SUSTAINABILITY REPORT
2012

LIFE IS FOR SHARING.

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GRI CONTENT INDEX

GRI (Global Reporting Initiative) is an international organization the purpose of which is to provide a standard framework of guidelines and indicators for preparing sustainability reports, thus ensuring comparability and promoting transparency among companies. The following table helps the reader to find the information included in the report attached to specific GRI indicators. You can read more about the guidelines and the indicators on the following website https://www.globalreporting.org/resourcelibrary/G3-Guidelines-Incl-Technical-Protocol.pdf

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In accordance with GRI (Global Reporting Initiative) year 2006 Guide. (www.globalreporting.org)

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

GLOBAL COMPACT PRINCIPLES	Chapter
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9. Encourage the development and diffusion of environmentally friendly technologies	II, III, 3.1, 4.1
10. Work against corruption in all its forms, including extortion and bribery	II, 1.3, 1.6

LETTER FROM THE CEO

Dear Reader,

In 2012, Magyar Telekom had to face many challenges and make many efforts. Despite the declining economy, the company managed to retain its market leader position on Hungary's fixed-line, mobile, internet and ICT markets. As it has already been published in our Annual Report, our revenues increased by 1.6%, as opposed to the earlier prognosis of 0–2% decrease, which means we were successful in turning around the revenue trend. This favorable development in our financials was mainly driven by an unexpected growth of our non-core business, including television, mobile internet, SI/IT and energy retail. During the year, we continued our internal efficiency programs, upgraded our mobile towers and introduced the LTE service.

By means of its overall operations, as well as its sustainable services and products, Magyar Telekom has stood behind the concept of sustainability for a long time. I believe that our responsible conduct and outstanding sustainability performance also contributed to the successful turnaround of the revenue trend.

The year 2012 was the second year of Magyar Telekom's third sustainability strategy. We continued to work for the achievement of our long-term sustainability objectives set forth in 2011 and planned to be achieved by 2015, to which our Hungarian and international affiliates also actively contributed. We consider key challenges to increase awareness about the concept of sustainability, improve Magyar Telekom's reputation as a sustainable company, implement innovative social and environmental initiatives financed from research and development sources, decrease the Group's CO_2 emission, establish a fully sustainable supplier chain management process, as well as increase the ratio of sustainable services and products and the revenue stream generated by them.

I consider it a major achievement that our employees are much more familiar with sustainability issues than the average Hungarian citizen. While in 2012 29% of those asked as part of a residential survey responded that they had heard of the concept of sustainability and 15% could actually describe what sustainable development basically means, 96% of our employees have heard about the concept and 75% could provide an exact definition. In 2012, Magyar Telekom's recognition by the public and the employees as a sustainable company showed a slowly growing trend, i.e. an increasing number of people thought that Magyar Telekom takes the lead in sustainability.

The importance of sustainability is also reflected by our R&D. We witnessed a significant increase in the number of innovative social and environmental initiatives in 2012. Innovative initiatives aimed at the society or the environment made up 19% of our overall R&D.

The Hungarian consumer has become increasingly attentive to sustainability in course of the recent years. There are more and more customers who consider the criteria of sustainable consumption important. It is well proven by the fact that 14.7% of our total sales came from sustainable products and services, in addition to which we generated a profit of HUF 300 million by our sustainability activity.

As a result of our successful climate protection strategy, the Group decreased its carbon dioxide emission by 8.8% compared to the previous year, which is a 22% decrease compared to that of 2004, the year applied as a basis. In 2012, 24.4% (53.816 GWh) of the electric power consumption of Magyar Telekom Plc. came from renewing energy sources.

In 2012 the company has won many awards. It was a great pleasure for me that Magyar Telekom came in second in the large enterprise category and thus won the Best Employer title at Aon Hewitt's year-2012 Best Employer Survey.

It proves our company's commitment to sustainability that Magyar Telekom won the first prize among the Central European Environmental Reporting Awards founded by Deloitte. A total of 36 mid-size and large businesses from seven countries of the Central European region competed to win the Green Frog Award in 2012. Our charitable event titled "Giving is Good – Cookie Action" and held at the end of the year won the CSR Hungary Award in the large enterprise category.

In 2012, it was the fourth time that Magyar Telekom was included in the CEERIUS (Central and Eastern European Responsible Investment Universe) international sustainability index of the Vienna Stock Exchange, which proves that our company is continued to be considered a leading company in sustainability in international comparison, too.

I am also proud that in 2012 Magyar Telekom has collected prestigious awards in the area of customer service and organizational development. The company won the Excellence in Customer Service Award in the personal customer service category in 2012, thus our T-Shop network was recognized as providing the best personal customer service in Hungary among the large companies. We also received the first prize at the Top 10 Call Center contest in the telecommunications sector sales category of the call centre activity. In addition, the project launched within our finance area and aimed at improving service excellence won the Best Organizational Development Project Award in 2012.

Last year, Magyar Telekom continued its tradition of recognizing its suppliers who play outstanding roles in sustainability. The DELFIN award (DELFIN stands as an acronym for the Hungarian name of the initiative: Award for a Committed, Sustainable and Innovative Generation) was handed out for the fifth time. The award ceremony took place as part of the 13th Sustainability Roundtable. The goal of the Roundtable is to conduct an open dialogue with our stakeholders in order to learn more about what they expect from Magyar Telekom Group, to discuss issues that may arise and provide a platform for joint thinking and cooperation in building a sustainable future.

In 2012, we continued our initiative, aimed at making our employees even more sensitive to social issues, of organizing voluntary work for them. Those interested could volunteer to work as part of the "hello holnap!" Volunteer Day event, held countrywide, or at the T-Shops. We also organized charitable team building exercises to thus promote volunteer work among employees. In course of the year, 596 colleagues of ours have worked 4,622 hours as part of the volunteer work programs, which translates into a contribution in the value of HUF 21.7 million to the benefit of the society.

It was the fifth time that we organized the Sustainability Day event, and our goal remained the same as in previous years, i.e. to present new ideas and solutions developed in the past year in the area of sustainability, and thus help people to establish conscious lifestyles. The panel discussions addressed, as before, the three pillars of sustainability in the context of specific issues. The panel addressing social issues discussed the question of active citizenship, the environmental panel talked about sustainable settlements and the financial one explored the issue of green economy. Members of the Sustainability Media Club also took part at the festival conference.

The event also accommodated award ceremonies, where we announced the winners of the "hello holnap! Jövő-Kép" contest, the Press Award and the creative contests held on the occasion of the fifth Sustainability Day.

Magyar Telekom remains to be committed to supporting the 10 principles of the Global Contract, addressing human rights, environment and anticorruption, and our reports includes a list of our achievements in these areas.

As to the near future, our main objective is that sustainability should become an integral part of Magyar Telekom's identity. To reach that goal, it is inevitable, in addition to maintaining professional quality, to make our achievements even more visible, and sustainability a part of customer experience. We believe that there is a definite window of opportunity for us, as the society is increasingly open to this subject matter, our customers continue to trust us as before, and these factors will help us in achieving the goals that we set for ourselves.

Christopher Mattheisen
Chief Executive Officer

Budapest, July 26, 2013

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ABOUT THE REPORT

By publishing the 10th edition of its Sustainability Report, Magyar Telekom strives again to present its sustainability activities and the related achievements in an integrated format, while making the Group's environmental, social and business operations transparent for everyone.

In 2012, we continued to pursue our sustainability activities according to our third Sustainability Strategy, encompassing the period of 2011–2015. Therefore, the structure of the document remained unchanged compared to that of the previous years, as we continue to present our sustainability performance against key challenges. (Our Sustainability Strategy is addressed in Chapter 3.)

For the sixth year, the report applies the third-generation principles of the Global Reporting Initiative (GRI G3), when presenting the corporate group's sustainability performance. In total, we continued to apply the principles on A+ level.

When compiling the report, we focused on comprehensiveness, precision, comparability, timeliness and the interrelations of sustainability aspects. The most important business data are included in the chapter titled "About the Group"; however, we do not repeat any data related to business performance that we had already provided in previous years. Further details of our performance in 2012 and previous years can be found in Magyar Telekom's Annual Reports.

The report encompasses the calendar year 2012 and includes many data from the previous five years for the sake of transparency and comparability of the achievements addressed, as well as several tasks set forth for the future, as they constitute an integral part of strategic goals defined for a multiple-year period.

The report covers Hungary, Macedonia and Montenegro, and encompasses the corporate group's every activity. We strive to provide a comprehensive view by gradually covering foreign subsidiaries. As a result, many chapters cover an even greater part of the Group than before and there are even fewer gaps in the data provided by Hungarian and foreign subsidiaries, too. All affiliates of significant relevance from sustainability aspects, including newly acquired ones and the one sold in the year addressed by the report, were involved in the collection of data. The data published in the report are historically comparable along the structural changes of the Group, details of which are discussed by Chapter 1.

In order to ensure authenticity, we continued to rely upon the support of an external, independent third party. The report has been audited by PricewaterhouseCoopers Auditing LLC, and they certified the information contained therein being reliable. The certification process has been designed and conducted in accordance with the ISAE3000 standard defined by the International Federation of Accountants. The respective certificate can be found in the "Assurance Statement" chapter. Data and information audited are indicated by a ✔ symbol. We also contributed data to Deutsche Telekom's CR Report, in course of the auditing of which the German PricewaterhouseCoopers entity also checked the validity of the energy, waste and car fleet data provided.

Sources of the data included in the report:
■ The business data are from the Group's year-2012 Annual Report and external surveys.
■ The data of social nature were 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 from a process-wise transparent, online data provision system.

Éva Somorjai

Katalin Szomolányi

Our Sustainability Report was compiled in a way to contain information primarily relevant for our shareholders, investors, especially responsible investors and sustainability analysts; however, we have also striven to involve all stakeholders and help them obtaining the information they need. The full report is available exclusively on the internet.

The Report complies with the principles set forth by the UN Global Compact, and includes the statement of sustainable development, too.

We wish to continue the joint thinking process and cooperation with our stakeholders, thus, we encourage everyone to share their comments and ideas with us by writing to the sustainability@telekom.hu address.

Budapest, July 23, 2013

Éva Somorjai
Chief HR Officer
Top executive in charge
of sustainability

Katalin Szomolányi
Head of the Corporate
Sustainability Center
Directly in charge
of sustainability activities

I. ABOUT THE GROUP

Magyar Telekom (www.telekom.hu/main) is Hungary's largest tele-communication provider, which provides the full range of telecommu-nication and infocommunication (ICT) services, including fixed-line and mobile telephony, data communication and non-voice services, as well as IT and systems integration services.

The activities of Magyar Telekom Group cover three main business areas:
- fixed-line and mobile telecommunication services to residential customers (under Telekom, T-Home and T-Mobile brands),
- services to small- and medium-sized businesses (under Telekom brand),
- and services to large businesses (under T-Systems brand).

Magyar Telekom's employer and HR activities, business and investor relations, legal and corporate affairs, sustainability and corporate social responsibility, innovation, business development, technical and network development activities also go under the corporate Telekom brand.

Its governance structure enables Magyar Telekom to respond flexibly and on time to the changes in customer demands and to the challen-ges of the market by tapping new, innovative service and business possibilities and providing high-level, modern and efficient service to
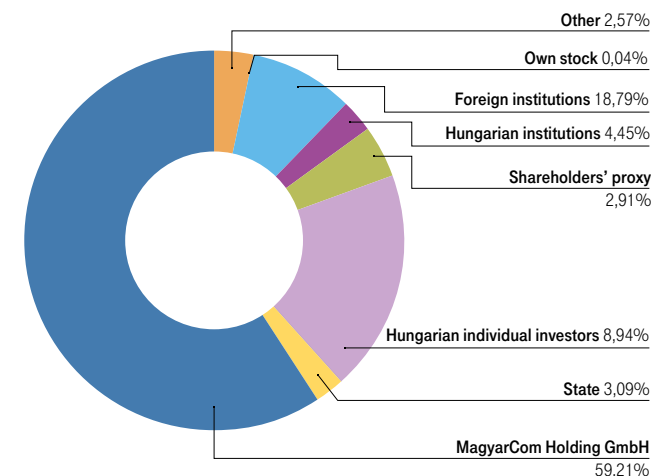
its customers. Chief officers, reporting to the Chairman-CEO, run the functional units (financial, human resources, consumer services, small- and medium-sized business services, business services, development, technology, legal and corporate affairs).

The national member companies of Magyar Telekom Group manage the content, media and other, non-access services provided under different brand names.

The international member companies of the Group operate as integ-rated or alternative telecommunications providers in the markets of the Southeast European region. Magyar Telekom is majority owner of Makedonski Telekom, Macedonia's biggest fixed and mobile operator, and also holds majority share in Crnogorski Telekom, Montenegro's biggest telecom provider.

National and foreign members of the Group are described at:
www.telekom.hu/about_magyar_telekom/magyar_telekom_group

OWNERSHIP STRUCTURE OF MAGYAR TELEKOM ✓

Other 2,57%
Own stock 0,04%
Foreign institutions 18,79%
Hungarian institutions 4,45%
Shareholders' proxy 2,91%
Hungarian individual investors 8,94%
State 3,09%
MagyarCom Holding GmbH 59,21%

The data reflect the May 9, 2013 state of the share book of the Company. MagyarCom Holding GmbH is 100% owned by Deutsche Telekom.

http://www.telekom.hu/investor_relations/magyar_telekom_shares/ownership_structure

Magyar Telekom, founded in 1991 (under the name of Matáv) was privatized in 1993. In 1997 the shares of Magyar Telekom were introduced at the Budapest and the New York stock exchanges. The majority shareholder of Magyar Telekom (59.21%) is MagyarCom Holding GmbH, which is owned exclusively by Deutsche Telekom AG.

The registered company name of Magyar Telekom is Magyar Telekom Telecommunications Public Limited Company, and its short name Magyar Telekom Plc.
The Group's area of operation: Hungary, Macedonia, Montenegro, Romania, Bulgaria and Ukraine.
The headquarters of the Group are located in Budapest (I., Krisztina krt 55.).

You can find more information about the Group's products and services on the company's home page at: http://www.telekom.hu/services, or our partners can also inquire at our customer service offices.

The following table shows the major changes in the composition of the Group over a six-year time horizon. The content of the table also gives guidance to the interpretation of the diagrams.

Number of employees of Magyar Telekom Group (as of 12.31.2012): 11 653 ✓.

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

2007	2008	2009	2010	2011	2012
Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.
BCN [1]	-	-	-	-	-
ICON [2]	-	-	-	-	-
INTEGRIS [3]	-	-	-	-	-
IQSYS [4]	IQSYS [5]	IQSYS	IQSYS	IQSYS	IQSYS [6]
KFKI-LNX [7]	-	-	-	-	-
T-Systems Hungary [8]	-	-	-	-	-
-	KFKI [9]	KFKI	KFKI	KFKI [10]	T-Systems Magyarország
T-Kábel	T-Kábel	T-Kábel [11]	-	-	-
EPT	EPT	EPT	EPT [12]	-	-
-	Pro-M [13]	Pro-M	Pro-M	Pro-M	Pro-M [14]
-	Dataplex [15]	Dataplex	Dataplex	Dataplex	Dataplex [16]
-	MFactory [17]	MFactory	MFactory [18]	-	-
-	Origo	Origo [19]	Origo	Origo	Origo
-	-	-	-	ISH Informatika [20]	ISH Informatika [21]
-	-	-	-	Daten-Kontor [22]	Daten-Kontor [23]
-	-	-	-	Budakalász Kábel TV [24]	Budakalász Kábel TV
TCG [25]	TCG	TCG	TCG	TCG	TCG
MakTel [26]	MakTel	MakTel	MakTel	MakTel	MakTel

(1) From 2008 BCN continues to operate within KFKI Rendszerintegrációs Zrt.
(2) In 2007 ICON 2007 appeared as new data provider, its data were listed among BCN data
(3) In 2007 INTEGRIS appeared as a new data provider, its data were listed among BCN data
(4) In 2007 IQSYS 2007 appeared as new data provider, its data were listed among BCN data
(5) In 2008 a new data provider appeared under the name of IQSYS as legal successor of the former INTEGRIS, IQSYS and T-Systems Hungary companies
(6) From October 1, 2012 IQSYS continues to operate within T-Systems Magyarország Zrt.
(7) In 2007 KFKI-LNX appeared as a new data provider, its data were listed among BCN data
(8) In 2007 T-Systems Hungary appeared as a new data provider, its data were listed among BCN data
(9) In 2008 a new data provider appeared under the name of KFKI as the legal successor of the former BCN, ICON and KFKI-LNX companies
(10) From April 1, 2012 KFKI provides its services under the name of T-Systems Magyarország Zrt.
(11) T-Kábel merged into Magyar Telekom (with effect 09.30.2009)
(12) EPT merged into KFKI (with effect 09.30.2010)

(13) In 2008 Dataplex appeared as a new data provider
(14) In 2012 100% of Pro-M shares sold to the Nemzeti Infokommunikációs Szolgáltató Zártkörűen Működő Részvénytársaság
(15) In 2008 Dataplex appeared as a new data provider
(16) From October 1, 2012 Dataplex continues to operate within T-Systems Magyarország Zrt.
(17) In 2008 MFactory appeared as a new data provider
(18) Mfactory merges into Origo (with effect July 31, 2010)
(19) In 2008 Origo appeared as new data provider
(20) In 2011 ISH Informatika appeared as new data provider
(21) From October 1, 2012 ISH continues to operate within T-Systems Magyarország Zrt.
(22) In 2011 Daten-Kontor appeared as new data provider
(23) From April 1, 2013 Daten-Kontor continues to operate within T-Systems Magyarország Zrt.
(24) In 2011 Budakalász Kábel TV appeared as new data provider
(25) The data of Crnogorski Telekom and T-Mobile Crna Gora are quoted under the name of TCG
(26) The data of Makedonski Telekom AD and the former T-Mobile Macedonia AD are quoted under the name MakTel

KEY OPERATING STATISTICS
OF MAGYAR TELEKOM GROUP

	DEC 31, 2011	DEC 31, 2012	(%) CHANGE
TELEKOM HUNGARY			
MOBILE OPERATIONS ✓			
Mobile penetration [27]	117.3%	116.5%	n. a.
Mobile SIM market share [28]	45.0%	45.9%	n. a.
Number of customers (RPC)	4,817,296	4,836,965	0.4%
Postpaid share in the RPC base	46.2%	47.3%	n. a.
MOU	161	160	-0.6%
ARPU (HUF)	3,587	3,455	-3.7%
Postpaid	5,930	5,698	-3.9%
Prepaid	1,619	1,414	-12.7%
Overall churn rate	19.5%	18.4%	n. a.
Postpaid	14.5%	14.5%	n. a.
Prepaid	23.6%	21.9%	n. a.
Ratio of non-voice revenues in ARPU	21.0%	23.5%	n. a.
Average acquisition cost (SAC) per gross add (HUF)	6,449	5,479	-15.0%
Average retention cost (SRC) per retained customer (HUF)	19,102	13,500	-29.3%
Number of mobile broadband subscriptions	971,469	1,362,750	40.3%
Mobile broadband market share based on total number of subscriptions [28]	48.7%	45.8%	n. a.
Population-based indoor 3G coverage [28]	66.0%	75.4%	n. a.

(27) Data relates to the mobile penetration in Hungary, including customers of all three service providers
(28) Data relates to Magyar Telekom Plc. based on NMHH reports

	DEC 31, 2011	DEC 31, 2012	(%) CHANGE
FIXED-LINE OPERATIONS ✓			
Voice services			
Total voice access	1,604,035	1,544,831	-3.7%
Total outgoing traffic (thousand minutes)	3,049,192	3,198,321	4.9%
Blended MOU (outgoing) [29]	166	181	9.0%
Blended ARPA (HUF) [29]	3,138	2,849	-9.2%
Data products			
Blended retail broadband market share [28]	36.6%	36.9%	n. a.
Number of retail DSL customers	499,923	497,217	-0.5%
Number of cable broadband customers	212,631	245,984	15.7%
Number of fiber optic connections	31,611	41,802	32.2%
Total retail broadband customers	744,165	785,003	5.5%
Blended broadband ARPU (HUF)	3,950	3,813	-3.5%
Number of wholesale DSL access	107,215	89,861	-16.2%
TV services			
Blended TV market share [28]	24.7%	25.4%	n. a.
Number of cable TV customers	289,693	230,323	-20.5%
Number of satellite TV customers	281,312	291,118	3.5%
Number of IPTV customers	226,385	313,285	38.4%
Total TV customers	797,390	834,726	4.7%
Blended TV ARPU (HUF)	3,048	3,069	0.7%
Energy services			
Electricity points of delivery	17,311	87,945	408.0%
Gas points of delivery	17,951	59,900	233.7%

(28) Data relates to Magyar Telekom Plc. based on NMHH reports
(29) Including PSTN, VoIP and VoCable

	DEC 31, 2011	DEC 31, 2012	(%) CHANGE
T-SYSTEMS HUNGARY			
MOBILE OPERATIONS ✓			
Number of customers (RPC)	447,930	483,104	7.9%
Overall churn rate	6.3%	8.8%	n. a.
MOU	288	281	-2.3%
ARPU (HUF)	4,918	4,441	-9.7%
Ratio of non-voice revenues in ARPU	35.6%	37.4%	n. a.
Average acquisition cost (SAC) per gross add (HUF)	5,166	4,059	-21.4%
Number of mobile broadband subscriptions	77,045	93,036	20.8%
FIXED-LINE OPERATIONS ✓			
Voice services			
Business	42,137	39,358	-6.6%
Managed leased lines (Flex-Com connections)	2,360	1,715	-27.3%
ISDN channels	135,246	130,052	-3.8%
Total lines	179,743	171,125	-4.8%
Total outgoing traffic (thousand minutes)	282,873	245,550	-13.2%
MOU (outgoing)	188	176	-6.4%
ARPU (HUF)	4,578	4,315	-5.8%
Data products			
Number of retail broadband access	15,561	14,289	-8.2%
Retail DSL ARPU (HUF)	8,339	7,446	-10.7%

	DEC 31, 2011	DEC 31, 2012	(%) CHANGE
MACEDONIA			
MOBILE OPERATIONS ✓			
Mobile penetration	122.8%	127.0%	n. a.
Market share of T-Mobile Macedonia	50.0%	45.1%	n. a.
Number of customers (RPC)	1,263,051	1,181,437	-6.5%
Postpaid share in the RPC base	31.8%	32.4%	n. a.
MOU	135	163	20.7%
ARPU (HUF)	2,206	2,062	-6.5%
FIXED-LINE OPERATIONS ✓			
Voice services			
Fixed-line penetration	15.9%	14.9%	n. a.
Total voice access	311,240	291,328	-6.4%
Total outgoing traffic (thousand minutes)	811,824	667,333	-17.8%
Data and TV services			
Retail DSL market share (estimated)	83%	83%	n. a.
Number of retail DSL customers	137,563	145,263	5.6%
Number of wholesale DSL access	23,847	26,903	12.8%
Number of total DSL access	161,410	172,166	6.7%
Number of IPTV customers	40,129	66,140	64.4%

	DEC 31, 2011	DEC 31, 2012	(%) CHANGE
MONTENEGRO			
MOBILE OPERATIONS ✓			
Mobile penetration [30]	186.9%	159.8%	n. a.
Market share of T-Mobile Crna Gora [30]	34.7%	34.3%	n. a.
Number of customers (RPC) [30]	401,958	340,032	-15.4%
Postpaid share in the RPC base	32.3%	40.2%	n. a.
MOU	135	161	19.3%
ARPU (HUF)	2,998	3,358	12.0%
FIXED-LINE OPERATIONS ✓			
Voice services			
Fixed-line penetration	26.4%	26.0%	n. a.
Total voice access	168,361	165,620	-1.6%
Total outgoing traffic (thousand minutes)	325,504	300,312	-7.7%
Data and TV services			
Retail DSL market share	85%	83%	n. a.
Number of total DSL access	78,164	81,842	4.7%
Number of IPTV customers	48,834	54,248	11.1%

(30) Data published by the Montenegrin Agency for Electronic Communications and Postal Services (EKIP)

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CREATING VALUE FOR THE STAKEHOLDERS OF THE COMPANY

	PRODUCED ECONOMIC VALUE	2010	2011	2012
	Revenues (total revenue + share from the after-tax profit of the affiliates)	609,579 million HUF	597,617 million HUF	607,128 million HUF ✔
STAKEHOLDER	**DISTRIBUTED ECONOMIC VALUE**			
Suppliers	Operating costs (total revenuerelated payments + net other operating costs)	302,729 million HUF	309,712 million HUF	318,226 million HUF ✔
Employees	Employee wages and benefits (employee-related costs)	93,884 million HUF	91,823 million HUF	94,084 million HUF ✔
Investors	Payments to capital investors (dividend paid + net income)	80,231 million HUF	84,579 million HUF	80,715 million HUF ✔
State	Payments to the state budget (profit tax + crisis tax)[31]	33,553 million HUF	52,888 million HUF	46,560 million HUF ✔
Communities	Community investments (donations, institutional sponsorship, voluntary work, education)	476 million HUF	372 million HUF	226 million HUF ✔
Overall stakeholders in future	Retained earnings (after-tax profit + depreciation – dividend paid)	126,125 million HUF	83,977 million HUF	100,635 million HUF ✔

N.B.: in brackets the lines used in the IFRS profit and loss statement are given (with the exception of the community investments, since no such line/s is/are given in that statement).

SUBSTANTIAL FINANCIAL SUPPORT FROM THE STATE	2009	2010	2011	2012
Tax benefit used	1,137 million HUF	2,337 million HUF	1,628 million HUF	4,946 million HUF ✔
Tax deducted for film and sport sponsoring	–	411 million HUF	285 million HUF	723 million HUF ✔
Tax benefit on wage cost of software developers	–	12 million HUF	20 million HUF	20 million HUF ✔
Tax impact of taxable income decrease due to donations	98 million HUF	1 million HUF	4 million HUF	8 million HUF ✔
Tax gain by taxable income decrease due to R&D	53 million HUF	72 million HUF	48 million HUF	1 million HUF ✔

You can read more about the company's financial performance in the Report on the 2012 business year: http://www.telekom.hu/static/sw/download/2012_financialyear_15apr2013_eng.pdf

[31] The 2012 value also contains the telecom tax

II. VISION, MISSION, STRATEGIES, POLICIES

VISION

Our goal is to be Hungary's favorite service provider, to make every customer's life richer while creating value for the country.

MISSION

As the market leader, we expertly bring together the needs of our customers with the latest technology, whether in communications, information or entertainment. Everything we do starts with the customer. Our goal is to help them experience all the adventures and freedom offered by modern communications. We work to make Magyar Telekom the country's favorite service provider.

CORPORATE STRATEGY

Thanks to our concentrated efforts, Magyar Telekom successfully kept its leading position in the national fixed, mobile, internet and infocommunication services market in 2012. Despite the uncertain macroeconomic environment in 2012, we successfully reversed the unfavorable revenue trend in 2012. Our customer retention capacity improved, and we achieved considerable quantitative growth. We continued to expand our network and offering capabilities, proactively exploiting our diverse partner relation models, too. The changes of the external environment powerfully induced us to adopt a new approach in our business policy and customer service.

We continue our transformation to become the best known service provider in the telecom and the related industry markets. These efforts are promoted by the development of a time-proof business and operating model based on our strategic focuses – the renewal, enhancement and expansion of the core activity which, while boosting revenues, serves the development of a more agile organization. Our strategy enables us to exploit and develop our extensive customer base, considerably improve our efficiency, and seize the growth opportunities which, in the long term, result in stable cash generation.

Our medium-term strategic objective is to become a more efficient and agile organization, to streamline our produce and service portfolio and to enhance the automation of our processes. We leverage our capabilities to win a leading role in providing digital services both for the homes of our consumers and for our partners. The non-core areas, like energy, e-health, financial and insurance services, serve the retention of customers and mean new revenue sources.

HR STRATEGY

One of the key challenges of the Sustainability Strategy is human resource management, so Magyar Telekom's HR Strategy also plays an important role in achieving our sustainability objectives. In compliance with Magyar Telekom's 2011–2015 corporate strategy, the HR area also upgraded its strategic objectives. In 2011 we developed a new Human Resources Strategy, which brings complete structural change for the Company, the employees and the HR team alike.

Magyar Telekom's HR strategy from the Company's point of view
- Efficient company – continuous revenue-aligned optimization of the personnel costs.
- Competitive company – competitive edge with human capital: in training-development, career management areas.
- Energized company – an international, diverse, healthy community sharing successes.

Magyar Telekom's HR strategy from the point of view of the employees
The development of the employees will be implemented through enhancement of the employee experience, which is the key element of our strategy. In 2011 we identified the stations of a Telekom employee's life cycle, and assigned the necessary HR tools to the implementation of each HR station. In 2012 we set to realizing the objectives:
- Employer brand building: We build a livable and lovable place of work with which our employees are satisfied and which is attractive in the labor

market. We earned the second place in the Best Employer competition.
- Selection: We will create a place of work with diversity by maintaining a healthy level of internal recruitment and by increasing the weight of non-typical employment. The company boasts 70% internal replacement rate, and some 12% of the employees work in a non-typical form of employment.
- Agreements: We create transparent, flexible and reliable frameworks. We maintain balanced partnership with the employee representation organizations and seek to standardize employee contracts.
- Orientation: The new colleagues become members of our team by sharing our knowledge, culture and experiences. We have renewed our orientation program in order to make it an informative and efficient event for the new colleagues, which also facilitates their integration in the organization culture. The rate of customer satisfaction with our orientation program was above 92%.
- Remuneration: We have introduced a simpler, more transparent and consistent employee remuneration model, which reflects the true value of the positions and not the hierarchy, and which is suitable for market benchmarking as the basis of a competitive remuneration policy.
- Training development, organization development: We thank our competitive edge to our qualified employees. We provide human resources matching the international best practice for the development of our employees and ensure a significant part of the training with internal resources.
- Work, private life: Our energized employees make us successful. We develop and implement a complex stress management system which helps preserve the mental and physical health of our employees.
- Fair dismissal: We part with our colleagues in a fair and correct manner. We make our employees realize that keeping up marketability is everyone's own responsibility.

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SUPPORT STRATEGY

Magyar Telekom has, for almost for two decades, been making a special point of selecting and implementing its corporate social responsibility, and within that, its sponsoring programs. The company has been operating a corporate social responsibility department for over one and a half decades, and it pursues its support activities in the framework of centrally regulated processes. Naturally, the changes in our economic, social and natural environment require continuous review of our support activities.

As a result of this process, in the past years we sought to operate our support activity in an integrated manner, to efficiently implement sponsoring projects that focus on our activities, to identify and tap the synergies in the group operation.

Our focused supports in the field of donations include the selection, support and monitoring of programs realized alongside the three pillars of sustainability, which we implement in the framework of the hello holnap! applications. In view of the corporate social and economic responsibility also following from the sheer size of the company, Magyar Telekom is trying to answer the challenge of making its social engagement and support activities awareness-raising, so from the very start it pays distinguished attention to the communication of its social engagement program and to the involvement and activation of its customers and employees. This means that when presenting the supported programs, the company highlights such economic, social and environmental problems which may be less known to the society at large, but which impact the quality of life of us all, while it also describes the solutions found to them, educating also in this way the Hungarian society in the culture of responsible thinking.

The company's sponsoring activity ranges from the support of cultural and pop festivals through science diffusion programs to the financing of competitive sport. It is important for Magyar Telekom to harmonize its sponsoring activity with the other elements of its social engagement activity. This also means that we attach much importance to sponsoring cultural initiatives with other than financial forms of support, and seek to aid the realization of the projects with our core activity infocommunication solutions. Good examples for this are the internet café at Kapolcs Festival or the free solar-powered mobile charging service for the visitors of VOLT Festival.

VOLT Festival

ENVIRONMENTAL POLICY

Magyar Telekom Group's Environmental Policy

Magyar Telekom Group, as leading info-communications service provider in Central Europe, and also a leading player of the Hungarian economy, is committed to the preservation of nature and environment, and for the improvement of the condition of the environment.

We acknowledge that one of the most challenging issues of environmental protection is climate change, therefore feeling this problem as our own; we set such goals in our programs which contribute also to save the climate.

In compliance with our mission and our sustainability strategy, through the role we intend to play in the information society, we are responsible for the harmonisation of our activities with the basic principles of sustainable development.

In addition to duly complying with the relevant regulations, we are also making every effort to meet halfway the general social and environmental expectations at Group-level as well as at individual, member-company-level.

Our goal is to improve our environmental performance besides reducing our environmental burden. Through the development, distribution and use of telecommunications and information services we help the society, our customers and ourselves, too, to improve the general efficiency of environmental protection. The services of information and communication technology have great potential to reduce the emission of green-house gases. We provide opportunity to our interested parties by an active communication about it to raise their environmental awareness.

In order to meet our commitment:
- We operate Group-level environmental co-ordination, and in the areas, having significant environmental organisations we implement and operate environmental management system corresponding to the ISO 14001 standard.
- In our developments we take environmental aspects and social demands into consideration.
- In our purchasing and investment processes, environmental principals and considerations play a highly important role, and we also demand compliance with those from our suppliers, contractors, stimulating also by this their environmental improvement.
- In development of our services, we focus on reducing the energy- and other resources' consumption, the environmental analyses of products, and on the demonstration and promotion of positive environmental impacts.
- We intend to make the protection of our environment important to all our employees and customers, therefore we provide regular information about our environmental activities, and we build and maintain information system for it.
- In our environmental protection activities and development efforts we co-operate with all the interested parties, and publish annual reports regularly about our results.
- We share our knowledge and experiences with out partners, helping them also to realise their environmental programs.

Magyar Telekom Távközlési Nyilvánosan Működő Részvénytársaság
Székhely   1013 Budapest, Krisztina krt. 55.
Cégjegyzékszám   Bejegyezve a Fővárosi Bíróság mint Cégbíróságon
Cg. 01-10-041928 szám alatt

The management of Magyar Telekom Group declares that they pursue their activities with observance of the above principles of environmental policy and expect the same from all colleagues.

Budapest, September 30, 2010

Christopher Mattheisen
Chairman and
Chief Executive Officer

Thilo Kusch
Chief Financial Officer

Éva Somorjai
Chief Human Resources Officer

Robert Pataki
Chief Strategy and Corporate
Development Officer

Balázs Máthé
Chief Legal and Corporate
Affairs Officer

Attila Keszég
Chief Sales and Services Officer

István Király
Chief Marketing Officer

István Maradi
Chief Technology and IT Officer

István Papp
Chief Operating Officer,
Business Services

http://www.telekom.hu/static/sw/download/Magyar_Telekom_environmental_policy.pdf

QUALITY POLICY

The Quality Policy of Magyar Telekom Group approved in 2005 and renewed in 2009 is available in full length on the following website: http://www.telekom.hu/static/sw/download/minosegpolitika_en.pdf

MANAGEMENT SYSTEMS

In 2012 the integrated management system of Magyar Telekom was extended by a company health and security management system (MSZ 28001:2008 (BS OHSAS 18001:2007)). Thus the group has, in addition to the ISO9001; ISO14001; ISO 27001 an OHSAS 18001:2007 certificate.

Magyar Telekom Group organizations holding ISO 14001 qualification certificate

MEMBER COMPANY/ORGANIZATION	CERTIFICATE VALID
Magyar Telekom Plc.	December 8, 2014
T-Systems Magyarország Zrt.	July 30, 2014
IQSYS Zrt. (Budapest premises)	June 28, 2015
Dataplex Kft.	November 2, 2014
Pro-M Zrt.	May 10, 2015
Makedonski Telekom	March 23, 2014

III. SUSTAINABILITY STRATEGY

Structural approach of sustainability

Driver
- national and international regulations, requirements
- shareholder, investor, customer requirements
- local, regional and international expectations, trends
- market and competition frameworks

Input factors
- financial resource
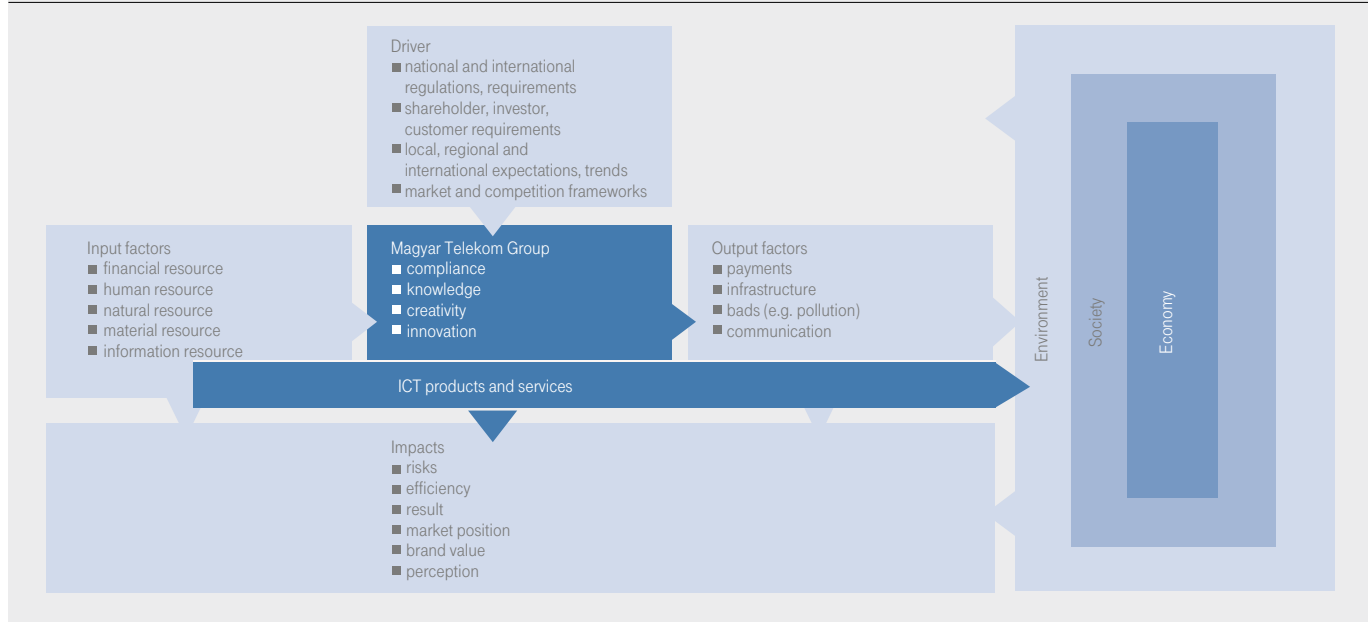- human resource
- natural resource
- material resource
- information resource

Magyar Telekom Group
- compliance
- knowledge
- creativity
- innovation

Output factors
- payments
- infrastructure
- bads (e.g. pollution)
- communication

ICT products and services

Impacts
- risks
- efficiency
- result
- market position
- brand value
- perception

Environment · Society · Economy

SUSTAINABILITY VALUES
Within the three dimensions of sustainability the following values characterize the sustainability tasks:

Economic dimension
- Company, integrity, transparency
- Vision, innovation
- Employees, team, dynamism
- Customer

Social dimension
- Democracy, information society
- Future generations, sustainable society
- Diversity, social solidarity, quality of life
- Partnership, talent, creativity

Environmental dimension
- Earth
- Livable, healthy environment
- Nature, biological diversity
- Natural resources

Having realized the importance of sustainable development, as well as the fact that it is essential for future business activity, Magyar Telekom Group undertakes commitment, responsibility that it will pursue its operation, corporate governance and activities in this spirit in Hungary, and in every other country where it has business presence or some form of cooperation. This is the key not only to the long-term success of the Group, but through its role in the region and through its services it also has positive impact on the society, environment and economy.

The figure above presents the complex relationship of the Group with sustainability on the triple pillar of environment–society–economy. We bore this in mind when developing the sustainability approach of Magyar Telekom Group, which centers around the following three guidelines, that are closely related and not implemented separately.

Sustainability permeates the entire texture of the organization, so it cannot be treated as the task of a specific organization unit. The tasks affect different areas of the Group, and often require the cooperation of distant units. Sustainable development is not a one-man challenge, it affects everyone in person.

SUSTAINABILITY STRATEGY 2011–2015

Key objective: To make sustainability part of the identity of Magyar Telekom so as to earn competitive edge for the company in the long term.

Vision: Magyar Telekom, as leading Central and East European infocommunication provider, enables also its partners to consciously participate in sustainable development, realized in the framework of hello holnap! initiative. In its everyday activities, the company takes committed, proactive and transparent actions to make sustainability part of its identity, and also to forge a competitive edge out of it. With its forward-looking attitude, innovative and sustainable products and services, and with its responsible approach it creates possibility for the establishment of a renewed society and environment.

Approach: The priority issues of the new strategy have been determined on the basis of the performance of the past three years, the Dow Jones Sustainability Index and the study of the trends. In the new strategy it is our goal to convey more powerfully to the stakeholders our commitment to sustainability. This cannot be reached without new and ambitious objectives, pursuit of the best practices and powerful and well-targeted communication.

Themes, KPI, tasks, key areas

SUSTAINABILITY	=	RESPONSIBILITY	+	POSSIBILITY

Economy	Brand management	
	Innovation management	Share
Environment	Climate strategy	Brand
Society	Supplier standards	Market
	Impacts of the telecommunication services	

At the time of writing this report the top management of Magyar Telekom Group gave full power of responsibility for the implementation of the Sustainability Strategy approved by them earlier to the Chief Human Resources Officer. The Corporate Sustainability Center is responsible for the technical guidance of the implementation.

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KEY PRIORITY KPIS TILL THE END OF 2015	STATUS OF THE KEY PRIORITY TASKS AT THE END OF 2012
Brand management – focus: introduction, exploitation of the term of sustainability, category building ▪ Perception of the term of sustainability KPI: population: 20%, employees: 80% ▪ Magyar Telekom's sustainability perception ▪ KPI: 25% of the population, 50% of the employees name Telekom as the most sustainable company	**Brand management:** ▪ According to 2012 researches, the perception of the term 'sustainability' was 15% among the population and 75% among the employees. The 10% population perception of the original targets has already been matched, so we changed the target to 20%. ▪ Sustainability perception of Magyar Telekom: population: 9%, employees: 56%. ▪ Involvement of the media in the hello holnap! initiative through the Sustainability Media Club is continuous.
Innovation management – focus: social and environmental innovations ▪ Social and environmental innovations ▪ KPI: 10% o the R&D value	**Innovation management:** ▪ In 2012 we experienced considerable growth in the respect of social and environmental innovations; 19% of the overall R&D spending can be connected to this. ▪ The T-City and the e-health projects continue to be important focus areas.

Climate strategy – focus: gain reputation through meeting EU expectations, credibility and ICT applications
▪ Reduction of CO_2 emission
▪ KPI: 20% by taking 2004 as base year
▪ Broken down compared to 2010 together with the eco-efficiency objectives:
  - Electric energy consumption: -5%
  - Energy efficiency indicator: 48 Gbit/kWh
  - Green energy: 46 GWh
  - Gas consumption: -5%
  - Heating energy: -5%
  - Paper consumption: -30%
  - Fuel consumption of the fleet: -5%
  - Percentage of hybrid, electric cars among the vehicles of personal use: 20%
	Climate strategy:
	▪ In 2012 our CO_2 emission was 108,426 tons, which is 22.4% down on the 2004 base year (139,691 tons).
	▪ As part of its overall energy consumption in 2012, Magyar Telekom purchased 54 GWh renewing energy, which was 24.4% of the overall consumption of the Plc. The sustainability strategy targeted the use of 46 GWh green energy by the end of 2015. This target was exceeded in 2011, too, but it is necessary to maintain in the coming years also.
	▪ As a result of a successful project in 2011, two electric cars were added to the e-fleet, which is now integral part of the whole fleet.
	▪ Besides, in 2012 we launched the Iszkahegy pilot project, which involved the installation of a vertical windmill and solar collector system on the transmission tower.

Supplier standards – focus: sustainable supplier ▪ KPI: development of the process of a sustainable supplier chain	**Supplier standards:** ▪ The development of a sustainable supplier chain started in 2011. In 2012 the model was developed, but it has to be reviewed because of the adoption of the DT system. We continue to rate our TOP 12 suppliers against sustainability criteria.
Impact of telecommunications services – focus: sustainable competitive edge ▪ Increase revenue from sustainable services ▪ KPI: 20% of the annual revenue ▪ Sustainable products ▪ KPI: their share in the portfolio: 25%	**Impact of telecommunications services:** ▪ In 2012 Magyar Telekom generated 14.7% of its revenues in Hungary from sustainable products and services. (Last year the corresponding percentage was 13%.)

IV. SUSTAINABILITY COORDINATION

The group-level governance of the sustainability activity in 2012 is shown on the diagram below.

Management of Magyar Telekom in 2012 from the aspect of sustainable development

Group-level coordination is continued to be implemented under the auspices of the Group Sustainability Coordination Council (GSCC). In the operation of the GSCC we discontinued the separation of strategy development and strategy management and returned to the earlier method of implementing sustainability activities on two levels:

1   Strategy development and management
Strategic concepts are being developed, and the implementation of the strategy, the relevant communication with the national and international organizations are managed under the auspices of the GSCC.

2   Operative implementation level
Similarly to the earlier practice, the operative activities, tasks, data provision etc. are performed in the relevant organizations of the governance areas and business units.

MANAGEMENT OF MAGYAR TELEKOM IN 2012 FROM THE ASPECT OF SUSTAINABLE DEVELOPMENT
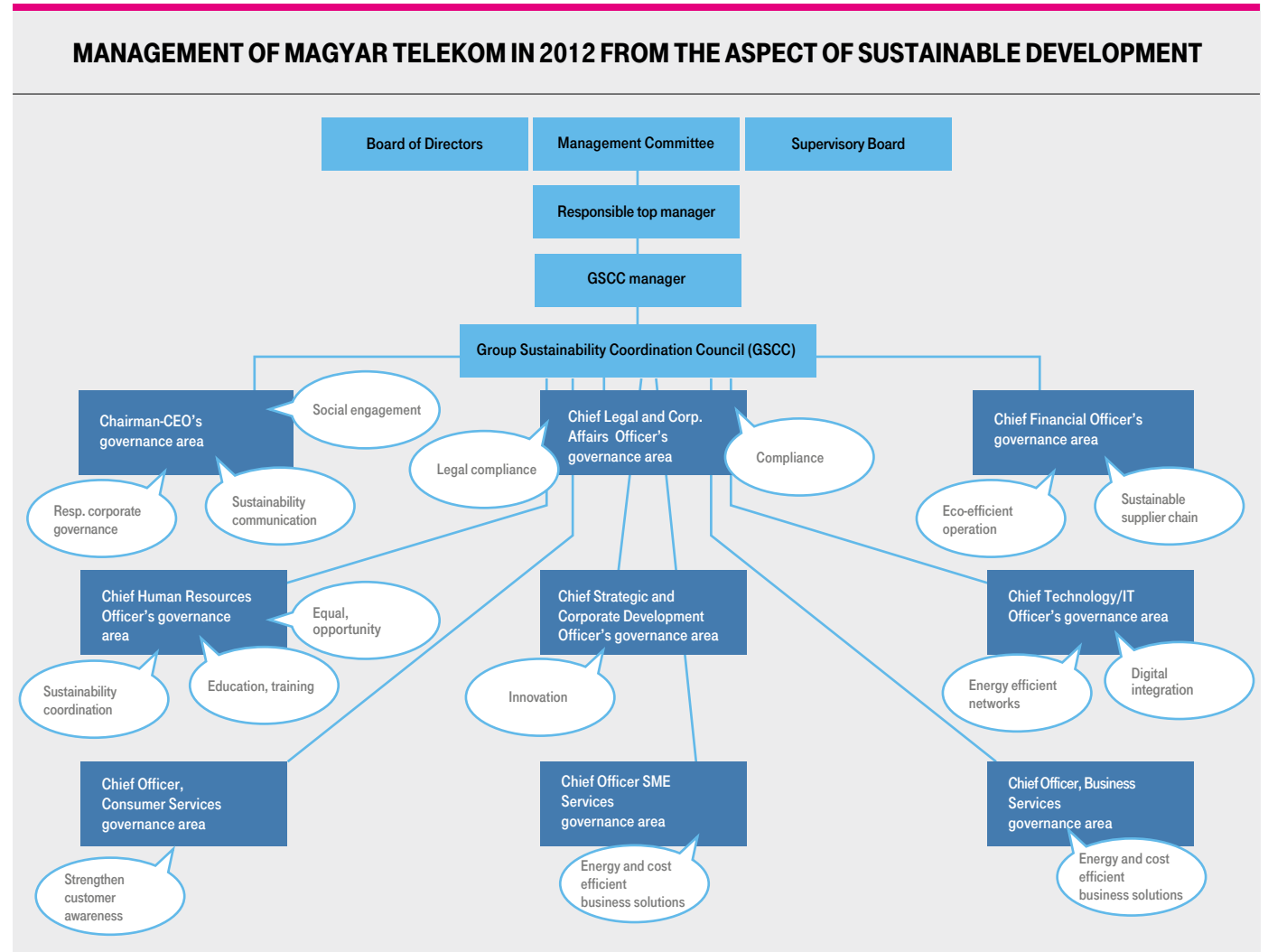
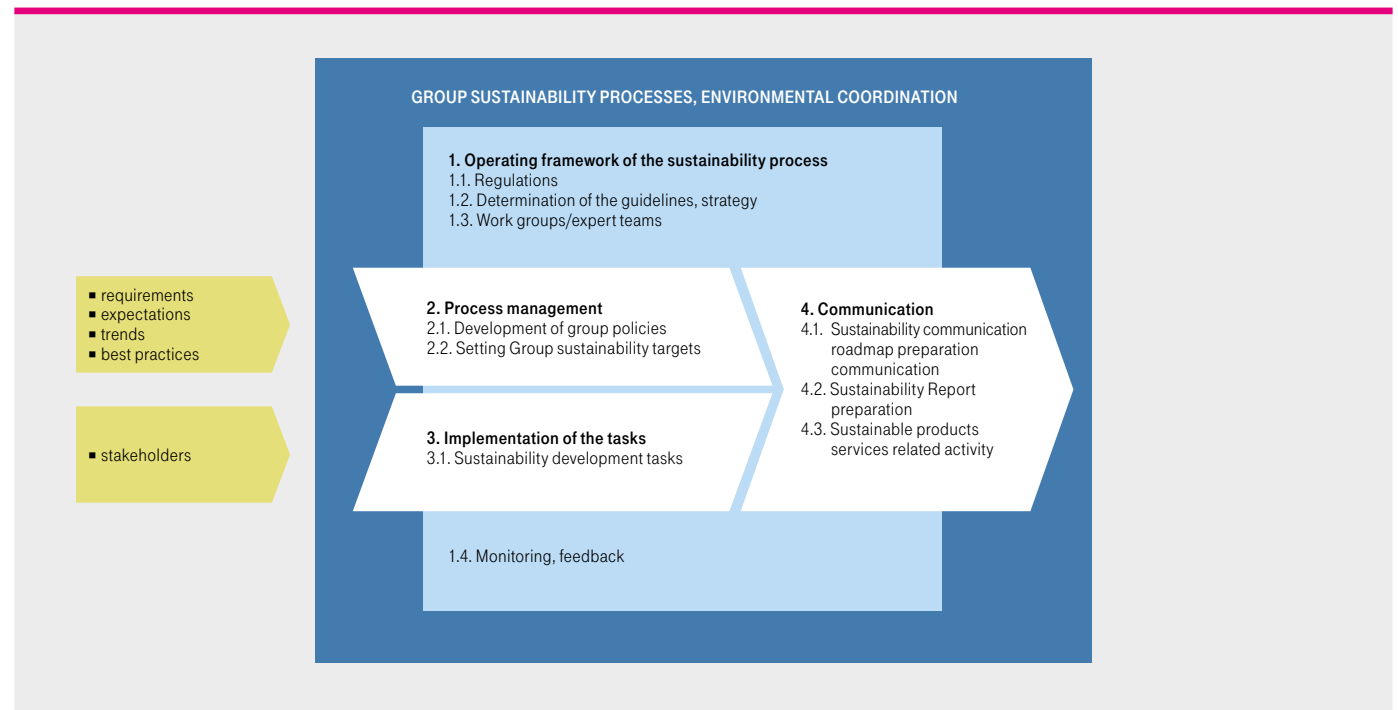**HIERARCHY OF THE SUSTAINABILITY ACTIVITIES**

The hierarchy of the sustainability activities of Magyar Telekom Group has not changed lately, only the structure of the Group. Accordingly, the details on this issue can be found in the 2008 report, while the organizational changes can be followed in the annual Sustainability Reports.

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

The regulation of the sustainability activities of Magyar Telekom Group, the relevant processes and their hierarchy have not changed in the recent period. The present connections of the activities of the sustainability process are shown on the following diagram.

The top management of Magyar Telekom Group, the Management Committee receives at least once a year a report on the implementation of the tasks of the Group Sustainability Strategy and the other ongoing significant sustainability activities, results.

GROUP SUSTAINABILITY PROCESSES, ENVIRONMENTAL COORDINATION

1. Operating framework of the sustainability process
1.1. Regulations
1.2. Determination of the guidelines, strategy
1.3. Work groups/expert teams

- requirements
- expectations
- trends
- best practices

2. Process management
2.1. Development of group policies
2.2. Setting Group sustainability targets

4. Communication
4.1. Sustainability communication roadmap preparation communication
4.2. Sustainability Report preparation
4.3. Sustainable products services related activity

- stakeholders

3. Implementation of the tasks
3.1. Sustainability development tasks

1.4. Monitoring, feedback

V. STAKEHOLDERS

The stakeholders of Magyar Telekom Group include all those groups, which have an influence on, or hold an interest in the implementation of the objectives of the Company. The Company earlier identified its stakeholders through review of its management systems and benchmark studies, and keeps continuous contact with them to ensure that their interests are taken into consideration in the course of its operations. Our most important stakeholders are considered to be the regulators, the investors, the employees, the communities, the NGOs, the suppliers and partners and the future generations.

In 2012, we organized the 13th Sustainability Roundtable, which aimed to hold an open dialogue to learn the expectations from

Magyar Telekom Group and to discuss the problems raised, and also to provide an appropriate background for joint thinking and for cooperation in the building of a sustainable future. The 13th Roundtable meeting was held on June 4, 2012, and it focused on the communication of sustainability.

The most important issues discussed with the stakeholder are contained in the memorandums of previous Sustainability Roundtables:
http://www.telekom.hu/society_and_environment/events/Sustainability_Roundtable_Discussion

The stakeholders of the Magyar Telekom Group

Market stakeholders

Customers, individuals, groups, organizations, companies
Shareholders, owners
Management
Employees
Suppliers
Trade unions, employee groups
Other telecom market players

Non-market stakeholders

State organizations, local municipalities
Industry and market representations, research cooperations
Local communities
Environment and nature

1. CORPORATE GOVERNANCE AND RISK MANAGEMENT

1. CORPORATE GOVERNANCE AND RISK MANAGEMENT

1.1. CORPORATE GOVERNANCE

The professional sphere and the investors require public companies listed on the stock exchange to state clearly what governance model they use and how this is applied in the practice. Being a company listed on the Budapest Stock Exchange it is highly important for us to meet this requirement and the relevant statutory and stock exchange requirements. To ensure transparency of the company's management information about Magyar Telekom's corporate governance is available on the following website: http://www.telekom.hu/investor_relations/corporate_governance

Information on annual general meetings and the resolutions adopted at them is available on the following website: http://www.telekom.hu/investor_relations/corporate_governance/general_meetings

In order to simplify the structure of the financial report and reduce administration costs, with effect November 12, 2010 Magyar Telekom discontinued the NYSE listing of its deposit bonds. The discontinuation of the US registrationof Magyar Telekom shares and bonds became effective on February 12, 2012. The Company maintains the Budapest Stock Exchange listing of its shares, and continues to produce English translations of its annual reports, financial statements and investor communications.

Board of Directors

The Board of Directors is responsible for the management of the company, which has the power to act on behalf of the company vis-à-vis third persons, represent it in court and which takes decision in all such matters in which the shareholders do not have exclusive power of decision. The Board of Directors submits annual reports to the shareholders at the annual general meeting and quarterly reports to the Supervisory Board on the management,

assets and business policy of the company. In the Articles of Association of the company the shareholders' meeting ruled that the Board of Directors has to be composed of minimum 6, maximum 11 members, whom the Annual General Meeting elects for a period of three years. The Board of Directors meets at least four times a year. The Board of Directors meeting has quorum if at least six members are present. Each Board member has one vote. The Board adopts its resolutions by simple majority of votes except if the law or the Articles of Association require majority vote.

The Board evaluates its performance annually. The self-evaluation includes the evaluation of the overall performance of the Board, the personal performance of the members and the examination of those areas where the Board finds that cooperation could be improved. The purpose of the evaluation is to increase the efficiency of the Board of Directors.

MEMBERS OF THE BOARD OF DIRECTORS ON DECEMBER 31, 2012

Name	Main position
Christopher Mattheisen	Chairman-Chief Executive Officer, Magyar Telekom Plc.
Dr. Ferri Abolhassan	Director of the new manufacturing unit and member of the Board, T-Systems International GmbH
Thilo Kusch	Chief Financial Officer, Magyar Telekom Plc.
Dr. Klaus Nitschke	Vice President responsible for content development and production in the product and innovation area, Deutsche Telekom AG
Frank Odzuck	CEO, Zwack Unikum Plc. (independent)
Dr. Ralph Rentschler	Financial Director of the European region, Deutsche Telekom AG
Günter Mossal	Vice President, European area management, Deutsche Telekom AG
György Mosonyi	Chairman of the Supervisory Board, MOL Nyrt.
Dr. Mihály Patai	Chairman-CEO, UniCredit Bank Hungary Zrt.

The regular annual general meeting held on April 7, 2010 elected the new Board for a period of three years.

The current composition of the Board of Directors is also available on our website: http://www.telekom.hu/investor_relations/corporate_governance/board_of_directors

Management Committee

In compliance with the company's Articles of Association and the rules of procedure of the Board of Directors, in 2000 the Board of Directors established the Management Committee with powers to pursue its activities in compliance with the annual business plan.

The Management Committee of Magyar Telekom Plc. is composed of 9 members defined by the Board of Directors. Its members are:
– the chief executive officer of the company,
– the chief officers of the company.

The chairman of the MC is the CEO, who is responsible for the operation of the body in compliance with the rules of procedure.

The MC meets regularly on Tuesdays. The MC has quorum if the majority of the members is present, but the presence of the chairman, or in his absence, of the deputy chairman, is also necessary for the MC to have quorum. The MC takes its decisions by simple majority of vote. Each MC member has one vote. In case of equal votes the vote of the chairman (the chairman of the MC or his deputy) is decisive.

The MC takes decision in all such matters, which the laws, the Articles of Association or the rules of procedure of the Board of Directors do not refer to the exclusive authority of the Annual General Meeting, the Board of Directors or other company organ.

The MC discusses the reports on such matters which belong to the authority of the Board of Directors or the AGM, with the exception of reports made by another authorized company organ or a member of the Board of Directors.

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MEMBERS OF THE MANAGEMENT COMMITTEE ON DECEMBER 31, 2012

Name	Main position
Christopher Mattheisen	Chairman-Chief Executive Officer
Thilo Kusch	Chief Financial Officer
Róbert Budafoki	Chief Commercial Officer Enterprise
Róbert Pataki	Chief Strategic and Corporate Development Officer
Éva Somorjai	Chief Human Resources Officer
Attila Keszég	Chief Commercial Officer Residential
Balázs Máthé	Chief Legal and Corporate Affairs Officer
Péter Lakatos	Chief Commercial Officer SMB

The current composition of the Management Committee is available on our website: http://www.telekom.hu/investor_relations/corporate_governance/management_committee

Supervisory Board

The Supervisory Board supervises the management of the company. In this role it supervises the governance, management of the company, its finances and controls compliance with the regulations and the company's Articles of Association.

The Supervisory Board has to examine every important business policy report on the agenda of the AGM and all reports that concern matters belonging to the exclusive power of decision of the Annual General Meeting. The AGM may only take decision on the annual report prepared according to the accounting law and the distribution of the net income in possession of the written report of the Supervisory Board. The proposal of the Board of Directors on the payment of dividend and on corporate governance may only be submitted to the AGM after prior approval of the Supervisory Board. In compliance with the Articles of Association of the company, the Supervisory Board has minimum 3, maximum 15 members, who are elected by the AGM for a term of three years. The Central Workers' Council nominates one third of the Supervisory Board members who represent the employees.

The Supervisory Board meeting has quorum if at least two thirds of the members are present. According to law the majority of the Supervisory Board members are independent. A Supervisory Board member is considered independent if outside his membership in the Supervisory Board he has no other legal relationship with the company. The Annual General Meeting held on April 7, 2010 elected the Supervisory Board for a period of three years. The ordinary Annual General Meeting held on April 12, 2011 elected one more member to the Supervisory Board. The current composition of the Supervisory Board is available on our website: http://www.telekom.hu/investor_relations/corporate_governance/supervisory_board

MEMBERS OF THE SUPERVISORY BOARD ON DECEMBER 31, 2012

Name	Main position
Dr. László Pap	Chairman of the Supervisory Board, Professor of the Faculty of Electric Engineering at the Budapest University of Technology and Economics
Dr. János Illéssy	Managing Director, Lebona Kft.
Dr. Sándor Kerekes	Director of the Institute of Environmental Science of the Budapest Corvinus University
Dr. Károly Salamon	Chairman-CEO, MKB Általános Biztosító Zrt. and MKB Életbiztosító Zrt.
Dr. János Bitó	Chairman of the Thesis Defense and Final Examination Committee of the Faculty of Information Technology, Pázmány Péter Catholic University
Kreuzer Konrad	Member of the Board of Directors of E.ON Hungária Zrt.
Martin Meffert	Responsible for the corporate governance affairs of Magyar Telekom, Makedonski Telekom, Crnogorski Telekom, Group Headquarters, Deutsche Telekom AG
Attila Bujdosó	President of the Telecom Workers' Union
Tamás Lichnovszky	Chairman of the Central Workers' Council
Zsoltné Varga	Quality Manager, Magyar Telekom
Dr. Konrad Wetzker	Chairman, Corvinus School of Management
Éva Őz	Chairperson, Central Functions Workers' Council, Controlling Manager, Controlling Directorate, Magyar Telekom Plc.

DR. SÁNDOR KEREKES

professor, member of the Supervisory Board and Audit Committee

"Even being a member of Magyar Telekom's Supervisory Board and a researcher of corporate social responsibility, it is not easy to formulate opinion about the company's CSR activity. Spectacular results exists, such as the second place achieved in the best workplace competition in 2012, or the Central European CEERA Green Frog award, the CSR Hungary good practice award obtained in 2012 and others. These awards and recognitions prove that Magyar Telekom is one of the best companies in Hungary in terms of performance in sustainability and corporate social responsibility. There are, however, less spectacular but perhaps even more important dimensions of the company's corporate social responsibility. It is difficult to image how important the data are which are transferred through the networks operated by Telekom. It is a great pleasure for me that these data are in security, this may be the most important element in the company's social responsibility practice. I am also happy because Magyar Telekom does not want to make our children addicted to gadgets, its advertisements are moderate and do not hurt good taste. Today this is unfortunately not true for all enterprises."

Audit Committee

The Audit Committee is involved in the selection of the independent external auditor to be mandated by the AGM, and reviews the services provided by the independent external auditor. The responsibilities of the Audit Committee include preliminary approval of the audit and non-audit services provided by the independent external auditor and the fees of these services. The Audit Committee reviews the annual financial reports of Magyar Telekom, with observance of the results of the audits and the audits of the independent external auditor, the financial reports to be submitted to the Budapest Stock Exchange and the financial authorities, as well as the reports of the internal audit. The Audit Committee meets as necessary, but at least on four occasions a year. The members of the Committee are elected by the AGM of the company from among the independent members of the Supervisory Board. The Committee is composed of minimum 3, maximum 5 members. At least one member of the Committee has to have accountant's and/or auditor's qualifications.

MEMBERS OF THE AUDIT COMMITTEE ON DECEMBER 31, 2012

Name	Main position
Dr. János Illéssy	Chairman of the Audit Committee, Managing Director, Lebona Kft.
Dr. László Pap	Professor of the Faculty of Electric Engineering at the Budapest University of Technology and Economics
Dr. Sándor Kerekes	Director of the Institute of Environmental Science of the Budapest Corvinus University
Dr. Károly Salamon	Chairman-CEO, MKB Általános Biztosító Zrt. and MKB Életbiztosító Zrt.
Dr. János Bitó	Chairman of the Thesis Defense and Final Examination Committee of the Faculty of Information Technology, Pázmány Péter Catholic University

Current members of the Audit Committee are listed at our home page: http://www.telekom.hu/investor_relations/corporate_governance/audit_committee

Remuneration Committee

The Remuneration Committee makes proposal to the Board of Directors for the employment, dismissal, remuneration package, determination and evaluation of the bonus targets of the chief executive officer and the chief officers. The Committee meets according to its annual work schedule, but at least twice a year. The work schedule of the Committee has to be harmonized with the work schedule of the Board of Directors. The Remuneration Committee of the company is composed of 3 members elected from the members of the Board of Directors. The meeting of the Committee has quorum when the majority of its members are present.

MEMBERS OF THE REMUNERATION COMMITTEE ON DECEMBER 31, 2012

Name	Main position
Frank Odzuck	CEO, Zwack Unicum Plc.
Dr. Ralph Rentschler	Financial Director of the European region, Deutsche Telekom AG
Günter Mossal	Vice President, European area management, Deutsche Telekom AG

The current composition of the Remuneration Committee is listed on our website: http://www.telekom.hu/investor_relations/corporate_governance/compensation

Incentives and evaluation of the performance of top executives

Top executives (Chief Executive Officer, Chief Officers) are paid variable pay (bonus) as performance incentive. In addition to the short-term incentives, the top management are motivated through a so-called long-term Variable II (VII) bonus program. Bonus targets are broken down to the other employees, and set in the Performance Management (PM) system.

The Remuneration Committee makes proposals both for the annual targets and the evaluation of their implementation, and monitors the performance of top executives throughout the year. Upon consideration of the proposals made by the Remuneration Committee, the Board of Directors adopts decisions regarding the 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. 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. 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, we also lay emphasis on long-term performance stimulation. The incentive plan introduced in 2004 was upgraded in 2011 so as to stimulate the contribution of the top management to the achievement of the strategic objectives even more effectively, and to focus more on sustainable performance increase by setting longer term targets. We focus on sustainable performance increase on a longer term. The third package of the revised program was launched this year.

Middle management and consultants responsible for the attainment of the sustainability targets receive direct incentives through the PM system. In the case of employees in the lower wage brackets the bonus regulation allows the withdrawal of bonus if the objectives of the Sustainability Strategy are not met due to the negligence of the employee.

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1.2. RISK MANAGEMENT

Efficient risk management is indispensable to long term financial planning and organizational flexibility, which has also been born out by the recent financial crisis. At Magyar Telekom a special risk management directive regulates the management of risks, which is available on the following website: http://www.telekom.hu/static/sw/download/kockazatkezeles_en.pdf

1.3. 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, and operate the procedures contained by them. We provide regular training to the employees in this field. Clear processes are in place for the whistleblowing, investigation, monitoring and remedy of suspected cases of non-compliance. The Corporate Compliance Program is supervised by the Group Compliance Director. The Group Compliance Director reports directly to the Audit Committee, and is in direct cooperation with the Board of Directors, the Supervisory Board and the management. The centerpoint of the Compliance Program is the Code of Conduct.

These requirements are summarized by the Code of Conduct of Magyar Telekom Group; this document sets out the common values of the Group and it is also the token of the strong position, reputation and successful future of Telekom. Everyone at Magyar Telekom Group must comply with the Code of Conduct from staff employees to the Board members. In addition to the employees the contracted partners of Magyar Telekom Group are also required to

learn and accept these values when registering on the company's procurement site. In 2012 every employee of Magyar Telekom Group had to update their knowledge and accept the Code of Conduct after an online training. In addition, the company launched online training courses at group-level on insider trading, anti-corruption attitude and employee conflict of interest for employee target groups selected through risk analysis. The company provides training appropriate for their position for the new entrants on an ongoing basis. In 2012, 16,301 employees were given remote training and 97% successfully completed them. Since 2008 Magyar Telekom Group employees have completed a total of 54,085 remote-learning compliance courses.

In addition to the above, both the parent company and the Hungarian and international subsidiaries have given personal coaching to employees working in areas exposed to compliance and fraud related risks about anticorruption attitude, screening of the contracted partners and gift regulations.

In 2012 the organizational units and the subsidiaries of Magyar Telekom Plc. took part in the process of risk analysis. On the basis of the result of the analysis a comprehensive audit was conducted about the potential compliance and fraud related risks, the findings of which were submitted to the company's Audit Committee.

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. Magyar Telekom discloses corruption cases and response to those cases as required by the relevant laws and regulations.

PREVENTION OF CONFLICT OF INTERESTS

Deutsche Telekom Group and Magyar Telekom Group trust that the interests of their employees do not conflict with the interests of the company.

Conflict of interests resulting from other employment

Other employment means the performance of work at a place other than the primary place of employment, in the course of which the employee submits his working capacity to a third party, regardless of the fact whether or not he receives a remuneration for it. An own enterprise is also to be considered other employment. You may not enter such other legal relationship, which conflicts with the interests of Deutsche Telekom Group and Magyar Telekom Group, especially if such relationship is prohibited by causes of competition.

Private investments

Deutsche Telekom Group and Magyar Telekom Group are not interested in holding such ownership share in its business partners or competitors that enables it to exercise business influence on them.

Use of company property for private purposes

The use of company property for private purposes is generally not permitted except if the given person is expressly entitled to such use, if the Collective Agreement allows it, or if the operating processes and regulations permit.
(Code of Conduct – How We Work 3.3.)

1.4. REGULATORY COMPLIANCE

Nor in 2012 were fines imposed on the company for violation of environment protection statutes and policies, or non-compliance with statutes or other decrees addressing fiduciary duty and manner of use of products and services. In 2012 no complaint was made and no relevant procedure or investigation was launched against the company by the Equal Opportunity Authority for discriminative practices.

In 2012 Magyar Telekom had 23 ongoing labor suits (and these remain in progress after 2012, too). With the exception of one, Magyar Telekom was plaintiff in all cases. In 2012 one new labor suit was filed and one closed. In 2012 no payment was made in labor cases following a court decision; in out-of-court settlements Telekom paid a total of 512,987 HUF to 5 employees in damages/compensation in 2012.

In 2012 the National Media and Communications Authority (hereafter: NMCA) and the National Consumer Protection Authority imposed fines upon the company in individual and general complaint cases in the total amount of 100 million HUF, because the authorities considered that the company did not, or did not fully, comply with the sector-specific regulations or the provisions of the General Terms of Contract.

In the past year the NMCA launched several comprehensive market surveillance procedures, but, in view of their complexity, these will probably be closed in 2013 only. In its general market surveillance plan the NMCA envisaged several market surveillance procedures for 2013, which are currently in progress, or have not even started yet. We manage the non-compliance problems under the Butterfly Project or through IT development. No fines were imposed due to anti-competitive conduct or violation of anti-trust or anti-monopoly statutes in any case launched in 2012.

In 2012 altogether seven competition surveillance procedures (2 affecting T-Home, 3 affecting T-Mobile, and 2 affecting both T-Home and T-Mobile) were filed against the company for alleged violation of the marketing communication standards, rules. In 2012 no fines were levied in any of these procedures. In one procedure launched earlier, where we communicated that ours is the fastest data network, the Competition Council has fined our company for 100 million HUF – the court appeal procedure for revision of the decision was still in progress in 2012.

1.5. POLITICAL PRESENCE

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, get opportunity to comment the regulations. The ministries pass the relevant regulations to the representation organizations, which synthesize the opinions received from the member companies and submit a summary to the ministry. Such regulation commenting procedures are implemented through 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.

We have no knowledge of any financial support to political parties, politicians or any related entities provided by Magyar Telekom Group affiliates in 2012, which is in total compliance with the detailed stipulations set forth in the Code of Conduct.

1.6. SUPPLIERS

Because of its size, Magyar Telekom Group has significant impact on other stakeholders in economy, thus the scope of its responsibility cannot be limited by the boundaries of the company. Besides, it is also important from risk management aspects that it establishes business contacts with such other companies, whose economic, social and environmental performance is up to a standard. In order to ensure this, the Group manages its supplier contacts from sustainability aspects, too. The group-level coordination of vendor relations is ensured by the Procurement Directorate, partly through the provision of centralized procurement services and partly through coordination of the member companies' functional organizations.

The suppliers are selected in compliance with the laws, in procurement procedures that ensure fair competition, transparency, and structured and documented processes. In its contracts 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.

The basic tool of supplier contact is the interactive internet site of the Procurement Directorate (http://beszerzes.telekom.hu/beszerzes/portal_en), where the suppliers – after registration – can directly reach the newsletter service, the tender invitations, the supplier qualification system, and can make some of the official statements required to the procurement procedures:

- Action against corruption and ethical conduct are important cornerstones for Magyar Telekom, consequently it requires its suppliers to adopt its Anti-corruption statement and the company's Code of Conduct, and to comply with the expectations specified as contract terms, too.
- Besides, every supplier must learn and accept the Social Charter of the Group, which specifies the minimum social standards of the working relations and employment conditions.

- We also request the suppliers concerned to accept the Coltan Policy of Magyar Telekom.

The references, financial standing, quality and environment protection capabilities of the suppliers are assessed in a prequalification system, operated on the internet site of the Procurement Directorate, while the contractual performance of the suppliers is assessed in a post-qualification system on the basis of which they are categorized (A – approved and recommended, B – approved, C – may be used, D – may not be used).

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 predominantly from qualified (A and B category) suppliers. For mutual development, we give the registered suppliers monthly reports about their results in the vendor qualification. We procure 72% of the value of the orders from qualified external suppliers.

In order to develop a sustainable supplier chain, Magyar Telekom continues to treat as priority the regular evaluation of its top suppliers with the help of the detailed supplier self-evaluation questionnaire developed by GeSI (Global e-Sustainability Initiative), which,

in addition to environmental queries, also contains questions concerning compliance with human rights, occupational health, security and business ethics requirements. So far 38 supplier evaluations have been completed (these suppliers accounted for 39% of the overall procurement value; in 2011 the corresponding value was 31.5%).

In 2012 we also evaluated 12 key suppliers – and then review them semi-annually – according to a supplier evaluation methodology developed by DT, which also includes – in addition to the key financial indicators – the web-based and the self evaluation questionnaire-based auditing of the given supplier's sustainability performance (the suppliers evaluated with this methodology accounted for 20% of the annual procurement value; in 2011, this value was 15.4%).

During the year we set to developing the supplier chain management process, which has also been determined as a key strategic objective. We appointed the supplier audit and the sanctioning areas as being in need of development.

The procurement processes, that constitute a significant part of the vendor relations, are implemented with the support of IT systems. The selection process is supported by an internet-based RPF and auction tool (OneSource), orders are also placed/confirmed through an internet-based electronic commerce solution (CPEx), managing

transactions growing from year to year. These electronic solutions substantially reduce the processing time of the procurement processes and also the quantity of paper-based documents. In the past years electronic procurement processes hit a steady high level and in 2012 reached 59.3% of all items ordered (in 2009: 52%, in 2010: 60%, in 2011: 58%).

Further 3 electronic catalogues, managed by the suppliers, have been incorporated in our internal order placement system. Orders thus placed are transferred to the supplier via fully electronic channels. The number of items ordered electronically further increased in 2012 and reached 40.5% (in 2011: 38%). In the office stationary catalogue the supplier already marks 'green' products. When placing an order, we encourage our employees to order these products.

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 and technology and energy-saving solutions.

As to products, there is a blacklist and a graylist of ingredients, meaning that products that contain any of the listed materials are banned from procurement (blacklist), or are not recommended to procure (graylist) by Magyar Telekom.

In an effort to prevent any damage, hazardous materials purchased are transported directly to the internal customer, with the exception

of storing a minimum justifiable inventory, thus minimizing transportation time. To prevent damage and minimize transport times when procuring hazardous materials, these are transported from the supplier directly to the ordering organization, with the exception of a minimum amount of stock and storage. 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 contract.

Magyar Telekom considers it a priority to make payments to its partners in compliance with the deadlines specified in the contracts, agreements.

Despite the globalization of procurement, we continue to purchase a considerable amount of products and services from local[32] suppliers. By ordering products and services from the local suppliers we significantly contribute to the retention of jobs. In the recent years the following percentages were reached:

Member companies [33]	2009	2010	2011	2012
Magyar Telekom Plc.	74%	70%	71% ✔	75% ✔
KFKI	51%	58%	56% ✔	74% ✔
IQSYS	93%	95%	95% ✔	86% ✔
Pro-M	67%	53%	47% ✔	53% ✔
Makedonski Telekom	69%	67%	73% ✔	86% ✔
T-Mobile Macedonia	56%	55%	47% ✔	46% ✔
Crnogorski Telekom	48%	38%	42% ✔	52% ✔

(32) Suppliers with a seat in the given country
(33) Magyar Telekom Group member companies of large procurement value

DELFIN award to suppliers

In 2008 our company founded the DELFIN award, which in Hungarian stands for Award for a Committed, Sustainable, Innovative Generation (http://www.telekom.hu/society_and_environment/events/Dolphin_Award).

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

Members of the professional jury:
- Dr. György Pataki – Budapesti Corvinus Egyetem, assistant professor
- Ernő Simon – journalist, former chief editor of Figyelő
- Péter Bodó – Conscious Buyers' Association
- Katalin Szomolányi – Magyar Telekom, Head of the Corporate Sustainability Center

The fifth award ceremony was held on June 4, 2012 at the Sustainability Roundtable. The application materials can be found at: http://www.telekom.hu/society_and_environment/events/Dolphin_Award_2012

By 2013 Magyar Telekom wants to extend the DELFIN award to all Hungarian enterprises, to motivate them for commitment to sustainable development and to give an example in the economic sector.

DELFIN award

WINNERS OF THE DELFIN AWARD BY CATEGORY

Category	Winning supplier
Innovation realized for sustainability	RT5 Taxi Holding Kft.
Education and awareness raising of sustainability	Rubin Informatikai Zrt.
Special award	Ericsson Magyarország Kommunikációs Rendszerek Kft.

PÉTER BODÓ
Sustainability Expert

"For several years, the DELFIN award, created by Magyar Telekom's Corporate Sustainability Center, has rewarded the companies where some sustainability approach plays an outstanding role in the operations. The strategic goal of the company is to ensure that the company is identified by its target customers as a sustainable company, so it is its elementary interest to make sustainability a widely known and recognized term. Many NGOs organized for consumers are working for the same goal, such as the Association of Conscious Customers (TVE). TVE is primarily focusing on shaping the attitude of consumers and wants to achieve through the conscious decisions of consumers that producer and service provider companies become more sustainable. Since the tools available to a large enterprise and to an NGO differ, it is important that in a given case good initiatives receive appropriate support from the other party. That is why a few years ago I agreed to participate as TVE's delegate in the work of the DELFIN award evaluation panel. Although I am not working as a professional in TVE anymore, I attempted to keep the role of an independent and (sometimes maybe too) critical observer. The key to the success of cooperation was that MT's representatives declared at the start to be open to debate about sustainability efforts, thus they welcomed these criticisms and considered them."

2. CUSTOMER RELATIONS

2. CUSTOMER RELATIONS

2.1. MANAGING CUSTOMER COMPLAINTS

Our approach is that complaints are such useful signals from our customers, which help us identify the process and other deficiencies. The elimination of these will make us more successful than our competitors, and we will be able to provide seamless service to our customers.

Continuing the work started in the past years, Magyar Telekom makes efforts to reduce complaint response times, to minimize the inconveniences to the customers, and, following the practice of the past years, give preference to prompt solutions, responses.

It was in this spirit that in 2012 we continued the project started earlier, the goal of which was to identify the causes of the complaints and eliminate them. Besides the project running since 2011, we also launched a new one in 2012 with the goal of identifying the problems and deficiencies, stemming from administration failure or misunderstanding, finding solution to them, and assessing the additional training requirements.

The projects based on the 6Sigma methodology covered the entire range of T-Home and T-Mobile products and services. We identify the problems which lead to customer complaints through detailed analysis of representative samples, and then develop proposals to eliminate the problems with the involvement of the affected areas (IT, Marketing, Sales, Customer Service and technical areas). As a result of this project, the efficiency of numerous processes has been improved, and also dozens of IT developments were made.

In 2012 the renewal of the regulatory environment continued, which brought many changes into the complaint management process of the communication service providers, too. The amendment

of the Consumer Protection Act lays much weight on complaint management, several new regulations were made to ensure better protection of the consumer interests. The regulation of the operation of the call centers, the keeping of the sound recordings and their use in the management of complaints received special highlight. We adjusted our complaint management process during the year to comply with the new regulations.

During the past year our portfolio of offerings changed in the respect of certain services (e.g. new internet packages), new products were added (television, smartphone, tablets), which made the company more attractive to the customers. The renewing offer triggered outstanding demand, which unfortunately entailed more technical, technological and billing errors and consequently also consumer complaints.

To see our customers satisfied with our products, services and with the work of our service staff continues to be top priority, but despite our best efforts there may be incidents which eventually lead to difference of opinions or complaints.

Our most important expectation continues to be to manage complaints received through the different channels as fast as possible, and to solve the problem or answer the questions of the customer already in the very first contact. To be able to offer prompt solution, we have enhanced the knowledge and competence of our sales point and call center staff, determined the scope of those complaints which we can address immediately, so as to save our customers the inconvenience of waiting. As a result of these activities the number of complaints received steadily decreased, the average complaint response and management times got shorter and matched the targets last year. We have included in our complaint management

process the service of sending an SMS to the customer, so they are notified about the closing time of their complaint yet before they actually receive the response letter.

Typical complaint causes:
- impact of the economic changes – our customers are more sensitive and less tolerant;
- increase of consumer consciousness – demand for quality services;
- complex services – more complicated bills, wide product portfolio, occurrence of administration errors.

In 2012 we performed our activities in strict compliance with the provisions of NMHH Decree 13/2011. (XII. 27.) on 'The requirements of the quality of electronic communication service and the protection of the subscribers and users, and the integrity of rating', always keeping the rules specified by the authorities for the protection of the consumers. Our complaint management process was certified and we published the relevant quality target values on the following sites: http://www.telekom.hu/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static/sw/download/2012_evi_T__Home__T_Systems_szolgaltatasminosegi_mutatok.pdf http://www.telekom.hu/static/sw/download/2012_evi_T__Mobile_szolgaltatasminosegi_mutatok.pdf

In 2012 T-Systems (KFKI) registered 64 complaints for its services per 1000 customers. The process of managing customer complaints is regulated by work directive no. M031. 'Complaint management'. Currently the 1.3 edition is valid, which was approved and disclosed on May 1, 2013. The result of the investigation of the customer complaints and the actions taken are specified in the complaint management annex of the service activity review report (in quarterly breakdown).

At the business customer support branch (BBU-VÜK) the number of complaints, including billing complaints, recorded in the ICCM system was 17,082. The area is doing complaint management in compliance with the valid and effective work directive no. M075 'Billing complaint processes at the Business customer support branch' and work directive no. 341. 'The discount provision, individual pricing and economic-financial escalation system of the Business Services Business Unit'.

From April 2012 the company operates an integrated trouble management system:
- it answers the reports by the Direct Competence Center about technical problems, concerning mobile, fixed telephone or internet services, manages the related complaints, data, leased line fault reports, hosting errors, and passes them on to the specialized area;
- performs operator activities for the services;
- solves the technical problems of the value-added services;
- provides dedicated visiting technician for business customers.

Complaint management in writing: responding to technical complaints, billing complaints, communications of the authorities.

In 2012 no customer complaint was received by Dataplex, IQSYS, Daten-Kontor and ISH Informatika member companies.

In 2012 Crnogorski Telekom received 57 ✔ customer complaints per 1000 subscribers for fixed line services, 78 ✔ for postpaid services and 15 ✔ for prepaid services.

In 2012 a new, upgraded complaint management process was launched at Crnogorski Telekom. The company developed a billing correction approval matrix model, improved its monitoring

and reporting process and also the quality of categorizing customers. The roll-out of the 6Sigma project is in progress, too.

In Macedonia, the number of customer complaints for fixed services was 23,388 ✔ in 2012, which is 88% over 2011, and is primarily the consequence of the IP transformation project. In 2012 the number of complaints per 1000 customers was as follows: fixed telephone service (complaints per 1000 customers): 35.3 ✔; internet services: 15.5 ✔; package services: 58.2 ✔. At the end of 2012 the company had the following number of subscribers: fixed services: 267,605; internet service: 138,195; IPTV service: 65,867.

The company received 16,598 ✔ complaints from mobile customers, which is 38% up on 2011, and is primarily the result of the new mobile data packages. 84% of the complaints were received from postpaid and 16% from prepaid customers. Complaints for mobile services per 1000 customers in 2012: prepaid customers: 3.2 ✔; postpaid customers: 35.8 ✔. Number of mobile customers at the end of 2012: prepaid: 798,600, postpaid: 385,009.

In 2012 we continued to standardize our complaint management processes for mobile and fixed services. We have already standardized some steps of the processes, but in view of the different IT backgrounds (fixed and mobile) the operation processes are also rather different. We have introduced a new platform to manage mobile complaints. The heavy increase in customer complaints made it rather difficult to match the KPI in 2012 (fixed 88%, mobile 38% increase).

In 2012 the number of controls by the authorities increased in comparison to the previous years (app. one visit daily).

2.2. INFORMING OUR CUSTOMERS
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.

You can read more about the services and tariff packages of Magyar Telekom Plc.'s business units at the websites below:
http://www.t-home.hu/english
http://www.t-mobile.hu/english/all_plans
http://www.t-systems.hu/

Information about the services of our most important member companies is available:
- **Dataplex:** http://www.t-systems.hu/home-page
- **KFKI: http:**//www.t-systems.hu/home-page
- **IQSYS:** http://www.t-systems.hu/home-page
- **Pro-M: http:**//english.pro-m.hu/Engine.aspx
- **Origo: http:**//www.corp.origo.hu/portfolio.html
- **Kitchen Budapest:** http://www.kitchenbudapest.hu/en/blog/
- **ISH Informatika:** http://www.t-systems.hu/home-page
- **Daten-Kontor:** http://www.t-systems.hu/home-page
- **Kalásznet:** http://www.kalasznet.hu/
- **Makedonski Telekom:** http://www.telekom.mk/en/?z=222
- **T-Mobile Macedonia:** http://www.t-mobile.com.mk/public/?itemid=389505dc-f903-4847-80a6-8af095c32f3f
- **Crnogorski Telekom:** http://www.telekom.me/private-users.nspx, http://www.t-mobile.me/eng/postpaid.aspx

Customers can inquire about T-Mobile tariff packages and services or even request modifications 24 hours a day through the consumer customer service call center, which can be called free of charge from T-Mobile's Hungarian network at 1430 or the 1777 (Domino center) number in case they hold top-up card.

We have made T-Mobile website more user-friendly, among others through highlighting search keywords and developing the webshop service to enable quick, simple purchase. The services are available on the following website: http://www.t-mobile.hu/english/services.

Magyar Telekom puts special emphasis on providing assistance to everyone in getting about in the digital world. The hello holnap! initiative of the company offers detailed information about sustainability, an issue that is steadily gaining in importance in our days, with special regard to the possible role the individual can play in it. The venue is the hello holnap! website, where visitors can get acquainted with the terms, questions and plans connected with sustainability and the relevant activities of Magyar Telekom.

2.3. MARKETING COMMUNICATION

Magyar Telekom considers it top priority to communicate its advertisements to the existing and prospective consumers in compliance with the relevant regulations. We do everything to ensure that our advertisements carry 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. 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 advertisement carrier. In this way we provide everyone the possibility of gaining all-around information and also the option to make well-contemplated and responsible decision.

2.4. CUSTOMER SATISFACTION

FANNI ASZTALOS
Head of Customer Experience Development Department

"Our organization was established on January 1, 2013 at the Customer Experience and Support Directorate. Our team with 21 members is dedicated to coordination and support of customer experience management at corporate level. This means that we are the voice of the customer. Since customer experience on today's saturated telecommunications market is clearly a distinctive feature, it is extremely important that each employee understands and feels the importance and significance of internal and external customer experience. Last year we were developing the foundations of customer experience management, built a new organization responsible for the entire processes and defined the strategy and focus points for 2013.

It is a motivating and uplifting feeling to develop a new approach in a large enterprise environment. I believe and trust that with our activity and the transfer of this approach to other employees we can achieve major competitive edge in this sector, while making the life of our customers easier, more colorful and complete. We would like to make customer experience a long-term philosophy of the company. It would penetrate into our everyday operations, employees would more actively hear and listen to the voice of customers. I am lucky to be able to work for customers and do my best to improve their satisfaction since I know that if we do not care for them sufficiently, someone else will do..."

Magyar Telekom conducts complex customer satisfaction measurements on a quarterly basis that include ongoing, detailed monitoring of the general satisfaction of customers (and at the same time the satisfaction of competitors' customers), as well as the perception of service elements that impact satisfaction (e.g. network quality, product choice, customer service etc.). The measurements can be related in terms of both their methodology and results separately to the customers of T-Home and T-Mobile, and also can be broken down to residential and business customers (even can be broken down to further, more targeted customer segments, when requested).

These surveys produce a composite index reflecting customer satisfaction that enables tracing and easy interpretation of 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 the customers' judgment, too, and the fields where actions are needed to improve quality against earlier own performance or even against the standard of competitors.

Customer satisfaction is measured by an independent research firm with experience in market research. The compilation of the questionnaires, the data entry itself, the adjustment and processing of the database, the preparation of summary analyses and presentations about the findings, as well as their interpretation are the responsibility of the research firm in cooperation with the Research and Analysis Department.

The survey is conducted by eliciting answers via telephone and personally, in the form of standard interviews, encompassing samples of a justifiable size, composition and weights. The content of the survey questions substantially remains the same from year to year, to ensure tracing changes over time, but the methodology and the structure of the sample is reviewed and updated from time to time, due to the changing

expectations of the company (group), as well as the changes of the product structure and the market.

Compared with the benchmark results of the European industry (mobile services), T-Mobile continued to perform outstandingly in the residential customer base, even though the results of the mobile sector follow a declining tendency in Hungary, and T-Mobile is no exception from this trend. The customer satisfaction index measured in the last quarter of 2012 returned the figure characteristic of the so-called Top 33% compared with international benchmark data; in this comparison some decline can be experienced against the past years. T-Mobile has retained its leading position in comparison with its competitors, but the satisfaction differences with the providers are less and less marked. In the respect of the individual service

elements, network coverage and network quality continued to receive high rating in 2012, too, and these factors are decisive for customer satisfaction, too. The customers rated as excellent their experiences with top-up possibilities, set change, the T-Pont shops and the T-Mobile website.

The satisfaction index measured among T-Home residential customers also reflects high standard in the field of fixed services, similar to that of T-Mobile. The satisfaction figures of the mobile and the fixed service sectors continue to converge, with mobile results decreasing and fixed services staying stable. The figure registered in Q4 2012 was in the Top 10% to Top 33% range of the European industry benchmark data. The principal strength of T-Home was the entirety of its products, and services and their permanently renewing

choice, as well as wide network coverage. Similarly to the mobile sector, the T-Pont shops and the website also earned high ratings.

The decreasing trend in the residential mobile services market is even more marked in the case of business mobile customers. Although T-Mobile has retained its leading role among its competitors in the respect of the level of the satisfaction indicators, in international comparison with this decrease we already fall behind the European average. On the basis of the results the major strengths of the mobile area of Magyar Telekom include the quality of the network, appropriate coverage, the sales points, the business website and the work of the customer contact employees.

**SATISFACTION WITH MOBILE SERVICES
(RESIDENTIAL CUSTOMERS)**
Result of T-Mobile residential customer satisfaction survey
through comparison with European benchmark data
– Q4 2012

| Bottom 10% | Bottom 33% | Average | T-Mobile | Top 33% | Top 10% |
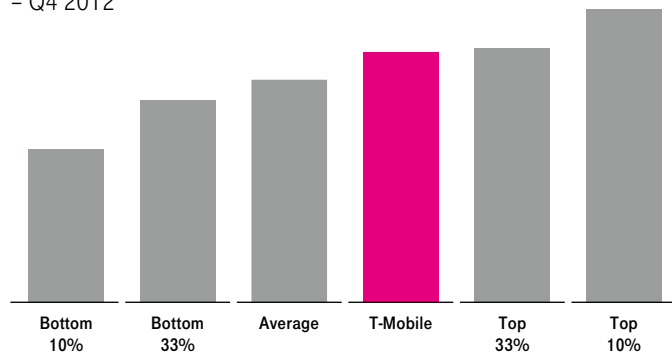
**SATISFACTION WITH FIXED-LINE SERVICES
(RESIDENTIAL CUSTOMERS)**
Result of T-Home residential customer satisfaction survey
through comparison with European benchmark data
– Q4 2012

| Bottom 10% | Bottom 33% | Average | Top 33% | T-Home | Top 10% |
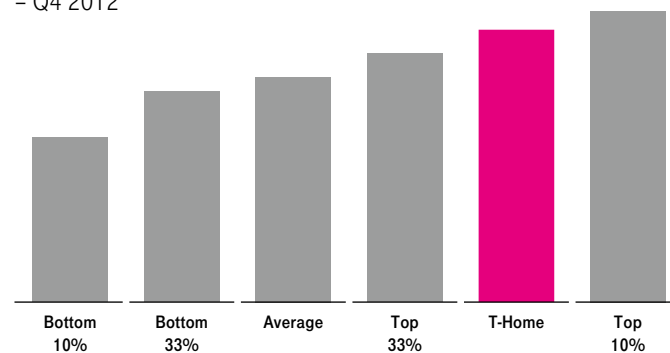
**SATISFACTION WITH MOBILE SERVICES
(BUSINESS CUSTOMERS)**
Result of T-Mobile residential customer satisfaction survey
through comparison with European benchmark data
– Q2 2012

| Bottom 10% | T-Mobile SoHo | Bottom 33% | T-Mobile SMB | Average | Top 33% | Top 10% |
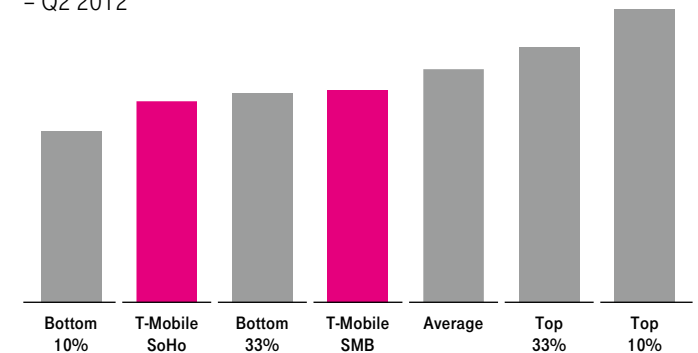
SATISFACTION WITH FIXED-LINE SERVICES (BUSINESS CUSTOMERS)
Result of T-Home residential customer satisfaction survey through comparison with European benchmark data – Q4 2012

| Bottom 10% | Bottom 33% | T-Home SoHo | Average | Top 33% | T-Home SMB | Top 10% |
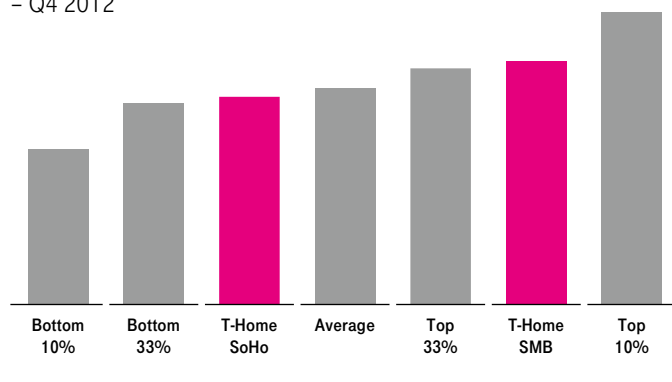
The level of satisfaction with fixed-line services on the T-Home side among business customers roughly coincides with the European benchmark average, which is higher than that of most competitors. Its broad offering portfolio is a clear competitive edge for Magyar Telekom: the flexible service packages offering attractive discounts, the comfort of 'everything from a single provider' approach prove to be powerful arguments in customer retention, and distinguish the company from its competitors.

In addition to traditional general satisfaction measurement, we also measure the satisfaction of customers with given customer service channels throughout the year in the framework of the NG ICCA research. The purpose of the survey is to monitor the quality of our customer care, collect qualitative and quantitative information about the satisfaction of the customers and about their experience with our customer services.

The research is transaction-based: we poll our customers within 24–48 hours of their customer care event. The research extends to the SMB, mobile and fixed customer bases.

Channels involved in the research:
- **T-Mobile residential:** CCC (Call Center), IVR (interactive voice response), shop (T-Pont, T-Partner), repair
- **T-Mobile SMB:** CC (Call Center), IVR (interactive voice response), shop (T-Pont, T-Partner)
- **T-Home residential:** CC (Call Center), IVR (interactive voice response), shop (T-Pont, T-Partner), MSZI (repair, provisioning)
- **T-Home SMB:** CC (Call Center), IVR (interactive voice response), shop (T-Pont, T-Partner)

The methodology of the research changed by the last quarter of 2012: telephone polling was replaced by SMS. In the 'voice of the customer' type survey we ask 4 questions (2 with fixed content, 2 rotated) about the quality of our customer management. In addition to this we give customers the opportunity to submit free text response about our service. Typically a fifth of the respondents seize this opportunity, in the sales area the respondents are, in usual, more willing to comment on our services.

The areas involved in the research can also access the results and also analyze the feedback themselves. The reports are prepared monthly with a standard methodology, and belong to the competence of the Customer Experience Center. The research shows where more staff is needed to reduce waiting times, where attendants need further training, etc. The reports supplemented with the customers' pain points are submitted to the quarterly management meetings. The direct manager of the business area, where deficiencies were revealed, takes action, sets up an action plan and makes pledge to remedy the problems.

The ICCA research has great past in the mobile area. In addition to the indicators presented in area breakdown, one of its main indicators has been for years the NPS (Net Promoter Score). From 2013 this indicator will replace the CES (Customer Effort Score). According to a study published in the Harvard Business Review: „The loyalty of the customer is the most closely defined by the personal effort invested in solving his problem. "The CES can be measured on a five-grade scale by a single question: „How much effort does it take to solve his problem?"

Q4 2012 results:
- From among the channels studied, the customers who used the retail channel were the most satisfied, which is to be thanked to the flexible solution of the problem/request and the positive approach of the administrative staff.

NG ICCA INDICATOR BY CHANNEL IN THE T-HOME RESIDENTIAL CUSTOMER BASE

■ October, 2012 ■ November, 2012 ■ December, 2012

40
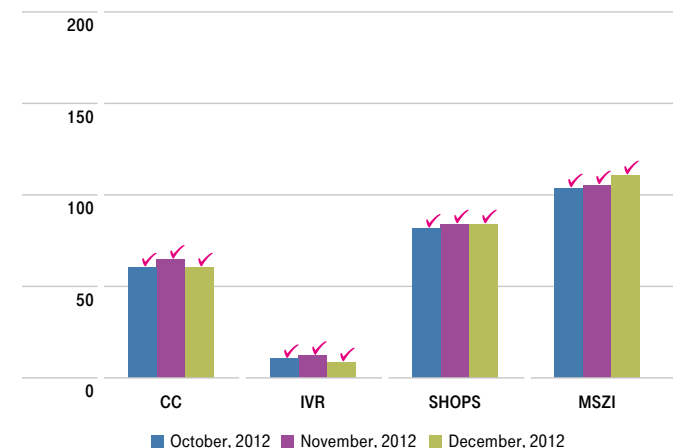
- The major strength of the call center is its competent and helpful staff, but the majority of the customers found the menu system too complicated and complained for long waiting times.
- The customers are, in general, satisfied with the technical services, but consider the time till the installation of the service, or the repair of a fault too much.
- Of the 4 touch points the IVR proved to be the least favored channel, because the customers considered the waiting time too much, and often failed to get to an operator because of the complicated menu system.

T-Systems (KFKI) performs the customer satisfaction measurements according to the work directive no. M015. 'Measuring customer satisfaction'.

At present T-Systems (KFKI) conducts 4 levels of measuring customer satisfaction:
1. Project-based: after the close of each month a customer satisfaction questionnaire is sent to the commercial and project implementation contact person of each project worth more than HUF 5 million, for which the final settlement invoice was submitted in the given month.
2. Small- and medium-sized business customers: on the close of each quarter questionnaires are sent to 100 SMB customers to measure their satisfaction with the web-based services, designed for small- and medium-sized businesses.
3. Key service customers: six-monthly questionnaires are sent to 100 key service customers to measure their satisfaction with the web-based services, designed for them.

4. Fault repair: after the close of each trouble ticket a short web-based evaluation questionnaire is sent to the customers with questions concerning the repair of the fault.

After statistical processing, the data derived from the customer satisfaction questionnaires are submitted to the managers of the areas measured, who integrate the results in the work of their organization unit. In the case of those customers who rate a response 3 or lower on the 6-grade scale, or write negative text evaluation, a trouble ticket will be opened automatically. These cases will also be investigated individually to identify the causes of the poor evaluation, and remedial actions are taken to recover or increase the satisfaction of the customers.

NG ICCA INDICATOR BY CHANNEL IN THE T-HOME RESIDENTIAL CUSTOMER BASE
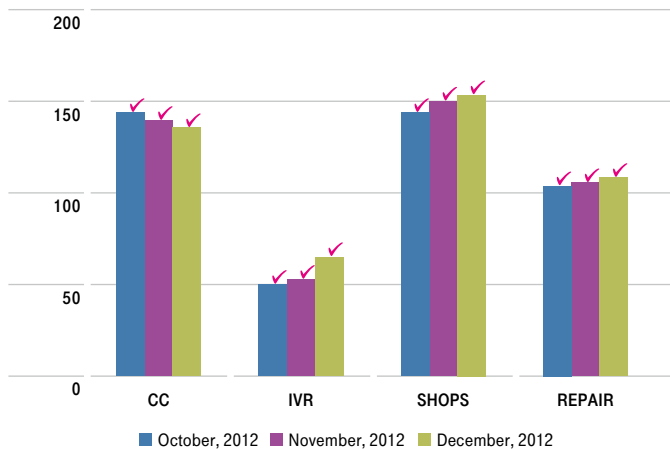
NG ICCA INDICATOR BY CHANNEL IN THE T-MOBILE RESIDENTIAL CUSTOMER BASE
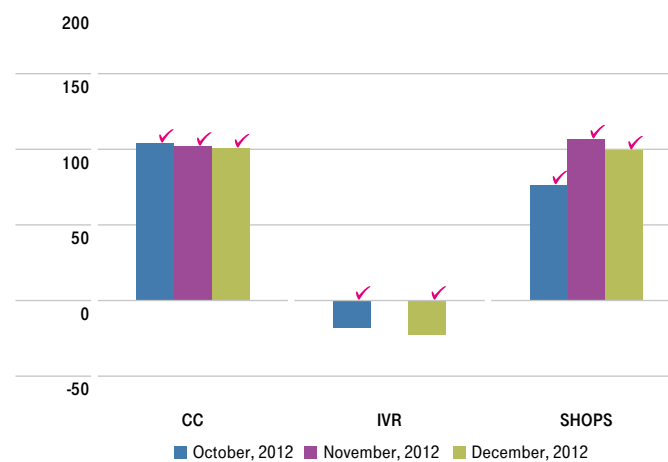
NG ICCA INDICATOR BY CHANNEL IN THE T-MOBILE SMB CUSTOMER BASE
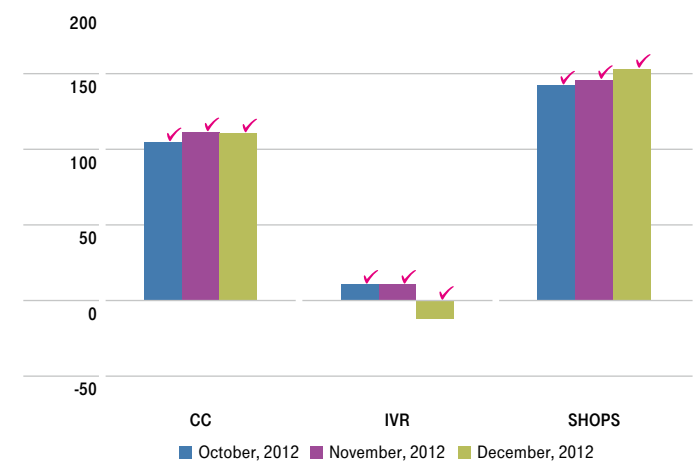
Aggregated results of the individual measurements:
1. project-based: 5.41 (on a 6-grade scale)
2. SMB service customers: 5.00 (on a 6-grade scale)
3. key services customers: 4.89 (on a 6-grade scale)
4. customer satisfaction with the fault repair: 5.50 (on a 6-grade scale)

In the framework of the ICCA research, the Corporate customer support branch (BBU-VÜK) requests the customers to evaluate the work of the customer service in a telephone interview. The findings are analyzed in detail monthly by the manages and technical leaders of the Direct and Dedicated Competence Centers as part of their monthly performance evaluation. In an effort to improve the satisfaction of the customers, employees are regularly enrolled in training courses. The training is given partly by external training companies, partly by our internal staff.

ICCA TARGET VALUES IN 2012	ICCA RESULTS IN 2012
CC: 104.5 points	CC: 105.5 points
Dedicated pilot	Dedicated pilot: 134.6 points
Field staff: 165 points	Field staff: 170.6 points

The Data center infrastructure branch (Dataplex) completed its 2012 customer satisfaction research in March, 2013. The results, shown in the table, were derived from the questionnaires completed by the customers. The branch contacted those customers who gave poor ratings to clarify the causes.

DATAPLEX CUSTOMER SATISFACTION SURVEY, 2012

Customer service	Poor	Adequate	Good	Excellent	Sample number	Average	2012 Average
Activity of the customer service	1	0	3	6	10	4.30	4.90
Availability of the customer service	1	0	1	8	10	4.50	4.55
Customer focus	1	1	1	7	10	4.25	4.80

Technology	Poor	Adequate	Good	Excellent	Sample number	Average	2012 Average
Availability of the electric systems	0	0	1	9	10	4.90	4.90
Availability of the engineering systems	0	0	1	9	10	4.90	4.90
Availability of the transmission system of the data centers	0	0	1	9	10	4.90	4.90
Availability of the technical staff	0	0	3	7	10	4.70	5.00
Communication with the technical staff	0	0	2	8	10	4.80	5.00
Professional competence of the technical staff	0	0	2	8	10	4.80	4.90
Availability of the technical staff	0	0	3	7	10	4.70	4.80

Billing	Poor	Adequate	Good	Excellent	Sample number	Average	2012 Average
Accuracy of the bills	0	0	1	9	10	4.90	4.55
Comprehensibility of the attachments	0	0	2	8	10	4.80	4.70
Management of complaints	0	0	1	9	10	4.90	4.90

General	Poor	Adequate	Good	Excellent	Sample number	Average	2012 Average
Quality of our services	0	0	3	7	10	4.70	5.00
Keeping the deadlines	0	0	2	8	10	4.80	4.90

Total	70.85	72.70
Sample number	15.00	15.00
Average	4.72	4.85

IQSYS, Daten-Kontor and ISH Informatika member companies typically poll their customers once a year at the end of the year through questionnaires. In 2012 this did not happen after the integration.

Makedonski Telekom and T-Mobile Macedonia measure customer satisfaction and loyalty quarterly, both in the residential and the business segments, using the TRI*M methodology. The TRI*M Index is a key performance indicator (KPI) for quick measurement of the quality of customer relations.

T-MOBILE TRI*M INDEX 2012

	Q1	Q2	Q3	Q4
T-Mobile (residential customers)	75	83	76	78
T-Mobile (business customers)	–	71	–	65

T-HOME TRI*M INDEX 2012

	Q1	Q2	Q3	Q4
T-Home (residential customers)	72	77	74	79
T-Home (business customers)	74	81	67	76

To increase customer satisfaction a dedicated measure & manage process was implemented at the company. Participants from all areas of the company – T-Mobile and T-Home – meet twice a year for TRI*M workshops.

The principal aim of the workshops is to present and analyze in detail the TRI*M measurements, to reveal and discuss the causes of the identified events, and finally to define and elaborate actions to improve the future results.

Crnogorski Telekom measures customer satisfaction with two values: TRI*M and Next Generation ICCA (NG ICCA).

- TRI*M T-Com and TRI*M T-Mobile measuring through telephone interviews quarterly. Methodology: agency (interview method), data processing, short, medium and long waves. The analyses suggest that several factors show deterioration which may seriously impact the aggregated TRI*M results. These factors are: price, value for price and tariffs. The signs indicate that the market is particularly sensitive to price, which the economic crisis makes even more poignant.
- In Montenegro the NG ICCA was launched in October, 2012; its purpose is to determine customer experience and customer satisfaction levels more accurately and in a more up-to-date manner. The NG ICCA program replaces the ICCA program through the introduction of an automated data collection and reporting framework.

Targets of the NG ICCA program:
- monitoring: tracking customer satisfaction in all channels (customer service, sales, TCS, self-service);
- accuracy: more feedback from the customers to make more accurate customer front data;
- easy use: easier access of the information;
- making reports urging actions for the management;

- efficient implementation of the research with advanced automated tools;
- use of maximized samples which makes it possible to have measurements of larger breakdown (e.g. at agent level);
- sending prompt feedback to the customers in order to increase loyalty and revenues.

Within the frameworks of the NG ICCA the customers are polled every 90 days. Researches are SMS- and IVR- based.

The scope and number of the customers to be involved in the research are determined as follows:
- self-service – IVR: 80,602 interactions monthly;
- customer service – 42,228 interactions monthly (incoming: about 70% of the overall volume, outgoing: 10% of the overall volume, technical assistance: about 20% of the overall volume);
- retail-sales: 18,042 interactions monthly (own shops: 8,505 interactions monthly, partner shops: testing phase, telesales: 9,537 interactions monthly);
- field technician: 4,765 interactions monthly (installation: 559 interactions monthly, fault repair: 4,206 interactions monthly).

Initiatives to improve customer experience in 2012:
1. Prevent bill shock: sending the customer proactive SMS when the average level of spending is reached.
2. Review of the ADSL and IPTV installation process to improve E2E installation time.
3. Regular reports to the Cos about NG ICCA developments.

2.5. INVOLVEMENT OF OUR CUSTOMERS

Magyar Telekom has, for a long time, been communicating to its customers and partners the thought of sustainability through its own sustainable operation, its services and products. The company is making every effort to familiarize as many people as possible with its hello holnap! initiative and the related activities.

Under the auspices of hello holnap! Magyar Telekom has helped start the Sustainability Media Club with the involvement of leading Hungarian printed, electronic and online media. The Club gives wide publicity to the notion and practical importance of sustainability through everyday examples. In an effort to raise awareness of the definition, importance and objectives of sustainable development, non-governmental organizations are invited quarterly to apply for support to their own sustainability projects. The applications are preselected by the board of trustees, and then the members of the Media Club decide in personal consultation which of them is to be financed by Magyar Telekom.

Also in 2012 Magyar Telekom invited nominations for the hello holnap! Press Award. A jury, composed of the members of the Sustainability Media Club and Magyar Telekom employees, awards the prize to the journalist or editor who has earned the most merit in making publicity for the sustainability ideal. The one million forint prize provided by Magyar Telekom is given annually. In 2012 it was given to Irén Hermann for her work called 'Urban nature'. The price was given at the 5th Sustainability Day organized by Telekom. In her article, published in Marie Claire, Irén Hermann describes how sustainability thinking may permeate everyday life. Her article gives an overview from community farming to shopping to demonstrate how the society can be made livable and sustainable.

hello holnap! Photo contest 1st prize Benedek Lakatos: City of my desires

LABELLING SUSTAINABILITY FEATURES IN MOBILE DEVICE CATALOGUE

In order to integrate sustainability into sales activities, Magyar Telekom publishes a mobile device catalogue that provides information about the sustainability aspects of different products, and labels the mobile devices' sustainability features. These sustainability features include:

- Mercury- and arsenic-free display;
- PVC-free;
- Free of nickel, brominated or chlorinated elements and antimony tri-oxide;
- Packaging made of 100% reusable materials;
- Charger more energy-efficient than even the highest standards;
- Energy-saving mode;
- Made of 100% reusable materials;
- Reminder to pull out the charger;
- Designed for disadvantaged people (e.g. the elderly, people with disabilities, etc.)

Tartalom-jegyzék | Hasznos információk | Operációs rendszerek | hello holnap! | Okos-telefonok | Hagyományos készülékek | Táblagépek

8

NOKIA

Nokia Lumia 610

Windows Phone
Put people first.

Kiemelt tulajdonságok:
- Windows Phone operációs rendszer
- 3,7" TFT érintőkijelző
- 5 megapixeles, autófókuszos kamera, fotófény
- Beépített A-GPS-vevő, Nokia Vezess navigáció
- WLAN (b/g/n), Bluetooth, E-mail kliens

hello holnap! Környezetbarát tulajdonságok:
- Energiatakarékos üzemmód.
- PVC-mentes, a termék felületén nik-kelmentes, brómozott és klórozott összetevőktől, valamint antimon-tri-oxidtól mentes.
- A készülékben lévő összes anyag alapanyagként és energiaként újra-hasznosítható.
- A csomagolásban nem található pet-róleum alapú műanyag, az 100%-ban újrahasznosítható alapanyagból készült.

Ez a kiadvány újrahasznosított papírból készült.

Nokia Lumia 800

Windows Phone
Put people first.

Kiemelt tulajdonságok:
- Windows Phone operációs rendszer
- 3,7" AMOLED érintőkijelző
- 8 megapixeles, autófókuszos kamera, fotófény
- Beépített A-GPS-vevő, Nokia Vezess navigáció
- WLAN (b/g/n), Bluetooth, E-mail kliens

hello holnap! Környezetbarát tulajdonságok:
- Energiatakarékos üzemmód,
- PVC-mentes, felületén nikkelmentes, brómozott és klórozott összetevők-től, valamint antimon-trioxidmentes.
- Megújuló, 100%-ban újrahasznosít-ható alapanyagból készült.

Nokia Lumia 900

Üzleti felhasz-nálásra is!

Windows Phone
Put people first.

Kiemelt tulajdonságok:
- Windows Phone operációs rendszer
- 4,3" AMOLED kapacitív érintőkijelző
- 8 megapixeles, autófókuszos kamera, fotófény
- Beépített A-GPS-vevő, Nokia Vezess navigáció
- WLAN (b/g/n), Bluetooth, E-mail kliens

hello holnap! Környezetbarát tulajdonságok:
- Energiatakarékos üzemmód,
- PVC-mentes, felületén nikkelmentes, brómozott és klórozott összetevők-től, valamint antimon-trioxidmentes.
- Megújuló, 100%-ban újrahasznosít-ható alapanyagból készült.

Hello holnap! label in the mobile device catalog

3. COMMUNICATION WITHOUT BOUNDARIES

3. COMMUNICATION WITHOUT BOUNDARIES

3.1. ICT PRODUCTS FOR SUSTAINABILITY

One of the key priority tasks of the current Sustainability strategy of Magyar Telekom Plc. is to increase the percentage of sustainable products in its portfolio. Accordingly, in 2011 the sustainability assessment of the products was included in the regulation of the sustainability coordination process, determining the players of the process, their tasks and the hierarchy of the tasks. In 2012 we also included in the regulation the checking of the company's products against sustainability criteria in order to make them visible to the customers. The process players were identified again in the new organization structure, building daily contacts with them for the implementation of the objectives.

The set catalogue is available at:
http://www.t-mobile.hu/static/DocumentStore/lakossagi/
keszulekek/Keszulekkatalogus.pdf

OPTIMAL
On May 7 Magyar Telekom Plc. presented, and from August 1 made available for the business segment its custom-developed Optimal Energy Management System. The introduction was preceded by an over one year pilot, partly in Telekom's own properties, partly in local municipality institutions covered by the T-City program. The independent system continuously monitors energy consumption data to highlight eventual wasteful practices and intervene to optimize consumption. The program offers great help to users in developing and monitoring their own energy consumption policy and rules.

List of the most important products and services with a sustainability impact in early 2013:

- Office in the pocket: Blackberry Enterprise
- Compleo
- e-procurement
- Pediatric consulting line – health information service
- Hosting (data park) services
- Discount packages for the deaf and the blind
- MasterCard Mobile payment application
- Mobile internet
- Mobile set for elderly people
- Mobile code
- Mobile purchase
- PraxisPlatform patient education and therapy management system
- Bill provision
- Telebill and electronic bill
- TelePresence conference
- Videogate
- Virtualoso
- VitaDock

You can find more information about the sustainability benefits of the above products and services on the following website: http://www.telekom.hu/society_and_environment/ict_for_sustainability.

For years we have been using the same methodology for the sustainability assessment of our products and services; you can read more about it in the 2009 Sustainability Report: http://www.telekom.hu/static/sw/download/Sustainability_report_2009_eng.pdf.

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

tavszamla.hu

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3.2. CLOSING THE DIGITAL DIVIDE

Digital divide is the name used for the phenomenon of different groups of society having different chances to access information technologies (due to geographical location, social or other reasons). With its digital integration program Magyar Telekom strives to close this divide and facilitate the positive effects of information and communication technologies. For economic development in this age, it is crucial to access information and communication technologies, while the transformation of social relations and communication makes it important for us to get familiar with new technologies and the opportunities offered by them.

Support for the disabled

Magyar Telekom continues to provide the Jelmondó (Relay) service for its disabled customers, which isdescribed in detail in the 2009 Report. http://www.telekom.hu/static/sw/download/Sustainability_report_2009_eng.pdf

Additionally, the company offers Domino discounts for the members of the National Federation of the Blind and Visually Impaired and the National Federation of the Deaf and Hearing Impaired. They can add to the packages specially designed for them SMS 500 and SMS 1000 supplementary services.

Internet for Equal Opportunities (Egálnet) program

At the end of 2006 a community portal was started with the purpose of supporting the efficient operation of organizations helping disadvantaged groups by means of exploiting the opportunities offered by the internet. Egálnet is a community site that enables registered organizations to use a simple program to create their own websites, as well as to keep in touch with each other. The target group of the program includes NGOs representing socially disadvantaged or disabled people, groups supporting young unemployed individuals or ones just starting their careers, schools, minorities, as well as foundations, associations addressing other social problems.

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

Until the end of 2012, more than 200 organizations joined (registered) to participate in the program. In 2012 we checked how many of these organizations actually use the site actively, and deleted those websites where there was no activity for a long time (the organization that created it discontinued its operation, uses other website, has no time to manage its site). So by the end of 2012 we had 20 active sites remaining in the program; for these Egálnet offers help in daily operation.

Further information is available on the following websites: http://www.telekom.hu/society_and_environment/society/digital_bridge/egalnet http://www.egalnet.hu/object.5ED601BC-C574-4C66-9A66-13C4B0A26730.ivy

Supporting isolated, disadvantaged settlements and groups of society

The purpose of Magyar Telekom's Digital Bridge at Small Settlements Program is to increase awareness of the achievements and the opportunities offered by information and communication technologies in regions, where the digital rift is present and over time may deepen into a divide. Under the program the volunteer team of Magyar Telekom visits disadvantaged settlements of fewer than 3,000 inhabitants to give them efficient, customized IT education.

The course participants learn the many different uses of internet and how it can make their life easier. The activities also include the development of relations and ongoing communication with the students.

THIS IS HOW AN AVERAGE DIGITAL BRIDGE EVENT RUNS:
The visitor is met by a Bridge volunteer, who sits down with him to a computer to see how much he already knows about the internet. If even the basic knowledge of the applicant is missing, the education starts at the roots (from use of the machine to the use of internet). Then, they speak about the life and problems of the visitor, which gives the volunteer an idea what applications could make his life better. The volunteers have already come across requests like finding a combine harvester part (which saved the inquirer several days of travel), checking wheat prices in the commodity market (which give the inquirer an idea how his harvest fared), or organizing the annual program of a senior people's club.

If many schoolchildren turn up at the event, volunteers organize internet quiz games, which usually focus on information search. The fastest ones win the prizes.

Till the end of 2012, 163 Digital Bridge programs were held. Since the start of the program, 297 Magyar Telekom employees have helped people to internet literacy.

Kapolcs Festival was held in 2012, too. The company offered internet access to users in the Valley, so the internet education program had no significant reception there.

BRIDGE ON THE RIVER
PÉTER NOVÁK

"It is growing, the legendary economic inequality is growing, its stream, dirty with the sediments of division, is flowing through the gap. A growing number of people are stuck on the side burdened with everyday problems; without knowledge and skills, sometimes in despair, sometimes with fierce anger recognizing the outlines of the other side edging away... However, capabilities and intention of action are not lacking. There is a palpable nationwide network of people ready to act; self-sustaining farms, social cooperatives, educational programs, convergence workshops are offered with opportunities here and there: to bridge the contrary poles of polarizing mechanisms. Magyar Telekom's Digital Bridge initiative offers already in its name a gateway that has been proven by practice several times. It has been, and is, evidently bridging dimensions seemingly far away, among others me, since learning and recognition is a two-way process, discovering empathy for each other is mutual. I declare that we can learn from each other.

If you want to change an age, you need to use its tools. If the greatest value of the present age is information, future is unconceivable without infocommunication access, so we need to trust in its positive yields that improve the quality of life. The problem exists actually with quality rather than with the accelerating world often used as a cliché. What will we use the newly acquired impetus for, where will we be heading on the global highway? This will be the next question, and like it happened so many times in history, our successors will reach back to the start in terms of responsibility and/or recognition. I will vote for glory, in the long term it is worth anyway..."

Digital Bridge Fest
In 2009 Digital Bridge at Small Settlements Program was supplemented by a new element, called Digital Bridge Fest. Volunteers of Magyar Telekom continue to educate the inhabitants to use the internet as part of this program. Additionally, a talent contest is held by Peter Novak and Kultúrpart, where the winners are offered the opportunity to perform for a live audience and through the internet. These events are usually coupled with some other community event (e.g. village fiesta), but often we ourselves generate such events with our events. In 2012 no Digital Bridge Fest was held, the next event will be in 2013.

Videos, pictures and further information about Digital Bridge program: http://www.telekom.hu/society_and_environment/society/digital_bridge/digital_bridge_at_small_settlements

The Green Zone discount available in a Kaméleon tariff package offers discount to residents of settlements in the countryside: 50% discount is offered on the minute tariffs of calls originated in the designated discount 'Green Zones'.

People with low income can use our Eco and Mix tariff packages. The latter offers protection against overspending. (The latter tariff package we closed on April 12, 2012, the existing subscribers may, however, continue to use their package also beyond the closing date.)

In 2012 Crnogorski Telekom continued its effort to make the internet part of everyday life of most Montenegrin citizens. As the leading broadband provider, the company continues to pursue the goal of developing the information society and making the internet available to handicapped social groups through its 'Connecting the Unconnected' approach.

Telekom continued the practice of providing free service to some selected Montenegrin customers, like kindergartens, primary and secondary schools, associations supporting handicapped people and organizations working for the development of the civil sphere. For the sixth year now Crnogorski Telekom has been providing free ADSL internet access to the primary and secondary schools of the country. Also in 2012 Crnogorski Telekom offered free wifi internet access on about 20 points of the country for Montenegrin citizens and visitors of the country.

3.3. T-CITY, THE CITY OF THE FUTURE
T-City project has been running in Szolnok since May, 2009. The some 78,000 inhabitants of the city can benefit from possibilities offered by the pilot project, experience the impact of the latest ICT technologies on the quality of life and learn the community services of Magyar Telekom. The cooperation between the company and Szolnok is a long-term innovation program focusing on education, culture, public security, tourism and health. In 2012, the following services and tests were continued or introduced in the city:

School card (Sulikártya)
Since the start of the 2009 school year, one primary school in Szolnok has been equipped with an access control system using Radio Frequency Identification (RFID) technology, which register the arrival and leaving of the students holding an access card. Parents can opt to receive an automated SMS message, or track their children's entry/exit times via the internet. In 2011, the system was upgraded with turnstiles to increase security and with an e-meal ticket solution to enhance convenience, and a new school portal has also been introduced. In 2012 we connected the system with the City Card system which enables the use of two independent systems with a single card.

City Card – Intelligent Community Card

In May, 2011 Szolnok City Card was introduced under the T-City program, with which the citizens can use innovative services and get various discounts. The system was launched with the involvement of the Local Municipality of the City of Szolnok, Magyar Telekom, Jászkun Volán Zrt. and NetLock Kft. (the leader of the consortium that developed the CityPass system). The test run of the Szolnok City Card was held from May 1 and December 31, 2011. Szolnok citizens participating in the test were given an intelligent card which, with the help of the CityPass system, enabled them to use modern community services.

In 2012 we further developed the Szolnok City Card. We developed the Telekom Intelligent Card System which integrates the School Card and City Card modules and also makes available numerous RFID technology services. We have also started the integration of the system with the Mobile Purse.

City Guard

The eNOTO equipment, to be installed in the framework of the development, is a practice-proven equipment monitoring the roads entering and leaving the settlement, which can play key role in improving the public security situation and also the subjective sense of security of the citizens. eNOTO is installed quickly and its handling requires neither deep-going technical knowledge nor special staff. The equipment is used particularly efficiently by the national and the local authorities responsible for public security or the civil organizations authorized by them.

Virtual Guide – Mobile City 2.0.

The Virtual Guide is one of the latest applications developed by Telekom under the T-City program for Android and iOS platform and customized to the conditions and requirements of the city of Szolnok. The content is uploaded and managed by the city, which gives the content owner a great deal of independence in reaching the visitors and citizens according to its own concept and city marketing, but on a completely new forum. The content service enables the visitor to reach the tourism sight listings and the program service offerings of the local tourism businesses simply by holding their phone in their hands. In 2012 we upgraded the software and added community building function. The new reporting platform enables the user to post reports about special events even on Facebook.

Optimum Energy Management System

We have installed the Optimum Energy Management System in three local municipality institutions. The system audits the energy efficiency of the institutions which we submit to the competent officials of the local municipality. With a view to the successful future sale of the system, together with T-Systems, we have started to develop a complex energy efficiency increase package, for the support of which we are developing strategic cooperation with GE Lighting.

Shape the City of the Future!

In 2012 we launched the 'Shape the City of the Future!' initiative; we selected 20 families who we involve in the innovation processes of Magyar Telekom. As a result of the project these homes will be the first to receive for trial the latest services, products of Telekom, even the ones still under development. We will consider their comments in the product development process.

ICT awareness raising initiatives

Magyar Telekom Plc. is strongly committed to closing the digital divide. In this spirit it has organized two program series which Szolnok citizens can visit free of charge. T-City Kids club courses bring closer to primary school students the novelties of mobile phones and the internet world. T-Kids courses held four times in the spring and three times in the fall also included internet security presentations by the company for primary and secondary school pupils. Magyar Telekom invited staff of the Blue Line Foundation to provide information to children about the dark sides and threats of the internet, how to prevent them and what tricks can be used for safe internet access. Magyar Telekom launched the Internet Academy initiative for the elderly, retired residents of the city. The presentations introduced participants to internet usage and familiarized them with the basics of internet security.

The cooperation between Magyar Telekom and Szolnok Municipality is unique in Hungary, but is intended to show a good example to the rest of the country.

3.4. KITCHEN BUDAPEST – PLAY, INCUBATION AND EDUCATION WITH MAGYAR TELEKOM SUPPORT

The success of the Hungary of the 21st century lies in its ideas. To reach it you need a workshop where ideas can roam and evolve freely. Kitchen Budapest (briefly KIBU) was established back in 2007 with the support of Magyar Telekom, and our involvement guarantees the operation of this special lab for the sixth year now. It is a laboratory helping Hungarian ideas rise from the ground with play, incubation and education.

Today, the thing that counts is not the idea but rather how you can forge lasting success out of the value, content and credibility rising out of the idea. KIBU searches interconnection points between social research, arts, sciences and the internet to mould as many of the bright and inspiring ideas hatched there into lasting success. So ideas work not only in theory, at the level of concept, but also past the test in exemplary manner in the economic and social environment.

KIBU looks on the Startup Program launched in 2012 as in important success; it gives teams having a budding idea the possibility to make their dreams come true. In 2012 we received 250 requests and included 3 teams in our incubation program, the results of which the public will, we hope, soon learn.

Our Play4Power energy generating playground project launched in 2011 has since been renamed and redesigned. The new name is Zapland, which is far more than just a playground concept: supplemented with a virtual education space, it promotes the energy-conscious education of children. For more information visit the http://zapland.kibu.hu/ website.

3.5. INNOVATION FOR SUSTAINABILITY

At the end of 2010 Magyar Telekom launched an R&D umbrella project with the goal of supporting the further development of its existing residential and business services with innovative solutions, and to identify new, non-core development areas and innovation directions. The project is supported by the Hungarian Government, managed by the National Development Agency and financed under the Research and Technology Innovation Fund.

We implement several R&D themes with an environmental dimension in the framework of the umbrella project:
- blind guide – spy camera,
- green consumer group research,
- rollout possibilities of the e-bill service to additional platforms.

3.6. SERVICE AVAILABILITY

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

The General Contract Conditions are available:
http://www.telekom.hu/szolgaltatasok/aszf

Magyar Telekom strives to ensure continuous availability with regular technological upgrades and with the provision of spare devices.

In 2012 the roll-out of the new generation broadband network technology continued, which, after the implementation of the support system (OSS) developments, made it possible to operate efficient processes answering the challenges of the future. As a result of the modernization of the broadband network in 2012, we can now declare that the functions adjusted to the new customer requirements are being implemented on the most state-of-the-art technology available in the market.

The entire RAN network is being replaced in the framework of the NeMo. This has created the basis for the launch of the LTE in 2012 and to further improve the quality of services like HSPA+. The new equipment involve more environmentally conscious energy use as they reduce the energy consumption of our 2G-, 3G, and LTE networks almost by half of their earlier consumption.
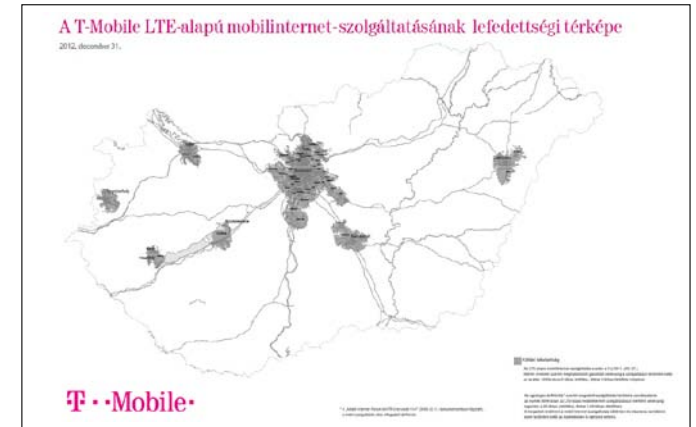
Service availability figures in 2012 are given below.

In Macedonia fixed network access coverage is provided to 98% of the households. For those rural customers who demand voice services but do not have network access we provide FGSM solution.

100% of the areas provided through RSU operate with ADSL equipment. The ongoing PSTN migration will be implemented mainly with BB access which enables the provision of broadband services. To increase broadband coverage in the rural areas, in 2013 we implement UMTS 900. The implementation of the LTE 800 depends on the outcome of a future tender.

4G coverage in December 2012

SERVICE AVAILABILITY

Annual availability [%]	2008	2009	2010	2011	2012
Cable TV analog/digital	99.98	99.97/99.95	99.94/99.75	99.93/99.82	99.95 ✔/99.93 ✔
Sat TV		99.83	99.90	99.87	99.86 ✔
IPTV	99.77	99.80	99.85	99.99	99.82 ✔
Fixed internet (ADSL/GPON/KábelNet)	99.93	99.90	99.90/99.96/99.72	99.92/99.95/99.78	99.93 ✔/99.99 ✔/99.90 ✔
Mobile internet (2G/3G)	99.71	99.67/99.50	99.40/99.49	99.64/99.29	99.40/99.55
Telephone/VoIP/VoCa	99.96	99.96/99.65/99.97	99.95/99.94/99.91	99.95/99.96/99.92	99.95/99.93/99.84
Mobile phone (2G/3G)	99.94	99.94/99.91	99.93/99.88	99.94/99.89	99.93/99.88

4. REDUCING THE ENVIRONMENTAL FOOTPRINT

4. REDUCING THE ENVIRONMENTAL FOOTPRINT

In view of its activities, Magyar Telekom Group is not one of the significant environment polluters either on the input (raw materials, energy consumption) or the output (waste materials, emission) side. In addition to that, the Group also allows to its customers to decrease their environmental footprint and also place an emphasis on environmental awareness.

Climate protection continues to be a priority area of the 2011–2015 environmental sustainability strategy of the Magyar Telekom Group, while the key priorities include reduction of the CO_2 emission of both the Company and its customers. The key strategic objective of the group is to reduce its CO_2 emission by 20% by 2015 compared to the 2004 benchmark level.

Other expectations influencing CO_2 emission were set in line with that goal: 5% reduction in electric energy, gas, heating energy consumption and usage of fuel by the vehicle fleet, 30% reduction of paper consumption, increasing the energy efficiency to a rate of 48 Gbit/kWh, increase application of the renewable energy to 46 GWh and increase by 20% the application of hybrid and electric vehicles by the staff persons.

Beyond our climate protection goals, the environmental and operational efficiency targets of our strategy include: reduction of waste (municipal wastes, toner cartridge, paper and packaging waste materials), continuous expansion of selective waste collection, greater use of TelePresence, reduction of paper consumption (including paper-based documents used in internal processes and presented to our customers), increase of the use of recycled paper and rollout of e-billing.

4.1. CLIMATE PROTECTION

All players of the infocommunications segment – including Magyar Telekom Group – are affected by several aspects of climate change. On the one hand, the Company's operations burden the environment with direct and indirect greenhouse gas emissions, despite the fact that the activities pursued by the Company do not cause much pollution. Electric energy and paper are used for delivery of the services, offices are operated and travels managed.

On the other hand provision of ICT (infocommunications technology) services contributes to savings on travels, energy and fuel, thus reducing CO_2 emission. Such services include, among others, video and audio conference, TelePresence, e-billing and various hosting (data park) services.

Thirdly, the risk of climate change and extreme weather conditions effect telecommunications networks indirectly as well, can cause damage in network components and threaten smooth operation of the IT services. To manage these risks, Magyar Telekom prepared a study of the climate change effects and their relevant financial impact, on the basis of which it has started to mount weather monitoring measurement equipment on its towers which are the most exposed to extreme weather. Currently, 26 stations are equipped with measurement equipment, and the inflowing data are being constantly evaluated by Company staff.

Climate protection campaign

In 2012, we made efforts to demonstrate the importance of climate protection to our colleagues. We have been operating a climate protection site for years, where we direct the attention of our colleagues to special world days and the novelties of the particular theme. As in every year, in 2012, too, we have participated in Earth Hour iniciative, which maintained the primary objective of directing attention to extensive and unnecessary energy consumption. The

lights were switched off for one hour on 23, March at the company headquarters in the frame of the program. Only the emergency lights, the guiding lights necessary for safe movement and the light advertisements were on. Our colleagues joined this initiative: They turned down the lighting and unnecessary electric equipment in their own homes.

In March and April 2012 Crnogorski Telekom participated in the Earth Campaign and also in the event of the Day of Earth aiming to direct attention to the issues of climate change.

Carbon dioxide indicator

Carbon dioxide emission reduced by 8.79% ✔ in 2012 as compared to the 2011 emission.
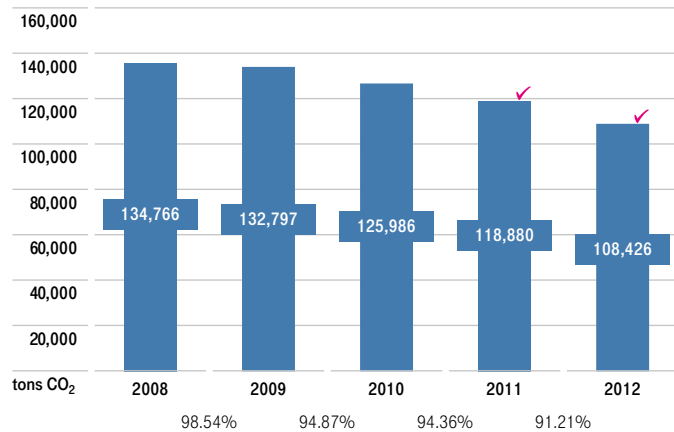Direct energy consumption reduced by 16% ✔ while indirect energy consumption by over 4% ✔ which is considered a significant achievement.
CO_2 emission associated with paper consumption increased by 34.85% ✔ as compared against the previous year, which is due to the massive growth of paper consumption.
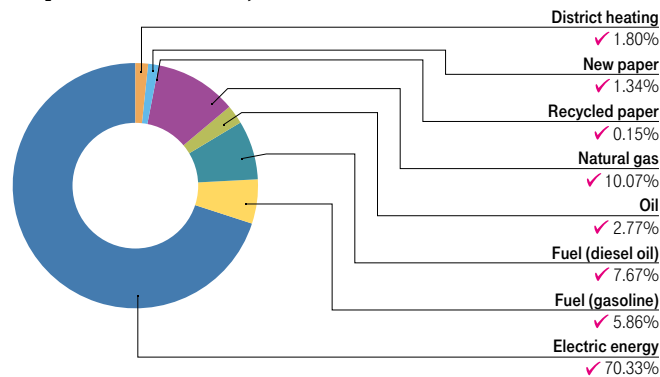The details of Magyar Telekom Group's CO_2 emission are given in the following table.

CO_2 conversion factors were determined on the basis of the 2007 recommendations of the International Energy Agency Data Services (electric energy), the UNEP guidelines (heating oil, fuel oil, natural gas) and by the data provided by a prominent Hungarian paper factory.

AGGREGATED CO_2 IMPACT, MAGYAR TELEKOM GROUP

tons CO_2	2008	2009	2010	2011	2012
	134,766	132,797	125,986	118,880	108,426
		98.54%	94.87%	94.36%	91.21%

CO_2 IMPACT SHARING, 2012

- District heating ✔ 1.80%
- New paper ✔ 1.34%
- Recycled paper ✔ 0.15%
- Natural gas ✔ 10.07%
- Oil ✔ 2.77%
- Fuel (diesel oil) ✔ 7.67%
- Fuel (gasoline) ✔ 5.86%
- Electric energy ✔ 70.33%

CO_2 impact [tCO_2]

	2008	2009	2010	2011	2012
Direct energy consumption					
Natural gas	15,672	14,616	15,372	16,051 ✔	10,922 ✔
Oil	2,579	2,876	2,702	2,604 ✔	3,001 ✔
Fuel (diesel oil)	8,746	9,066	8,777	8,853 ✔	8,315 ✔
Fuel (gasoline)	6,882	6,782	6,745	6,669 ✔	6,359 ✔
Fuel (total)	15,628	15,848	15,521	15,522 ✔	14,673 ✔
CO_2 emission of direct energy consumption	**33,879**	**33,340**	**33,596**	**34,177** ✔	**28,596** ✔
Indirect energy consumption					
Electric energy	95,119	95,462	99,849	98,517 ✔	94,483 ✔
Electric energy (adjusted with renewable energy consumption)	-	-	87,995	81,136 ✔	76,255 ✔
Distant heating	2,448	2,530	2,475	2,367 ✔	1,957 ✔
CO_2 emission of direct energy consumption (adjusted with renewable energy consumption)	**97,567**	**97,992**	**90,470**	**83,503** ✔	**78,212** ✔
Total energy consumption					
CO_2 emission of total energy consumption (adjusted with renewable energy consumption)	**131,446**	**131,332**	**124,066**	**117,680** ✔	**106,808** ✔
CO_2 emission of paper consumption					
New paper	3,287	1,421	1,815	1,038 ✔	1,456 ✔
Recycled paper	33	44	106	162 ✔	162 ✔
CO_2 emission on the total paper consumption	**3,320**	**1,465**	**1,920**	**1,200** ✔	**1,618** ✔
Combined CO_2 emission					
CO_2 emission of total energy consumption (adjusted with renewable energy consumption)	131,446	131,332	124,066	117,680 ✔	106,808 ✔
CO_2 emission of total energy consumption	3,320	1,465	1,920	1,200 ✔	1618 ✔
Combined CO_2 emission (adjusted with renewable energy consumption)	**134,787**	**132,797**	**125,986**	**118,880** ✔	**108,426** ✔

Electric energy consumption

Electric energy consumption entails the highest CO_2 emission within the operation of infocommunication services (in 2012 it amounted to 70% ✔ of the total emission).

In 2012 the overall electric energy consumption of Magyar Telekom Group amounted to 278,955 MWh which is lower by 4% ✔ than the previous year's consumption. This reduction – in view of the rapid growth of the sector – is considered an outstanding result. As far as the subsidiaries are concerned, Magyar Telekom Plc. decreased its electric energy consumption by 3.8% ✔, T-Systems Hungary by 26.2% ✔ (including the data of Dataplex) while MakTel reduced its consumption by 9.2% ✔. The electric energy consumption of TCG increased by 15.5% ✔.

The Group makes constant efforts toward the decrease of its electric energy consumption. In terms of technology the energy-saving equipment are preferred, in terms of servicing units alternative solutions – which are considered unique ones in Hungary – are applied extensively. In addition to that, special attention is assigned to the solutions of advanced lighting technology applied in buildings, plants, holiday centers, social facilities.

In 2012 Magyar Telekom purchased 53,816 MWh renewable energy from E.ON as part of its total energy consumption, which accounts for almost 24.4% of the total volume used by the Company.

- In 2012 Magyar Telekom Plc. launched a unique energy saving system in the field of technological power supply, which could reduce the CO_2 emission (expected amount is 147 t/year), and also decreased the operating costs and the traveling hours associated with repair and maintenance.
- Legacy DSLAM equipments were replaced with advanced MSAN equipments which reduced the specific power consumption of the port. The port capacity is changing dynamically due to the advanced chipset and power management functions (the port capacity is kept at the necessary level) which contribute to the attainment of the energy saving objectives.
- Unattended remote units which have been applied extensively since 2011, continuous ventilation of the machine rooms, various adjustments of the air technology and the application of intelligent control system result in significant decrease of the power consumption. The investment of 800 million HUF between 2010 and 2013 resulted in an annual energy saving of 250 million HUF.
- The range of operating temperature becomes broader at the base stations, remote units, in the machine rooms, which contributed to the mitigation of power consumption. According to the theoretical calculations the savings on heating energy may amount to 2–5% of energy saving per station.
- Provisioning of the remote surveillance system, upgrading by increasing its efficiency also entails energy saving.
- Removal of the idle cables and transfer of waste materials for recycling resulted in saving in the machine rooms where floor platforms are applied, as power consumption of the heating air circulation is reduced.

Developments associated with energy efficiency have been performed since 2010 by Dataplex in a consolidated and audited frame system: The company has developed its energy management system before the entry into effect of the related international standard (ISO 50.001), which was the first to be verified in Hungary. The primary consideration is that energy management should be the defining element of the company management system, where the full scope of the factors influencing the consumption is measurable in an audited environment. The Data Center has even over-fulfilled the expectation: not only the entire scope of the technological systems, but also the consumption of each customer can be metered separately due to the network of 34 thousand measurement points. Based on the information disclosed by the metering system, the Data Center has started its investment program with an own contribution of 1 billion HUF. The program runs till 2014, in the frame of which the entire pipeline system, pumps network and indoor precision climate system of the facility was upgraded in 2012. As a result of the development completed to-date the annual energy saving of the Data Centre amounts to some 1.3 million kWh, which equals to the consumption of 500 households.

In 2012 Crnogorski Telekom launched the following initiatives towards improvement of its energy consumption:

- PSU – rectifiers upgrading,
- FES – diesel generator replacement,
- AC – Upgrading the climate equipment,
- automation of delayed starting of diesel generators at the base stations,
- decreasing the number of heating elements within the heating system,
- hybrid power supply systems for the power supply of base stations,
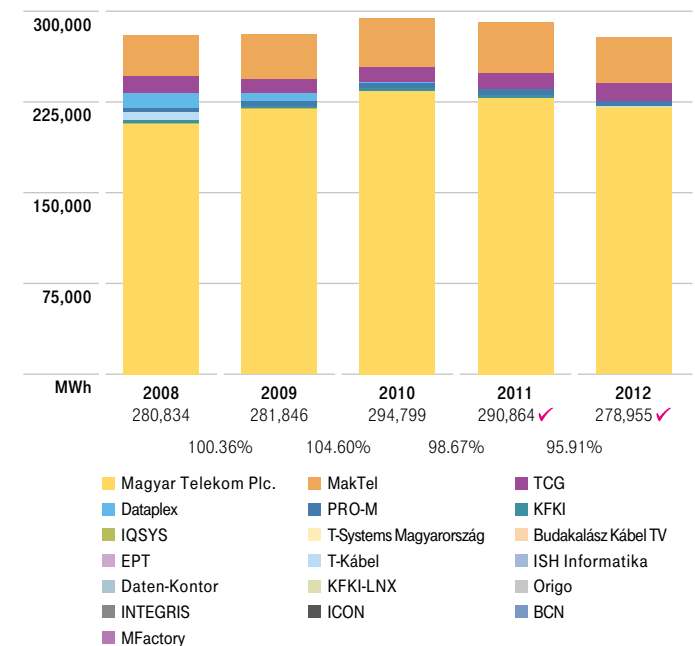
- insulating panes for separation of the warm and cold zones in the Data Center,
- increasing the operating temperature,
- shading for direct solar protection (outdoor air conditioning units),
- reactive power compensation.

The above measures resulted in annual savings of 2200 MWh for Cronogorski Telekom.

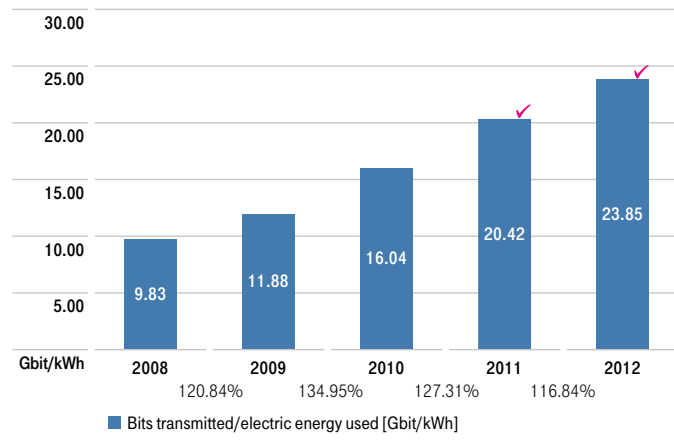In 2012 Makedonski Telekom launched the following initiatives for improvement of its energy efficiency:

- PSTN–IMS migration process.
- The RAN modernization project had a major impact on energy consumption (last phase: 2012): with the implementation of the new equipment year 2012 BTS costs (in MWh) reduced by 17% as compared with 2011.
- Assessment of the electric power cost reduction opportunities with the survey of the tariffs model.
- Optimization of the MKT premises on national level: Employee consolidation (including optimization/adjustment of the HVAC systems).
- Dismounting and removal of technical equipment.
- Initiate the transfer of know-how with MT (re-utilize the heat of data centers, option for adjustment of BTS cooling by operating the rectifiers at optimum level).
- Increase energy awareness of the employees (switching off the PCs, monitors, electricity, etc.)
- Launching the regional monitoring of the premises (to be performed by the employees of the technical area).
- Full-scale registration of the counters, harmonization with EVN.
- Launching the smart meters.

ELECTRIC ENERGY CONSUMPTION MAGYAR TELEKOM GROUP

	2008	2009	2010	2011	2012
MWh	280,834	281,846	294,799	290,864 ✔	278,955 ✔
	100.36%	104.60%	98.67%	95.91%	

Legend:
- Magyar Telekom Plc.
- Dataplex
- IQSYS
- EPT
- Daten-Kontor
- INTEGRIS
- MFactory
- MakTel
- PRO-M
- T-Systems Magyarország
- T-Kábel
- KFKI-LNX
- ICON
- TCG
- KFKI
- Budakalász Kábel TV
- ISH Informatika
- Origo
- BCN

- Launching the free cooling system.
- Consolidation of the activities related to electricity. The goal is the implementation of end-to-end control of costs and related activities (OPEX and CAPEX).

BITS TRANSMITTED/ELECTRIC ENERGY USED MAGYAR TELEKOM PLC.

Bits transmitted/electric energy used [Gbit/kWh]

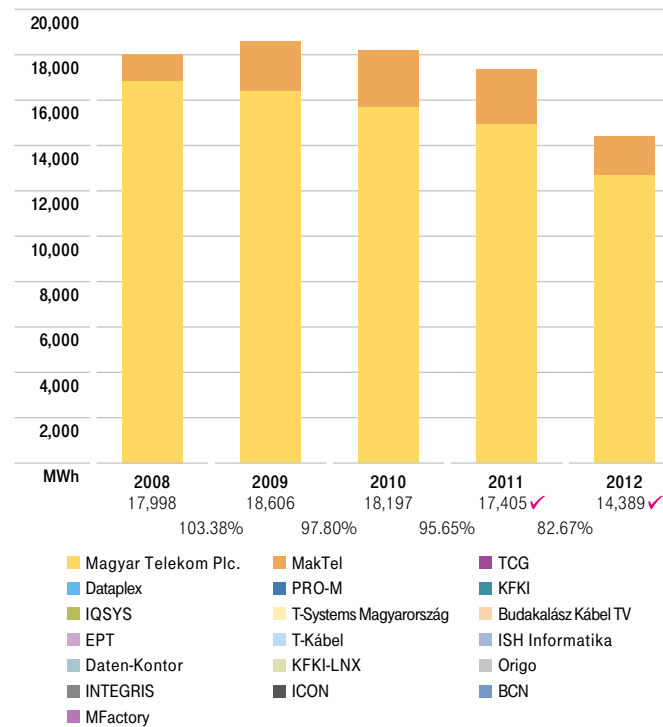|	2008	2009	2010	2011	2012
Gbit/kWh	9.83	11.88	16.04	20.42	23.85
	120.84%	134.95%	127.31%	116.84%	

Bits transmitted/electric energy used

Just like in the previous years, electric energy consumption grows proportionately with the expansion of the service portfolio, and simultaneously the amount of information provided to the customers also increases. The utilization of the energy consumed by the Company in producing its services is best demonstrated by the energy efficiency indicator. This indicator shows well that although the quantity of information transmitted to the customers with the services is growing, electricity consumption is not growing proportionately. That is, more information is transmitted with less energy.

In 2012 the energy efficiency indicator of Magyar Telekom was 23.85 Gbit/kWh, which means that efficiency of the energy utilization was 17% higher than before.

ELECTRIC ENERGY CONSUMPTION MAGYAR TELEKOM GROUP

MWh	2008	2009	2010	2011 ✔	2012 ✔
	17,998	18,606	18,197	17,405	14,389
		103.38%	97.80%	95.65%	82.67%

Legend:
- Magyar Telekom Plc.
- Dataplex
- IQSYS
- EPT
- Daten-Kontor
- INTEGRIS
- MFactory
- MakTel
- PRO-M
- T-Systems Magyarország
- T-Kábel
- KFKI-LNX
- ICON
- TCG
- KFKI
- Budakalász Kábel TV
- ISH Informatika
- Origo
- BCN

Fossil fuel consumption

Telecommunication technology does not require fossil energy, so all members of Magyar Telekom Group use fossil fuels exclusively to heat offices and produce warm water. Similarly to the previous years the member companies use natural gas and district heating. Fuel and diesel oil is used in non-significant amount by the international subsidiaries.

Fuel and diesel oil

Fuel and diesel oil consumption amounted to 11,197 MWh ✔ in 2012, which is a 15.25% ✔ growth as compared with the previous year. The reason for the substantial imcrease is that the previous year data did not include the amounts used for emergency generators.

District heating

The district heating energy consumption of Magyar Telekom Group has decreased dramatically (by 17.3% ✔) in comparison with 2011. This is due to the fact that the volume of the heated spaces was reduced, and the optimal amount of heat was consumed, thanks to the application of temperature control units installed in the previous year. A number of caloric centers were upgraded in 2012.
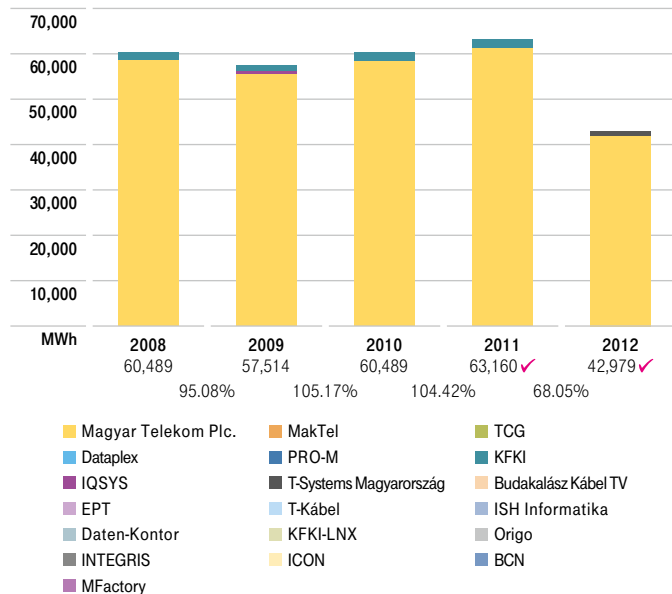
As far as the subsidiaries are concerned, Magyar Telekom Plc. decreased its district heating energy consumption by 15.4% ✔, while MakTel by nearly 30% ✔. T-Systems (which integrated a number of subsidiaries in 2012, including Dataplex, KFKI, IQSYS, ISH, Daten-Kontor) moved to a new headquarters building, therefore it is considered a new data provider, its consumption was 22 MWh.

Gas consumption

As far as CO_2 emission is concerned, direct emission is performed by certain plants of the Group. Replacement of the boilers continued in 2012, this, and modernization of the heating, decreasing of the heated spaces resulted in a 31% reduction of the consumption at Group level (31.95% ✔).

As far as the subsidiaries are concerned, Magyar Telekom reduced its gas consumption by 31.5% ✔ in 2012. T-Systems including a number of former member companies (Dataplex, KFKI, IQSYS, ISH, Daten-Kontor) moved to a new office building, therefore it is considered a new data provider, its consumption amounted to 951 MWh.

GAS CONSUMPTION, MAGYAR TELEKOM GROUP

MWh	2008	2009	2010	2011	2012
	60,489	57,514	60,489	63,160 ✔	42,979 ✔
		95.08%	105.17%	104.42%	68.05%

Legend:
- Magyar Telekom Plc.
- Dataplex
- IQSYS
- EPT
- Daten-Kontor
- INTEGRIS
- MFactory
- MakTel
- PRO-M
- T-Systems Magyarország
- T-Kábel
- KFKI-LNX
- ICON
- TCG
- KFKI
- Budakalász Kábel TV
- ISH Informatika
- Origo
- BCN

Energy generated directly for own use
The energy consumption for own purpose indicated in the Sustainability Reports of the previous years remained unchanged also in 2012. Refer to the 2009 Sustainability Report for details. http://www.telekom.hu/static/sw/download/Sustainability_report_2009_eng.pdf

Use of alternative and renewable energy
- In 2012 ventilator equipments were installed at several plants to replace the air conditioning systems.
- At Magyar Telekom Smart Cooling was launched in 2012 as a pilot project where the air conditioning equipment is installed at the optimal place that will result in energy saving.
- A battery cooling box pilot project was launched in 2012, based on the fact that a battery protected against the harmful impacts of temperature in terms of energy consumption, can tolerate temperature, in deviation in a wider rage.

The PEM cells fuelled with HydroPlus, heat pumps, the containers of open air cooling and the solar collector providing for the energy supply of the Telekom Hotel and Conference Center at Balatonkenese – which were set forth in the 2011 Sustainability Report – continue their operation. http://www.telekom.hu/static/sw/download/Sustainability_report_2009_eng.pdf
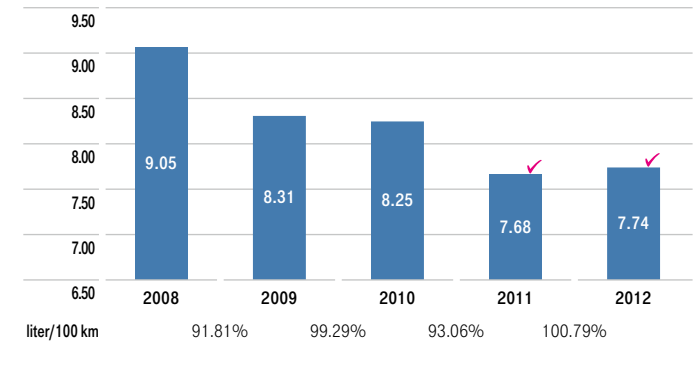
Average consumption of vehicles
In the spirit of environmental conscious operation Magyar Telekom Group makes efforts to increase the rate of low fuel consumption and low CO_2 emission cars.The average fuel consumption of the Group's vehicles was 7.74 l/100 km in 2012, which is higher by 0.79% ✔ than the previous year's figures. [34] The average consumption of the vehicles replaced in 2012 was 8.0 l/100 km ✔, and the average consumption of the vehicles purchased to replace them was 7.0 l/100 km ✔.

At the end of 2012 the average CO_2-emission of the company's vehicle fleet was 159.93 g/km ✔. [35]
In 2012 the vehicle fleet of Magyar Telekom was supplemented with 3 hybrid cars, so the hybrid fleet consists of altogether 61 cars ✔.

OVERALL AVERAGE FUEL CONSUMPTION MAGYAR TELEKOM GROUP

liter/100 km	2008	2009	2010	2011	2012
	9.05	8.31	8.25	7.68 ✔	7.74 ✔
		91.81%	99.29%	93.06%	100.79%

(34) The data of the 2011 report was corrected: the average consumption of the company's vehicles was 7.68 l/100 km in 2011 (instead of the 7.53 l/100 km, used in the 2011 report). The figures given in the 2011 report were corrected following the launch of a new method, providing more accurate data.

(35) The data of the 2011 report was corrected: the average CO_2 emission of the company's vehicles was 160.33 g/km in 2011 (instead of the 151 g/km used in the 2011 report). The figures given in the 2011 report were corrected following the launch of a new method, providing more accurate data.

VEHICLES FOR PERSONAL USE – CO_2 BONUS-MALUS

Magyar Telekom Plc. specified in 2011 the average emission values for vehicles for personal use, and applies bonus and malus points in case of diversion from those values.

In case the selected vehicle's emission values depart from the CO_2 reference value defined for the category, the affected persons will be entitled to bonus or required to pay malus. The bonus will not be paid in money but if the driver selects a vehicle that costs more than the specified budget, the extra amount payable by him will be reduced. The amount of malus will be deducted from the driver's salary. Magyar Telekom Plc. allocates the funds collected as malus on sustainability purposes; half of it to compensate for the higher purchase price of the hybrid vehicle, and the other half to cover some of the CO_2 overconsumption, thus offsetting the higher carbon emission of the less efficient cars.

In view of the actual mileage taken by the cars the affected part of the Magyar Telekom fleet could have emitted ca 605 tons of CO_2 if everyone selected a car with CO_2 reference value in compliance with the regulation. When analyzing the actual situation we found that additional extra emission due to departure from the CO_2 reference value amounted to 146.56 tons, while savings on emission amounted to 12.80 tons. When expressed in HUF it means that in 2012 HUF 5,611,400 was deducted as CO_2 malus, the half of which amount – i.e. HUF 2,805,700 – can be spent on CO_2 deactivation.

We wish to spend this amount on initiating a project of creating parks and green areas in Budapest, preferably in the downtown, or in one of the inner areas of the city. When selecting the site for planting a tree a key issue is that it should make possible the extension of the green area so that we could invest further amounts in this area, which are deducted for CO_2 neutralization in the years to come.
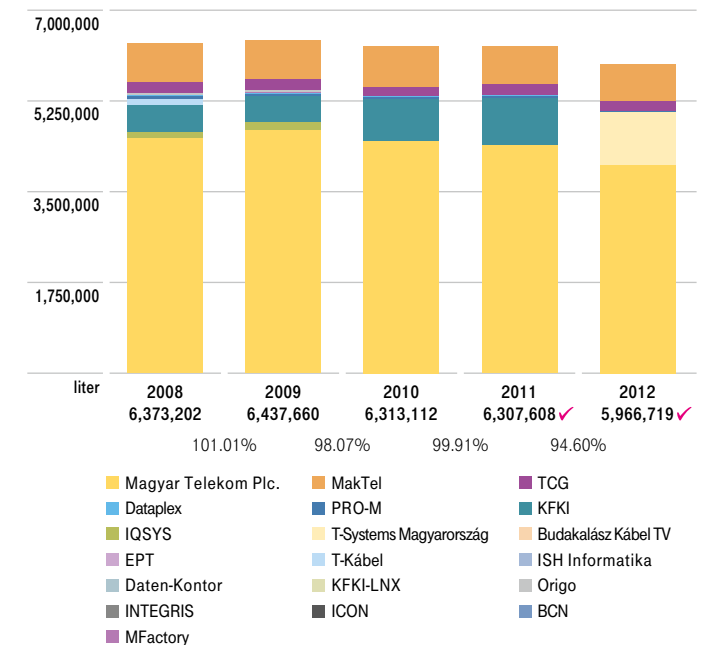
Fuel consumption
The overall fuel consumption of the Group has decreased significantly, by 5.4% ✔ compared to the previous year. Saving measures – including the solutions that decrease the volume of travels and procurement of motor vehicles of lower fuel consumption – play significant role in the reduction of fuel consumption.

In break-down to the member companies:
Magyar Telekom reduced its fuel consumption by 8.63% ✔, while TCG by 0.34% ✔, MakTel by 2.68% ✔. The fuel consumption of T-Systems – which includes a number of former member companies – was 1004 thousand liter.

OVERALL FUEL CONSUMPTION OF VEHICLES MAGYAR TELEKOM GROUP

	2008	2009	2010	2011	2012
	6,373,202	6,437,660	6,313,112	6,307,608 ✔	5,966,719 ✔
		101.01%	98.07%	99.91%	94.60%

- Magyar Telekom Plc.
- Dataplex
- IQSYS
- EPT
- Daten-Kontor
- INTEGRIS
- MFactory
- MakTel
- PRO-M
- T-Systems Magyarország
- T-Kábel
- KFKI-LNX
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- TCG
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- ISH Informatika
- Origo
- BCN

Broken down to type of fuel

Diesel oil

Diesel oil consumption has decreased significantly, by 6.08% ✔ as compared to the 2011 data.

In break-down to the member companies:

Magyar Telekom reduced its diesel oil consumption by 9.66% ✔, the consumption of TCG was stagnating (197,720 thousand liter ✔), while MakTel increased its consumption by 0.43% ✔.

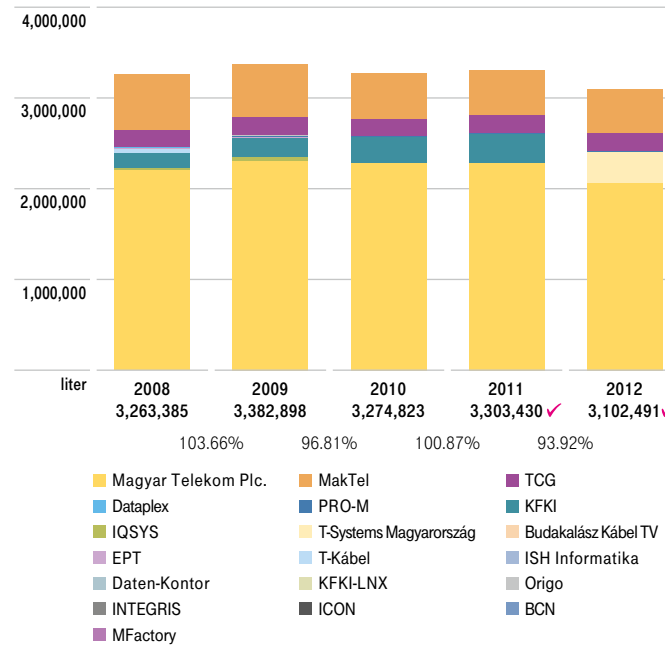The consumption of T-Systems amounted to 340,490 thousand liter ✔.

Gasoline

Group-level gasoline consumption decreased by 4.66% ✔ as compared with the previous year.

In break-down to the member companies:

Magyar Telekom decreased its gasoline consumption by 7.52% ✔, TCG by 16.52% ✔, MakTel by 8.78% ✔. The gasoline consumption of T-Systems amounted to 663,741 thousand liter ✔.

**FUEL CONSUMPTION OF VEHICLES (DIESEL OIL)
MAGYAR TELEKOM GROUP**

	liter	2008 3,263,385	2009 3,382,898	2010 3,274,823	2011 3,303,430 ✔	2012 3,102,491 ✔
			103.66%	96.81%	100.87%	93.92%

■ Magyar Telekom Plc.	■ MakTel	■ TCG
■ Dataplex	■ PRO-M	■ KFKI
■ IQSYS	■ T-Systems Magyarország	■ Budakalász Kábel TV
■ EPT	■ T-Kábel	■ ISH Informatika
■ Daten-Kontor	■ KFKI-LNX	■ Origo
■ INTEGRIS	■ ICON	■ BCN
■ MFactory		

**FUEL CONSUMPTION OF VEHICLES (GASOLINE)
MAGYAR TELEKOM GROUP**

	liter	2008 3,100,217	2009 3,054,762	2010 3,038,200	2011 3,004,179 ✔	2012 2,864,228 ✔
			98.53%	99.46%	98.88%	95.34%

■ Magyar Telekom Plc.	■ MakTel	■ TCG
■ Dataplex	■ PRO-M	■ KFKI
■ IQSYS	■ T-Systems Magyarország	■ Budakalász Kábel TV
■ EPT	■ T-Kábel	■ ISH Informatika
■ Daten-Kontor	■ KFKI-LNX	■ Origo
■ INTEGRIS	■ ICON	■ BCN
■ MFactory		
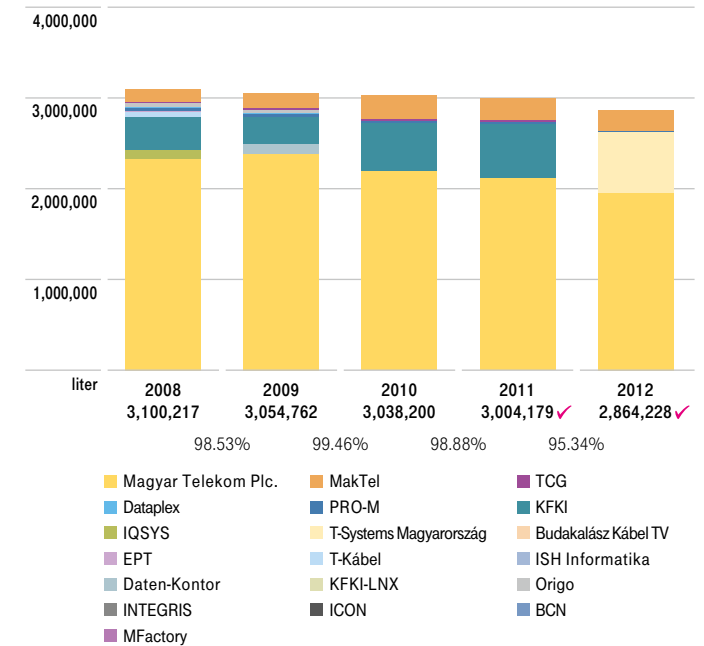
Number of vehicles

The vehicle fleet of Magyar Telekom group increased by 0.02% ✔, as compared to year 2011.

Breakdown for type of fuel:
Number of cars operated with gasoline: 1,622 pcs ✔, which exceeds the previous year level by 4.98% ✔.
Number of cars operated with diesel oil: 2,396 pcs ✔, which is 3% ✔ lower than the 2011 figure.
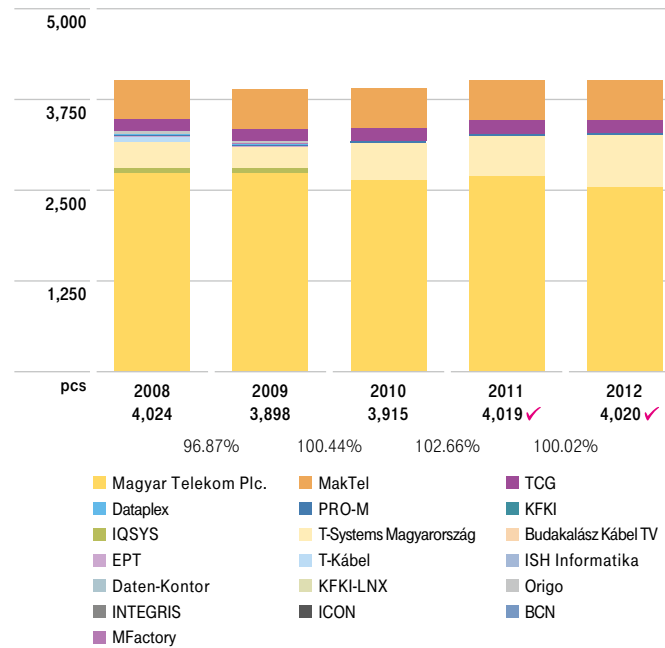Number of electric-powered vehicles: 2 pcs ✔.

Breakdown according to use:
Number of vehicles used in service operation: 2,440 pcs ✔, which is 7.33% ✔ lower than the 2011 figure.
Number of vehicles in personal use: 1,580 pcs ✔, which is 14% ✔ higher than the 2011 level.

TOTAL NUMBER OF VEHICLES, MAGYAR TELEKOM GROUP

	2008 4,024	2009 3,898	2010 3,915	2011 4,019 ✔	2012 4,020 ✔
		96.87%	100.44%	102.66%	100.02%

Legend: Magyar Telekom Plc., MakTel, TCG, Dataplex, PRO-M, KFKI, IQSYS, T-Systems Magyarország, Budakalász Kábel TV, EPT, T-Kábel, ISH Informatika, Daten-Kontor, KFKI-LNX, Origo, INTEGRIS, ICON, BCN, MFactory

ELECTRIC CAR

Two small, green, fast eye-catching cars – Citroën C-Zero, green inside and outside – were operated in 2012 in the motor vehicle fleet of Magyar Telekom. One of them is used by the technician staff in Budapest downtown and in the Buda castle region, aiming to mitigate environmental pollution in these areas. The other one is used as key-car by the Telekom employees.
The electric cars are charged at the access points installed at two plants of the Company (Dob utca and Krisztina krt. buildings).
The total power consumption of the two vehicles was 13,095 kWh ✔ in 2012, out of which the service car consumed 8,170 kWh ✔, the employee car consumed 4,925 kWh ✔.

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MILEAGE PERFORMANCE OF VEHICLES
MAGYAR TELEKOM GROUP

	2008	2009	2010	2011	2012
km	70,022,486	81,782,485	80,649,980	81,534,399 ✔	76,677,098 ✔
		116.79%	98.62%	101.10%	94.04%

- Magyar Telekom Plc.
- Dataplex
- IQSYS
- EPT
- Daten-Kontor
- INTEGRIS
- MFactory
- MakTel
- PRO-M
- T-Systems Magyarország
- T-Kábel
- KFKI-LNX
- ICON
- TCG
- KFKI
- Budakalász Kábel TV
- ISH Informatika
- Origo
- BCN

Mileage
Mileage of the vehicles largely influences the CO_2 emission associated with the company, as more travels entail more fuel consumption. Accordingly, Magyar Telekom Group assigns special emphasis to the decrease of travels, aiming to replace them with infocommunications tools, like video or audio conferences.

These efforts were successful. The company has cut down the mileages of its motor vehicles in 2012 by 5.96% ✔. This reduction is considered significant at a company where fault repair, service installation is made mostly on-site, apart from a few exclusions. Good organization of work, smooth operation of the electronic administration and mechanic work surface were critical success factors.

In break-down to the member companies:
Magyar Telekom decreased its mileage by 7.57% ✔, MakTel by 2.84% ✔, while TCG increased its mileage performance by 4.61% ✔. In 2012 the mileage performance of the vehicles of T-Systems Hungary amounted to 12,164,080 km ✔.

Solutions to replace travel
The company group made benefit from its infocommunication capabilities and in 2012 – similarly to the previous years – prevented significant amount of CO_2 emission.

TelePresence video conference service – which was included in
the previous year's reports as well – was available in 2012, too, which has been used regularly by the employees of the company. In 2012 the Company provided every employee with a new means of communication: with office communicator, which can be used for initiating a video conference with up to five participants, share a presentation or a working document with the colleagues.

Grouping by means of transport:
- flight kilometers replaced: 1,982,598 km ✔,
- road kilometers replaced: 967,966 km ✔.
Savings on fuel by replacement of car transport:
- diesel oil saved: 42,664 liters ✔,
- gasoline saved: 32,227 liters ✔.

TRAVELS REPLACED BY VIDEO CONFERENCE
MAGYAR TELEKOM GROUP

	2008	2009	2010	2011	2012
km	286 232	719 513	1 912 323	2 351 815	2 950 564

- Flight kilometers
- Road kilometers
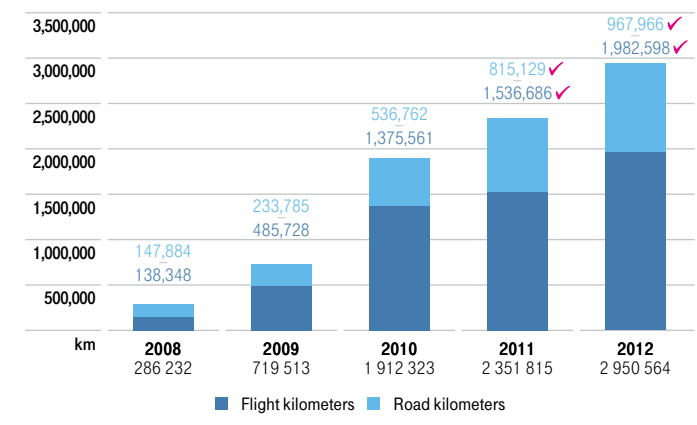
Bicycle courier service
In 2012, too, Magyar Telekom forwarded part of its consignment by using bicycle courier service. With this altogether 1,132 km of car transport was replaced and 0.19 tons of CO_2 emission prevented.

Carpooling
The carpooling system developed by Magyar Telekom continues to be available for the colleagues. By using this system the employees who travel in identical direction will share a car which will result in savings of mileage. As from 2012, carpooling service is available also for the employees of T-Systems.

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TELEBIKE

We started to develop the concept of TeleBike, a self-service bike rental system for the employees, in 2012. The underlying idea is to offer Telekom employees an alternative and environment-friendly transport option between the company's four Budapest sites.

TeleBike is designed to follow the example of the community bike rental systems which have already proved good in practice in large foreign cities. It would be the first free company bike rental system in Hungary, whose operation is supported by an IT system developed specially for this purpose and several comfort features:

- registration and PIN management process developed within the company,
- customer card facilitating rental,
- SMS notification about the lock code,
- hotline and assistance service during business hours.

Video conference and TelePresence systems are available at the Budafok headquarters of T-Systems Hungary, and also at the regional plants. By using these options the company replaced some 824,940 km in 2012, and prevented emission of 169 tons of CO_2.

In 2012 the Microsoft Lync application was installed on 26% of the PCs of Crnogorski Telekom, which allows communication within the DT Group by means of messages, voice and video conferences. In Montenegro, like the other member companies, TelePresence is preferred, which provides high quality video conference communication for staff working at remote sites.

Solutions for decreasing the volume of travels at Makedonski Telekom:
- Based on the decision of GMC we have optimized and decreased the 2012-year budget of travels.
- We restricted travels of the senior managers to the absolutely necessary level, while other managers and employees will travel in exceptional cases only.
- For travels to the neighboring countries and to the Balkan cars are used increasingly rather than planes.
- We encourage and apply the joint and combined forms of travel. More than one person can share a motor vehicle; a car is used for carrying simultaneously the attendants of several meetings or events.
- The company provides the opportunity of using TelePresence, a solution for replacing personal meetings or travels.
- E-learning platforms and virtual electronic courses are used extensively, where the employees can take part in internal training courses online, without traveling.

Paper consumption

Thousands of the employees of Magyar Telekom Group work in offices where significant amount of paper is used. Although the CO_2 emission thereof is non-significant – it is around 1.49% ✔ of the overall amount – still, the company makes efforts to lower this amount. It means the reduction of paper consumption in the offices both in terms of the paper used for office work and the materials used for communication purposes.

The printer consolidation program launched in 2011 was completed in 2012; as a result all the employees have been working with advanced printers machines capable for printing on both sides of the paper. Recycled paper can also be used on these printers.

REDUCING AND ELIMINATING PAPER CONSUMPTION

Magyar Telekom provided its staff persons responsible for provisioning and fault repair with tablets (Samsung Galaxy Note) to replace the earlier, paper-based documentation, and also developed special applications that can meet different needs (scanning, electronic signature, etc). It will result in the saving of costs, time and energy, and also in the reduction of paper consumption, in addition to the growth of efficiency of work organization. The project will continue in 2013, too, with the development of even more electronic applications.

As a result of the paper-saving initiatives of T-Systems Magyarország, the company managed to decrease its annual paper consumption by 17,776 pages (calculated with an average of 8 pages/contract). Before 31 December, 2011 the amounts of paper consumption were accounted manually at the plant in Hun utca. In the first quarter of 2012 paper consumption was not accounted – with the consent of the management – due to the move of the company and the related preparations, therefore only estimations are available for this period. At Budafoki út – where multifunctional printers are used – monitoring of paper consumption is managed centrally. Based on the 2012 data the estimated paper

consumption amounted to 2,028 pages/person/year. As compared to year 2011 figures it is representing a 21.5% reduction in specific terms. In 2012 the health segment (ISH) used recycled paper in 60%. So as to promote the paper-free office customer access points were opened, where documents management is performed electronically. We achieve savings of ca 28,800 pages with the implementation of customer access points (some 1,200 reports are drafted each month with an average length of 2 pages per report).

Crnogorski Telekom launched certain measures in 2010, which rationalize both the printing costs and paper consumption on the printers. The printers are used in economic mode as default setting, and both sides of the paper are used for printing, where the printer is capable of such printing mode. A rule restringing the printing volumes has entered into effect as well: Those employees whose job description does not prescribe printing, are not allowed to use the printers. As a result of these measures the overall printing costs of CT (including both paper and toner costs) have reduced by ca 30%.
This cost level has remained unchanged in 2012 as well.
In 2011 Crnogorski Telekom was the first company in the country to launch an electronic paybill. Electronic paybill is representing an advanced solution not only in terms of security of data but it also decreased the workload of employees and made the import of special paper and envelope unnecessary.

In January 2012 a new regulation was launched on the use of mobiles made available to the employees for their use. Within the new scheme electronic processes are used t replace the paper-based processes.

The costs of paper consumption are controlled at Makedonski Telekom through budgetary limitations. Paper-free operation and use of electronic form sheets, which are provided in the frame of automated business processes are crucial to the reduction of paper consumption.

Overall paper consumption
The measures taken towards reduction of the paper consumption were necessitated by the fact that the overall paper consumption of Magyar Telekom Group has increased significantly, by 34.68% ✔ compared to the past years.
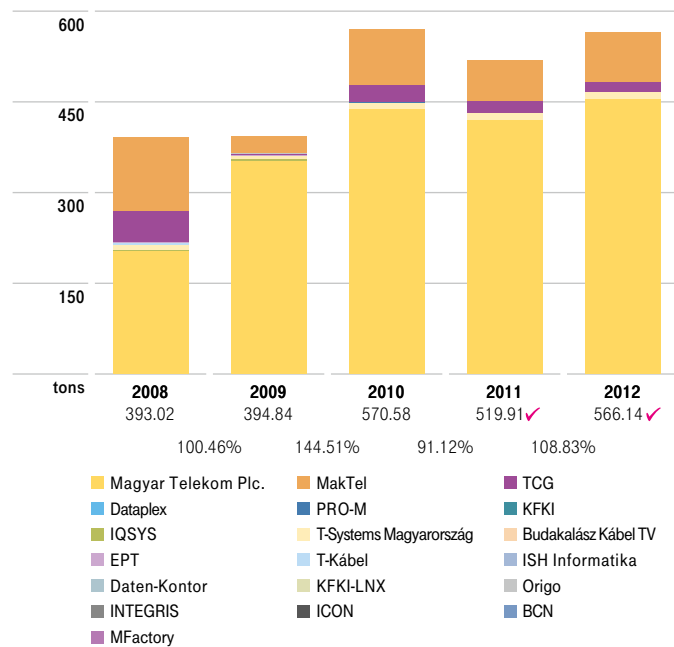**In break-down to the member companies:**
Magyar Telekom decreased its paper consumption by 37.31% ✔, MakTel increased it by 29.28% ✔, while TCG decreased its paper consumption by 22.41% ✔.

T-System is a new reporting entity whose consumption is 14.03 tons ✔. In 2012 the Group used recycled paper in an amount of 216 tons ✔ which is identical with the previous year's volumes, representing 10.37% ✔ of the overall amount.

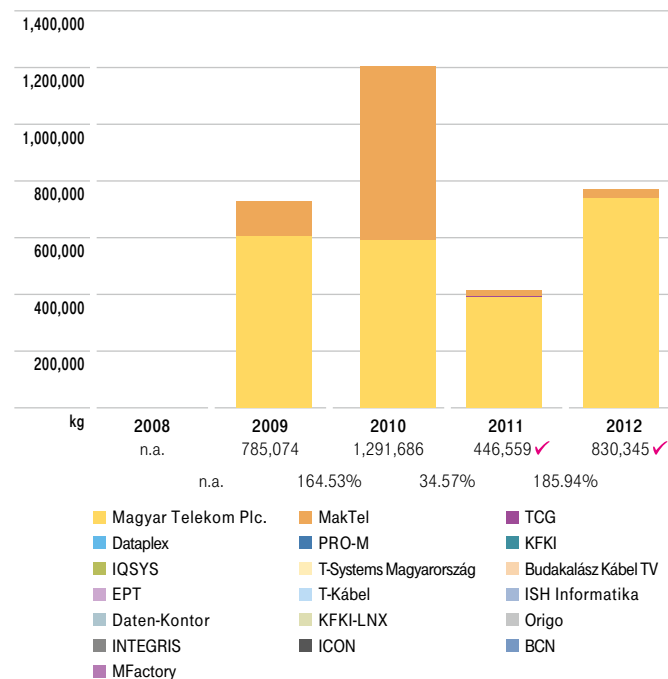**OVERALL PAPER CONSUMPTION, MAGYAR TELEKOM GROUP**

2008	**2009**	**2010**	**2011**	**2012**
4,225	1,826	2,474	1,550 ✔	2,087 ✔
	43.23%	135.43%	62.665%	134.66%

▮ Magyar Telekom Plc.	▮ MakTel	▮ TCG
▮ Dataplex	▮ PRO-M	▮ KFKI
▮ IQSYS	▮ T-Systems Magyarország	▮ Budakalász Kábel TV
▮ EPT	▮ T-Kábel	▮ ISH Informatika
▮ Daten-Kontor	▮ KFKI-LNX	▮ Origo
▮ INTEGRIS	▮ ICON	▮ BCN
▮ MFactory		

OFFICE PAPER USED BY THE EMPLOYEES
MAGYAR TELEKOM GROUP

	2008	2009	2010	2011	2012
tons	393.02	394.84	570.58	519.91 ✔	566.14 ✔
	100.46%	144.51%	91.12%	108.83%	

Legend: Magyar Telekom Plc., MakTel, TCG, Dataplex, PRO-M, KFKI, IQSYS, T-Systems Magyarország, Budakalász Kábel TV, EPT, T-Kábel, ISH Informatika, Daten-Kontor, KFKI-LNX, Origo, INTEGRIS, ICON, BCN, MFactory

PAPER USED FOR MARKETING AND PR PURPOSES
MAGYAR TELEKOM GROUP

kg	2008	2009	2010	2011	2012
	n.a.	785,074	1,291,686	446,559 ✔	830,345 ✔
	n.a.	164.53%	34.57%	185.94%	

Legend: Magyar Telekom Plc., MakTel, TCG, Dataplex, PRO-M, KFKI, IQSYS, T-Systems Magyarország, Budakalász Kábel TV, EPT, T-Kábel, ISH Informatika, Daten-Kontor, KFKI-LNX, Origo, INTEGRIS, ICON, BCN, MFactory

PAPER SAVED AND CO_2 EMISSION AVOIDED
THROUGH ELECTRONIC BILLS
MAGYAR TELEKOM GROUP

tons	2008	2009	2010	2011	2012
	6.877/5.349	13.056/10.156	10.739/8.354	15.842/12.324	56.319/43.811

■ Amount of paper saved ■ CO_2 emission avoided

Office paper used by the employees
The amount of office paper used by the employees increased by 8.89% ✔, 4.03% ✔ of that was recycled paper.

Paper used for marketing and PR purposes
The amount of paper used for marketing purposes by Telekom Group increased significantly, by 85.94% ✔ in comparison with the previous year.
So as to mitigate the impact of this tendency, Magyar Telekom has launched the following measures in 2012:

Paper replaced and CO_2 avoided by using electronic bills
The Group has issued 3,312,909 pcs ✔ of e-bills for its customers in 2012, saving paper of over 56 tons ✔, and preventing the emission of 44 tons ✔ of CO_2. Amount of the e-bills is four times higher than the previous year's e-bills, which is due to the development of distant billing system and to the powerful communication activity.

OPTIMIZATION OF PAPER-BASED ADVERTISING MATERIALS (2012)

Point-of-sales advertisements play a significant role also in the life of Magyar Telekom, practically all players of the sales network have used various fliers and leaflets. Shop-window posters and indoor posters of the retail outlets are also spectacular, while posters are placed day by day at the stair-ways, too. A company of this size uses tons of paper each month as sales support materials.
Several measures have been launched for cutting down the amount of the materials produced:

- A number of leaflets were terminated or combined.
- We have withdrawn most of the manufacturers' materials from the shops.
- As a result of the various process rationalization actions, regular

coordination is made when designing leaflets for the next periods.
- We reduced the size of the unit packages of leaflets (in January, 2013 we continued to fine-tune the unit packages).
- An increasing emphasis was assigned to the electronic communication (e.g. to the colorful contents of the display units located at the shops, or the ÜTP system sending information in e-mail to the customers).

A significant step from the aspect of sustainability is that while in 2005 25% of the produced POS documents were scrapped without using it, by 2012 this rate reduced to 5–8%. In addition to that, the POS materials scrapped in the central warehouse will be removed and processed by the print, so they will be re-cycled to newspapers.

Decreasing the amount of scrapped materials freed up significant funds for Telekom, which contributed to financing the costs of the hello holnap! (means 'hello, tomorrow!) initiative.
During the past 4 years we managed to decrease the amount of scrapped POS materials from about 80 million HUF to 16 million HUF. Out purpose is to remain under 15 million HUF in 2013.

Various materials are displayed in the shops. While in 2011 140 various documents were in force in a particular month, in 2012 this number went under 100, while in 2013 the target amount is 60-70 valid materials (which includes fliers presenting various offers for the regions, posters and 12 various annexes to the agreements).

Printed advertising materials displayed at the retail outlets: Price tags, window stickers, window posters, roll-up, leaflets (shop with 2005-year corporate identity)
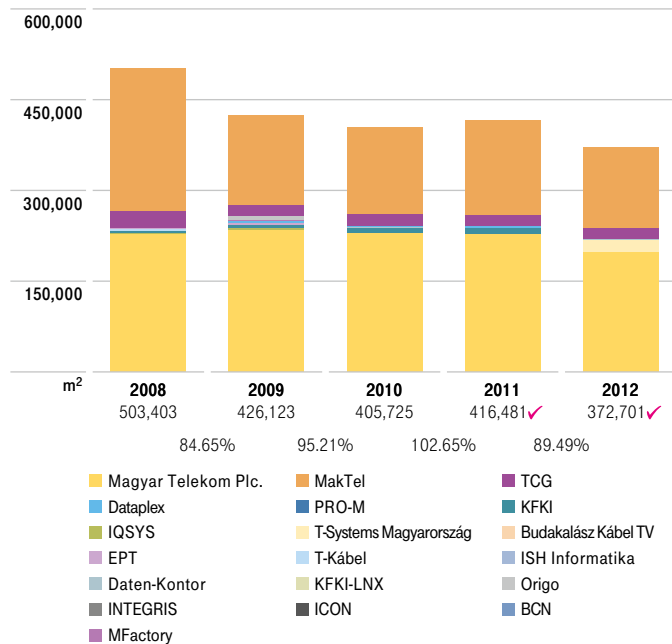
VALUE OF SCRAPPED POS MATERIALS (MILLION HUF)

POS MATERIALS DISPLAYED AT THE SHOPS (DIVERSITY)
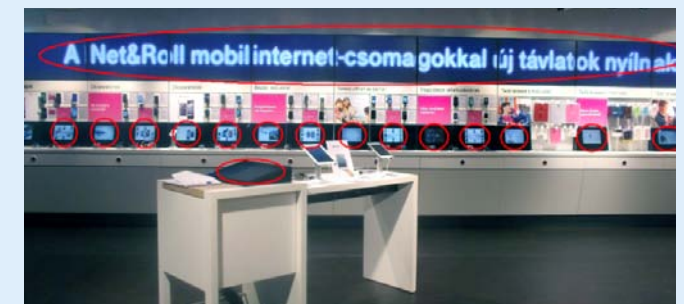
Electronic interfaces in the shop (2010+ corporate identity)

4.2. WATER CONSUMPTION

The water consumption at Magyar Telekom Group is serving exclusively for social purposes. Group-level water consumption decreased significantly, by 10.51% ✓ as compared with the previous year.

WATER CONSUMPTION, MAGYAR TELEKOM GROUP

	2008	2009	2010	2011	2012
m²	503,403	426,123	405,725	416,481✓	372,701✓
		84.65%	95.21%	102.65%	89.49%

Legend: Magyar Telekom Plc., Dataplex, IQSYS, EPT, Daten-Kontor, INTEGRIS, MFactory, MakTel, PRO-M, T-Systems Magyarország, T-Kábel, KFKI-LNX, ICON, TCG, KFKI, Budakalász Kábel TV, ISH Informatika, Origo, BCN

4.3. BIODIVERSITY

Infocommunications services are available in the entire territory of the country (also in the case of the foreign member companies), thus they are also present in protected natural zones. When conducting network construction, development work in such locations, the Company makes special point of complying with the relevant regulations. In these cases the impact analyses required by the regulations are drafted, the related authorities – such as the directorates of the national parks – are consulted. It was already pointed out in the reports of the previous years how important the use of the internet and the monitoring systems is for scientific research in these areas.
http://www.telekom.hu/static/sw/download/Sustainability_report_2009_eng.pdf

Landscape impact/base stations, towers

In the area of investments and construction work the Company Group thinks it important to change the original status of the landscape and environment to the slightest extent. As far as technically feasible, we make special efforts to lay the ground cable networks that spoil the landscape, under the surface.

So as we could deliver satisfactory mobile service in every region it was absolutely necessary to install towers and base stations, but currently this approach is no longer typical. A universally advantageous solution is to share the telecom towers with other companies, or rely on the existing infrastructure.

Compared to the previous year, at group-level:
- In 2012 the number of base stations was 4,964, which is 4% less than in 2011.
- Number of telecom towers: In 2012 the number of towers was 2,373, which is 2.86% less than the 2011 level.
- Towers shared with other operators, as a percentage of the overall number of towers of the group: 79.85% or 1,895 towers.

4.4. EMISSIONS

Emission into the air

No change took place compared to the previous year. For further information refer to the 2009-year Sustainability Report. http://www.telekom.hu/static/sw/download/Sustainability_report_2009_eng.pdf

Emission into soil, surface and ground water

The only change that took place since the last year is that the Budaörs warehouse base of Magyar Telekom was connected to the sewage network and the sewage treatment equipment was terminated. For further information refer to the 2009-year Sustainability Report. http://www.telekom.hu/static/sw/download/Sustainability_report_2009_eng.pdf

At three remote units of Magyar Telekom the transformer oil leaked due to criminal action, which resulted in slight contamination of the soil. The losses were mitigated, after removal of the contaminated earth it was handed over as hazardous waste for treatment by an authorized company.

Noise and vibration protection

No changes occurred as compared to the previous years. For further information refer to the 2009-year Sustainability Report. http://www.telekom.hu/static/sw/download/Sustainability_report_2009_eng.pdf

4.5. WASTE

The group makes efforts to give preference in its procurements to such goods, products, which do not contain hazardous materials, so that they will not generate hazardous waste when withdrawn from use. In waste management compliance with the regulations is a minimum requirement. Waste will only be disposed through appropriately licensed contractors.
Magyar Telekom complies with its obligation to take back electronic equipment from users.

In 2012 Magyar Telekom repeatedly launched residential campaigns to collect used telephone sets, as a result of which 2,404 ✔ telephone sets were collected. The majority of them will be reused after being controlled and their memory deleted, and the rest will be recycled.

Hazardous waste

In 2012 the amount of hazardous waste increased significantly, nearly doubled (by 91.14% ✔). The reason behind this tendency is that this year significant investments were made, where the waste generated from the dismounted equipment contained hazardous waste, including batteries. International member companies (MakTel, TCG) fine-tuned in 2012 the delivery of reports, as a result the amount

HAZARDOUS WASTE AND RECYCLED HAZARDOUS WASTE MAGYAR TELEKOM GROUP

	2008	2009	2010	2011	2012
	943.97/599.36	424.22/316.24	238.91/175.75	149.85/99.26	290.93/135.09

■ Amount of hazardous waste   ■ Amount of recycled hazardous waste
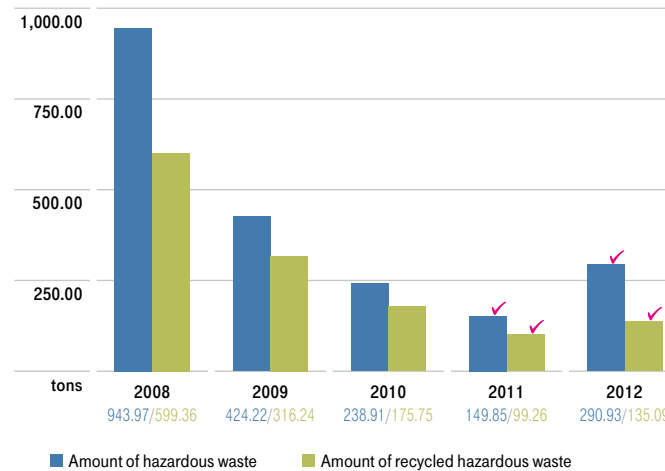
of generated hazardous waste increased as well. At Magyar Telekom a 59.29% ✔ increase resulted from the above mentioned leakage of transformer oil, which resulted in soil contamination (the earth was transferred as hazardous waste to an authorized contractor for disposal). 1.32 tons ✔ of hazardous waste was generated at T-Systems Hungary.
46.43% ✔ of the hazardous waste will be recycled. The principles of the recycling process are identical with those set forth in our earlier Sustainability Reports.

Municipal waste

The amount of municipal waste generated by Magyar Telekom Group showed a significant increase of 47.25% ✔ compared to the previous

AMOUNT OF MUNICIPAL WASTE MAGYAR TELEKOM GROUP

	2008	2009	2010	2011	2012
	28,113	18,129	14,539	12,869 ✔	18,949 ✔
		64.49%	80.20%	88.52%	147.25%

■ Magyar Telekom Plc.   ■ MakTel   ■ TCG
■ Dataplex   ■ PRO-M   ■ KFKI
■ IQSYS   ■ T-Systems Magyarország   ■ Budakalász Kábel TV
■ EPT   ■ T-Kábel   ■ ISH Informatika
■ Daten-Kontor   ■ KFKI-LNX   ■ Origo
■ INTEGRIS   ■ ICON   ■ BCN
■ MFactory
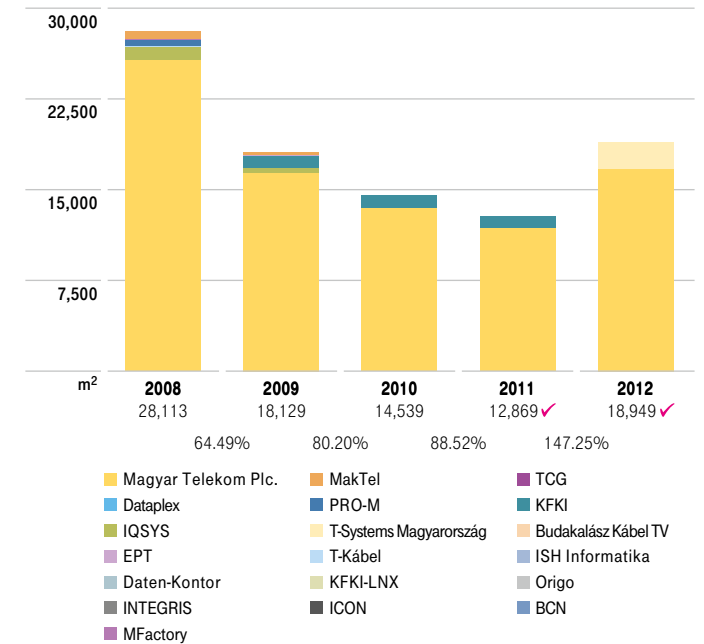
year. The reason is generation of waste associated with the emptying of the properties, which waste is removed as municipal waste.

Makedonski Telekom obtained the license of selective deposition of paper, plastic, metallic and hazardous waste by taking into consideration the related procedures and the local regulatory provisions.

Other waste

Other waste includes scrapped and wrecked furniture and waste collected selectively (like plastic bottles, glass bottles, drink canes etc). The Group – in line with the practice of the previous years – considers selective waste collection a priority task. In 2012 we implemented selective waste collection at three sites, and with that 18 sites are available for the colleagues for waste collection.
In 2012 altogether 343.27 tons ✔ of other waste was generated at Group-level, which is more than the double of the amount of the previous year. These include primarily the packaging waste which comes from the substantial amount of scrapped and wrecked furniture. 13% of this amount was recycled. The amounts of 'other waste' also include in 2012 the data of MakTel (46.8 tons ✔).

Paper waste

In 2012 the amount of waste paper increased by 16.3% ✔.
The amounts of waste paper vary year to year, as it is also indicated by the chart. Waste paper comes from the scrapping of confidential documents, but significant amount of paper waste is generated by the organizations' moving to new sites.
Selective collection of office waste paper is in compliance with the previous year's practice.

Telecommunications waste

The primary effort of the member companies of Magyar Telekom Group is always to provide the best service, the basic condition of which is the constant upgrading of the services and equipment. As a result, substantial amount of equipment is taken out from operation. The dismantled machines are sold – either as equipment of second use, this is the first priority, or as scrap. When machines no longer fit

for their original purpose, they are sold as scrap, and the contracted buyer recycles them to retrieve valuable materials (tantalum, gold, tungsten etc.), which reduces the environmental footprint of the mining of these minerals. The key objective of the members of Magyar Telekom Group is to provide for recycling of the generated waste.

**AMOUNT OF WASTE PAPER
MAGYAR TELEKOM GROUP**

	2008	2009	2010	2011	2012
tons	144.74	451.71	263.86	251.78 ✔	292.83 ✔
		312.07%	58.41%	95.42%	116.30%

- Magyar Telekom Plc.
- Dataplex
- IQSYS
- EPT
- Daten-Kontor
- INTEGRIS
- MFactory
- MakTel
- PRO-M
- T-Systems Magyarország
- T-Kábel
- KFKI-LNX
- ICON
- TCG
- KFKI
- Budakalász Kábel TV
- ISH Informatika
- Origo
- BCN

**AMOUNT OF TELECOM WASTE SUBMITTED
FOR RECYCLING, MAGYAR TELEKOM GROUP**

	2008	2009	2010	2011	2012
tons	515.86	555.18	547.57	1207.44 ✔	1040.81 ✔
		106.03%	98.81%	219.92%	86.20%

- Magyar Telekom Plc.
- Dataplex
- IQSYS
- EPT
- Daten-Kontor
- INTEGRIS
- MFactory
- MakTel
- PRO-M
- T-Systems Magyarország
- T-Kábel
- KFKI-LNX
- ICON
- TCG
- KFKI
- Budakalász Kábel TV
- ISH Informatika
- Origo
- BCN
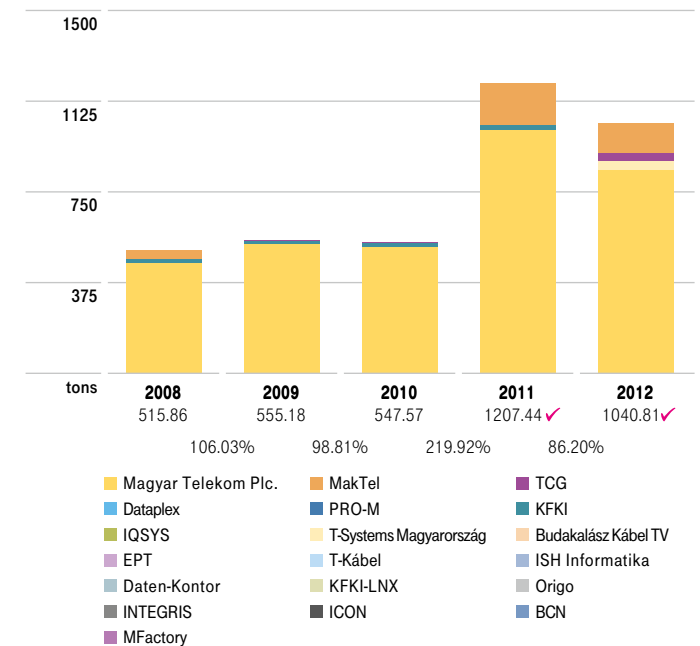
In 2012 Magyar Telekom group generated telecommunications waste of 1,233.71 tons ✔. It exceeds by 2.26 % ✔ the volume of the previous year. The ratio of recycling reached 100% in 2011, while in 2012 this ratio was only 84.36% due to the changed composition of the wastes.

At the end of 2011 Magyar Telekom launched a dismounting project on the basis of environmental considerations. In the frame of the project large volumes of cable were freed up, where only a few wire pairs were occupied. Afterwards large blocks of unused cables and other copper wire cables were replaced. On annual level we disposed of 565 tons of waste materials which generated revenues of 392 million HUF. With the dismounting of the replaced switches and rectifier stations we managed to sell 10 thousand tons of waste materials which generated revenues of 25 million HUF. We sold the waste materials in both cases to recycling companies.

At T-Systems Hungary 17,796 kg of electronic waste was generated in 2012 from the IT equipment dismounted at the customers or owned by the company. The product fee payable on the various telecom equipment has been paid up. T-Systems took back the used electric equipment from its customers, and after scrapping transferred it to the waste management company with appropriate authorization. The Company complied with its obligation of waste collection and treatment by collective implementation of the task through the National Waste Management Agency.

Crnogorski Telekom saved some 30 thousand EUR in 2012 by the collection of old electronic (both IT and telecommunications) equipment.

4.6. ENVIRONMENTAL OBJECTIVES AND COSTS

The electric energy consumption showed a significant reduction of 5.37% at Group level, by which the 2015-year target values were exceeded. All these are due to the implementation of energy reduction solutions.

Target area	Group-level target 2011–2015	Time proportionate achievement in 2012 (base year: 2010)
Electric energy consumption	-5%	achieved
Natural gas consumption	-5%	achieved
Heating oil consumption	-5%	achieved
Fuel consumption of the vehicle		
diesel oil	-5%	achieved
gasoline	-5%	achieved
Energy efficiency indicator	48 Gbit/kWh	achieved
Paper consumption	-30%	achieved
Ratio of office paper/recycled paper	25%	not achieved

We reached a 28.95% reduction of **natural gas** consumption compared to the base year (2012), while in the past year the gas consumption increased.

Heating and diesel oil consumption showed a 11.04% increase compared to the base year.

With the reduction of **district heating** consumption by 20.93% we achieved the five-year strategic objective. The significant decrease is the result of sale of the company buildings and installation of the temperature regulators.

Fuel Consumption

In **diesel oil consumption** significant decrease of 5.26% was experienced, which is due to the reduction in number of the diesel vehicles. **Gasoline** consumption also decreased (by 5.73%).

ENVIRONMENTAL COSTS IN 2012 MAGYAR TELEKOM GROUP

310,044,001 HUF ✓ — Operative costs

446,981,528 HUF ✓ — Environmental investments

34,554,452 HUF ✓ — Education, training, communication, PR

4,612,694 HUF ✓ — Costs related to Environmental Management Systems

41,798,000 HUF ✓ — Payment to authorities
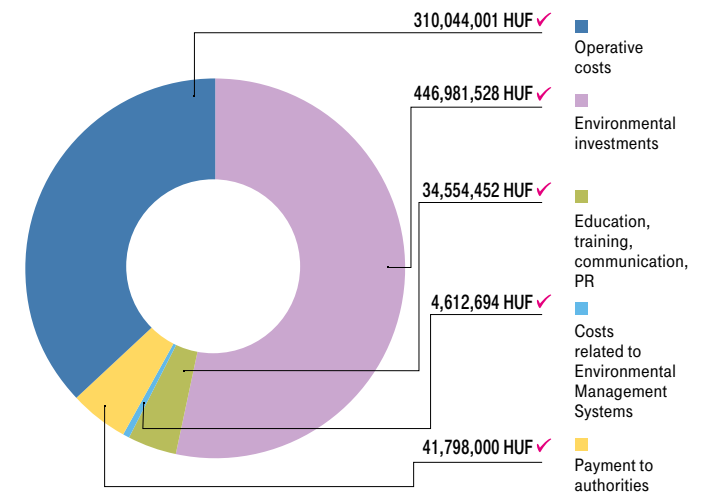
The **energy efficiency indicator** reached 23.85 Gbit/kWh, by which the time proportionate target value has been achieved.

Paper consumption was reduced by 15.62%, which is representing the time proportionate achievement of the second-year objective of the strategy. The reduction is also due to the last year implementation of the printer consolidation project, in the frame of which both sides of the paper are used for printing.

In the area of the ratio of office paper/recycled paper, the printer consolidation project was launched in 2011, where such printers are being purchased which can print on recycled paper, too. The quantified results of the project will be set forth in the 2013-year Sustainability Report.

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5. EMPLOYEES

5. EMPLOYEES

Magyar Telekom Group's values declared and required to be followed are defined in the Guiding Principles:

- **Customer experience determines our acts**
  This guiding principle highlights one of the most important factors in business, that it is not enough to satisfy all demands of customers, but experience should be offered. The customer's thoughts, feelings and demands and the customer experience itself should determine what and how we act. By putting ourselves in the shoes of the customers we can anticipate their requests and satisfy them. This applies also to treatment of internal customers.

- **Appreciation and honesty are basic values of our operations**
  This means a value that goes beyond appreciation of each other in daily work: this principle is about the appreciation of our customers, partners, suppliers and shareholders, too. This requires open, honest culture and fair business attitude without which we risk success.

- **One team – both jointly and individually**
  Our focus is on cooperation culture: our objective is that team members should openly discuss arising problems, tell their opinions, but once a decision is made, we all should unanimously back it. We are members of a single Telekom team, wherever we work in Hungary.

- **Telekom is the best place to show your capabilities**
  Employees play an outstanding role in corporate culture, too. To enable Magyar Telekom to become the best recognized service provider both within and outside the telecommunications sector, in the following year we must do our best in a fierce competition. This requires a workplace where all employees can do their best and really show their capabilities.

- **I am a Telekom employee, you can count on me**
  Reliability: Like we can count on each other as colleagues, shareholders and customers, too, can count on us and Magyar Telekom. This is a must for fulfillment of our promises.

Naturally, in addition to the above guiding principles, policies, performance indicators and charters that regulate, measure, provide and ensure compliance with our operational norms also play an important role. Beside the performance indicators used in the Sustainability Report the company uses various technical indicators for measuring the performance of the HR field on a monthly, quarterly or biannual basis. Processes are controlled, in addition to indicators, also by employee satisfaction surveys, ISO audits and internal controls.

"Committed professionals with independent initiatives are the key factor for Magyar Telekom Group's business success."
Magyar Telekom's HR vision

Further information:
http://www.telekom.hu/static/sw/download/minosegpolitika_en.pdf
http://www.telekom.hu/static/sw/download/Social_Charter.pdf
http://www.telekom.hu/static/sw/download/Diversity_Policy.pdf
http://www.telekom.hu/static/sw/download/Magyar_Telekom_Eselyegyenlosegi_Terv_2011_2012_en.pdf
http://www.telekom.hu/static/sw/download/Magyar_Telekom_Eselyegyenlosegi_Terv_2013_2015.pdf
The 'Partnership for Safe Employment' document is accessible at:
http://www.ommf.gov.hu/index.php?akt_menu = 225

5.1. TALENT MANAGEMENT

Magyar Telekom Group is a decisive organization of Hungary's ICT (information and communication technology) sector. In this knowledge-intensive industry, it is inevitable that the knowledge of managerial and non-managerial employees must be updated, expanded and their skills must be developed continuously. This is why Magyar Telekom Group assigns special emphasis to the constant training and development of its employees. These training/development programs are designed and implemented on the basis of the demand communicated by the different business units and the objectives identified by the company's training strategy, covering the last three years.
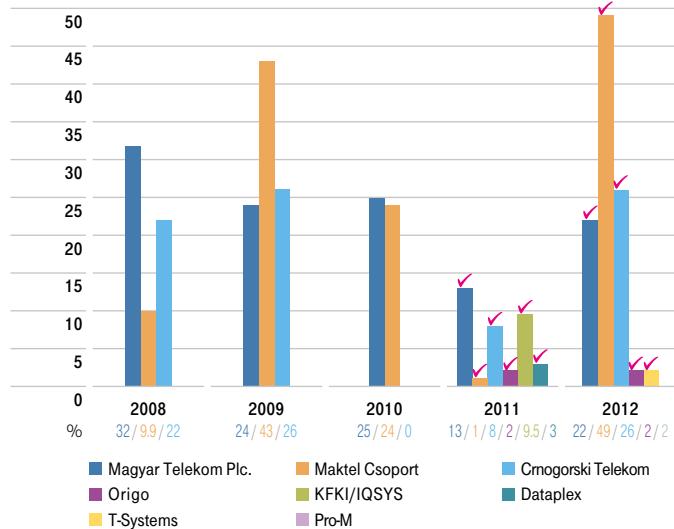
All employees of Magyar Telekom Group are provided with training to avail them to up-to-date know-how necessary for their work, and ensure the necessary level of key competencies in their activities. Training plans at business unit level define the direction of development activities, professional training courses, skills and cooperation development programs, management development events and conferences of the given year.
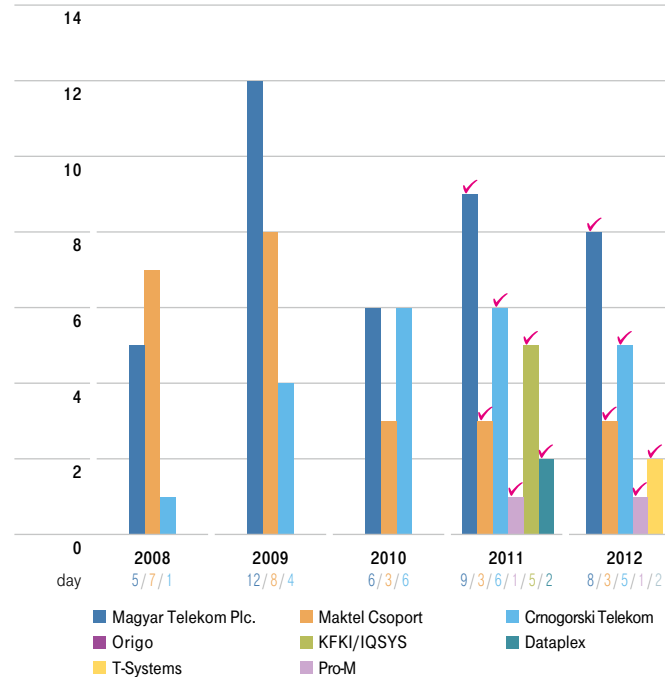
Training is based on the modern methodologies and education forms currently applied in Hungary. The company considers it important that knowledge and experience of the individual be combined into organizational knowledge. For this purpose, in addition to the traditional training methods described above, it provides a proactive and innovative development environment that inspires new ideas and their implementation in practice, as well as their efficient application by the company.

The company lays significant emphasis on individual development, both for managers and employee groups. 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 2012, Magyar Telekom concluded 29 study contracts. Out of them 24 covered school training, the others were related to training courses or agreements containing mutual commitments.

From 1995 through 2008, our company ran the internship program called 'Starting Block', aiming to inject fresh knowledge to the organization. Several hundreds of young career-starters participated in the program. Since 2008 the company enrolls students with BSC/MSC studies in progress to the internship programs launched biannually (in 2012 some 137 students participated in the program). The Group offers opportunity for mandatory work practice to 35-40 students on the average, and some 40 students are provided consulting when writing their thesis. In 2012 the Corporate Sustainability Center offered professional training to 3 interns and 2 trainees, and professional support to 10 skilled workers. Training at the organizational units promotes employees' development through working experiences.

RATIO OF DISTANCE LEARNING AT MAGYAR TELEKOM GROUP

PER CAPITA STUDENT DAYS AT MAGYAR TELEKOM GROUP

ÁGNES SZIGET
HR Competence Specialist

"Telekom was the third company where I was working during my university education years as an intern, but it was the first where I felt to be appreciated, where I was assigned with really professional jobs, not just with paperwork that was no more a challenge for more experienced staff members. The team also soon accepted me, everybody was helpful, and they wanted to hear my opinion and thoughts.

In the field of HR I was assigned with communication tasks. Primarily, these tasks targeted my generation: I organized Telekom's presence at job exchanges, played a role in promoting Telekom's internship program, additionally I was working on internal communication tasks related to HR issues.

The greatest benefit of this program was clearly that I could translate to practice what I had learned in theory at the university. Additionally, I gained professional experience that following graduation could have benn a major advantage for me over my classmates when looking for a job on the labor market. Fortunately, it was not necessary, since I was promoted from internship to full-time Telekom employee.

Telekom's internship program is a real source of succession for the company. The majority of junior positions are held by former interns, thus students with the best capacity can not only gain practice as interns at the company, but can also launch their career. I am also in this good position since I have been working here for almost two years and can benefit in a full-time job from the knowledge gained as an intern. Still today, I am facing new challenges day by day, thus as an independent employee I still can continuously develop in professional terms.

In addition to learning from professionals, university students benefit much from getting on-the-job training while not having to carry too much responsibility. As a beginner in a new job everybody makes mistakes resulting from the lack of experience. In the internship we have a mentor functioning also as a sort of safety net to enable us learn from mistakes without causing great 'trouble'."

Development activities are offered to managers under the 4V program: managers in change, change in managers. The 2012 module of the program was called 'Motivation circle', but a wide range of optional modules was also available.

Magyar Telekom's human policy gives special emphasis to both management succession and professional development in the fields of promotion and talent management. For this purpose Magyar Telekom operates various talent management programs, depending on the objective. (Human Policy)

Magyar Telekom Group supports capability development that serves the interests of both the employees and the Company in order to achieve high level of performance and service quality. At the same time Magyar Telekom Group emphasizes and strengthens the personal responsibility of employees in maintaining and improving their level of employability. (Social Charter, Section 8)

The ratio of employees covered by Performance Management system is 100% at the parent company. The calculation of the bonus payable to any employee of Magyar Telekom Plc. is based on the performance of centrally determined, as well as individual performance indicators. The majority of the member companies applies the same PM system as the parent company does, or run its own performance assessment system. The PM system is designed to assess the professional performance delivered by the assessed employees and their personal attitude and potential.

In 2012 130 people participated in the trainee program of T-Systems (KFKI) and 70 people in the trainee program of IQSYS. The program gives an opportunity to the students to deepen their professional experience. They can gain such practical and theoretical knowledge in one or more areas, with which they can lay the foundations of their future. The trainees are assisted by full-time employees, who also teach and support them as mentors.

KFKI advertises its traineeship programs on Facebook under the name of 'KFKI Talent Management Club' and posts invitations to trainee programs on various mailing lists. KFKI and ISH Informatika member companies attended the Job Fair of the Budapest University of Technology on two occasions in 2012.

To retain talented employees, Crnogorski Telekom has set up a so-called 'Training Catalogue', which targets the development of the skills and abilities of such employees who their managers consider talented and promising. This catalogue offers the following types of training:
- time management and personal efficiency,
- about finances for non-finance staff,
- project management,
- creative thinking,
- stress management.

Makedonski Telekom and T-Mobile Macedonia continued their cooperation with Macedonian universities this year, too, in an effort to attract talented students and give them an insight into the workings of the company. The students were also given the opportunity to do actual work for a certain time, so as to gain valuable experience in the following areas:

- volunteering,
- traineeship,
- project work.

We introduced the e-learning platform to give our talents access to new contents to further develop their skills and capabilities. Through this platform our employees can access courses, e-books and exchange materials, ideas in the form of chats and blogs. The platform is a live and evolving resource, which the employees can use not only for learning, but also to access new content. It gives them a unique tool to share their knowledge and try new, innovative ideas. Virtual classrooms can also be set up on the platform, and the users in different locations can conduct real-time discussion.

Competencies, responsibility

Two Group-level systems are in place to ensure that the persons determining the economic, environmental and social strategy of the organization (and all employees, for that matter) hold appropriate qualifications and experience: these are the job grading system and the competence system.

A new job grading system was launched at the end of 2011, which is more transparent and the structure is reflecting the real value of job positions rather than the hierarchy thereof. The entire system of job positions was reorganized at Magyar Telekom in course of implementation of the project, and certain elements of remuneration policy were also adjusted in compliance with the new structure. In 2012 T-Systems also implemented the new job grading system.

hello holnap! Photo contest 2nd prize
László Szabó: Sustainable development

hello holnap! Photo contest 3rd prize
Csaba Mészáros: Press

5.2. WORKPLACE HEALTH AND SAFETY

In a milestone step in February, 2012 the management of Magyar Telekom Plc. took the decision that, in addition to the satisfaction of the customers, the environmental impact of the operation of Telekom and the security of business information it will also take commitment for the safe working conditions and healthy environment of its employees by implementing the Occupational Health and Safety Management System (MEBIR). MEBIR integrates in a single system those obligations and tasks which are addressed in separate regulations in the fields of labor safety, health protection and fire prevention, promoting in this way the management of occupational health and labor safety risks.

Within the integrated management system, MEBIR is based on the MSZ 28001 standard specifications and applies to all employees and sites of Magyar Telekom Plc., including also its suppliers and visitors. The project set up to build the MEBIR system completed the necessary developments, reviewed our internal processes, upgraded some of our directives and developed the databases necessary for the operation of the system.

The auditors controlled the compliance of the system through internal and external (DT, SGS) audits, examined the documentation, internal regulations of the system, the organization operating it, its competence and operation. As a result of this process, in November, 2012 the operation of Magyar Telekom Plc. was certified according to the MEBIR standard.
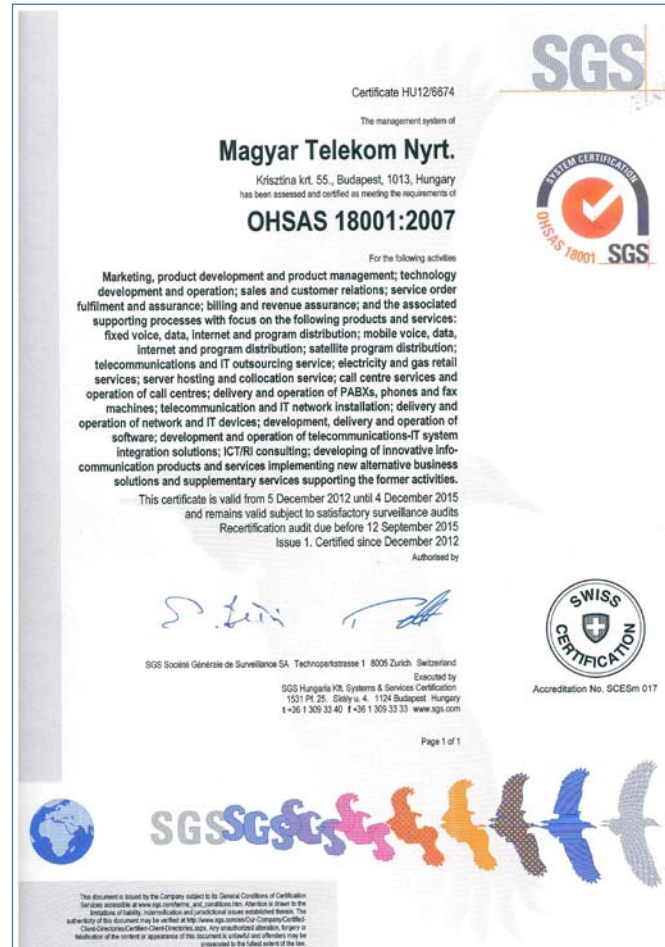
Undoubtedly, the single biggest task in the field of occupational health and safety was presented in 2012 by the development, implementation and successful audit of the MEBIR, but we considered no less important the rollout and rationalization of the screening possibilities, as a dimension of health protection.

To realize the goal specified earlier – which pronounced that Magyar Telekom attaches outstanding importance to supporting healthy lifestyles, mitigating health risks and promoting the early detection of the illnesses –, in addition to implementing our occupational health duties, we organized medical screenings, checkups and education, as well as HR roadshows.

The medical checkups, that had favorable reception earlier, stand out among these efforts. In 2012 256 of the eligible managers (60%) attended medical checkups, tailored to their health condition and individual requests. The cost of the examinations chosen by them was 16,893,350 HUF in 2012.

We organized mammography screening in several Budapest and country locations. In all 232 employees attended them, 167 received 2,500 HUF/capita support towards the costs (plus the applicable tax) from Telekom. In May, 2012 we organized blood pressure, blood sugar, cholesterol and body mass index screening in six locations (Nyíregyháza, Sopron, Szeged call center; T-Mobile Park; Infopark; Krisztina krt. 55.) in the framework of a HR roadshow, which involved 434 employees. 262 of them had the state of their locomotion system assessed, too. More than 16% of the employees screened produced higher values than the regular; they were given advice to the solution of their problems.
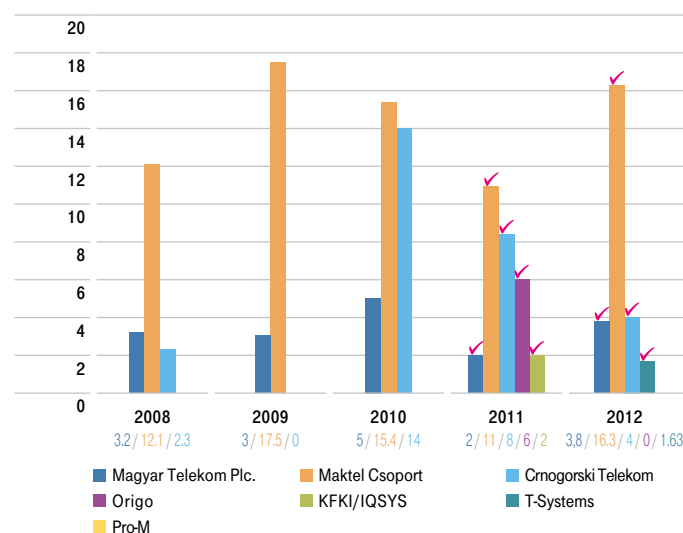
WORK ACCIDENTS AT MAGYAR TELEKOM GROUP

2008	2009	2010	2011	2012

piece: 2008 20/21/2, 2009 25/10/0, 2010 30/9/17, 2011 12/8/14/1/2, 2012 27/27/3/0/2

Legend: Magyar Telekom Plc., Maktel Csoport, Crnogorski Telekom, Origo, KFKI/IQSYS, T-Systems, Pro-M
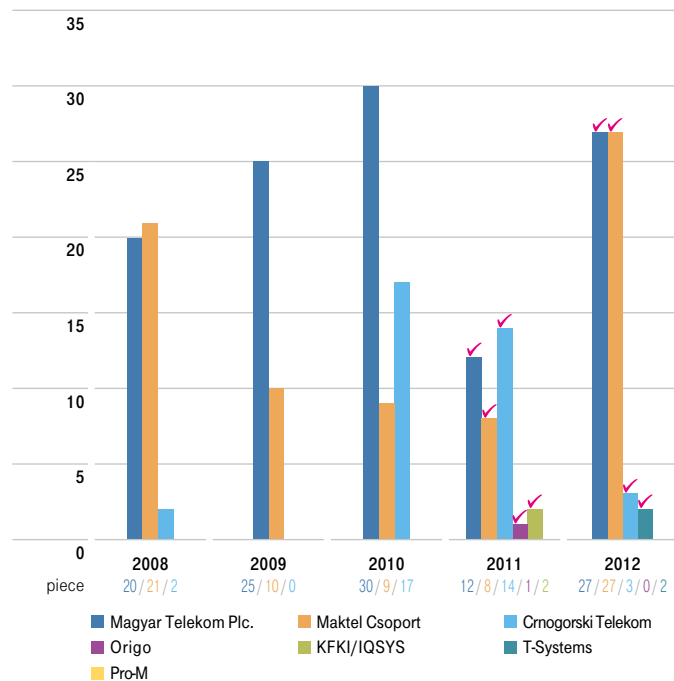
Simultaneously with their occupational health examination, 321 above-40 employees were screened for glaucoma macula degeneration by an eye specialist.

Through Dimenzió Mutual Insurance and Self-help Association 1,394 employees were given medical screening, who could select from a recommended protocol containing gastroenterology, stroke and complex physical condition screening tests, the solution tailored to

ACCIDENTS PER ONE THOUSAND PEOPLE

2008 3.2/12.1/2.3, 2009 3/17.5/0, 2010 5/15.4/14, 2011 2/11/8/6/2, 2012 3,8/16.3/4/0/1.63

Legend: Magyar Telekom Plc., Maktel Csoport, Crnogorski Telekom, Origo, KFKI/IQSYS, T-Systems, Pro-M

their own health condition.

Since January 1, 2010, the occupational health examination of the employees is being performed by occupational health physicians, contracted directly by Magyar Telekom Plc. The past two years have proved that the problems can be solved more efficiently and our requests can be fulfilled more easily and quickly in this system. On the basis of cooperation with the occupational health physicians and the favorable experiences with the screenings, we have prepared the operation of a new system which, through processing of the data of the medical assessment of the status of the locomotion system by the occupational health physicians will enable targeted screening tests in the affected employee groups.

We are using the occupational health network to vaccinate our employees against encephalitis caused by ticks and to give eye tests to the employees working with a computer screen. On the basis of the opinion of the ophthalmologist, Telekom continues to procure for its employees the glasses used for the screen through Ofotért and Vision Express companies. In 2012, on the basis of the eye tests, 234 glasses were made for the employees in a net value of 3,426,326 HUF.

In 2012, 1,358 employees, as many people as in the base year of 2010, gave blood in the voluntary blood donation drive, which Telekom and Hungarian Post regularly organize.

Magyar Telekom, as an employer, continues to cater for its employees through Dimenzió Mutual Insurance and Self-help Association and the Dimenzió Health Fund. Any employee who joins the association may buy life, pension and health insurance and mutual assistance services through Dimenzió.

In an effort to mitigate health risks in work, Telekom continuously expands the range of its labor safety equipment and personal safety devices. In 2012 we coordinated and specified the conditions of use of new equipment for workers working on poles, and then contacted the electricity providers to seek their consent to expanding the scope of the equipment and methods used so far. In 2012 we purchased 10 lifts in order to reduce the physical burden of the employees who have to lift heavy manhole lids for their work.

The labor safety and the protection of the health of the employees require continuous development of the training structure. In 2012 we supplemented the labor safety training with MEBIR knowledge and also addressed the content of risk analysis more comprehensively.

Magyar Telekom firmly rejects all forms of illegal labor.
(Partnership, Article 1)
It considers the life and physical integrity of its employees the most valuable asset of the society and the national economy, consequently it fulfills all the basic labor safety requirements and provides safe working conditions for them that do not impair their health.
(Partnership, Article 2; Social Charter, Section 9)
Magyar Telekom refrains from entering into contract or subcontract with such entrepreneurs who seriously breach employee rights and fail to comply with the minimum labor safety requirements.
(Partnership, Article 3)
Magyar Telekom refrains from violating the labor rules and minimum labor safety requirements just to reach a more advantageous position in the market competition, and refrains from using such prices which do not cover the wage and wage taxes of the employees and the costs of compliance with the labor safety requirements (e.g. appropriate technology, personal safety equipment).
(Partnership, Article 4)
High level of safety of its employees is a key focus for Magyar Telekom, just as observation of the requirements for safe working conditions that do not impair the health. Therefore, Magyar Telekom employs labor safety officers, and a special organization is dedicated to the matters of labor safety and occupational health, as well as to the development of a labor safety strategy and targets.
(Human Policy; Partnership, Article 7; Social Charter, Section 9)

Magyar Telekom did not have any case of occupational health disease or serious or fatal work accident in 2012 either. More than half of the 27 work accidents (involving longer than 3 days inability to work) happened not during some technological activity, but in vehicle or pedestrian traffic, which the employee could not influence.

T-Systems/IQSYS, Daten-Kontor, Dataplex and ISH Informatika encourage their employees to cycle to work by providing for them covered bicycle storage and changing and showering facilities. Also, every employee is entitled to use the group and individual sport facilities and attend regular health screening tests in addition to the ones required by regulation, as well as to consult the company doctor. In sport possibilities the choice is wide: fitness classes, team sports (football, basketball, volleyball), participation in competitions (football, basketball and volleyball competitions, Vivicittá run). As members of MT sport clubs, employees can play tennis, sail and hike. 'All you can move sport' card gives them discounts from sport club rates against a one-time membership fee and a monthly fee depending on the package chosen. The card can be used in 163 clubs in Budapest and 47 in the country, which adds up to 210 acceptances, whose number is growing continuously. The acceptances include various sport facilities: swimming pools, fitness centers, dance centers, boxing clubs, yoga studios etc.

Crnogorski Telekom considers the health and wellbeing of its employees to be of key importance for the efficient operation, business success employee satisfaction and employer reputation of the company.

In Montenegro the following programs and initiatives were made in 2012:

- Workplace Health Promotion Program,
- 'Quit smoking!' campaign,
- Healthy Friday (one-day event quarterly): daily vitamin/ fruit doses are provided to the employees,
- ES 2012: emphasis on health,
- sport and recreation programs.

Under the agreement between the company and the union every employee is entitled to participate in the sport and recreation programs, and to receive free medical care for themselves and also for their children (not older than 15 years) in the best-known children's hospitals.

In 2012 Makedonski Telekom and T-Mobile Macedonia organized different programs to ensure a healthy place of work and living environment.

The following benefits were granted to the employees to maintain their physical health and wellbeing:
- free medical checkups (heart, abdominal ultrasonography, ORL examination, psychology test, gynecology tests);
- certain medical services are offered at discount rate;
- two first-aid rooms equipped with ADF in the buildings of the company;
- the risk assessment of the workplaces has been started;
- new employees are given labor safety and health training;
- regular information of the employees (internal newsletter) about

extraordinary weather conditions, advice on how to avoid related risks;
- stress and conflict management training;
- free use of the sport and recreation facilities;
- organization of a football team and supporting it in inter-company matches;
- company-level participation in the RM union games.

5.3. HUMAN RIGHTS, EQUAL OPPORTUNITIES

Magyar Telekom Group's Social Charter and the effective Equal Opportunities Plan define the principles that serve as the basis for the Company in addressing human rights in general:
http://www.telekom.hu/static/sw/download/Social_Charter.pdf,
http://www.telekom.hu/static/sw/download/Magyar_Telekom_Eselyegyenlosegi_Terv_2011_2012_en.pdf
Already in force at the time of publication of the Sustainability Report:
http://www.telekom.hu/static/sw/download/Magyar_Telekom_Eselyegyenlosegi_Terv_2013_2015.pdf
Magyar Telekom's Code of Conduct, which also contains the principles of equal opportunities and nondiscrimination, and the Equal Opportunities Plan enable employees to file complaints when they experience any breach of these principles in employment.

The rules of filing and investigating complaints are described by Magyar Telekom Group's Code of Conduct that must be studied by all Magyar Telekom employees. All employees have to declare in

> Magyar Telekom Group recognizes and respects the cultural, social and legal diversity of the nations and societies and is committed to upholding international human rights. (Social Charter, Section 1)

writing that they are aware of and shall comply with it.
Non-discrimination and equal workplace opportunities are primary objective of Magyar Telekom Group. The Company is one of the first players in the business sector to adopt two-year Equal Opportunity Plans since 2008 in cooperation with the collective bargaining partners. The goal of the action plan defined in the 2011–2012-year Equal Opportunity Plan adopted in December 2010 is to promote the highest possible level of equal opportunities in employment for the target groups defined therein:
http://www.telekom.hu/static/sw/download/Magyar_Telekom_Eselyegyenlosegi_Terv_2011_2012_en.pdf

In 2012 five cases were reported on the 'Tell it – ethics line' provided by Magyar Telekom Group, operated by the Compliance area, for discrimination experienced on behalf of the employer or for breach of human rights. The investigation of two cases by the Group compliance area is still in progress. In two cases the report was found to have a ground, and the management has taken the necessary actions to sort out the actual situation and prevent similar problems in the future.

The Equal Treatment Authority responsible for the issue, where employees may report the cases directly, did not initiate proceedings against Magyar Telekom Plc. in 2012 for the breach of equal treatment regulations in the area of employment. In case of a condemning sentence of the authorities the Company has to count with the contingency of penalty payment and exposure to negative press which will erode its public perception and employer brand, too.

In December, 2011 Magyar Telekom adopted a document on the 'Prohibition of sexual harassment', which defines the actions to be taken in case sexual harassment occurs at workplace.

In 2012 Magyar Telekom Film Club, aiming to contribute to development of the equal opportunity approach, continued with its seventh season with three showings:
1. Our cells (June 13, 2012)
2. Body and soul – The Soviet pen-pal (April 4, 2012)
3. Body and soul – The hated difference (March 7, 2012)

The view-shaping presentations and discussions of the film club were followed each time by 20-50 employees (depending on interest in the particular theme) personally or through the intranet.

2012 saw the continuation of the highly successful 'Have you ever tried it ...?' experience-based sensitization program, organized for Magyar Telekom employees. The aim of the events, often held with the involvement of external NGOs, foundations, is to promote an attitude of understanding the problems of handicapped people. In the framework of these programs in a September weekend basketball, fencing and rattle ball competitions were held for wheelchair-ridden athletes at the Telekom Olympic Games. In the summer of 2010 our employees could gain an insight into the world of the vision impaired, in December, 2010 to the world of the hearing impaired and in December, 2011 to the world of the motion handicapped people in the programs held on three company premises (Krisztina krt. 55., Szerémi út 4., Magyar tudósok körútja 9.). Each event was attended on average by 100-120 people.

In addition to the above, three highly successful thematic markets were organized in the past three years at the plants of the Company (in the Advent period and before Easter) with the contribution of external foundations, where the employees could purchase small gifts crafted by mentally handicapped persons to support their employment.

To ensure equal opportunities (since 2010) applicants with disabilities using Magyar Telekom's electronic recruitment interface can, on a voluntary basis, register their disability and request relevant help in the selection process.

As member of the Hungarian Business Leaders Forum (HBLF) Diversity HR work group, Magyar Telekom took part in the realization of the HBLF diversity photo competition, which also fielded Telekom entrants, and the Telekom headquarters housed the itinerary exhibition of the winning works. Several 'Equal Opportunity One-Page' publications were brought out under the auspices of the same work group, with the involvement of Telekom professionals. These discuss equal opportunity issues and focus on the stakeholders, providing information in an easy-to-follow manner. In addition to sponsoring the Wheelchair Basketball Championship, organized annually by the HBLF, the Company also recruited a team of its own employees, which earned very good results again.

In 2012 again, the Group took part in supporting the ROMASTER talent management program, launched in 2008 by the Hungarian Business Leaders Forum (HBLF). The program assists young talented Romas in the secondary school to continue their studies in tertiary technical, business or legal education institutions. The supported students were admitted to higher education and started their higher education studies under the program.

On September 1, 2010 Magyar Telekom introduced additional leave days for rehabilitation offered to employees with altered working ability or disability. It aims at granting extra time for recreation for employees being in a difficult situation due to their health condition. In 2012 this opportunity was used by 23 staff employees.

KATALIN KISS
HR Competence Specialist

Who is interested in equal opportunities?

"Anyone, that means everyone who experiences or just feels to be disadvantaged against others for any reason.

As a result of born or acquired capabilities, life situations or preconceptions we all start from a different line, but as an employee we should achieve a good performance similar to those of others. I hold Telekom for a company that assumes responsibility for convergence of people with lower chances.

One of the successes achieved in 2012 is that under the initiative 'Work from home' we introduced a recommendation of one day per month with teleworking and an increasing number of days to experience that the roles of being a parent and working are not incompatible (e.g. 'Free entry' in the spring school holiday period, our good example was followed with the children-friendly office opened in DT's headquarters in Bonn, 'Mothers' walk' in the Advent period). There is a growing attention being paid on harmony between the number of male and female managers, employment of people with altered working capability, disseminating a more health-conscious thinking and the importance of labor sharing within the family. My personal relationship with equal opportunities matters is that I am doing a good job if I actually contribute to making our approach more open to perception of a more diverse, and thus richer reality."

Equal opportunity in ages has come into focus in the Human strategy of Telekom reaching till 2015. In the next step of the well-designed trainee program the group offers jobs to many young people starting their career. To change the approach and improve the career chances of another vulnerable group, which is statistically disadvantaged in the labor market, notably people over 45-50 years of age, we gave presentations under the title 'Have a B plan!' and on the internal knowledge-sharing forum: Employee Academy, under the title 'Age management'.

Crnogorski Telekom, Makedonski Telekom and T-Mobile Macedonia are also fully committed to ensuring equal opportunity.
At Crnogorski Telekom equal opportunity is ensured by numerous regulations and compliance with them: the Recruitment and Selection Regulations, the Code of Practice, the Employee Relations Regulations etc.

In the best employer competition invited for the first time in October, 2012 Crnogorski Telekom win two prizes:
- in the large enterprise category: Best Employer – second place,
- special prize: the best organized large enterprise in Montenegro.
One of the criteria measured was equal opportunity ensured by the employer; in the implementation of this principle in the local environment CT sets a good example.

Observance of working and resting times is a basic right and a requirement of preservation of health of employees. Magyar Telekom lays special emphasis on granting appropriate resting times to its employees, issue them the holidays they are entitled to by law and to record working time true to reality.
(Partnership, Article 5; Social Charter, Section 7)

Magyar Telekom acknowledges that the right to wage is one of the most fundamental employee rights, and applies every legal means to ensure the wage the employees are entitled to is paid properly and on time.
(Human Policy; Partnership, Article 6; Social Charter, Section 6)

Increasing popularity of the Family Support program
The cut-rate nursery and kindergarten care available under the Family Support program continued in 2012 in the framework system applied in the previous years. The average number of children receiving support was 160, and the number of institutions involved was 30.

The reduction offered for nursery service is 66%, but the maximum amount of support may not exceed 58,000 HUF monthly. According to the feedback continuously received from the employees, this program is a great help for Magyar Telekom families in easing the burdens of child care and striking a healthy balance of work and family life.

The subsidized summer camp program offered jointly by Magyar Telekom and Dimenzió Mutual Insurance and Self-help Association under the slogan 'Summer is round us' was announced for the sixth time in 2012. The program offers summer camp with 66% price reduction for 4–18-year-old children of the employees, even in 2 rounds. The number of camps offered in the program – also considering feedback from last year – was 21, giving 389 Magyar Telekom children cut-rate camp holidays, and easing the problem of providing care for their children during the summer holidays to 276 parents.

The aim of the program called 'Daddy, it begins' launched in 2011 is to raise the awareness of male employees with a newborn child of the father's role in raising children. In a letter of congratulations sent to the young fathers we set up a list of the most important activities following the birth of a baby (e.g. to procure the necessary documents for the baby) and outlined various non-typical employment options. The information package, set up on the example of the New Mother's information package, an element of the New Mother program, offers young fathers useful guidance in the maze of regulations, benefits and opportunities available to them.

The New Mother program running since 2006 underwent substantial changes in 2012, in response to the changed environment and the new needs of the target group. The weight o the program that assists mothers returning to work after a prolonged period of looking after their children at home, shifted towards raising awareness of the responsibility of the individual. In an effort to bring new element to the customary meetings of New Mothers, in 2012 we set up a New Mothers' Barn in the Szentendre Skanzen, the central venue of the Children's Day events, and invited Telekom mothers on child-care leave and their families. Working together with the volunteers of the JÓL-LÉT Foundation, we called the attention of the participants to the importance of work distribution within the family. We raised to four the number of Mother Parties held for those Telekom mothers who are at home tending their children in a workplace environment. The Mother Party is a club where mothers and fathers on long child-care leave can meet each other and the members of the active Telekom community. Live contact with the company, the fostering of job relations, the information exchanged at these meetings and the informal discussions facilitate the return to work of these employees after a prolonged leave of absence.

We also joined the program called 'Work with a Small Child'. Thanks to this, under the SROP support winning application of the Public

Foundation Industrial Development (IFKA) and Artima, 26 Telekom employees on prolonged leave received training and mentor support which they can profit from when they return to work.

Deutsche Telekom has also adopted the good practice of child-friendly offices, in operation since 2011 in two Budapest and two country locations (Pécs, Debrecen): in their Bonn headquarters they started similar offices. The child-friendly offices provide special environment (children's furniture, toys) for the employees, where their children can entertain themselves on the days when, because of an unexpected situation or short school holiday, parents cannot provide for their sitting in any other way.

In April, 2012 a program called 'Free entry' helped Telekom parents by offering children's programs in our offices during the spring school break. Special Easter programs were organised throughout two days to children aged between 6 and 18 and their parents in several big Telekom plants in Budapest and in the country. KIBU, the company's innovation workshop, presented to the children the latest technical innovations and the science of the future. In preparation for the coming Easter holiday, the visitors could also purchase gifts made by the protégés of Bárka Workshop, Fruit of Care and Ökoszolgálat (Ecoservice) in the Krisztina körút headquarters, in Infopark and in the Szerémi út offices.

We successfully passed the Work, Family audit and reaudit, too.

T-Systems/IQSYS, Dataplex, Daten-Kontor and ISH Informatika also pay distinguished attention to new mothers, giving them the option to work part-time. A dedicated HR person keeps regular contact with the new mothers on child-care leave, informs them about the eventual changes and helps them return to work after childcare leave. ISH Informatika, which also employs motion-handicapped and retired employees, took back into employment four young mothers after child-care leave in 2012.

WORK FROM HOME DAYS

'Work from home days 2012' program was launched in the second quarter of 2012. This program offered the employees the opportunity to work from their home on the last Friday of each month, provided that they fulfill certain criteria:
- be in such job that allows teleworking,
- availability of the necessary IT tools/network/internet,
- availability of remote desktop application,
- the colleague may not have such duty on the given day that requires personal presence.

Employees are informed about this possibility on the intranet in a communication letter. Each month a reminder is sent about the availability of the opportunity. In 2012, approximately 1800-1900 colleagues availed themselves of the 'Work from home days 2012' possibility.

Child labor
Since January, 2010 Magyar Telekom Plc. continuously monitors the number of employees under the age of 18 years in order to detect child labor. Data supplied from the SAP HR system show that during 2012 Magyar Telekom Plc. did not have any employee below the age of 18.

Magyar Telekom Group is committed to the abolishment of exploiting child labor, and guarantees that it always observes the minimum age of entering employment within Magyar Telekom Group, in compliance with the laws of the countries concerned. (Social Charter, Section 4)

Forced and compulsory labor

Detailed information about this subject is available in the 2009 Sustainability Report. In 2012 no complaints were filed with the relevant authorities against Magyar Telekom Group's affiliates in the context of forced labor, and no proceedings or investigations were launched against the company in this regard.

> Magyar Telekom Group emphatically declares that it opposes any form of forced labor.
> (Social Charter, Section 3)

Freedom of association and collective bargaining

Magyar Telekom Group has acknowledged the freedom of association and the right for collective bargaining in its Social Charter. Magyar Telekom strives to maintain a dialogue and cooperation with employee representation bodies in the spirit of openness and trust. The Social Charter and the long-standing relationship between Magyar Telekom's management and the employee representation bodies are the guarantee that the relevant rights are observed. Some 96.5% of the Group's employees in Hungary, 75% in Macedonia and 100% in Montenegro come under the scope of collective bargaining agreement. Additionally all 1,687 employees in Macedonia are governed by a general collective agreement of the private sector, so with these employees the ratio of employees covered by collective agreement is 100% in Macedonia.

> Magyar Telekom is committed to promoting the enforcement of trade union rights and does not hinder the formation and operation of employee representative bodies. Magyar Telekom is committed to seeking negotiated settlement to any labor dispute and will only resort to legal consequences if the negotiations fail to reach a result.
> (Partnership, Article 10; Social Charter, Section 2)

5.4. MANAGING CHANGES
Employee representation bodies

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 HR Officer and the HR Management Director are responsible for central-level communication with the employee representation bodies. Interest enforcement issues concerning a given governance area are also discussed locally with the representatives of the trade unions and the local workers council. The HR Partner Directors of the governance area are responsible for

communication with the local employee representation bodies. At Magyar Telekom, communication with the employee representation bodies – both verbally and in writing – is the exclusive right and responsibility of the HR area. This can ensure that rights are exercised in full compliance with the regulations of the Labor Code and the collective bargaining agreements. On the other hand, this practice helps relieve the business areas from the difficulties of managing the employee representation bodies. Naturally, when necessary, the executives of the business areas are also actively involved in the process under the coordination of the HR area.

Organization restructuring

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 regarding draft resolutions, aiming at organizational changes without regard to the number of employees concerned. If the significant organization restructuring measure does not impact any components of employees' job contracts (job, place of work etc.), then a notice is to be sent under the general obligation to cooperate, but no specific deadline is defined by either the Labor Code or the Collective Bargaining Agreement. Individual notices are also provided to the employees before the changes take place. Foreign affiliates inform their collective bargaining partners and employees in accordance with the relevant stipulations of the local statutes.

Results of the 2013 negotiations with the employee representations – Agreement with the Interest Reconciliation Council, amendment of the Collective Agreement

In September, 2012 Magyar Telekom reached an agreement with the employee representation bodies about the 2013 wage and headcount issues.

According to the agreement of the Interest Reconciliation Council in 2013, the company plans to terminate employment of 500 persons with the parent company. Most of these employees left the company at the end of 2012. In case of mass termination of employment, the company continues to maintain its principle of provident dismissal. The affected employees are entitled to severance and a period of dismissal notice (release from work), pursuant to the provisions of the Labor Code. Dismissed employees are entitled to an extra severance pay, pursuant to the Collective Bargaining Agreement, if their employment is terminated with mutual agreement, or the employees accept an inactive status. Re-employment of dismissed employees is supported within the Chance Program, which has been running successfully for several years, including active job-hunting, labor market training and retraining. The affected persons may keep their SIM cards during the period of notice, and may also continue to use the tariff package provided to the employees for a period not longer than three months.

In 2013 the company implemented an overall wage increase of 3% with effect April 1, 2013. Contribution to the deferred start pension insurance was reduced from the former 4% to 3% with effect January 1, 2013, but the basis of the contribution remained unchanged. From January 1, 2013 a standard employee life, accident and sick insurance system was introduced, while the supplementary insurance (Egzisztencia) provided to managers was simultaneously discontinued. The amount of the employer's support of the Dimenzió Mutual Insurance and Self-help Association was decreased from

January 1, 2013, but the standard and scope of the services provided have been retained. The other elements of the fringe benefits system remained broadly unchanged.

The January 1, 2013 amendment of the Collective Agreement was signed together with the Interest Reconciliation agreement. The higher wage supplements than specified in the Labor Code remain in force for yet another year, till December 31, 2013. These include the supplement for night shift and the supplement for extraordinary work on a working day, as well as the supplement for work in continuous shift. The more favorable calculation formula of the severance pay and the pay for the period of release from work on dismissal stays in effect till June 30, 2013.
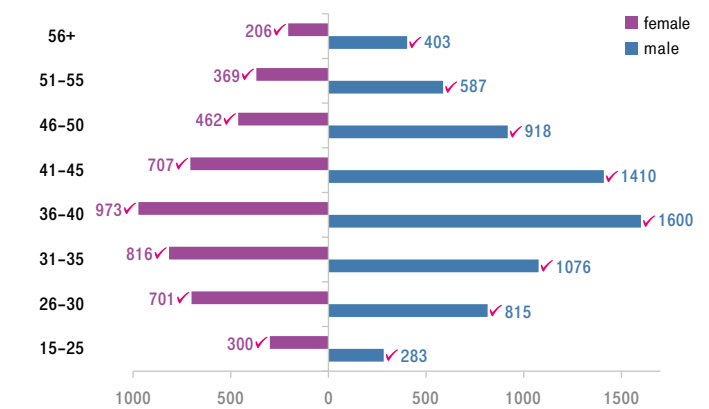
'Chance' program continues

'Chance' Program continued in 2012 by supporting employees dismissed through collective redundancy in finding new employment under. In this program employees dismissed can, after registration in the program, use various services that support finding new employment. The services offered under the program include a 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
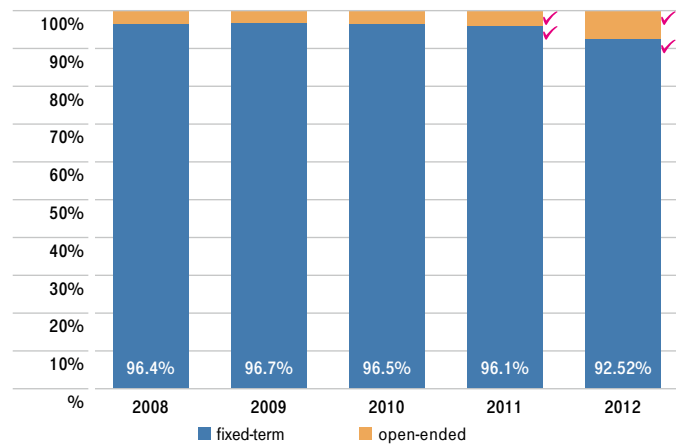
and monitoring participants' potential placement are also granted. The information package (Chance Package) set up for the program participants aims to provide targeted information, enhance their chance for a successful change and finding the right new job.
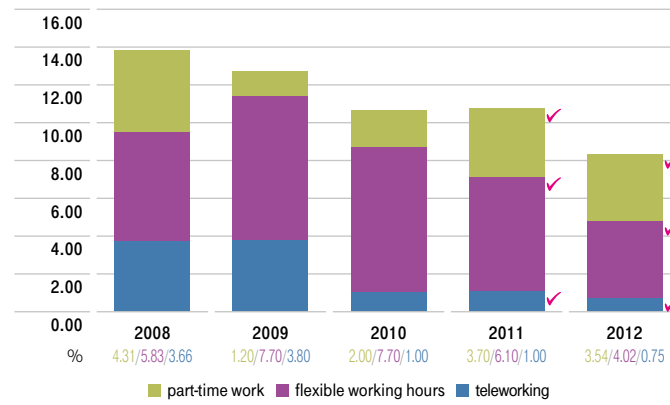
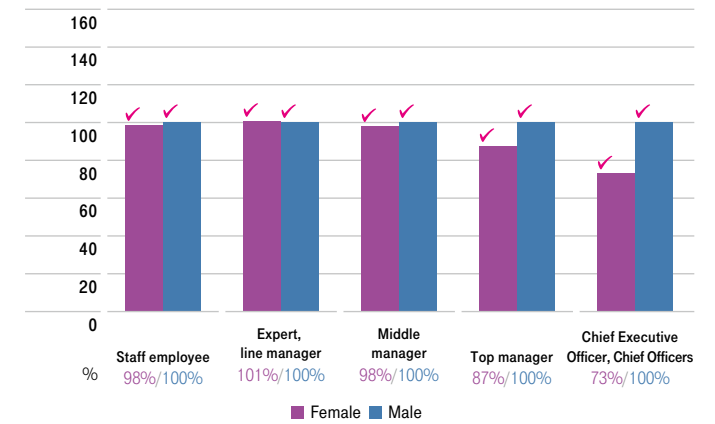**5.5. HUMAN RESOURCE INDICATORS**

FLUCTUATION AT MAGYAR TELEKOM GROUP[36]

	2008 (Plc./group)	2009 (Plc./group)	2010 ((Plc./group)	2011 (Plc./group)	2012 (Plc./group)
Total fluctuation	19.1%/18.7%	12.1%/10.2%	10.0%/8.9%	9.3%✔/9.5%✔	10.6%✔/8.0%✔
Termination initiated by the employee	3.1%/3.9%	1.5%/2.2%	1.5%/1.6%	2.1%✔/2.8%✔	3.7%✔/3.8%✔

(36) There are no available data according to age and other factors.
In previous Sustainability Reports the number of exits was compared to the closing headcount of previous year, in 2012, due to the import of temporary workers, we calculate with the annual average number of employees. This change has no affect on the comparability of data.

AGE TREE OF MAGYAR TELEKOM GROUP DECEMBER 31, 2012

Age group	female	male
56+	206	403
51–55	369	587
46–50	462	918
41–45	707	1410
36–40	973	1600
31–35	816	1076
26–30	701	815
15–25	300	283

RATIO OF FIXED-TERM TO OPEN-ENDED EMPLOYMENT AT MAGYAR TELEKOM PLC.

Chart values (fixed-term): 2008: 96.4%, 2009: 96.7%, 2010: 96.5%, 2011: 96.1%, 2012: 92.52%

Legend: fixed-term, open-ended

ATYPICAL FORMS OF EMPLOYMENT AT MAGYAR TELEKOM PLC. IN PERCENTAGE OF TOTAL HEADCOUNT

2008	2009	2010	2011	2012
4.31/5.83/3.66	1.20/7.70/3.80	2.00/7.70/1.00	3.70/6.10/1.00	3.54/4.02/0.75

Legend: part-time work, flexible working hours, teleworking

BASE WAGE COMPARISON BY JOB GRADES AND GENDER – MAGYAR TELEKOM PLC. 2012

Staff employee	Expert, line manager	Middle manager	Top manager	Chief Executive Officer, Chief Officers
98%/100%	101%/100%	98%/100%	87%/100%	73%/100%

Legend: Female, Male

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GENDER MIX OF MAGYAR TELEKOM GROUP MANAGEMENT BODIES IN 2012

■ Female	■ Male
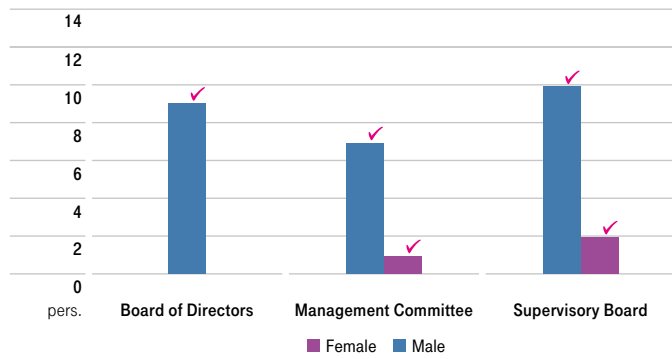
AGE BREAKDOWN OF MAGYAR TELEKOM GROUP MANAGEMENT BODIES IN 2012

■ 31–40	■ 41–50	■ 51–60	■ 61–
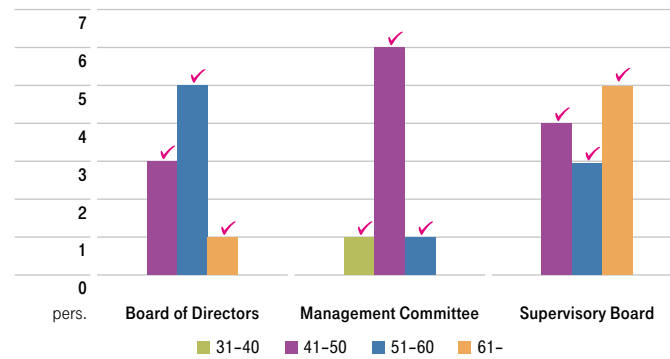
BREAKDOWN OF THE MEMBERS OF MAGYAR TELEKOM GROUP MANAGEMENT BODIES BY ORIGIN IN 2012

■ Local	■ Foreign

87
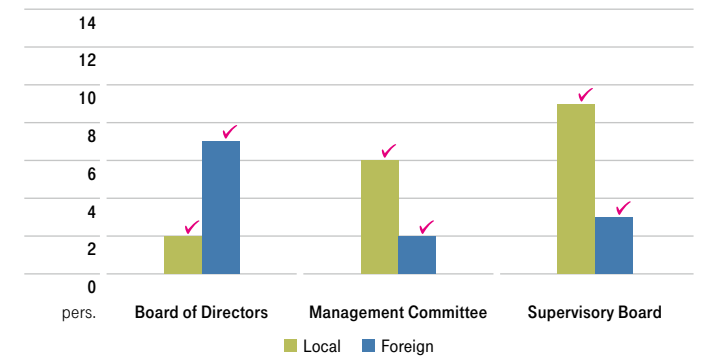
DISTRIBUTION OF EMPLOYEES BY REGION, %

	2008	2009	2010	2011	2012
	1.4 / 8.3 / 16.7 / 73.6	1.3 / 8.1 / 16.2 / 74.4	0.0 / 8.4 / 17.3 / 74.3	0.5 / 7.2 / 16.5 / 75.8	0.5 / 6.3 / 13.9 / 79.3

■ Other foreign ■ Montenegro ■ Macedonia ■ Hungary
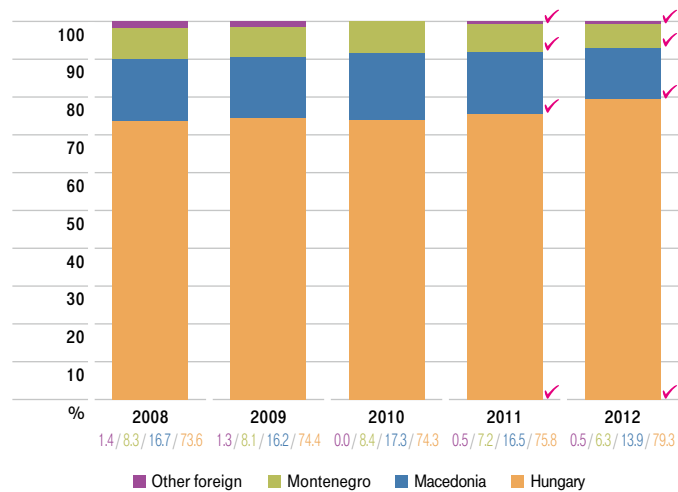
5.6. INVOLVEMENT OF THE EMPLOYEES

Magyar Telekom Plc. continued to deepen the sustainability knowledge of its employees via several channels in 2012, too. Since 2009 the orientation training of the new entrant employees also includes a sustainability module, and in 2010 a sustainability module was included in the training of managers, as well, to assist their sustainability orientation.

The internal communication campaign of the first electric cars was launched at Magyar Telekom in January, 2012. One of the two new electric cars is available to the employees. In the campaign we presented the features of the car, the benefits of its use and the process through which the car can be used. In 2012 the car used by the employees ran

over 4,000 km. In addition to becoming a favorite vehicle, the electric car was also brandished in several events sponsored by Magyar Telekom: for example, it was the lead car in the Budapest and the Szolnok Vivicittá runs, it appeared in the Szolnok T-City events, was made available all day to the visitors of the 5th Sustainability Day, whom our colleague took on a test run. In March the Company took part in the WWF Earth Hour initiative for the fifth time. Besides switching off the lighting of the offices and T-Pont shops, we sent SMS to the colleagues reminding them to switch off the lights in their homes for 60 minutes at 9 p.m.

Almost everyone of the Magyar Telekom sustainability activities has its own employee implication. Besides the television sponsoring campaign we also introduced the beneficiaries of the hello holnap! Donation line, who alternate every two months, on the internal communication channels, we kept recruiting colleagues for the Vivicittá runs – before the running race a running blog was started, where the employees already experienced in such runs gave tips

DR. GÁBOR VASVÁRI
Senior Business Development Manager

ÁGNES KESZLER-KALÓ
Senior Business Development Manager

"As the first step of the TeleBike project, the concept was presented to the competent superiors, and a market research with questionnaire-based survey was conducted among the staff on readiness to use the service, with a surprisingly good result. Responses confirmed that the idea is viable.
After the questionnaire-based survey staff members were steadily asking whether the idea would be implemented and when rental would start. This impatience prompted us to launch TeleBike as soon as possible. Additionally, many feedbacks were received on the sites which the staff members would like to be included and that TeleBike should permanently be operating, not only as a pilot. In the course of implementation our toughest task was to comply with labor law, labor protection, asset protection and data protection requirements, but with the involvement of the competent expert staff members the project team could answer all open questions.
TeleBike is not a profit-oriented project, that is why we are particularly happy that the company expressed its commitment to sustainable development and innovative solutions also by supporting this project."

to their first-timer colleagues. On the Budapest Vivicittá run we launched a charity campaign for the SOS Children's Villages: the

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company multiplied the number of kilometers run by its employees by 100 HUF. Then, Magyar Telekom supplemented this amount with a generous donation: at the end of the race the Chairman-CEO Christ Mattheisen presented a 1 million HUF check to the representative of the SOS Children's Villages.

The Telekom events of the Children's Island focused on environment-consciousness and social sensitivity. In the first weekend of the program series designed for the youngest generation the children of Telekom employees were also present, in an organized form. In the hello holnap! Grove trees built of PET bottles, textile and glass waste brought the importance of selective waste collection closer to young visitors; they had the opportunity to build something useful – a flower box – for the inhabitants of the district old people's home and also to bring in their old toys and donate them to other children of a more disadvantageous situation.

We dedicated all of September, 2012 to sustainability, organizing a campaign called 'Autumn is green with us'. The apropos of the event

was the 5th Sustainability Day, the employee campaign of which focused on geocaching. On September 29 employees hunted for the hidden treasures in several places across the country. Those who hiked the nearby hills of Budapest were treated to refreshments on the Sustainability Day, where they could finish the day.

The hello holnap! photo competition in 2012 also had employee implication. Telekom employees had to answer the same criteria as other entrants, but their photos were judged by Telekom jury members.

At the end of the year we organized a cookie campaign, that was highly successful already in 2011, under the slogan 'It is good to give'. In this event employees sell self-made cookies to one another, and give the proceeds to a selected civil organization, in 2012 to the SOS Children's Villages.

The colleagues could participate in every one of the above campaigns. We also keep them informed about all sustainability events, news and successes. They could read about DELFIN award, Sustainability Round Table discussions, the A+ rating of the Sustainability Report (the report itself was also made available to them) and that Magyar Telekom won the Green Frog award of Deloitte Zrt.

Thanks to the efforts of our company in this field, the knowledge of our colleagues about sustainability issues is much higher than the national average.

In 2012 a residential survey found that 29% of the respondents have heard about the term of sustainability, among our employees the ratio was 96 and 75% of the employees could precisely define the term.

In 2012 the awareness of Magyar Telekom's sustainability activities ("Name such Hungarian companies that pioneer the observation of sustainability considerations") among the population was 9%, while 56% of the Telekom employees think that Magyar Telekom tops the list in terms of sustainable development.
We enhanced the social sensitivity of our employees by organizing volunteer programs, too. Volunteer work was conducted in the frame of Jövő/Menő program, Digital Bridge in Small Localities and charitable team building programs. In all 9 ✔ programs of that kind were organized in 2012 with a total of 597 ✔ Magyar Telekom volunteers, working 4,622 hours ✔. With these programs we provided 21.7 million HUF ✔ worth of theoretical contribution to the society.

The member companies keep urging their customers and employees to opt for the use of sustainable solutions, like electronic bills, online registration, webshop etc.

On October 19, 2012, the World Day of our Earth, an electronic waste collection day was held for the first time in the Budapest headquarters of T-Systems Magyarország. A total of 230 kg electronic waste was collected. To enhance the sustainability awareness of the employees, information boards describing the different wastes were put out in the headquarters' printer islands.

Makedonski Telekom and T-Mobile Macedonia enhance the environment consciousness of their employees by initiating selective waste collection and reducing paper and energy consumption. They also make agreements for the recycling of the different types of waste, from packaging materials to batteries. They also organize campaigns to raise the awareness of the customers and the citizens at large of environmental issues.

6. INVESTOR RELATIONS

6. INVESTOR RELATIONS

Personal meeting is the best way of maintaining investor relations. There are two ways to meet personally: the interested investor and/or analyst either travels to Budapest and meets personally the company management and/or the Investor Relations staff, or uses the opportunity of meeting the representatives of Magyar Telekom when they visit the particular city with a roadshow or conference. The management and investor relations staff of Magyar Telekom spends annually some 25-30 days with various roadshows and conferences in the major financial centers of the world, where the majority of the fund managers and analysts operate. On annual level some 200-250 meetings are held with investors and analysts.

Magyar Telekom lays much emphasis on satisfying the information demands of visitors on its website, too. Under the menu 'For our investors' shareholders find up-to-date information about corporate strategy, financial standing, annual general meetings, but they can also monitor the price of the shares and also find all the information they need to contact the company. The e-mail address and phone number of the Investor Relations area can be accessed on the website, questions sent by e-mail will be answered by the staff of the area within 24 hours.

The company also assesses the requirements of the investors annually through questionnaires. We have commissioned an independent external analyst firm to make the so-called perception study, which assesses the opinions, demands and expectations of the investors through a detailed list of questions and representative samples. The Investor Relations area then prepares a summary of the study and submits it to the Management Committee meeting.

Magyar Telekom continues to be the target of responsible investor assessments. Those investors are considered responsible who also take into consideration the environmental and social performance of the Company in addition to the customary financial and risk analyses.

In 2012 Magyar Telekom was listed again among the CEERIUS (Central and Eastern European Responsible Investment Universe) Index companies of the Vienna Stock Exchange, rating Central and Eastern European companies that offer outstanding sustainability performance.

Magyar Telekom participated in the Carbon Disclosure Project (CDP) also in 2012. In the framework of this worldwide initiative the largest companies report about their climate protection approach, the related risks and opportunities and their CO_2 emission to the key investors (present asset value amounts to 87,000 billion USD).

Before this report was published, responsible investment consultants Sustainalytics and GS SUSTAIN analyzed the 2012 sustainability performance of Magyar Telekom Group.

7. COOPERATION

7. COOPERATION

7.1. PROFESSIONAL COOPERATION

Magyar Telekom, as decisive player of the national telecom market, has taken deliberate actions towards the development of its relations with the neighboring areas of telecommunications industry, including the standardization bodies, innovation organizations and institutions of higher education.

In 2012 we took part in the activity of the Future Internet National Technological Platform, aiming at the development of the Future Internet Strategy and Draft Program. To this end we cooperated with the representatives of SAP Hungary, IVSZ, HUNGARNET, Debrecen University, the NIIF Institute, NJSZT, BME, BM Hungary, HTE and ELTE. We are active member of the Mobility and Multimedia Cluster, which was established in 2007 as an umbrella organization of the players of the Hungarian mobile and multimedia markets and national research and development capacities, to provide for the (world) market launch of domestic inventions, based on these capacities. By now MM Cluster has become one of the most significant cooperations in Hungary with members including large telecom and IT companies, small- and medium-size enterprises focusing on infocommunication innovation, and university partners operating research centers. Among the Hungarian scientific organization, we were actively involved in the work of HTE and MISZ (Hungarian Innovation Association).

Magyar Telekom closed several research projects in the course of its R&D activity in 2012. The Optical Access Seamless Evolution (OASE) project under the 7th Framework Programme of the EU was of outstanding importance. The three-year project, started in 2010, aimed to describe the expected development of the new generation optical access networks till 2020, including also the determination of the system technology and requirements of the new generation networks.

We maintain diverse relations with the institutions of higher education. In addition to the above mentioned R&D cooperation, the practical training of the students is supported by equipment donations, presentation of case studies, organization of lectures and site visits. We closely cooperate with student organizations of the universities, such as IAESTE or AIESEC.

In the recent years special emphasis has been laid on the development of international cooperation among DT member companies to tap the synergies of the group. We specially focus on the adaptation of the development results to the Hungarian market through sharing product implementation experiences and aligning vendor relations and procurements, if business considerations justify. In the framework of the regular domain meetings (Fixed Access Domain, Mobile Access Domain, IP and Core Network Domain, Service Development Domain and OSS Community) we participate in joint projects, the results of which efficiently support the tasks of the technical area, contribute to the development of our technological competitiveness and enable us to make better use our financial resources.

We continue to foster close relations with our strategic suppliers, which allows us to coordinate technological roadmaps, mutual involvement in the development phase and the learning of the market experiences of other countries.

7.2. COOPERATION IN ENVIRONMENTAL AND SOCIAL ISSUES

Besides professional challenges, the Group also seeks cooperation opportunities for the solution of social and environmental problems. The Group is a member of several sections of Hungarian Business Leaders Forum (HBLF):

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

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

In 2012 we organized the Sustainability Day for the fifth time to show what new ideas, solutions were born in the past year in the field of sustainable development, and to inspire as many people as possible to shape their life consciously. The slogan of the festival and conference was 'Save As', suggesting that the society should realize and recognize unusual, sustainable and innovative solutions. This time, too, the discussions focused on the three pillars of sustainability, which the participants highlighted through specific issues. For example, in the society section the participants discussed the issue of active citizenship, in the environmental one they talked about sustainable settlements and in the economic section the focal topic was green economy. The additional issue centered on green festivals. It was an interesting feature of the festival that a slammer made free-rhyme poem of each issue discussed.

MIKLÓS VASZILY
Origo Zrt., CEO

"Sustainability Media Club started its second year of operation in 2012. The goal defined at the start to disseminate sustainability to the widest possible scope of people can be achieved only if we, as members of the Media Club, not only present it but also participate in the publicized events. This year we run for the city and baked cookies for needy families. This is where the future success of the club lies: good causes, joint action, media presence – that is how the concept can reach everyday people."

Apart from the technical discussions, visitors of the Millennáris were offered a broad choice of programs, including exhibitions, talks and concerts. Old and young could participate in animation programs, play construction games, buy several products at the stands, and the bravest even tested their skills in building a huge jenga structure which, in a playful form, symbolized the paradox of making an endlessly growing structure fromfinite resources. Visitors were invited to build toys and jewelry from bicycle parts, test the world's tiniest folding electric bike and even drive an electric car. The symbol of the event was the monumental hello holnap! green wall, decorated by the visitors of the event. The 1.5-ton, five meter wide and five meter tall green wall was built by 16 decorators with more than 6 hours' work, using hundreds of potted flowers.

At the event awards were given in the hello holnap! Future-Picture (Jövő-Kép) competition, in the hello holnap! Press Award competition and in the creative competitions invited on the occasion of the 5th Sustainability Day. The day was closed with an after-party, the proceeds of which will be used to plant new trees.
You can read further details at: http://www.fenntarthatonap.info/

8. CORPORATE CITIZENSHIP

8. CORPORATE CITIZENSHIP

8.1. SPONSORSHIP

The sponsorship activity of the Group is aimed to offer valuable and high-quality entertainment to its customers, but we also support high-standard professional conferences. The Group, as major sponsor of Hungarian culture and social life, is devoted to support high profile events, performers and productions that represent top quality in their area or genre. In its sponsorship activity the Company plays a role in implementation of social initiatives in a manner and to an extent worthy of its economic significance.

Children's Island, which Magyar Telekom has been sponsoring for the 11th year, was the widest reaching free family program in 2012 on Hajógyári Island of Budapest, offering exciting programs for children through four weekends.
In its own area of the event called hello holnap! Grove Telekom offered games, activities, focusing on environmental and recycling issues. On all four weekends the children fabricated flower boxes of

wood, and planted flowers in them. On the last day of the Children's Island event Telekom donated the 40 craftwork flower boxes to an old people's home through the Óbuda Social Services Institution. Now the inhabitants of Derűs Alkony Foster Home and Hatvany Senior Citizens' Club enjoy the creations.

Besides offering valuable entertainment and pastime occupations to families, it is also an important endeavour of the company to bring children to the Island, who otherwise would not be able to visit, either because they live far from Budapest, or because their social situation does not allow. A bus brought children supported by the Tölösi Péter Foundation, who recuperated from leukemia or other tumorous disease, or are still in rehabilitation together with their families to the Island, and transported them back home at the end of the day. Thanks to this charitable action some 100 people, almost 40 families, many of whom never left their county before, were given the opportunity to take part in the Children's Island funs.

In 2012 Telekom invited the visitors of the Children's Island again to a charitable toy donation campaign in which over 150 kg toys were collected for the Association of Hospital Teachers, who work with sick children in the oncology wards, surgeries and other health departments of eight cities.

The Telekom Vivicittá runs are Hungary's most popular amateur sport events. In 2012 we organized such runs in Budapest, Pécs and Szolnok. A total of 16,000 city-dwellers participated in the sports events on three venues, where both primary school and secondary school teams could enter. As a special prize, Telekom offered HUF 100,000 worth of sports equipment vouchers at each location for the schools that sent the largest teams. In 2010 over 3,000 schoolchildren ran the distance.

ÁRPÁD KOCSIS
Budapest Sports Office, Executive Manager – Competition Director

"One of the longest existing sponsorship cooperations on the Hungarian sports scene is the relationship between Magyar Telekom and the Vivicittá Run for the City. Our cooperation started in 1997 – still under the name Matáv Vivicittá. In that year 3,200 runners reached the finish line on Margaret Island, this year it was 15,500. Since 2001 each year Vivicittá is jointly organized also in cities other than Budapest. Over the last 16 years more than 250,000 happy and smiling participants crossed the finish line. They included few months' old babies pushed in pram and elderly people aged 80+, since Telekom Vivicittá is for everyone. Anyone can participate who cares for his health, fitness and good general condition. Telekom offers participants and fans an unforgettable life-time social experience, because without its active contribution and support one of the most recognized and largest sport events in Hungary could not be held."

At the April 1 Budapest Vivicittá run Telekom collected donations for children living in the SOS Children's Villages with the intention to help these children experience a carefree childhood, similar to their luckier peers who have a family of their own. Telekom recruited teams of its own employees and multiplied the number of kilometers they ran by 100 HUF. Then supplemented this amount and donated 1 million HUF to support the smaller and bigger inhabitants of the SOS Children's Villages.

We invited charitable actions in the two country runs as well: for each entrant of the Pécs and the Szolnok runs Telekom offered 200 HUF for charitable purposes. As a result, the Tölösi Péter Foundation of Pécs and the Guriga Foundation of Szolnok (assisting the sport activities of disabled athletes) were each given a donation of 500,000 HUF. In addition to the above, Telekom made it possible for the inhabitants of the SOS Children's Villages to share the Budapest experiences, so transported children and foster parents from the institutions of the Foundation in Battonya, Kőszeg and Kecskemét to the capital and sponsored their day at the event.

The charity event was also attended by the Sustainability Media Club, created by Telekom to raise awareness of the notion of sustainability: they fielded a running team to call attention to sustainable urban existence.

Együtt. Veled

Telekom has been the committed sponsor of the Hungarian sport life for decades, and considers sport a cornerstone of its sponsoring activity. The company is proud to have contributed to many prominent international sport success as sponsor. It was sponsor of the Hungarian Team and assisted the Hungarian Olympic Committee already during the 1996 Atlanta Olympic games, then in Sydney, Athens, Peking and London, too. Under the cooperation agreement, which was prolonged in March till 2016, Telekom promotes the attainment of the goals of the HOC and the preparation of the Hungarian athletes for the Rio de Janeiro Olympic Games as platinum sponsor, throwing in a broad array of its telecommunication services.

By way of an important element of its sponsoring strategy, in the fall of 2012 Telekom signed a comprehensive agreement with the Hungarian Football Association, which made it one of the chief sponsors of the men's national football team and an important supporter of the second line, amateur and youth football sports. To make publicity for the latter sports, Magyar Telekom and the Hungarian Student Sport Association pooled forces for the first time in 2012 to organize the football event of the Students' Olympic Games, which already have traditions of decades. The Telekom Football Students' Olympic Games were attended by female and male students from several primary and secondary schools in several age groups between April 20 and June 17, 2013. In the county elimination rounds of the Telekom Football Students' Olympic Games, held with the participation of 8,500 players of 760 teams, not only the young football players, but also the accompanying teachers, family and friends could choose from an array of entertaining programs and skill contests with valuable wins. The visitors of the events could enter a kick-ups football competition, try adventure photography and even spot some prominent sportsmen and

celebrities. Beyond the above reasons, it was also worth visiting the events to promote a noble cause: Magyar Telekom, a committed supporter of Hungarian football, rewarded the school that activated the most supporters with a valuable gift.

Magyar Telekom supported Kapolcs Festival as communications partner. In 2012 we contributed to the success of this biggest all-art festival by providing free broadband internet access.

The strategic partnership of Magyar Telekom and the Palace of Arts continued in 2012. In this strategic cooperation running for the fifth year now we continued to map further possibilities in the joint work.

The development of the Montenegrin healthcare system is one of the key focuses of the corporate citizenship and sponsoring activities of Crnogorski Telekom; the company has therefore donated two ambulance vehicles to the emergency center in an effort to help improve the healthcare services of the country's northern region. As a company appreciating knowledge and talent and directly supporting the education system, Telekom gave up its sites free of charge to the Faculty of Applied Arts when the institution was forced to leave its old building because it perished in a fire.
In 2012 the company offered a trainee program to the students of the Faculty of Electric Engineering. They were given the unique opportunity to visit organization units of the company with activities close to their field of study.

Sports play crucial role in the sponsoring strategy of T-group in Montenegro, as important pillars of shaping a healthy, modern and developed society. Crnogorski Telekom has been gold sponsor of the national football team of Montenegro and sponsor of the Montenegrin Premier Football League. Besides, the company continues to support the Budućnost Women's Handball club, which is one of the most successful clubs in the country.

The company is also involved in sponsoring music. In 2012 Crnogorski Telekom was main sponsor of the Asfaltiranje music festival and the first Montenegrin Electronic Beats Festival.

In the field of culture, Crnogorski Telekom established partnership with a number of organizations aiming to support projects focusing on young people, training and education. In 2012 the company continued its cooperation with the City Theater of Podgorica. The company also acted as main sponsor for the Telekom Underhill Fest held in Podgorica, for the Bar 2012 television documentary festival and the first Andy Warhol exhibition in Montenegro.

The T brand, as major partner of Macedonian culture, continued to sponsor the biggest cultural event of the region and Macedonia, the Ohrid Summer Festival in 2012. This cooperation looks back on a past of 15 years and is aimed to organize this prominent event of Macedonian culture and music at high standard. Performers include 1,000 artists from 14 countries. In the summer period T brand sponsors several other activities and events, including the Balkans Music Space, the Strumica Festival and the Struga Poetry Evenings.

In addition to supporting music, culture and the survival of traditions, T-Home and T-Mobile are also long-time sponsors of Macedonian sport life. Among other events, the companies sponsor the Sar Planina Ski Cup. The international event organized for the 39th time

is one of the biggest and most important sport event in the country, attended by 35 skiers from 14 countries. T brand also sponsored the Ohrid swimming marathon, where some 20 marathon swimmers completed the 30 km distance on Klime Savin.

8.2. DONATION

At the end of 2010 the company launched its hello holnap! initiative to bring the many and diverse sustainability activities under a single umbrella, and also launch a social education program. In January, 2011, on the initiative of Telekom, Sustainability Media Club was

called to life, the members set the objective of broad rollout of the concept of sustainability and agreed to cooperate in communicating the messages of sustainability to the widest public.

Hello holnap! initiative has renewed the donation practice of the company, with focus on thematic applications invited by the board of trustees of the hello holnap! Foundation during the year. To ensure the highest efficiency, Telekom decided to involve Sustainability Media Club in the decisions on the donations, including the selection of the final winners of the thematic applications.

ÁDÁM OROSZ
ZöFi Bike Ambulance Project Manager

"Green Youth (ZöFi) launched in early 2011 its Social Bike Program (SzocBringa). During the summer of 2012 we participated in several youth festivals (Sziget Festival, Bánkitó Festival, Szeged Youth Days), where we offered the Bike Ambulance program connected with SzocBringa. At the Bike Ambulance points bike technicians trained in the SzocBringa program offer free diagnosis of bikes and basic maintenance work. Additionally, they offer technical consulting, useful transport information about safe biking.
We would like to reach the highest possible number of people, to highlight problem-solving creativity, sustainable transport and life-style. We want to achieve this through active involvement of festival visitors, with competitions, while addressing this issue with sufficient seriousness and providing professional background. Additionally, we want to learn about the other organizations and widen their scope of activities.
With this competition we wanted to continue our series of programs started earlier by involving the highest possible number of people in the world of mild urban biking, sustainable transport. We want to present bike repair to the widest possible scope of people and to encourage users to self-repair. This is important not only for bikers, but can also be a catalyst for those who have not used bike so far due to fear of defects and the technical condition of the bike.
In 2012 we participated in Bánkitó Festival, Kapolcs Festival, Sziget Festival, SZIN, Sustainability Day and many other events in Budapest. In 2013 we will similarly participate in festivals and other cultural and NGO events, while rolling out our activities also to other fields. Thanks to Telekom, our website will soon be upgraded to accommodate in addition to current projects also an interactive bike repair consulting service. Additionally, we pay great attention to online communication channels, too."

In 2012 three thematic applicants were invited:
- sustainable, livable city and settlement (winners: Circle of Friends for Tornabarakony, CIGLE Keeping the Traditions Alive Association, I Won't Give Up! Foundation, Association of Young Greens);
- power of the communities (winners: AKUT Foundation, I Won't Give Up! Foundation, Miners' Cultural Association, White Cane Foundation, Nyírség Helping Hand Foundation, Symbiosis Foundation);
- sustainable mentality shaping (winners: Artopolis Association, Living Planet Foundation, Öko-Pack Nonprofit Kft., Survive Enviro Nonprofit Kft.).

In 2012 the winners of the hello holnap! thematic competition received over 25 million HUF support.

2012 was the last year of our strategic partnership with the selected NGOs. Our partners, Hospital Teachers' Association, Szívlapát Foundation and the Blue Point Drug Consulting Center and Drug Outpatient Foundation received 10 million HUF support each.

In 2012 the board of trustees of hello holnap! awarded a total donation of over 80 million HUF to the winning civil organizations

that submitted applications in one of the three dimensions of sustainability: social, financial and environmental issues.

Special mention should be made here of the 'It is good to give' Cakes Campaign, which was first held on December 5, 2011, on International Volunteer Day, in which the members of the Sustainability Media Club also took part. The event was held in 2012, too: the sale of home-made cakes fetched 800,000 HUF, which Telekom supplemented with the amount generated by the Christmas card sending application, and added another 5 million HUF. This means that the beneficiary of 'It is good to give' Cakes Campaign received a total of over 6 million HUF donation. The beneficiary, the Hungarian Foundation of SOS Children's Villages built a therapy room with the amount, where children with serious trauma can receive targeted psychotherapy treatment.

In 2012 Magyar Telekom won the CRS Hungary Award in the competition that rewards the most outstanding responsible and sustainable initiatives. The prominent award was given Telekom's 'It is good to give' Cakes Campaign in the CSR Management/Enterprise category.

T-Systems Magyarország Zrt. donated the amount earmarked for year-end business gifts to the Camp Courage Foundation, to the Hungarian Association of Blind and Sight-impaired and the Age of Hope Children's Protection Foundation, for which organizations the employees of T-Systems also do volunteer work.

Crnogorski Telekom has therefore donated two ambulance vehicles to the emergency center in an effort to help improve the healthcare services of the country's northern region. In 2012 the company also started a helpline to aid the inhabitants of the areas struck by natural disaster and donated 10,000 EUR to the people in worst need.

Makedonski Telekom and T-Mobile Macedonia perform a number of diverse activities in the field:
- Under the e-School Diary project between January and July, 2012 the revenue from 10,000 SMS monthly was donated to support e-School Diary program, launched by the Macedonian Ministry of Education with the aim of raising the standard and efficiency of education.
- Skopje Zoo: purchase of a dotto train for the visitors.
- Local municipality of Čair: playground equipment.
- Local municipality Makedonski Brod: renovation of the House of Culture.
- Renovation of the rooms of the Ensemble Ibe Palikukja (supporting Albanian residents).
- New-year celebration of Macedonian citizens.

NGO Strategic Partnership
In 2012 the NGO Strategic Partnership program announced in 2009 entered its last year; under this three-year program we grant annual support of 10 million HUF to the selected NGO which offers close, high-level and useful cooperation opportunity to all stakeholders.

With its competition work presenting the NGO Strategic Partnership program Telekom won the second prize in 2011 in the Social Investments Award of the Hungarian Donation Fund, in the category of the Greatest Impact Support Program category.

Our strategic NGO partners are:
- Blue Point Drug Counseling and Outpatient Center Foundation We support the three-level prevention program of the foundation. The first level of the program is Health School, in which foundation staff contact secondary school students to communicate the notions of awareness, usefulness and discipline in the frame of discussions aiming to shape the views of the students. Thanks to the support, the program has been rolled out country-wide. The

second level is kannabiszpont.hu, which offers online assistance to cannabis users enabling them to log their consumption and seek anonymous counseling. http://kannabiszpont.hu can also be accessed via smartphone applications. The third level targets the digital integration of problematic drug addicts. In addition to the commitments undertaken in the competition we were also present in various education events (e.g. provision of drug prevention services in the festivals supported by Telekom, including VOLT Festival, Balaton Sound, civil conferences, internal communication activities).

- Hospital Teachers' Association

With Magyar Telekom support the association provides assistance to children suffering from chronic – primarily tumorous – diseases in eight hospitals (in Budapest, Debrecen, Miskolc, Pécs, Szeged and Szombathely). Teachers involved in the hospital school program focus on the provision of primary and secondary school education and mental support to children with special needs, in nursery, primary school and secondary school age. Education plays paramount role in improving the psychical condition of the patients, in which regular communication with the class-mates, teachers is crucial.

Our support provided to hospital teachers is not limited to financial donations, we do our utmost to assist the work of the hospital teachers with our IT, ITC and web2.0 tools and knowledge. The support has also enabled hospital teachers to attend extension training courses and conferences, where they themselves gave also several talks.

- Szívlapát Foundation

The Jövő/Menő program of Szívlapát Foundation covers all the objectives which reflect the sustainability principles of the Company. The program has set the objective of promoting sustainable development objectives of the micro regions in disadvantageous position; the first venue was the Mezőcsát micro region.

Our objective is to develop a master project which can be used later in the other micro regions of the country. The program launched a number of workshops, including Media school, Energizing workshop and Domestic Products workshop, as well as a number of volunteer programs in which our employees also participated. One of the key elements of the company volunteer activity was the cleaning of the bicycle roads in the micro region and placement of signal posts along the bicycle roads.

A bicycle guide entitled 'Cycling in Mezőcsát micro region' was published in 1,500 copies. It presents the history of the micro region, its natural and cultural sights, the main local food sales points and the bicycle roads and routes in the region. The small book describes 4 tour routes and the relevant places of interest en-route, including gastro-specialties, natural beauties and historical relics.

The purpose of the Media School is to give young people an insight to the backstage of the media world, help them understand the workings of the system and learn identify the advertisements presented in the various programs. In addition to learning the basics of the communication technology, they will be able to shot and cut films, create websites and manage their products both online and offline. For updated information about the initiatives implemented in the Mezőcsát micro region visit www.jovomeno.org.

1788 – Telekom Donation Line

By calling 1788, anyone can donate 100 HUF to public benefit organizations working on solving social problems.

The company provides the service free of charge, which means that the total amount donated is transferred to the beneficiary, without aiming to generate profit, and related costs (VAT) are paid by the company[37] and significant support is also provided to the communication campaigns of the organizations in question mounted

(37) Calls with Domino (prepaid card service) package carry VAT

in the collection period (e.g. public service advertisement – TCR film –, television and other press coverage).
Beneficiaries in 2012:
- Szempont (Viewpoint) Foundation
- Smile Foundation
- National Association for Children with Tumor and Leukemia
- Baráthegyi Guide and Therapy Dog Foundation
- Shelter Foundation
- Hungarian Association of Blind and Sight-impaired

In December, 2012 Telekom launched the Donation Booth campaign in association with the hello holnap! Donation Line. Under this project, 25 Donation Booths were appointed and converted in a way that the revenue from each call made from a Donation Booth went for a charitable purpose.

Telekom gave it to the appointed beneficiary of the hello holnap! Donation Line. The first beneficiary was the Hungarian Association of Blind and Sight-impaired: in the December 5–31 period a total amount of 208,756 HUF was collected for them.

Civil and CivilNet Tariff Package

The company launched its Civil Tariff Package service in March, 2004. Civil Tariff Package provides 500 minutes of free calls without monthly fee and connection fee in the domestic wireline network. The tariffs of usage exceeding 500 minutes contain an average of 30%

discount on the call charge of the basic package. The organizations can use the money so saved for their socially useful programs.

In 2009 – responding to the demands of the NGOs – Magyar Telekom extended its Civil tariff package service to internet access as well, by launching its CivilNet tariff package, which provides internet access service without connection fee and monthly fee to public benefit organizations selected through applications. Applications can be submitted for the CivilNet tariff package along with the Civil tariff package.

In 2012 the Company invited applications on two occasions and provided discount schemes to 68 organizations in an overall value of 5,539,740 HUF.

Counseling line services

The company considers a priority task to support the counseling help lines by providing free calling possibility. In 2012, this translated into some 10 million HUF support to 10 organizations operating counseling lines.

8.3. EMPLOYEES AS CORPORATE CITIZENS

In 2012 we renewed the Matching Individual Donations Program. The new program was named Supplemented voluntary donations, and its key concept is that, in addition to financial donation, employees are also expected to commit themselves to the supported NGO with voluntary work.

The aim of hello holnap! Supplemented voluntary donations program is to enhance the culture of corporate citizenship among the employees, strengthen the relationship between the individual and the NGOs, raise awareness of the support objectives of Magyar Telekom and, last but not least, increase employee loyalty.

In hello holnap! Supplemented voluntary donations program we leverage the power of the communities. We support the initiatives

JUDIT UJVÁRI
Telesales Support Manager
ZOLTÁN TÓTH
Chairman, Association of Mobile and Internet Communication for Generation X

MOBILSULI (MOBILE SCHOOL)

"Our colleagues started already in the early 2000s to contact young people, children using mobile phone or internet. During our interactions we observed that young people and children are not prepared for communication with customer service and do not know the ethical and communication related basic principles of fundamental mobile phone usage.

We are making efforts to develop a scientific foundation for our voluntary activity with researches on the communication behavioral patterns of teenagers. These researches are helped by experts and university professors engaged in communication as well as university students learning at communication and social sciences faculties.

Our researches produced the conclusion that use of these services not only causes serious problems in education, but also poses a major risk for the upcoming generation. Today children can freely publish anything about themselves on the web, and can freely view sites that can cause serious damage to their socialization and development of their identity. They can become targets of malicious, dangerous attacks and abuses. We found major deficiencies also in mobile phone usage both in the field of communication and relationship with mobile telephony.

Our researches found that today children do not receive practically any preparation about how these services can be used correctly, ethically and safely.

Our goal is to teach this generation how they can use these services in a more advantageous, conscious and useful way. We would also like to highlight the dangerous aspects of using internet and mobile phone services and teach these young people the correct communication on these channels.

We want to achieve this goal by holding presentations, film projections and lectures on this issue in primary schools, distributing prospectuses and teaching materials in cooperation with teachers and school managers.

In 2012 we were faced with the problem that it was increasingly difficult to coordinate job tasks with voluntary work due to the many requests received. We contacted Magyar Telekom's Chief Officer Attila Keszég for support and requested him to act as patron of the voluntary work aiming at educating children. Attila accepted the invitation, an internal communication campaign was launched with the involvement of Attila to recruit voluntary workers among Telekom employees. As a result of the campaign, 160 people registered. The story continued in 2013 with a teaching volume exceeding expectations that will be presented in detail in the next report."

of the local communities so we encourage our colleagues to help some civil program in their own neighborhood by offering voluntary work. Voluntary work beyond working hours at the chosen NGO is a compulsory element of the program. The employee is requested

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to describe the voluntary work part of his voluntary donation in the annex of the form provided under hello holnap! Supplemented voluntary donations program. The voluntary work may be physical or intellectual contribution, but the request to do voluntary work must come from the supported NGO.

For financial support above voluntary work we set up two categories:

- The employee's own initiative – in this case the maximum amount of company support is 50,000 HUF. Supplementary support is provided as follows:
  - employee donations up to 15,000 HUF: the company matches with twice this amount;
  - employee donations between 15,001 HUF and 50,000 HUF: the company donates an equal amount.
- Collective initiative of employee groups – in this case the maximum amount of company support is 200,000 HUF. Supplementary support is provided as follows:
  - in case of the collective initiative of employee groups, where minimum 4 Telekom employees are involved in the donation and the connected voluntary work, and the amount of the donation paid by the employees is minimum 50,000 HUF, the company supplement will be 200,000 HUF;
  - in case of the collective initiative of employee groups, where fewer than 4 Telekom employees are involved in the donation and the connected voluntary work, and the amount of the donation paid by the employees is minimum 25,000 HUF, the company supplement will be 100,000 HUF.

We increase the sensitivity of our employees also by organizing volunteer programs. Voluntary work was performed under the auspices of Jövő/Menő program, Digital Bridge of Small Localities program and charitable team-building exercises – in 2012, on nine occasions ✓, with the involvement of 597 Magyar Telekom volunteers ✓ in 4,622 working hours ✓. In theory with these programs we made 21.7 million HUF ✓ voluntary contribution to the society.

In December, 2012 we organized a donation campaign for charitable purposes again, with the involvement of employees. We asked them to bring home-made cakes which they sold to one another, everybody paying as much as they thought right. The company supplemented these donations adding up to some 800,000 HUF, and donated the over 6 million HUF to the Hungarian Foundation of SOS Children's Villages.

Crnogorski Telekom continued its cooperation with the Montenegro Red Cross and Montenegro Blood Centre. In 2012 the company organized voluntary blood donation drives on two occasions for its managers and employees in an effort to raise awareness of the importance of voluntary blood donation. In addition to the blood donation, employees also took part in two other voluntary programs: at the end of the year they organized Christmas gift collection for the education and rehabilitation institute of disabled children and youths, and also helped clean up snow on hospital grounds.

Voluntary activities at Makedonski Telekom and T-Mobile Macedonia:
- New Year Caravan (for the 10th year)
  The employees made gifts for some 900 children living in poor circumstances and also helped put together the gift packages. The volunteers of the company visited some 900 children.
- Humanitarian Competition
  Similarly to the previous years, employees took part in the Humanitarian Giant Slalom in 2012. They donated the registration fee to the NGO 'Give Wings!' initiative (the more employees participate, the more donations the project receives). The NGO 'Give Wings!' is a civil initiative of the citizens, which supports people suffering from a rare disease and needing special care and assistance.
- Blood donation
  Employees of Makedonski Telekom and T-Mobile took part in the traditional two-day blood donation drive organized together with the Macedonian Red Cross and the State Blood Center. In this humanitarian initiative 166 units of blood were donated. The employees showed an example of humanity and made voluntary contribution to the improvement of the quality of life of their fellow citizens.

9. RESPONSIBLE CONTENT SERVICE

9. RESPONSIBLE CONTENT SERVICE

9.1. PROTECTION OF CHILDREN

Magyar Telekom aims to provide better service to its customers all the time and to protect them – especially minors – from the unwanted consequences of the development of the infocommunication technology. Magyar Telekom provides for the protection of minors and the enhancement of their conscious media use in different ways.

Protection against content considered inappropriate by parents, teachers and authorities

Safe internet
According to their own account, 38% of the 9–12 year old internet users have their own profile on a social site, despite all the age warnings. Over 30% of the children access the internet with a mobile phone and 26% with a game console. Four out of 10 children say they have already experienced the perils of the internet, for example they were exposed to harassment, received content that encouraged them to adopt anorexic or self-destructive habits, or others misused their data (source: European Commission).

The internet security service of T-Home and T-Mobile not only provides protection against external attacks and computer viruses, but also offers other functions. The content filter recognizes and blocks undesirable websites and URLs, and with the so-called parental control function the parent can ban unwanted content with a password.

Origo Ltd., as member of Magyar Telekom Group is one of the country's biggest content providers, operating almost 40 website, including iWiW, Videa and freemail. On the front page of [origo] an article dedicated to the parents provides guidance on safe internet use and the software available to this end (fairy tale browser, network filter, protective programs etc.) to help parents understand how they can protect their children on the internet.

To the registration of children under the age of 14, iWiW social site requires the consent of a parent, no minors can be searched on the site, they may not enter the clubs for people over 18 and may not access adult content. We prefilter the contents appearing on iWiW and put warning signs on adult content. Damaging or harmful content can be reported with one click and, to protect personal data, the user can set who can see his or her personal data (nobody/friends/everybody).
On Videa video sharing surface adult content is tagged and can only be accessed after an age warning to the user. If the content is not tagged appropriately or is presumably abusive, this can also be reported with a single click. Only content expressly designed for children can be uploaded by users to the VideaKid site.
[origo] also produces its own content, mainly on the origo.hu and life.hu sites. [origo], as a press product and the contents published by Origo Ltd. come under the effect of Act CIV of 2010 on the freedom of press and the fundamental rules of media contents, as well as of Act CLXXXV of 2010 on media services and mass communication, so no minors can access wide-access content harmful to minors on these sites, or can only access after having read the relevant age warning, which comes in the form of a pop-up window. The warning also makes available a free child protection filter program with the recommendation of the Hungarian Association of Content Providers, that parents can download with a single click. Finally, the chatrooms also available to children are continuously monitored through clandestine operators (participating in the chat) (iWiW, [origo], T-Mobile). Magyar Telekom also regularly monitors adult content sites to prevent the upload of pornographic contents.

On the initiative of the European Commission, at the end of 2011, 29 leading technology and media companies – including Deutsche Telekom – pooled forces to make safer internet use for children. In the past year Magyar Telekom closely cooperated with DT in these efforts. The most important actions focus on the demands of the youngest generation using the internet, so in addition to making it simpler to report dangerous content, these actions also provide data privacy and parental control settings tailored to the age of the users.

The Coalition published its objectives in February, 2013, and not only Deutsche Telekom, but all its subsidiaries, including Magyar Telekom, agreed to fulfill them. As a result of this pledge, our products to be released till the end of 2013 will be provided with parental control tools and surfaces that enable the easy reporting of damaging content and links. We also consider it crucial that the parents be aware of and use these tools. We are also working on making stricter age data protection settings and removing contents harmful to children from the internet. Our future actions will focus on the development of technological tools that will enable a wider scope of content rating.

Crnogorski Telekom attaches high priority to supporting the struggle against pedophile content available on mobile phone. The company uses technical solutions filtering such sites, the list of which is set up by the British Internet Watch Foundation (IWF). CT also closely cooperates with the authorities and counsels on its sites parents and young people on how they can protect their personal data while using their mobile phone.

In Montenegro the number of broadband internet users reached 166,000 at the end of 2012. Without appropriate protection, the users having permanent internet connection may become victim to hacker attacks because the hackers often use others' computers to prepare later attacks. In such cases it is extremely difficult to locate the actual

source of the attack, because seemingly the damage caused by the hacker originates from the computer of the unsuspecting user. To procure protection against internet threats, Makedonski Telekom recommends the services of Norton Internet Security to end-users, which also provide parental lock and protection systems tailored to the customer's requirements (e.g. DDoS and Sniffing protection).

Safe mobile phone usage

In 2008 T-Mobile and the two other Hungarian mobile operators signed a self-regulating Code of Ethics, committing themselves to the protection of minor and young telephone users and to the regulation of premium rate services. In the same year an international umbrella organization of mobile operators (GSMA) launched another initiative, aiming to protect children, and T-Mobile joined the initiative, too. Based on this initiative we launched our Child Lock service in early 2009.

Child Lock, a free service of T-Mobile is a tool for parents to protect their children from harmful contents that can be accessed via mobile phone. Child Lock prevents access to:
- adult contents presented, sold/resold, on the [origo] mobile portal, which can be accessed via mobile phone;
- all the premium rate SMS, MMS or voice services; and
- the broadcasts of adult channels provided in the frame of Mobile TV service.

Parents can increase safety of mobile internet use by content screening available via the internet security software application, described above.

Safe television

To provide safe television use, we offer Child Lock service also with our T-Home Digital Cable TV, SatTV and IPTV services, which enables parents to lock out the children from adult programs and

channels by applying a code, and may also control purchases in the video-on-demand.

Education

Magyar Telekom lays great emphasis on training children and presenting the proper use of infocommunication equipments.

In 2012 Magyar Telekom joined the initiative of National Media and Communication Authority, where the NMCA and its partners make efforts toward the provision of safe services in the areas of media and communications. They also promote the conscious media use of the future generations through practical methods: the companies involved in the initiative have set up the Media Literacy Education Center to train young users in the safe use of media and communications services.

T-Mobile gives parents advices on its website how they can protect their children against harmful contents, harassment, and how they can protect the privacy of information of their children.

Civil sector, industry and authority communication

Magyar Telekom supports Blue Line Child Crisis Foundation, which operates with the objective of listening to children and minors, and ensuring the implementation of children's rights. We also support the International Foundation of Pediatric Emergency Care; in our annual Children's Day event we offer special programs, facilities to children.

Magyar Telekom works closely with National Media and Communications Authority in a number of other fields, too (protection against internet crime, Internet Hotline etc.). Further partners include Matisz, GSMA and ETNO in the area of child protection.

ASSOCIATION OF MOBILE AND INTERNET COMMUNICATION FOR GENERATION X (MOBKOMX) WITH TELEKOM'S VOLUNTEERS
The association is a non-profit, public benefit social organization, dealing with education that has set the goal to educate young people in conscious and safe use of mobile phones and the internet, thereby to prevent incidents suffered by a growing number of people in these days that can damage the soul of young people. These incidents include abuse of personal data, public humiliation, harassment etc. Our goal is to pinpoint how these can be avoided, i.e. prevention.

Achievements of the association until the end of the scholar year 2012–2013:
- A research conducted on the mobile phone and internet usage patterns of school-age Hungarian children.
- Preparation of educational material for children on mobile phone communication, based on the results of the research.
- Magyar Telekom's 160 volunteers offered training in 122 schools with 240 presentations to 7,000 students on ethical and safe mobile communication.

Other initiatives
In the 2009–2010 school year Magyar Telekom launched on test basis an admission system based on RFID technology in the Szabadszőlős Primary School. All students involved in the system test received a School Card, which is a plastic ID card based on RFID technology. Access to and exit of the building is controlled by the admission card, and students have to pass through a turnstile, installed at the entrance, which significantly enhances the security of students and school property. Entries and exits are logged on a continuous basis, and the logs can be checked by the parents, even via the internet, at any time. On request the parents can even receive SMS notification of their children's arrival to and departure from the school. As a result of the tests a comprehensive modular system covering all aspects of school life was developed, which serves for the security of children and also assist education, furthermore it offers cost efficient solution in the area of school administration, too.

In the 2011–2012 school year also the Budapest Szilágyi Erzsébet Secondary Grammar school introduced the School Card for testing.

Magyar Telekom expects to bring out a web publication on children's protection by the end of 2013, which will warn children, parents and teachers about the dangers of the contents in the different media and counsel them on the methods of protection.

9.2. ADDRESSING LEGAL AND ETHICAL ISSUES OF CONTENT PROVISION
By now internet has become a public utility that facilitates the exchange of various forms of knowledge, information, goods, comfort services and entertainment. With the spread of broadband internet the pattern of using internet undergoes change as well, customers use the internet more intensively and more frequently to access various contents.

Origo Media and Communications Services Co. Ltd., member company of Magyar Telekom Group responsible for the operation of the [origo] portal, is founding member of the Hungarian Content Providers' Association (MTE), and accepts the binding effect of the Code of Ethics of Content Provision. The Code of Ethics is available on the MTE home page: http://www.mte.hu/eng_egyesulet.html.

Since July 1, 2011 the web pages of origo.hu propose the application of a child filter program when accessing adult contents, in addition to the warning displayed. Origo Ltd., as member of Hungarian Content Providers Association lays significant emphasis on the protection of children, so in early 2012 it completely renewed the website www.bigyoo.hu, which gives guidance to safe internet usage.

Origo Media and Communication Services Co. Ltd. holds the license to grant all rights of use of the origo databases, whereby the Company follows the recommendations of the Code of Content Provision to protect privacy and intellectual property and to comply with the Code of Ethics of Content Providers.

Besides the commitments under the MTE, [origo] has its own Code of Ethics, which it regularly amends and revises.

In 2011 DT launched a number of initiatives in the field of purchasing contents. These initiatives bring savings by exploiting the benefits of economy of scale within the company group, and reduce the related risks in view of the direct relations between DT and the key suppliers. At an early stage these initiatives are implemented as pilots, but if they prove successful they will result in increased purchase of the given content. At the same time the local and regional television channels are presented in the offerings of Extra TV free of charge, as the program distributors and CT are mutually interested in being present in the successful IPTV platform of the company.

Procurements of video-on-demand are realized at Group level, which reduces the associated legal and ethical risks.

In 2012 several measures of Crnogorski Telekom led to savings and new group-level contracts through the acquisition of content at DT-level. The initiatives have quit the pilot status and become a standard by now among the biggest content providers. Also most content providers centralize their sales activities, eliminating resellers, distributors and partners, further reducing the risks.

All content purchase activities of Makedonski Telekom and T-Mobile Macedonia are in compliance with the relevant regulations and legal frameworks, including, without limitation, copyright as well as the rights associated with the procurement, production and distribution of content. In providing content and content-related services they pay outstanding attention to compliance with the principle of equal treatment and nondiscrimination on grounds of nationality, gender and age, and not to encourage or support military aggression or ethical, racial, gender or religious hatred and intolerance.

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10. DATA PROTECTION

10. DATA PROTECTION

Similarly to the previous years, the 2012 data protection objectives of Magyar Telekom are also in full compliance with the privacy regulations and with the best practice of data management defined by the Hungarian National Authority for Data Protection and Freedom of Information.

In 2012 Magyar Telekom also received requests and complaints from the authority or directly from the customers, which were duly investigated by the Data Protection Group of Magyar Telekom, and the findings were reported to the complaining customer and the authority. In 2012 we received 8 requests, to investigate personal data management complaints and only one of these was found to have a ground. Based on the results of the investigation, we review our processes and make the necessary adjustments.

Magyar Telekom has implemented the Network Access Control (NAC) system on its entire network to ensure protection of its network and control of the equipment connected to the network. NAC will prevent connection of unknown, illegal or infected tools to the network.

For further information on the theme visit the following website: http://www.telekom.hu/data_protection.

In 2012 KFKI, Dataplex, IQSYS and ISH Informatika had in place certified data and information protection and management system (ISO/IEC 27001). The information security management ensures the security, integrity and availability of the data and information assets. The data and information protection system manages the data files managed and produced by T-Systems Magyarország Zrt., the business data of the company, the offices, equipment and IT systems. The maintenance of the system is ensured through the application of new and continuously developing information and communication technology.

Crngorski Telekom has implemented a number of new regulations for managing legal and IT aspects, including information security and privacy regulations, IT/NT security regulations, regulation of the IT privacy requirements of customers. The company uses DT and Magyar Telekom consent forms in data processing contracts involving personal data, submits regular (quarterly) reports to the Group Data Protection area and its representatives attend the presentations of the Office of Data Protection.
Crnogorski Telekom provides central internet access for all its employees. The internal resources are protected through a multilayer security access protocol. The first layer is a redundant firewall, which filters unwanted traffic, the second is the intrusion alarm system and the third is the content control of http, ftp and mail protocols. The content

filter tools control incoming content on several levels, including malware protection, application filters, spyware protection, URL and spam filters. Each personal computer is equipped with virus protection and personal firewall, which are configured and virus data are updated centrally.

The data protection activities of Makedonski Telekom and T-Mobile Macedonia are regulated by the Privacy Code of Conduct issued in a CEO Directive. The Privacy Code of Conduct is in compliance with the Macedonian Act on Privacy and also with the privacy requirements of DT Group. Compliance with the provisions of the Privacy Code is audited annually at both companies to control the compliance of the employees with the privacy regulations of DT Group. In 2012 T-Mobile Macedonia was ranked third on group level in terms of privacy maturity. This ranking was confirmed in the 2012 annual international basic privacy audit.
Data privacy will be part of the development of new products, services and IT systems. In respect of the 2011 key projects and activities (e.g. Campaign Management Systems, NGM CRM Project, Joint Loyalty Program), the Data security area identified potential privacy problems in the areas of planning services and compliance with the requirements of processing personal data and reviewed the relevant contractual obligations of the affected suppliers or third parties.

11. SAFE USE OF MOBILE PHONES, ELECTROMAGNETIC FIELDS

11. SAFE USE OF MOBILE PHONES, ELECTROMAGNETIC FIELDS

At the end of 2012 the number of mobile subscribers was 12 million in Hungary, 2.2 million in Macedonia and 340,000 in Montenegro. Beyond providing high-quality services to these customers through the mobile telecom network, UMTS licenses were distributed for operators in Hungary in December, 2004, for operators in Montenegro in June, 2007 and for operators in Macedonia in June, 2009. Furthermore, in December, 2011 Magyar Telekom obtained the license for launching LTE service. However, the rollout of the LTE-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 legal situation in Hungary is compliant with the EU regulation on electromagnetic fields.

Within Deutsche Telekom Group, issues related to electromagnetic fields are regulated as part of DT's EMF objectives, the so-called 'EMF Policy Recommendations', with special emphasis on transparency, information provision, support of and involvement in research. Magyar Telekom applies the relevant Deutsche Telekom recommendation as mandatory regulation since 2004, T-Mobile Macedonia since March, 2011, and the Management Committee of Crnogorski Telekom adopted the company's EMF regulations aligned to the DT regulations on October 27, 2011.

To support preventive action both Magyar Telekom and T-Mobile Macedonia set up dedicated workgroups, which meet regularly 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 T-Mobile International[38].

In the framework of this policy, Magyar Telekom and its subsidiaries address the complaints and inquiries in an efficient manner. In the framework of the company's overall education program, new employees are informed about matters concerning electromagnetic fields as part of their mandatory orientation training.

EMF policy was also endorsed by T-Mobile Macedonia. This policy defines the principles of 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. T-Mobile Macedonia also provides financial support to the independent health researches of the mobile communications sector to ensure future development and safe usage of the technology. The internal EMF group meets regularly and addresses several issues related to the topic. Employees also receive EMF training.

EMF risks will be assessed in the third and fourth quarters of 2013. In the risk assessment T-Mobile Macedonia will identify the local municipalities that present problems in this respect and will draft the communication strategy of approaching and providing solution proposals for them.

(38) T-Mobile EMF-Policy Health and Electromagnetic Fields Background Document

MOBILE NETWORK, NETWORK DEVELOPMENT
According to our common practice, at base station antennas are installed in a way that employees normally cannot stay in front of them, they cannot and do not have to work in the relevant 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 – which usually occurs with external contractors' work, e.g. when renovating a building –, safety distance data are made available. If necessary, site measuring can be conducted, or in justified cases the antennas can be temporarily relocated or the performance of the transmitter can be reduced.

If a Magyar Telekom employee performing work in the vicinity of an antenna detects unidentified signal source, he will use his RADMAN personal radiation detector to determine the boundaries of safe zone and prevent health risk.

Compliance with the value limits defined by law for Magyar Telekom mobile network is audited and certified by independent measurement bodies. In 2012, 31 on-site non-ionization electromagnetic exposition measurements were made, all of which found the emission levels to be under the relevant limits.

Magyar Telekom coordinates and cooperates with the concerned parties prior to the construction of a base station or tower. 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 important the communication on handsets and base stations [39], both to employees and customers.

In 2012 three internal training programs were given, in the framework of which some 50 colleagues participated in the presentations delivered by the expert of the 'Frédéric Joliot-Curie' National Research Institute for Radiobiology and Radiohygiene (OSSKI).

In addition to internal communication, in 2012 Magyar Telekom continued to respond openly to any inquiries about the safe use of mobile phones.

As a result of cooperation among three mobile operators, an EMF portal was established for information purpose in 2006, which has continued to operate through 2012 (http://www.emf-portal.hu). On this site questions can be asked regarding EMF issues, news are available about the topic and readers can access the findings of the EMF measurements ordered by the operators from external organizations.

Along with the EMF portal the company also runs an additional internet page (http://www.bazisallomas.com), where visitors can find answers to questions about health, legal and technological implications of mobile networks.

The SAR[40] values of the devices are included in the user manuals in the mobile set boxes and are available at the T-Ponts as well. The same data are accessible at the T-Mobile webshop under the detailed descriptions of devices.

RESEARCH

Exposure of the world's population to non-ionizing electromagnetic radiation and electromagnetic fields (EMF) has increased considerably during the 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 more than twenty 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, WH-IARC classified the electro-magnetic fields in 2B carcinogenic category. According to the chairman of the WHO-IARC working group "evidence is strong enough to confirm the 2B category and also the conclusion regarding occurrence of risk. In view of this the studies into the connection between mobile phones and the occurrence of cancer must be continued." At present the following agents are classified to 2B category: black coffee, petrol, the exhaust of petrol-fuelled 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 our knowledge on the impacts of electromagnetic fields. For this purpose, T-Mobile International, in cooperation with operators in the UK and Germany, has been supporting an international research program since 2002 with more than 20 million EUR, in addition to the 6 million EUR provided through the GSM Association.

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

LIST OF ABBREVIATIONS

ABBREVIATION	FULL NAME
AC	air conditioner
ADSL	asymmetric digital subscriber line
AG	Aktiengesellschaft (Company limited by shares)
AGM	annual general meeting
AIESEC	Association Internationale des Étudiants en Sciences Économiques et Commerciales
BB	broadband
BBU-VÜK	Business Services Business Unit – business customer relations
BME	Budapest University of Technology and Economics
BSC	BSC Bachelor of Sciences
BS OHSAS	British Standard for Occupational Health and Safety Advisory Services
BTS	base transceiver station
CAPEX	capital expenditure
CC	call center
CDP	Carbon Disclosure Project
CEERIUS	Central and Eastern European Responsible Investment Universe
CEO	chief executive officer
CES	customer effort score
Co.	company
CO2	carbon dioxide
CRM	customer relationship management
CSR	Corporate Social Responsibility
CT	Crnogorski Telekom
DDoS	distributed denial-of-service
DELFIN Award	Award for a Committed, Sustainable, Innovative Generation

ABBREVIATION	FULL NAME
DJSI	Dow Jones Sustainability Index
DSL	digital subscriber line
DSLAM	digital subscriber line access multiplexer
DT	Deutsche Telekom
D2D	door to door
EBIDTA	earnings before interest, taxes, depreciation and amortization
EC	economic performance indicators
ELTE	Eötvös Loránd University
EMF	electromagnetic fields
EN	environmental performance indicators
ESzCsM	Ministry of Health, Welfare and Family Affairs
ETNO	European Telecommunications Network Operators' Association
EU	European Union
EVN	Macedonian energy provider
E2E	exchange-to-exchange
FGSM	Fixed Global System for Mobile Communications
Gbit	gigabit (106 bit)
GC	global compact
GE	General Electric
GeSI	Global e-Sustainability Initiative
GmbH	Gesellschaft mit beschränkter Haftung

ABBREVIATION	FULL NAME
GMC	General Management Committee
GPON	gigabit passive optical network
GRI	Global Reporting Initiative
GS	Goldman Sachs
GSCC	Group Sustainability Coordination Council
GSM	Global System for Mobile Communication
GSMA	GSM Association
GVH	Hungarian Competition Authority
GWh	gigawatt-hour
HBLF	Hungarian Business Leaders Forum
HR	Human Resources
HR	human rights performance indicators
HOC	Hungarian Olympic Committee
HSPA	high speed packet access
HTE	Scientific Association for Communications ad IT
HVAC	heating, ventilation and air conditioning
IAESTE	The International Association for the Exchange of Students for Technical
Experience	Experience
IARC	International Agency for Research on Cancer
ICCA	International Customer Contact Analysis
ICCM	integrated customer care modul

ABBREVIATION	FULL NAME
ICNIRP	International Commission on Non-Ionising Radiation Protection
ICT	information and communication technology
IFRS	International Financial Reporting Standards
IMS	IP multimedia subsystem
IO	Internal Operations
iOS	mobile operating system developed and distributed by Apple Inc.
IP	internet protocol
IPTV	internet protocol TV
ISAE3000	Revised International Standard on Assurance Engagements
ISDN	integrated services digital network
ISO	International Organization for Standardization
IVR	interactive voice response
IVSZ	IT Enterprising Association
IWF	British Internet Watch Foundation
iWiW	international who is who
KFKI	Central Physical Research Institute
Kft.	limited liability company
KIBU	Kitchen Budapest
KKV	SMB – small and medium-sized business
KPI	key performance indicators
KTV	cableTV
kWh	kilowatt-hour

ABBREVIATION	FULL NAME
LA	labor practices and decent work performance indicators
LLC	limited liability company
Ltd.	private company limited by shares
LTE	long term evolution
MakTel	Makedonski Telekomunikacii
MC	Management Committee
MEBIR	Workplace Health Protection and Security management System
MISZ	Hungarian Innovation Association
MKB	Magyar Külkereskedelmi Bank (Hungarian Foreign Trade Bank)
MKT	Makedonski Telekom
MMS	multimedia messaging service
MKT	Makedonski Telekomunikacii
MMS	multimedia messaging service
MSAN	multi-service access node
MSC	Master of Sciences
MSZ	Hungarian Standard
MT	Magyar Telekom
MTE	Hungarian Content Providers' Association
MTIP	mid-term incentive plan
MWh	megawatt-hour
NAC	network access control

ABBREVIATION	FULL NAME
NAT	network address translation
NeMo	network modernization
NG	next generation
NGO	non-governmental organization
NIIF	Institute National Information and Infrastructure Development Institute
NJSZT	John von Neumann Computer Society
NMCA	National Media and Communication Authority
NMHH	(NMCA) National Media and Communication Authority
NPS	net promoter score
NYSE	New York Stock Exchange
Nyrt.	(Plc.) public limited company
OASE	optical access seamless evolution
OPEX	operational expenditure
ORL	oto-rhino-laryngology
OSS	open source software
OSS	operation support system
OSSKI	„Frédéric Joliot-Curie" National Research Institute for Radiobiology and Radiohygiene
PA	providing access
PEM	proton exchange membrane
Plc.	public limited company
PM	performance management
POS	point of sale
PR	public relations
PR	product responsibility performance indicators

ABBREVIATION	FULL NAME
PSTN	public switched telephone network
PSU	power supply units
Q2	quarter2
Q4	quarter4
RAN	radio access network
RFID	radio-frequency identification
RSU	remote switching unit
R&D	Research and Development
SAR	specific absorption rate
SatTV	satellite TV
SEE	South-East Europe
SIM	subscriber identity module
SMB	small and medium-sized business
SMS	short message service
SO	social performance indicators
SROP	social renewal operational programme
TA	technology applications
TCG	Telekom Crne Gore/Crnogorski Telekom/Telekom Montenegro
TCR	public service advertisement
TCS	telephone customer service
TED	technology, entertainment, design
TNU	tone receiver unit (dial voice and DTMF-code receiver)

ABBREVIATION	FULL NAME
TRI*M Index	a standardized indicator system to explore customer satisfaction and customer loyalty
UMTS	universal mobile telecommunications system
UN	United Nations
UNEP	United Nations Environmental Programme
VAT	(áfa) value added tax
VoCable	voice over cable TV
VoIP	voice over internet protocol
VPN	virtual private network
VSAT	very small aperture transmission
WHO	World Health Organization
WWF	World Wide Fund for Nature

ASSURANCE STATEMENT

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INDEPENDENT ASSURANCE REPORT

To the Management of Magyar Telekom Nyrt.

This report is produced in accordance with the terms of our Contract dated 22nd July 2013 for the purpose of reporting to Magyar Telekom Nyrt. (the "Company" or "Responsible Party") in connection with the 2012 Sustainability Report.

Management's Responsibility

The Management of Magyar Telekom Nyrt. is responsible for the preparation of the Sustainability Report in accordance with the GRI criteria as set out in Sustainability Reporting Guidelines of Global Reporting Initiative G3 version A+ criteria ("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 2012 Sustainability Report is prepared in line with the GRI requirements by the Management of Magyar Telekom Nyrt.

Our Responsibility

Our responsibility is to report on the selected information and data in the 2012 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 2012 Sustainability Report has been prepared, in all material respects, in accordance with the GRI criteria.

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Summary of the work performed

Within the scope of our work we performed 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 basic performance indicators required by GRI criteria are included in the report. If not, proper explanation should be 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 2012 Sustainability Report) has not been prepared, in all material respects, in accordance with the GRI criteria.

7th August 2013

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IMPRESSUM

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