



SUSTAINABILITY REPORT

2018



EGYÜTT. VELED



4.

CUSTOMER RELATIONS

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4.1 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's unique proposition both including fixed and mobile services, the Magenta 1 package, reaches the top 10% satisfaction level among European telecommunication indices. Mobile subscribers are slightly more satisfied than fixed line customers whose feedback, however, show improvements compared to last year.

Throughout the year, balanced responses were received from our customers. One of the principal strengths of Magyar Telekom is the renewing choices of fixed services, new tariffs and range of equipments, handsets. There is a steady growth in satisfaction concerning stability and speed of mobile internet connection. This year, Magyar Telekom has improved its results in the efficiency of ordering processes, and also the service ordering and modification processes proved to be more seamless than before. Last but not least, it is also the technical problem solving that has shown promising results.

Flip, the second brand of Magyar Telekom offering a service package including three fixed line elements (telephone, Inter-

net and television), was first included in the survey in 2018. The subscribers have voted Flip as the very best telecommunication services provider in Hungary with a substantial lead.

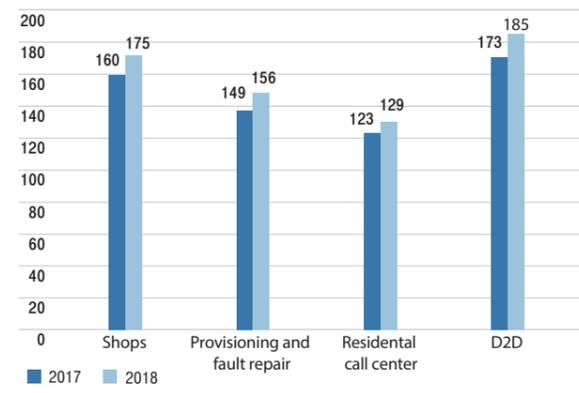
NG ICCA

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. The research basically extends to the residential customer base.

Overall satisfaction is measured in a scale from -200 to +200. The results of the TOP channels involved in the research:

OVERALL SATISFACTION INDICATOR IN 2017 AND 2018, BROKEN DOWN TO CHANNELS ✓



The overall customer satisfaction and the free text responses are continuously analyzed in their context thereby give a much more detailed picture about the customers feedbacks of Magyar Telekom.

We place special emphasis on handling negative customer feedbacks (otherwise with low numerosity) and strive to find solutions to them in a short time.

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

T*RIM – Small- and medium-sized enterprises

In January 2018, T-Systems Hungary has taken over the handling of small- and mid-sized business (SMB) customer base of Magyar Telekom. T*RIM has remained the measurement tool for customer satisfaction and loyalty, that is to be carried out twice a year. Due to the 2017 change in methodology, conclusions from survey findings can only be made from this date similar to residential market.

As it was highlighted in the residential survey, the level of satisfaction of mobile customers is higher than that of the fixed line subscribers in case of SMEs, as well. In 2018, Magyar Telekom subscribers managed by T-Systems 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 extras that T-Systems provide for loyal subscribers and we also measured higher satisfaction with new fixed offers, tariffs and equipment.

Strategic satisfaction research

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. The questionnaire-based survey is conducted on a random sample of the entire customer base where we contact 746 companies. 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.

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 customers' contact persons who turned to the Corporate customer support department or the T-Systems Service Desk with fault reports or complaints.

The survey is performed with the involvement of a partner (Magyar Telekom Group's Strategic Directorate) 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 2018 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.

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 2018:	ICCA RESULTS IN 2018
CC: 115	CC: 139,7
Dedicated: 160	Dedicated: 166,1
Field-visit staff: 180	Field-visit staff: 184,2
Aggregated result: 144,7 points	

Measurement of customer satisfaction with the management of fault reports

The emails sent my T-Systems' Service Desk notifying customers that their problem is resolved contain customized links to the questionnaire. The answers of customers are monitored and processed every day by a dedicated manager. If it is justified so the manager may initiate immediate investigation or measures.

We review the answers and evaluation of our services by our customers on a weekly basis and initiate actions or further measures to improve customer satisfaction.

4.2 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.

It is important for us to provide high quality services to our customers and quick solutions when dealing with complaints. In 2018 compared to the previous year the number of complaints decreased by 27% ✓

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.

4.3 INVOLVEMENT OF OUR CUSTOMERS

hello holnap! mobile application

The application went online on Sustainability Day in 2014 and by the end of 2018 it was downloaded more than 19,000 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 fourth period of the hello holnap! application was closed in 2018. Users collected thousands of points and donated HUF 3.5 million to the beneficiaries.



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.

ELFOGYOTT A NETED?

VÁLASZD A ZÖLD IGB-OT ÉS NETEZZ ZÖLDEN A KLÍMAVÁLTOZÁS ELLEN!



In 2018, 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 were 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.

Earth Hour

Earth Hour, the largest voluntary initiative to fight climate change joined communities around the globe on March 24, 2018, 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.



Telekom Vivicitá

In 2018 the Telekom Vivicitá city run was organized for the 33rd time in Budapest – while this year four other cities, Győr, Miskolc, Pécs and Szeged, also joined the initiative. There were almost 30,000 runners at the two-day event in Budapest.

Telekom organizes a charity run and donation collection benefiting those living with autism, also at 2018 Vivicitá running race. On Saturday, April 14 - the first day of the two day long competition - a running team participated at the 2.4 kms Minicitta race, with members including professional athletes like attackers Tóth Renátó and Kovács Viktor, representing the FTC ice

hockey team, goal keeper Pleszkán József, player of the FTC U10 ice hockey team, 49 times national team football player Lisztes Krisztián, the professional coordinator and director of succession of FTC, Theo Schneider, as well as boxers Bedák Pál and Kótai Mihály and para-athlete ski runner Lőrincz Krisztina. The team is also joined by Gogetinho - Novák Dániel, e-athlete of FTC FIFA18. Members of the Sustainability Media Club also attended the charity run.

Not only team members collected kilometers, but simultaneously Telekom also donated HUF 1,000 to the Autistic Art Foundation after each kilometer done by members of the charity team, and all runners participating at this race.

hello holnap! points at the Vivicitá Run for the City!

At last year's Vivicitá, in the spirit of sustainability, the athletes could not only support the Autistic Art Foundation but could also collect points through the hello holnap! mobile telephone application by way of reading QR codes available at the run and on racing bibs. The runners could collect 5 hello holnap! points and the cheering spectators could collect 1 hello holnap! point at the event, while participants of the special Suhanj! run could collect extra points if they supported the runners of the NGOs.

By reading one QR code 5 points could be collected that was converted into 500 HUF by Telekom. This amount could be donated by the user to any of the eleven NGOs listed in the application. Several organizations listed by the hello holnap! app attended the Run for the City! event in Budapest, where they conducted interactive programs.



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.

Sustainability panel discussion and DELFIN Award

The DELFIN Award ceremony took place in June, as part of the 19th Sustainability Roundtable Discussion Day. The professional jury awarded best practices and leading examples in sustainability solutions and sustainable performance of competing companies.

In 2018 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 Climate Protection category, the jury awarded the prize to Budapest Airport Ltd. Co.'s "greenairport" project, while in the Sustainable Education category, two prizes were handed out. One prize was awarded to "Kezes-lábas" Playhouse, where kids and their parents are educated to keep their everyday lives environment-friendly and energy-efficient with the use of creative games developed uniquely for the purpose, and a DELFIN Award was granted to the Waste Hunter program of JÖN Foundation ("eco generation of the future"), which helps eliminate illegal waste deposit sites across the country by means of a dedicated website and an app.



As part of the roundtable discussions the participants could get to know our sustainability strategy, goals and results, and in the second part of the event, our guests – Dr. Juhos Andrea (Managing Partner Lee Hecht Harrison Hungary), Friedl Zsuzsanna (CHRO Magyar Telekom Plc.), Mautner Zsófia (gastro blogger, Chili és Vanília blog), Sterczer Hilda (mountain climber, wall climbing trainer) and Szentesi Éva (writer, anti-cancer activist, Senior Fellow WMN.hu) – discussed careers and lives of several women very much relevant in the context of diversity.



Magyar Telekom also rewarded the TOP3 Sustainable supplier. The „Magyar Telekom TOP3 Sustainable Supplier – 2017” award went to Cisco International Limited, Huawei Technologies Hungary LLC. and Capgemini Hungary LLC.

We sustained the Earth once more!

Visitors of Budapest Park got a taste of our Sustainability Day experience, as they were invited to party with us and the Anna and the Barbies band on August 03, 2018. During the concert, we threw our Earth Ball into the audience, members of which were very happy to "sustain the Earth" for the duration of a whole song. Visitors of the FN11 event could meet Anna's band again at the afterparty, as we concluded the Sustainability Day 2018 event by another spectacular Anna and the Barbies concert.



photo by Novák Eszter

4.4 INFORMING OUR CUSTOMERS

Magyar Telekom won Develor Consulting Ltd. Co.'s „Best Customer Experience Project Award". It was the company's new virtual assistant in call centers, introduced in the spring of 2018 under the name of VANDA that was found to be the most innovative customer experience boosting service. Magyar Telekom's project represented a technical development of globally outstanding significance, putting the company at a prominent place even among the quite strong contestants. Thanks to the new virtual assistant, customers can take care of their business with the company more quickly and efficiently, and the operators can spend the time thus saved on providing personalized consultancy.

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 on telekom.hu, and information about the services of our most important member companies on T-Systems, [Makedonski Telekom](http://Makedonski) 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. The services are available on the following website: <http://www.telekom.hu/lakossagi/szolgaltatasok/mobil>.

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.

Accessible customer service – Telekom stores

We maintain physical accessibility in all of our stores where that is architecturally possible and we have a permit for accessible building development. In order to make our customer service accessible to our clients living with visual or hearing impairment, we had all of our stores equipped with induction loops and signature frames. As for our visually impaired clients we also offer an 8 day cancellation option, during which period they can go through our contract details with a visual aid.