed for risks related to corruption			https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	Our yearly Compliance Risk Assessment (CRA) addresses active and passive corruption separately. It always includes Magyar Telekom, T-Systems, Makedonski 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%). During the risk assessment we formulate remedial actions concerning the risks identified. We also monitor the fulfillment of these measures.		✓
205-2	Communication and training about anti-corruption policies and procedures			https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	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: 6 persons (Management Committee) 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 type and region: 100%, Magyar Telekom's current business partners. There was no external communication on this topic. d. number and proportion of management organizations that were trained on anticorruption, broken down to regions: 100%, all regions, Magyar Telekom: 6 persons e. number and proportion of employees who were trained on anticorruption, broken down to employee a category and region: Magyar Telekom Plc.: 422 persons, in 2019 97% of new entrants completed the course successfully."		✓
205-3	Confirmed incidents of corruption and actions taken				Number of confirmed incidents: 0		✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016							
103 1-2-3-	Management Approach			http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	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 strive 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. The antitrust policy covers: price fixing, bid rigging, market allocation scheme. The antitrust policy applies to: employees, contractors, suppliers. The company publicly report on breaches of its antitrust policy. Measures are taken to promote and ensure antitrust compliance.		✓
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices				In 2019 no fines were imposed due to anti-competitive conduct or violation of anti-trust statutes. Vj-56/2017 was closed without sanction upon Magyar Telekom's commitments.		✓
GRI 300: ENVIRONMENTAL STANDARDS 2016							
GRI 301: MATERIALS 2016							
103 1-2-3	Management Approach	Our Approach – Sustainability strategy Climate protection		http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf http://www.telekom.hu/about_us/society_and_environment/environment/management_systems	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group. Both Magyar Telekom and T-Systems has the certified Integrated Management Systems, included ISO 50001 energy management system and ISO 14001 environmental management system.		✓
301-1	Materials used by weight or volume	Our Approach – Sustainability strategy Climate protection		http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyarto-hajekoztato (only HU) http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf			✓
301-2	Recycled input materials used			http://www.telekom.hu/about_us/society_and_environment https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU)	Recycled paper used in 2019: 128 980 kg (bills, office use).		✓
301-3	Reclaimed products and their packaging materials	Climate protection		https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/vendors/information/main.vm http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyarto-hajekoztato (only HU) http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU)	Magyar Telekom Plc.'s intermediary partner for batteries is ReLEM. In 2019 32 kg electronical devices were taken back.		✓
GRI 302: ENERGY 2016							
103 1-2-3	Management Approach	Our Approach – Sustainability strategy Climate protection		http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group. Both Magyar Telekom and T-Systems has the certified Integrated Management Systems, included ISO 50001 energy management system and ISO 14001 environmental management system.		✓
302-1	Energy consumption within the organization	Climate protection					✓
302-2	Energy consumption outside of the organization	Climate protection		http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management			✓
302-3	Energy intensity	Climate protection					✓
302-4	Reduction of energy consumption	Climate protection		http://www.telekom.hu/about_us/society_and_environment			✓
302-5	Reductions in energy requirements of products and services	Climate protection					✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
GRI 303: WATER AND EFFLUENTS 2018							
303-1	Interactions with water as a shared resource	Climate protection		http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓
303-2	Management of water discharge-related impacts	Climate protection		http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf			✓
303-3	Water withdrawal	Climate protection			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 of consumption.		✓
303-4	Water discharge	Climate protection					✓
303-5	Water consumption	Climate protection					✓
GRI 304: BIODIVERSITY 2016							
103 1-2-3	Management Approach	Climate protection		http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/about_us/society_and_environment	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Climate protection		http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf			✓
304-2	Significant impacts of activities, products, and services on biodiversity				Our company avoids operations on protected and Natura 2000 areas.		✓
304-3	Habitats protected or restored				We do not conduct operations on protected or restored habitats.		✓
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations				Our operations do not affect habitats of endangered and/or IUCN Red List species.		✓
GRI 305: EMISSIONS 2016							
103 1-2-3	Management Approach	Our Approach– Sustainability strategy Climate protection		http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓
305-1	Direct (Scope 1) GHG emissions	Climate protection					✓
305-2	Energy indirect (Scope 2) GHG emissions	Climate protection			All emissions are location based. Electricity consumption is given as market based too.		✓
305-3	Other indirect (Scope 3) GHG emissions	Climate protection					✓
305-4	GHG emissions intensity	Climate protection			We have conducted the following measurements: Scope 1: g/CO2/km, Scope 2: Gbit/kWh, energy intensity: GJ/HUF M, Scope 3: we measure the emissions related to CPE energy consumption, paper use, emissions of business travel.		✓
305-5	Reduction of GHG emissions	Climate protection			The quoted emission data refer to Scope 1 and Scope 2 emissions.		✓
305-6	Emissions of ozone-depleting substances (ODS)				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.		✓
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Climate protection					✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance																																																																																										
GRI 306: EFFLUENTS AND WASTE 2016																																																																																																	
103 1-2-3	Management Approach	Our Approach – Sustainability strategy Climate protection		http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓																																																																																										
306-1	Water discharge by quality and destination	Climate protection			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		✓																																																																																										
306-2	Waste by type and disposal method	Climate protection					✓																																																																																										
306-3	Significant spills				There was no significant leakage or unsupervised output.		✓																																																																																										
306-4	Transport of hazardous waste				Magyar Telekom does not import or export or manage hazardous waste.		✓																																																																																										
306-5	Water bodies affected by water discharges and/or runoff				Our operations do not directly affect water bodies, water discharges and/or freshwater habitat.		✓																																																																																										
GRI 307: ENVIRONMENTAL COMPLIANCE 2016																																																																																																	
103 1-2-3	Management Approach	Our Approach – Sustainability strategy Climate protection		http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf http://www.telekom.hu/about_us/society_and_environment/environment/management_systems	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓																																																																																										
307-1	Non-compliance with environmental laws and regulations	Climate protection					✓																																																																																										
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016																																																																																																	
103 1-2-3	Management Approach	Stakeholders – Suppliers					✓																																																																																										
308-1	New suppliers that were screened using environmental criteria	Stakeholders – Suppliers					✓																																																																																										
308-2	Negative environmental impacts in the supply chain and actions taken	Stakeholders – Suppliers					✓																																																																																										
GRI 400: SOCIAL STANDARDS 2016																																																																																																	
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103 1-2-3	Management Approach	Diversity and inclusion					✓																																																																																										
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diversity and inclusion			Magyar Telekom provides a broad range of welfare and social benefits. Some of them are provided automatically whereas others can be obtained upon satisfying certain conditions while there are insurance types of benefits, too. The provision of certain benefits is subject to the employee's own contribution. The provision of social benefits and benefits that are not provided automatically is regulated in the Collective Agreement and the relevant policies. We also provide telecommunication discounts and other benefits. Contributions to public health, pension and unemployment benefit schemes are made by the employer to the required extent and until the statutory deadline. With respect to additional payments from 2019 the additional contribution to funds ceased. Meanwhile we deduct voluntary pension and healthcare membership fees and transfer them to the cash funds on behalf of the employee. The membership fee may be a fixed amount or a percentage, which is to be stated in the employee declaration.		✓
401-3	Parental leave	Diversity and inclusion					✓
GRI 402: LABOR/MANAGEMENT RELATIONS 2016							
1103 1-2-3	Management Approach				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, communication with them runs 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 People Officer and the HR Business partner are managing 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 workers council. The HR Business Partners of the governance area are responsible for communication with the local employee representation bodies. In line with the provisions of Act V of 2013 on the Hungarian Civil Code one third of Supervisory Board members are employee representatives. The employee representatives of the Supervisory Board are nominated by the Central Works Council, in consideration of the opinion of trade unions operating at the Company. The General Meeting is obliged to elect persons nominated by the Central Works Council to the Supervisory Board unless there are underlying circumstances that serve as grounds for exclusion. On December 31, 2019 the Supervisory Board had three employee representatives: Tamás Lichnovszky, Zsoltné Varga and Bujdosó Attila. „		✓
402-1	Minimum notice periods regarding operational changes				Trade union and the 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 Council) must be consulted with regard to draft resolutions, aiming at organizational changes without regard to the number of employees concerned.		✓
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018							
403-1	Occupational health and safety management system	Stakeholders - Suppliers		http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees	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 justify Telekom's work, i.e. as a result of the year 2018 audit the Company successfully renewed the MEBIR certification. Magyar Telekom together with all of its national and international subsidiaries have the DEKRA Certification ISO 45001:2018. The company also demands suppliers compliance with its health and safety regulations.		✓
403-2	Hazard identification, risk assessment, and incident investigation				Labor Safety identified threats, as well as reviewed and assessed the risks attached to telecommunications activities and jobs in 2019, too, providing a comprehensive view on the risks posed at any jobs of the company and concerning employees pursuing activities associated with different levels of hazard, as well as the extent of such risk, thus enabling the adoption of targeted and personalized protective measures.		✓
403-3	Occupational health services				As in previous years, we put extra emphasis on health, the support of different medical checkups in 2019, too. In order for that, we provided our employees family practitioner-type care in Budapest, and different medical checkups across the country in addition to their occupational health assessments. A total of 5387 people (MT: 4118 TSM: 1269) took part in the occupational health assessments. As part of the assessments, ophthalmology examinations took place in 5207 cases (MT: 3771, TSM: 1436). In case of 70% of the examinations, some medical condition (e.g. visual acuity issues, cataract, glaucoma, high blood pressure, diabetes etc.) was diagnosed. A total of 1115 employees (MT: 746, TSM: 369) showed up for the examinations independent of the occupational health assessment in 2019.		✓
403-4	Worker participation, consultation, and communication on occupational health and safety				In accordance with the occupational health and safety regulations there are health and safety committees formed by health and safety employee representatives in both T-Systems and Magyar Telekom. At Telekom 7 employee representatives, and at T-Systems 1 representative serves in the safety committees, depending on the risk category of the respective areas the occupational safety risks - and interests - are weighted. In general the technical areas have the highest representation rate in the weighted structure, but representatives cover all relevant company organizations. The safety committees and the employer have regular consultation forums where they work closely together on key health and safety issues, goals and perspectives.		✓
403-5	Worker training on occupational health and safety				All Magyar Telekom employees are required to complete their labor safety training at the time they are hired, and to take the course repeatedly every two years.		✓
403-6	Promotion of worker health				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 ISO 45001:2018 MEBIR (Occupational Health and Safety Management System) safety standards.		✓
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				The Company elaborates technological processes to avoid electric shock accidents and to ensure the safety of work performed in heights.		✓

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403-8	Workers covered by an occupational health and safety management system				Magyar Telekom together with all of its national and international subsidiaries have the DEKRA Certification ISO 45001:2018 (Occupational Health and Safety Management System). The company also demands suppliers compliance with its health and safety regulations.		✓																																																
403-9	Work-related injuries				<p>ACCIDENT RATIO FOR ONE THOUSAND EMPLOYEE AT MAGYAR TELEKOM GROUP ✓</p> <table border="1"> <caption>Accident Ratio for one thousand employee at Magyar Telekom Group</caption> <thead> <tr> <th>Year</th> <th>Magyar Telekom Plc.</th> <th>Makedonski Telekom</th> <th>T-Systems Hungary</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>3.5</td> <td>2.5</td> <td>1.5</td> </tr> <tr> <td>2016</td> <td>3.5</td> <td>6.5</td> <td>2.5</td> </tr> <tr> <td>2017</td> <td>4.5</td> <td>6.5</td> <td>2.5</td> </tr> <tr> <td>2018</td> <td>4.5</td> <td>9.5</td> <td>1.5</td> </tr> <tr> <td>2019</td> <td>7.5</td> <td>10.5</td> <td>1.5</td> </tr> </tbody> </table> <p>WORKPLACE ACCIDENTS AT MAGYAR TELEKOM GROUP ✓</p> <table border="1"> <caption>Workplace Accidents at Magyar Telekom Group</caption> <thead> <tr> <th>Year</th> <th>Magyar Telekom Plc.</th> <th>Makedonski Telekom</th> <th>T-Systems Hungary</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>22</td> <td>5</td> <td>1</td> </tr> <tr> <td>2016</td> <td>22</td> <td>11</td> <td>1</td> </tr> <tr> <td>2017</td> <td>26</td> <td>10</td> <td>2</td> </tr> <tr> <td>2018</td> <td>28</td> <td>12</td> <td>2</td> </tr> <tr> <td>2019</td> <td>43</td> <td>13</td> <td>1</td> </tr> </tbody> </table> <p>Magyar Telekom Plc.: There were no occupational fatal accidents in 2019. There were 77 registered injuries: 37 cases involved the loss of more than 3 workdays, 5 cases involved the loss of 1 to 3 workdays, 34 cases did not involve loss of workdays and there was 1 case of unsubstantiated accident, i.e. a total of 1202 lost workdays. Distribution of injury types: 60 technical and other type and 12 office injuries 4 injuries occurred during team building. Most frequent recorded injuries: 5 cases of dislocations of limbs, 6 cases of electric shock, 8 cases of cut injuries or open wounds, 8 cases of bruises due to animal attack, 24 cases of sprains, 20 cases of bruises, 5 cases of other types of accidents. There were no recorded injuries in T-Systems in 2019. Makedonski Telekom: 0 fatal accidents, 11 accidents at work subject to reporting obligations, i.e. a total of 133 lost workdays. Magyar Telekom does not keep records on injuries of its suppliers.</p>	Year	Magyar Telekom Plc.	Makedonski Telekom	T-Systems Hungary	2015	3.5	2.5	1.5	2016	3.5	6.5	2.5	2017	4.5	6.5	2.5	2018	4.5	9.5	1.5	2019	7.5	10.5	1.5	Year	Magyar Telekom Plc.	Makedonski Telekom	T-Systems Hungary	2015	22	5	1	2016	22	11	1	2017	26	10	2	2018	28	12	2	2019	43	13	1		✓
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403-10	Work-related ill health				At Magyar Telekom Group there were no occupational diseases or increased exposures in 2019.		✓																																																

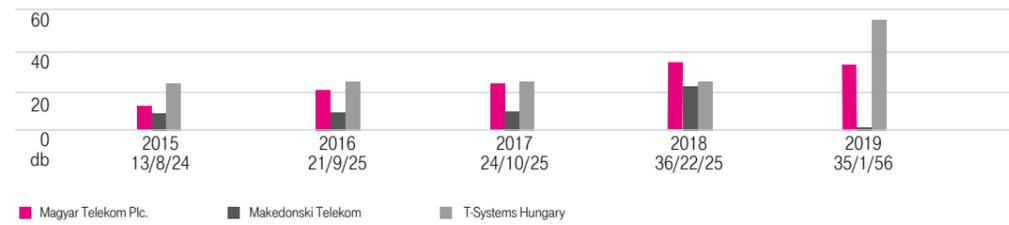
Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
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GRI 404: TRAINING AND EDUCATION 2016

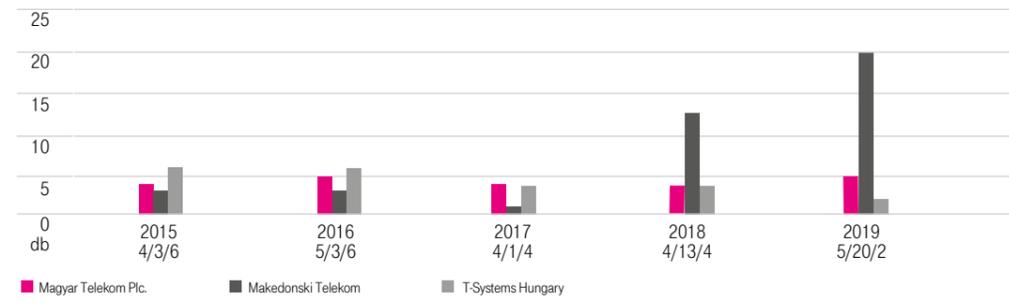
103 1-2-3	Management Approach				Magyar Telekom Group lays much emphasis on constant training, development of its employees and supports the use of the acquired knowledge. Magyar Telekom Group is a key organization of Hungary's ICT sector. In this industry it is imperative to know and apply new trends, research results both at employee and managerial levels. Our training-development strategy, in line with that of Deutsche Telekom, has been established in accordance with predefined business objectives. Upon definition of the training requirements for our business goals we also specify the most suitable training programs for the employee target groups. The Group Learning Synergies are those joint-focused training areas that are specified and made available at group level. At specific times of the year we monitor the success of these programs with a predefined methodology, and if necessary, we fine-tune them to more effectively fulfill our business and individual development objectives. After this trainings we perform satisfaction measurements and - where possible - we measure the ROI, too. A key effectiveness improvement component of our training strategy is the promotion of e-learning courses thus we strive to increase the overall proportion of digital training material. In order to support effective work we provide various online and classroom trainings in our training portfolio (e.g. time management, assertivity, conflict management, etc.). As a caring company Magyar Telekom offers activities for employees affected by downsizing within the frame of the outplacement program that supports their reintegration into the labor market.		External Assurance
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404-1	Average hours of training per year per employee						External Assurance
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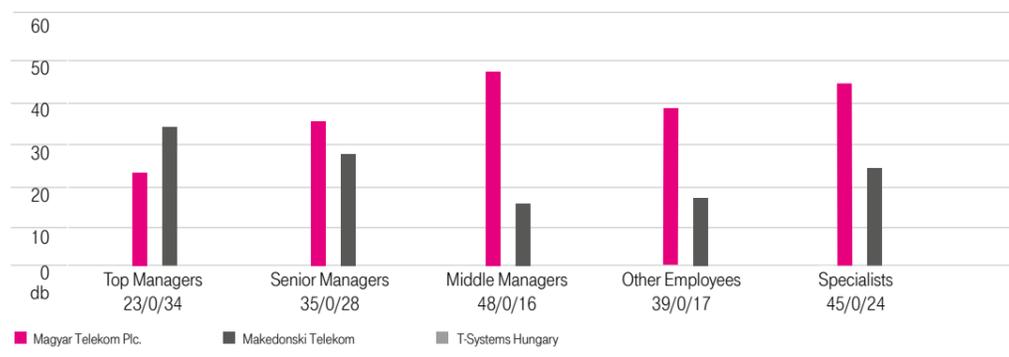
RATIO OF DISTANCE LEARNING AT MAGYAR TELEKOM GROUP ✓



TRAINING DAYS PER CAPITA AT MAGYAR TELEKOM GROUP ✓



ANNUAL AVERAGE TRAINING HOURS PER CAPITA, BROKEN DOWN TO EMPLOYEE GROUPS, MAGYAR TELEKOM GROUP 2019 ✓



Employment category breakdown is not available for T-Systems Hungary.

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404-2	Programs for upgrading employee skills and transition assistance programs	Diversity and inclusion			The company's management has been using its best efforts to devote 1.5% of the personnel expenses to the training and development of managers and employees. Training plans at business unit level define the direction of development activities, professional training courses, skills and cooperation development programs, agile trainings, 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 elaborated the corporate mentoring system with the focus on knowledge sharing and self-development. It was also to strengthen self-development that two internationally recognized digital development platforms were introduced in 2019, through which all employees of the company can access more than 19 000 books, 1 200 audio books and 2 000+ course materials in the areas of skills development, leadership development, agile and professional development. They can also freely choose the learning format that best support their development needs from a selection ranging from microlearning solutions to formal university courses providing certified qualifications. The company 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 2019, Magyar Telekom concluded a total of 69 study contracts. Out of them 37 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.		✓
404-3	Percentage of employees receiving regular performance and career development reviews				In 2018 Magyar Telekom has introduced FUTAM, a flexible framework in support of both personal and business success. It is the practical realisation of growth mindset that supports feedback culture. FUTAM is customizable to the relevant targets of personal development and business targets both on the level of the organisation and the employee. It provides a framework for employee development tracking and control, based on feedback and cooperation instead of evaluation. In 2019 along the agile transformation of our corporate working culture the new modules of FUTAM are being designed to support our value based feedback culture.		✓
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016							
103 1-2-3	Management Approach	Diversity and inclusion		https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/Diversity_Policy.pdf			✓
405-1	Diversity of governance bodies and employees	Diversity and inclusion					✓
405-2	Ratio of basic salary and remuneration of women to men	Diversity and inclusion					✓
GRI 406: NON-DISCRIMINATION 2016							
103 1-2-3	Management Approach	Diversity and inclusion		https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/Diversity_Policy.pdf	Magyar Telekom Group's Code of Conduct and the Code of Human Rights and Social Principles are a summary of the corporate compliance requirements; these documents set 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 these Codes 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. In order to effectively develop Magyar Telekom's Diversity and Equal Opportunities efforts. An anonymous employee survey measuring the diversity and inclusion culture of the company was conducted in 2018 January. The results of the survey were used as the basis of the Diversity and Equal Opportunities Plan prepared at the beginning of 2018. .		✓
406-1	Incidents of discrimination and corrective actions taken				In 2019 there were no complaints issued against the company by the Equal Opportunity Authority for Discriminative Practices (EBH).		✓
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016							
103 1-2-3	Management Approach	Stakeholders – Suppliers		https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf	Magyar Telekom Group has acknowledged the freedom of association and the right for collective bargaining in its Code of Human Rights and Social Principles. Magyar Telekom strives to maintain a dialogue and cooperation with employee representation bodies in the spirit of openness and trust. The Code of Human Rights and Social Principles and the long-standing relationship between Magyar Telekom's management and the employee representation bodies are the guarantee that the relevant rights are observed. The agreement, which can be terminated by either party with three months' notice, applies to all Magyar Telekom Plc. employees except the CEO, regardless of their union membership status. Wage terms in the collective bargaining agreement must be renegotiated annually. If the employment is terminated due to reasons related to the employer's operation, employees are entitled to a specific amount of severance pay surplus, which depends on the tenure of the employee. In addition to the collective bargaining agreement, employees of our Hungarian operations are generally covered by the Act I of 2012 on the Labor Code, which imposes various restrictions on the involuntary termination of employment. The Labor Code protects employee interests through two different labor organizations: the Trade Union and the Workers' Council. The Trade Union, as the official representative of employee interests in negotiations relating to the terms of employment, has the right to be informed of all corporate measures that may significantly affect the interests of employees and to commence legal action against the Company for employment-related conduct that infringes an employment rule. In addition, the Workers' Council directly represents employee interests in dealings with management and decides jointly with management on matters involving employee welfare funds and institutions. The Workers' Council must be informed semi-annually on issues affecting our economic performance and changes in wages, employment conditions and working hours. The Workers' Council must also be consulted on corporate measures affecting employees. We believe that our relations with our employees are good. We have not experienced any labor strikes or disruptions since our formation. The above rights, policies and practices are transparent to the employees, they are represented in relevant internal communication materials and intranet sites and the employee representation bodies also take part in their active promotion.		✓
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Stakeholders - Suppliers			100% of the employment contracts of Magyar Telekom Group employees operating in Hungary fall under collective bargaining agreements, the same ratio for Macedonian workers is 89.29%.		✓

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GRI 408: CHILD LABOR 2016							
103 1-2-3	Management Approach	Stakeholders – Suppliers		https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf	Magyar Telekom Group is an ICT company committed to respect and support human and social rights at all times in view of our tasks arising from technological development and digitalization. In line with the basic principles set out in the Code of Human Rights & Social Principles our company stands up for the protection of human rights as set forth in international human rights treaties, including the protection of freedom of speech and protection of the right for ones' own belief. Furthermore, the company rejects child labor, all types of forced or compulsory labor, and uses all measures to fight any kind of human trafficking and modern slavery. The definition of 'child labor' is defined in accordance with the ILO Minimum Age Convention, and the definition of 'forced labor' is defined in accordance with the ILO Forced Labor Convention (No. 29) and the Abolition of Forced Labor Convention. (No. 105)		✓
408-1	Operations and suppliers at significant risk for incidents of child labor	Stakeholders – Suppliers		https://www.telekom.com/en/corporate-responsibility/assume-responsibility/assume-responsibility/supply-chain-management-355304	Deutsche Telekom Group as our parent company is responsible for the maintenance and supervision of compliance of global suppliers through monitoring and audits. For further information of the method of classification of global suppliers and the relevant results, please visit the indicated website.		✓
GRI 409: FORCED OR COMPULSORY LABOR 2016							
103 1-2-3	Management Approach	Stakeholders - Suppliers		https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf	Magyar Telekom Group is an ICT company committed to respect and support human and social rights at all times in view of our tasks arising from technological development and digitalization. In line with the basic principles set out in the Code of Human Rights & Social Principles our company stands up for the protection of human rights as set forth in international human rights treaties, including the protection of freedom of speech and protection of the right for ones' own belief. Furthermore, the company rejects child labor, all types of forced or compulsory labor, and uses all measures to fight any kind of human trafficking and modern slavery.		✓
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Stakeholders - Suppliers		https://www.telekom.com/en/corporate-responsibility/assume-responsibility/assume-responsibility/supply-chain-management-355304	Deutsche Telekom Group as our parent company is responsible for the maintenance and supervision of compliance of global suppliers through monitoring and audits. For further information of the method of classification of global suppliers and the relevant results, please visit the indicated website.		✓
GRI 410: SECURITY PRACTICES 2016							
103 1-2-3	Management Approach			http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf			✓
410-1	Security personnel trained in human rights policies or procedures				Security personnel employed by the company also participated in the compulsory human rights e-Training of all Magyar Telekom Group employees in 2019. The training became an element of the compulsory employee training portfolio as of 2018. As partners of Magyar Telekom they are too obliged to thoroughly comprehend and comply with the contents of Magyar Telekom Group Code of Business Conduct and Ethics and the code of Human Rights and Social Principles.		✓
GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016							
1103 1-2-3	Management Approach				In Hungary there is no adequate denotation of the group 'Indigenous Peoples'.		✓
411-1	Incidents of violations involving rights of indigenous peoples				In Hungary there is no adequate denotation of the group 'Indigenous Peoples'.		✓
GRI 412: HUMAN RIGHTS ASSESSMENT 2016							
103 1-2-3	Management Approach	Diversity and inclusion Stakeholders – Suppliers		http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_Eselygyenlosegi_Terv_2016_2020_en.pdf https://www.telekom.hu/static-tr/sw/file/Employee-relations-policy.pdf			✓
412-1	Operations that have been subject to human rights reviews or impact assessments	Diversity and inclusion Stakeholders – Suppliers		http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_Eselygyenlosegi_Terv_2016_2020_en.pdf	As a member of Deutsche Telekom Group, Magyar Telekom Group fulfills its obligation to provide an annual Human Rights & Social Performance Report confirming its observance of the principles of the Code of Human Rights and Social Principles. Following the practice Magyar Telekom Group has declared its full conformity with the ten basic principles of Deutsche Telekom's Code of Human Rights and Social Principles for the year 2019 relevant to all its Hungarian operations.		✓
412-2	Employee training on human rights policies or procedures				As a tribute to the 70th anniversary of the Universal Declaration of Human Rights and in compliance with the Code of Human Rights and Social Principles renewed in 2017, all employees of Magyar Telekom Plc. and T-Systems together with their external workforce involved in brand representation participated in a compulsory human rights e-Learning training in 2018. The enrollment of the employees was conducted in four steps, in which the management of the company group took the training first. 85.3% of all people enrolled and 90% of the entire employee group have finished the course by September 18. The online training points to relevant human rights issues, regulations, complaint handling and whistleblowing options that might come up within the employment, sourcing, operational and distributional processes of the company group. The e-Learning material has become part of the compulsory employee e-Learning course portfolio of the company as of 2018 2018 and remained to be a mandatory course to all new entrants in 2019 as well.		✓
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Stakeholders – Suppliers		https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf	The warranty statement is a compulsory element of the suppliers contracts (100%). Both the suppliers and sponsorship contract sample includes the relevant elements for the declaration of respecting of human rights, and these elements are also part of the Suppliers Code of Conduct.		✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
GRI 413: LOCAL COMMUNITIES 2016							
103 1-2-3	Management Approach	Stakeholders					✓
413-1	Operations with local community engagement, impact assessments, and development programs	Stakeholders					✓
413-2	Operations with significant actual and potential negative impacts on local communities	Stakeholders		http://www.telekom.hu/about_us/company/telekom-for-digital-hungary	In some cases of network development processes the physical construction of the network might cause temporary inconvenience to residents.		✓
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016							
103 1-2-3	Management Approach	Stakeholders – Suppliers					✓
414-1	New suppliers that were screened using social criteria	Stakeholders – Suppliers					✓
414-2	Negative social impacts in the supply chain and actions taken	Stakeholders – Suppliers			Magyar Telekom has not terminated any contracts with any of its suppliers with reference to negative environmental impacts.		✓
GRI 415: PUBLIC POLICY 2016							
103 1-2-3	Management Approach				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 regulation, 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 ministries. 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.		✓
415-1	Political contributions			https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/about_us/about_magyar_telekom/principles https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	The Company has no knowledge of any financial support to political parties, politicians or any related entities provided by Magyar Telekom Group affiliates in 2019, which is in full compliance with the detailed stipulations set forth in the Code of Conduct - Paragraph [2.10]. If it would have done so the operation would have been in full compliance with the relevant international bookkeeping regulations.		✓
GRI 416: CUSTOMER HEALTH AND SAFETY 2016							
103 1-2-3	Management Approach	Stakeholders		http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety https://www.telekom.hu/about_us/society_and_environment/society/protection_of_our_children			✓
416-1	Assessment of the health and safety impacts of product and service categories				Magyar Telekom did not identify such impacts.		✓
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services				The number of health and safety incidents regarding products and services, involving disorderly operating equipment or the breach of internal policies were as follows: - penalty or fine due to disorderly operation of equipment: 0 - warning due to disorderly operation of equipment: 0 - internal warning due to disorderly operation of equipment: 0*		✓
GRI 417: MARKETING AND LABELING 2016							
103 1-2-3	Management Approach	Our Approach – Sustainability strategy Climate protection Digitally enabled sustainability Stakeholders		http://www.telekom.hu/lakossagi/english http://www.telekom.hu/lakossagi/english/plans/mobile https://www.telekom.hu/lakossagi/english/plans/phone https://www.telekom.hu/uzleti/main http://www.t-systems.hu/home-page http://kibu.hu/ http://www.kalasznet.hu/ (only HU) https://www.telekom.mk/prepaid-en.nspk			✓
417-1	Requirements for product and service information and labeling	Climate protection Stakeholders					✓
417-2	Incidents of non-compliance concerning product and service information and labeling				The Company did not identify such incidents.		✓
417-3	Incidents of non-compliance concerning marketing communications				In 2019 one consumer protection - e.g. marketing communication - proceedings was closed against Telekom before the Hungarian Competition Authority (GVH) due to the alleged breach of the relevant regulations. Magyar Telekom was fined in a "phased" manner meaning the 100 M Ft of fine is to be paid within 30 days, while an additional 100+ 150 M is to be paid should Magyar Telekom not comply with its commitments in order to reduce the fine.		✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
GRI 418: CUSTOMER PRIVACY 2016							
103 1-2-3	Management Approach	Stakeholders		http://www.telekom.hu/about_us/data_protection			✓
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Stakeholders			Magyar Telekom received requests and complaints from the National Authority for Data Protection and Freedom of Information and also directly from customers in 2019, which were duly investigated by Magyar Telekom, and the findings were reported to the complaining customer or to the Authority respectively. Based on the results of the investigation, we review our processes and make adjustments, if necessary. In 2019, 7 new proceedings were initiated by the Data Protection Authority in connection with the processing of personal data and 8 cases were closed. The Authority concluded 2 cases that no violation of the data protection rules had been found.		✓
GRI 419: SOCIOECONOMIC COMPLIANCE 2016							
103 1-2-3	Management Approach			https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm	The Management and Board of Magyar Telekom Group are unanimous in their commitment that the Magyar Telekom Group (hereinafter 'Magyar Telekom' or 'Group') will conduct all business activities in accordance with the highest legal and ethical standards. In support of this commitment the Magyar Telekom Corporate Compliance Program ('hereinafter 'Compliance Program') has been developed to create an internal culture where 'Respect and Integrity' is one of the most crucial values. The Compliance Program is enacted at all members companies of the Group where Magyar Telekom has effective control. The Compliance Program applies to all bodies, organizations, directors, officers and employees of the Magyar Telekom Group, as well as to consultants, agents, representatives, and all other persons or bodies who carry out work on behalf of any company within the Group. Additionally, we expect our business partners, suppliers and customers to aid us in this effort by acting in a similarly ethical manner. As such, certain aspects of the Compliance Program, apply not just to Magyar Telekom Group employees, but also to third parties with whom we do business. The Compliance Program has been designed to ensure that the Group conducts its business to the highest standards of awareness, transparency, accountability, commitment, and adherence to applicable laws and regulations. To do so requires the implementation of policies and procedures that address potential compliance risk areas together with identifiable mechanisms for reporting, investigating, monitoring, and correcting cases of suspected or actual non-compliance. The elements of Compliance Program is continuously tailored to the changes in the business sector, location of operation, business circumstances, culture and risks, international best practices. The Compliance Program is reflected in the Code of Conduct which is accepted internally by all employees, and by all suppliers through Magyar Telekom Procurement Intranet site . The Group Compliance Officer is responsible for operation and monitoring the Compliance Program. .		✓
419-1	Non-compliance with laws and regulations in the social and economic area				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 2019 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 216 million HUF whereas in the case of subscriber complaints a total of 49.66 million HUF penalty. The District Offices of Government Offices, as bodies responsible for consumer protection completed several investigations against Magyar Telekom, in 2019 the total amount of fines were HUF 11.71 million. Our clients have used the services of alternative dispute resolution fora, in relation to which there were a total of 56 cases handled with the assistance of the Media and Communicatios Commissioner, and 407 cases in which dispute resolution plenums provided assistance.		✓
TELECOMMUNICATION SECTOR SPECIFIC INDICATORS							
INTERNAL OPERATIONS							
INVESTMENT							
IO 1.	Capital investment in telecommunication network infrastructure broken down by country/region.	Letter from the CEO Our Approach					✓
IO 2.	Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable. Describe relevant legislative and regulatory mechanisms.	Stakeholders					✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
HEALTH AND SAFETY							
IIO 3.	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency fields, and exposure to hazardous chemicals.	Stakeholders					✓
IO 4.	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets.	Stakeholders		http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety http://www.emf-portal.hu/portal/ (only HU)			✓
IO 5.	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations.	Stakeholders		http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety http://www.emf-portal.hu/portal/ (only HU)			✓
IO 6.	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	Stakeholders		http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety http://www.emf-portal.hu/portal/ (only HU)			✓
INFRASTRUCTURE							
IO 7.	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible.	Climate protection			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 in order to reach satisfactory agreement to all concerned parties.		✓
IO 8.	Number and percentage of stand-alone sites, shared sites, and sites on existing structures.	Climate protection					✓
PROVIDING ACCESS							
ACCESS TO TELECOMMUNICATION PRODUCTS AND SERVICES: BRIDGING THE DIGITAL DIVIDE							
PA 1.	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include an explanation of business models applied.	Stakeholders					✓
PA 2.	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, literacy, and lack of education, income, disabilities, and age. Include an explanation of business models applied.	Stakeholders					✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
PA 3.	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.			http://www.telekom.hu/rolunk/szolgaltatasok/aszf (only HU)	Magyar Telekom Plc. guarantees its customers rights in connection with service availability and troubleshooting on the basis of the General Contract Terms and Conditions (GTC) available at the customer service points and also in the Internet. In this it declares to fulfill the published quality targets during providing services on the entire service territory, to check this via measurements and to publish the measurement methods. Here, the Company also defines the quality targets for the services provided, meeting of which is continuously measured and made available to everyone on an annual basis. The trouble management for customers is handled along a defined process - in accordance with their rights set out in the GTC, inter alia - after having detected the problem and having filed the trouble at the company. Magyar Telekom, by permanently developing technical solutions, security systems and backup tools, seeks to ensure continuity of the availability of the services, with setting the enhancement of customer experience as an objective.		✓
PA 4.	Quantify the level of availability of telecommunications products and services in areas where the organisation operates. Examples include: customer numbers/market share, addressable market, percentage of population covered, percentage of land covered.	Stakeholders Key operating statistics of Magyar Telekom Group					✓
PA 5.	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected. Include explanation of approach to pricing, illustrated with examples such as price per minute of dialogue/bit of data transfer in various remote, poor or low population density areas.	Stakeholders Key operating statistics of Magyar Telekom Group					✓
PA 6.	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief.	Climate protection					✓
ACCESS TO CONTENT							
PA 7.	Policies and practices to manage human rights issues relating to access and use of telecommunications products and services.	Stakeholders					✓
CUSTOMER RELATIONS							
PA 8.	Policies and practices to publicly communicate on EMF related issues. Include information provides at points of sales material.	Stakeholders		http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety			✓
PA 9.	Total amount invested in programmes and activities in electromagnetic field research. Include description of programmes currently contributed to and funded by the reporting organisation.	Stakeholders		http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety			✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
PA 10.	Initiatives to ensure clarity of charges and tariffs.			http://www.telekom.hu/lakossagi/english http://www.telekom.hu/lakossagi/english/plans/mobile https://www.telekom.hu/lakossagi/english/plans/phone https://www.telekom.hu/uzlet/main http://www.t-systems.hu/home-page http://kibu.hu/ http://www.kalasznet.hu/ (only HU) https://www.telekom.mk/prepaid-en.nspk	Magyar Telekom Group is making ongoing efforts to simplify its propositions as much as possible and to make them available to the widest possible scope of customers. We offer detailed information about the services and tariff packages of Magyar Telekom Plc.'s business units, and information about the services of our most important member companies on the listed websites. Customers can inquire about Telekom tariff packages and services or even request modifications 24 hours a day through the consumer customer service call center, which can be called toll free from Telekom's Hungarian mobile network at 1414 or the 1777 (Domino pre-paid center) number. We have made Telekom website more user-friendly, among others by highlighting search keywords and developing the webshop service to enable quick and simple purchase. Magyar Telekom considers it as high priority to communicate its advertisements to the existing and prospective consumers in compliance with the relevant regulations. We take all measures necessary to ensure that our advertisements deliver our proposals accurately and clearly, excluding any deception. In view of the above, compliance with the consumer protection and GVH (Competition Office) guidelines, and checking regulatory compliance are important requirements of the work processes of producing advertisements is a crucial part of our advertising operations. We convey our proposals to everyone by using the greatest number of communication tools possible and with maximum exploitation of the possibilities offered by the given media. In this way we allow our audience to receive thorough information to be able to make carefully contemplated and responsible decisions.		✓
PA 11.	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use.	Climate protection Digitally enabled sustainability		https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU) https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek/fenntarthato_keszulekek (only HU) http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyarto-i-tajekoztato (only HU)			✓
TECHNOLOGY APPLICATIONS							
RESOURCE EFFICIENCY							
TA 1.	Provide examples of the resource efficiency of telecommunication products and services delivered.	Climate protection Digitally enabled sustainability					✓
TA 2.	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects (e.g. a telephone book by a database on the web or travel by videoconferencing).	Climate protection		https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU)			✓
TA 3.	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indication of scale, market size, or potential savings.	Climate protection Digitally enabled sustainability		https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU)			✓
TA 4.	Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development. This may include social consequences as well as environmental.	Climate protection Digitally enabled sustainability					✓
TA 5.	Description of practices relating to intellectual property rights and open source technologies.				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.		✓

COMPLIANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT

On May 6, 2009 the company joined the UN Global Compact initiative and its 10 principles in the areas of human rights, labor, environment and anti-corruption.

The Report complies with the principles set forth by the UN Global Compact, and is also to be considered as Magyar Telekom Group's Communication on Progress Report.

The following table shows the occurrence of information in the report relating to the principles.

GLOBAL COMPACT PRINCIPLES	CHAPTER
1. Support and respect the protection of internationally proclaimed human rights	Suppliers, Diversity and inclusion
2. Make sure that they are not complicit in human rights abuses	Suppliers, Diversity and inclusion
3. The freedom of association and the effective recognition of the right to collect bargaining	GRI Content Index (GRI 407)
4. The elimination of all forms of forced and compulsory labour	GRI Content Index (GRI 409)
5. The effective abolition of child labour	GRI Content Index (GRI 408)
6. The elimination of discrimination in respect of employment and occupation	Our Approach, Suppliers, Diversity and inclusion
7. Support a precautionary approach to environmental challenges	Our Approach, Climate Protection, Suppliers
8. Undertake initiatives to promote greater environmental responsibility	Our Approach, Stakeholders
9. Encourage the development and diffusion of environmentally friendly technologies	Our Approach, Climate Protection Digitally enabled sustainability
10. Work against corruption in all its forms, including extortion and bribery	Suppliers, GRI Content Index (GRI 205)

LIST OF ABBREVIATIONS

Abbreviation	Full name	Abbreviation	Full name	Abbreviation	Full name
AG	Aktiengesellschaft (Company limited by shares)	EIA	Environmental Impact Assessment	HQ	Headquarters
AM	Before Noon	EIT	European Institute of Innovation and Technology	HR	Human Resources
AOSZ	National Association of autism	EMF	electromagnetic fields	HUF	Hungarian Forints
AR	Augmented Reality	EMS	Energy management system	HUF M	million forints
B2B	Business to Business	ESG	Environmental Social Governance aspects	ICNIRP	International Commission on Non-Ionising Radiation Protection
BCM	Business Continuity Management System	ESzCsM	Ministry of Health, Welfare and Family Affairs	ICT	information and communication technology
BREEAM	Building Research Establishment Environmental Assessment Method	ETNO	European Telecommunications Network Operators' Association	ICS	Internal Control System
BSE	Budapest Stock Exchange	EU	European Union	ILO	International Labour Office
BTL	Below the line	FN	Sustainability Day	IoT	internet of things
CC	call center	FTC	Ferencvárosi Torna Club (a Hungarian football team)	IPCC	Intergovernmental Panel on Climate Change
CDP	Carbon Disclosure Project	FTSE4GOOD	Financial Times Stock Exchange	ISAE3000	Revised International Standard on Assurance Engagements
CEERIUS	Central and Eastern European Responsible Investment Universe	g	gram	ISO	International Organization for Standardization
CEO	chief executive officer	Gbit	gigabit (1000 000 000 bits)	ISS	Institutional Shareholder Services
CER	Certified Emission Reduction	GDPR	General Data Protection Regulation	IT	Information technology
CHRO	Chief HR officer	GeSI	Global e-Sustainability Initiative	IUCN	International Union of Conservation of Nature
CO	carbon monoxide	GHG	Green House Gases	IVSZ	ICT Association of Hungary
CO2	carbon dioxide	GJ	giga Joule	JAC	Joint Audit Cooperation
CPE	Customer Premise Equipment	GmbH	Gesellschaft mit beschränkter Haftung	Kft.	limited liability company
CPEX	Customer Profile Exchange	GoO	Guarantee of Origin	kg	kilogramm
CRA	Compliance Risk Analysis	GRI	Global Reporting Initiative	km	kilometer
CV	Curriculum Vitae	GSCC	Group Sustainability Coordination council	KPI	key performance indicators
D&I	Diversity and Inclusion	GSM	Global System for Mobile Communication	kWh	kilowatt-hour
DNFP	Digital National Development Program	GTC	General Contract Terms and Conditions	L	litre
DT	Deutsche Telekom	GVH	Hungarian Competition Authority	LLC	limited liability company
DWP	Digital Wellfare Program	GWh	gigawatt-hour	Ltd.	private company limited by shares
EBH	Equal Treatment authority	GWP	Global Warming Potential	LTE	long term evolution
ÉFOÉSZ	Hungarian Association for Persons with Intellectual Disability	GYED/GYES	Employees on maternity leave or childcare benefit	M ³	cubic metre
EFOTT	University and college students' national tourist meeting	HBLF	Hungarian Business Leaders Forum	MC	Management Committee

Abbreviation	Full name	Abbreviation	Full name
MEBIR	Occupational Health and Safety Management System	SME	small and medium enterprises
MEOSZ	National Federation of Disabled Persons' Associations	SOHO	Small Office Home Office
MOB (HOC)	Hungarian Olympic Committee (Magyar Olimpiai Bizottság)	SOx	Sulfur oxide
MSCI	Morgan Stanley Capital International	STEM	Science, Technology, Engineering, Mathematics
MVGYSZ	Hungarian Federation of the Blind and Partially Sighted	SZIP	SuperFast Internet Program
MWh	megawatt-hour	T	ton
NB IoT	Narrow band IoT	TCFD	Task Force on Climate related Financial disclosure
NG ICCA	Next Generation International Customer Contact Analyses	TRI*M Index	a standardized indicator system to explore customer satisfaction and customer loyalty
NGO	non-governmental organization	TSM	T-Systems Hungary
NOx	nitrogen-oxide	UMTS	Universal Mobile Telecommunications System
Nyrt.	(Plc.) public limited company	UN	United Nations
ODS	ozone-depleting substances	UNEP	United Nations Environmental Programme
OECD	Organisation for Economic Co-operation and Development	UX/UI	User Experience / User Interface
OSS/BSS	Operations Support System / Business Support System	VFK (CSC)	Corporate Sustainability Centre
PA	providing access	VR	Virtual Reality
pcs	pieces	VÜK	Corporate Customer Support Branch
PET	Polyethylene Terephthalate	Zrt.	cPLC
PR	public relations		
PSL system	Related on the network-based real estate assets and the tool area of the technology area		
PSTN	public switched telephone network		
Ptk.	Civil code / Polgári Törvénykönyv		
QR	2 dimensional barcode		
R&D	Research and Development		
SAR	Specific Absorption Rate		
SBP	Share benefit program		
SBTi	Science Based Target initiative		
SDG	Sustainable Development Goals		
SLA	Service Level Agreement		

IMPRESSUM

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