



**SUSTAINABILITY
REPORT**

2021



**Együtt.
Veled**

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LETTER FROM THE CEO

Dear Reader,

Our annual Sustainability Report is mostly a review of the previous year, the considerable work that has been done over the past period and its achievements. We are proud to report on the work we have done on sustainability, highlighting lessons learned and achievements. This is the usual structure of this document - but it is not what you will get this year. And the main reason for the change is that we ourselves are no longer the same.

Magyar Telekom reached a milestone in its previous sustainability strategy, which ended in 2020, and then crossed it and opened a new chapter. Last year was already spent setting out the plans and taking the first decisive steps for the decade ahead. Allow me to briefly present our new sustainability strategy, the path we have chosen for ourselves in a spirit of stability, responsibility and forward-looking in a world of rapid and, in many ways, unpredictable change.

The main objective of our new sustainability strategy from 2021 to 2030 is to ensure that Magyar Telekom remains the country's leading sustainable company by putting digitalization at the service of the development of people, families and businesses, and the protection of the environment. While maintaining this leadership may seem like an easy undertaking - as one might assume that there is nothing left to do but continue what we have been doing so far - in fact, this mission requires the utmost responsibility, creativity, and willpower. It is easy to understand the aim of the riders in the field, who want to overtake the leader - but the front runners not only set the pace, but also must break new ground.

It is partly this realization that has led us to set our strategic goals for the next ten years, rather than five. Our social, economic, and natural environment is constantly changing and there is a good chance that it will change in many ways over the next ten years. As a responsible company, our task in such circumstances is to commit ourselves to a stable, reliable, and guiding role in the long term. To this end, we have defined our strategic priorities along three well-defined dimensions: climate, digitalization, and diversity. Now let's look at our key objectives in a nutshell.

Although Magyar Telekom has been carbon neutral since 2015 - for example, we cover our energy needs entirely from renewable sources - we can further reduce our environmental footprint by improving the efficiency of our operations. Therefore, one of our most important climate protection targets is to reduce our own emissions by around 84 percent by 2030 and to reduce our indirect emissions by a further 30 percent, for example from our customers and suppliers. Beyond this, we commit to generate at least half of our revenues from climate services by the end of the strategic cycle.

Digitalization is the area where our business orientation gives us the largest toolbox. We have, therefore, set out no less a commitment here than to digitalize Hungary and make our customers 100 percent gigabit enabled. Of course, expanding the possibilities and developing gigabit network access on a large scale also come with responsibilities, as a significant part of society will become part of the online world with the help of our systems and devices.

Recognizing this, we are committed to making an active contribution to the digital maturity of six million people by 2030.

The social dimension of sustainable operations is reflected in our diversity objectives. Magyar Telekom has always been a committed advocate and representative of the values of equal opportunities and diversity, and we have set ourselves expectations that are a logical extension of our existing efforts. We have committed to creating a 100% inclusive workplace by 2030 and to providing 100% barrier-free services to our customers.

I believe that our business and our daily work must be in line with our values and our strategic ambitions, and I am convinced that our operations reflect this approach. A company that separates its profit goals from its social and sustainability goals will sooner or later underperform in at least one of these areas - which is why at Magyar Telekom, all our major efforts and the direction of our development are consistently aligned with the principles set out in our strategy. Let's look at some of last year's important milestones with this in mind.

We have launched significant changes to our mobile service in several ways. Of these, the decommissioning of the 3G network stands out, which, although it will not be completed until June 2022, a significant part of the preparatory work related to the process is related to last year. The 3G switchover is truly the dawn of a new era, as the simplification of the network will not only save electricity but also allow us to make more efficient use of the available spectrum, opening the way for much more advanced 4G and 5G services.

Modernizing the network is a prerequisite for future-proof, long-term reliable telecoms, so the fact that we managed to upgrade around 1,100 of our mobile base stations in 2021 is a significant achievement, both from a business and a sustainability perspective. This is largely since the quality of our mobile network is among the best in almost all categories, as measured by several major international certification bodies.

Excellent performance is an important expectation not only for efficiency reasons, but also for our customers - so it is a confirmation of our efforts that in just one year, data traffic on our network has increased by 30% compared to 2020 levels. The digitalization of Hungary is one of our most important strategic commitments, and I believe that last year we took another milestone in this direction with our gigabit developments.

In just one year, we increased the number of optical endpoints by more than 400,000, so by the end of 2021, gigabit-capable connections were available in around 69 percent of the households covered by Magyar Telekom, i.e. in more than 3 million homes. The modernization of the fixed line network also provides an opportunity to replace outdated, old technologies, allowing us to phase out copper cable networks in around 100 settlements in 2021.

Having said all this, it is no big news that at Magyar Telekom we believe that digitalization is the tool that creates opportunities for progress and development in our economy, our natural environment, and our personal relationships. By taking online connectivity to a societal scale, we are opening an endless range of unprecedented opportunities. As we stressed in our campaign last autumn, digitalization connects people and has the potential to become a tool for listening and caring. The main challenge for the sustainability strategy we have just launched, and for the ten years ahead, will be to make this idea a reality in as many areas as possible.

Budapest, May 31 2022



TIBOR RÉKASI
Chief Executive Officer

OUR APPROACH

This Sustainability Report presents the results of Magyar Telekom Plc, T-Systems Hungary Zrt. and Makedonski Telekom. In the Sustainability Report, references to the Magyar Telekom Group, the „Group” and „Group-level” refer to the group of companies formed by Magyar Telekom Plc, T-Systems Hungary Zrt. and Makedonski Telekom. In the Sustainability Report, the term Magyar Telekom refers to Magyar Telekom Plc. and T-Systems Hungary Zrt. together.

Sustainability approach

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

Sustainable development is not a challenge for a single individual. It affects everyone across the whole corporate Group. Therefore, it cannot be approached as a task dedicated to one organizational unit. The different entities of the Group learn about and then apply the sustainable practices applicable in their respective areas through the policies governing internal operating procedures. Sustainability policies that affect the entire company are recognized and mastered by our new employees as an integral part of the corporate culture. The different tasks often belong to different entities within the Group and require the cooperation of organizations far away from each other. Magyar Telekom’s sustainable corporate governance practice is described in the [Chapter on Corporate Governance](#).

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

Economic dimension

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

Social dimension

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

Environmental dimension

- The Earth
- A living and healthy environment
- Nature, biological diversity
- Natural resources

Sustainability Strategy

(2021–2025–2030)

The main goal of Magyar Telekom’s 5th Sustainability Strategy is to remain the country’s leading sustainable company by putting digitalization at the service of the development of people, families and businesses, as well as the protection of the environment. The main guiding principle of the company’s new strategy is to maintain its current leadership role as both a company and an infocommunication service provider. It has therefore set long-term targets for 2030, which it will continuously monitor and update as necessary.

CLIMATE PROTECTION

What we do as a company: We keep our direct and indirect emissions (scope 1+2) at net zero by an 84% decrease (compared to 2015) and reduce the part of the emissions of our suppliers and customers attributable to us (scope 3) by 30%.

What we do to enable others: Our customers to take climate action and reduce emissions by providing ICT services applicable as climate protection (i.e. smart) solutions. At least half of our revenues come from services that support climate protection by 2030.

Emission decrease (2025):

- Keep our direct & indirect emissions (scope 1+2) at net zero by an overall 16% decrease in consumption
- Decrease the emissions of our suppliers and customers attributable to us (scope 3) by at least 20%
- Review the possibility of introducing a „Shadow CO₂ Price”

Decreasing others’ emissions (services for climate protection) (2025):

- At least 20% of our revenues to come from climate protective services

Tasks supporting climate goals (2025):

- Establish and report on climate risk management process (in line with TCFD)
- Impose internal carbon tax and establish internal carbon market

Resource efficiency goals supporting climate goals (2024):

- Take back used mobile devices from customers, 10% increase
- Take back and sustainably manage used CPEs from customers
- Zero technological waste disposal
- 100% sustainable packaging

Emission decrease (2030):

- Keep our direct & indirect emissions (scope 1+2) at net zero by 84% decrease compared to 2015
- Decrease the emissions of our suppliers and customers attributable to us (scope 3) by 30%
- Take into consideration the carbon footprint in the process of supplier selection

Decreasing others’ emissions (services for climate protection) (2030):

- At least 50% of our revenues to come from climate protective services

DIGITALIZATION

What we do as a company: We work on the digitalization of the country and make gigabit access available to 100% of our customers

What we do to enable others: We help 6 million people to achieve responsible digital maturity.

Digitalization of Hungary (2025):

- 4 million gigabit-ready households (access independent)
- 67% 5G coverage

Digital responsibility (2025):

- More than 4 million people whose digital maturity we have promoted

Digitalization of Hungary (2030):

- Gigabit access available to all our customers
- Nationwide 5G coverage

Digital responsibility (2030):

- 6 million responsible digitally mature people

DIVERSITY

What we do as a company: we create a 100% inclusive workplace.

What we do to enable others: we provide 100% accessible services.

Inclusive workplace (2025):

- 100% accessible workplace
- Ratio of female management: minimum 35%

Accessible services (2025):

- 100% WCAG compliance

Inclusive workplace (2030):

- Ratio of female management: minimum 40%

Accessible services (2030):

- 100% accessible services

Sustainable Development Goals (SDGs)

In 2015, the UN adopted its sustainable development blueprint to be implemented by 2030. These 17 goals and 169 targets determine the main direction towards resolving the most urgent problems posing a threat to humanity and the planet. Magyar Telekom also elaborated its Sustainability Strategy encompassing the period from 2021 through 2030 in line with these SDGs.



CORPORATE GOVERNANCE

16 PEACE AND JUSTICE
STRONG INSTITUTIONS

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

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

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

Sustainability Coordination

The group-level governance of corporate sustainability operations in 2021 is shown on the diagram below. From 2020 to the end of 2021 the Sustainability Committee (SC) (previously: Group Sustainability Coordination Council) was responsible for group-level coordination.

From January 1, 2022 a renewed organization, the Sustainability Squad took charge of the coordination tasks. In the operation of the Sustainability Squad, strategy development and strategy management are separate, so sustainability activity is carried out at two levels:

COMPETENCE	RESPONSIBLE
Determination of main directions, decision on key issues	CEO and CPO
Ensuring the necessary framework and supervision of the activities	CPO, member of Leadership Squad
Making the decisions and resolutions necessary for the operation, ensuring the coordination for the performance of tasks	Sustainability Squad ¹
Professional management; harmonized implementation of group level tasks; participation in the Hungarian and international professional activities	Sustainability Squad manager - Corporate Communication HUB Lead
Implementation of tasks of the management area/organization/member company, information, participation in meetings, data supply, implementation of operative tasks	Sustainability Squad members

¹ From January 1, 2022 a renewed organization, the Sustainability Squad took charge of the coordination tasks.

1. Strategy development and strategy management

Within the Sustainability Squad, the strategic vision is developed, and the implementation of the strategy is managed, communications are prepared and relations with various national and international organizations are managed.

2. Operative implementation level

Operational activities, execution of tasks, data reporting, etc. are carried out within the organizations of the management areas and business lines.

The operation of the Sustainability Squad is regulated by a group level directive called "About the regulation of Magyar Telekom Group's sustainability operation and the responsibilities and competence of stakeholders".

In compliance with the directive the Sustainability Squad meets regularly, at least quarterly, to coordinate company and group sustainability tasks effectively, with decisions taken by Sustainability Squad members through voting.

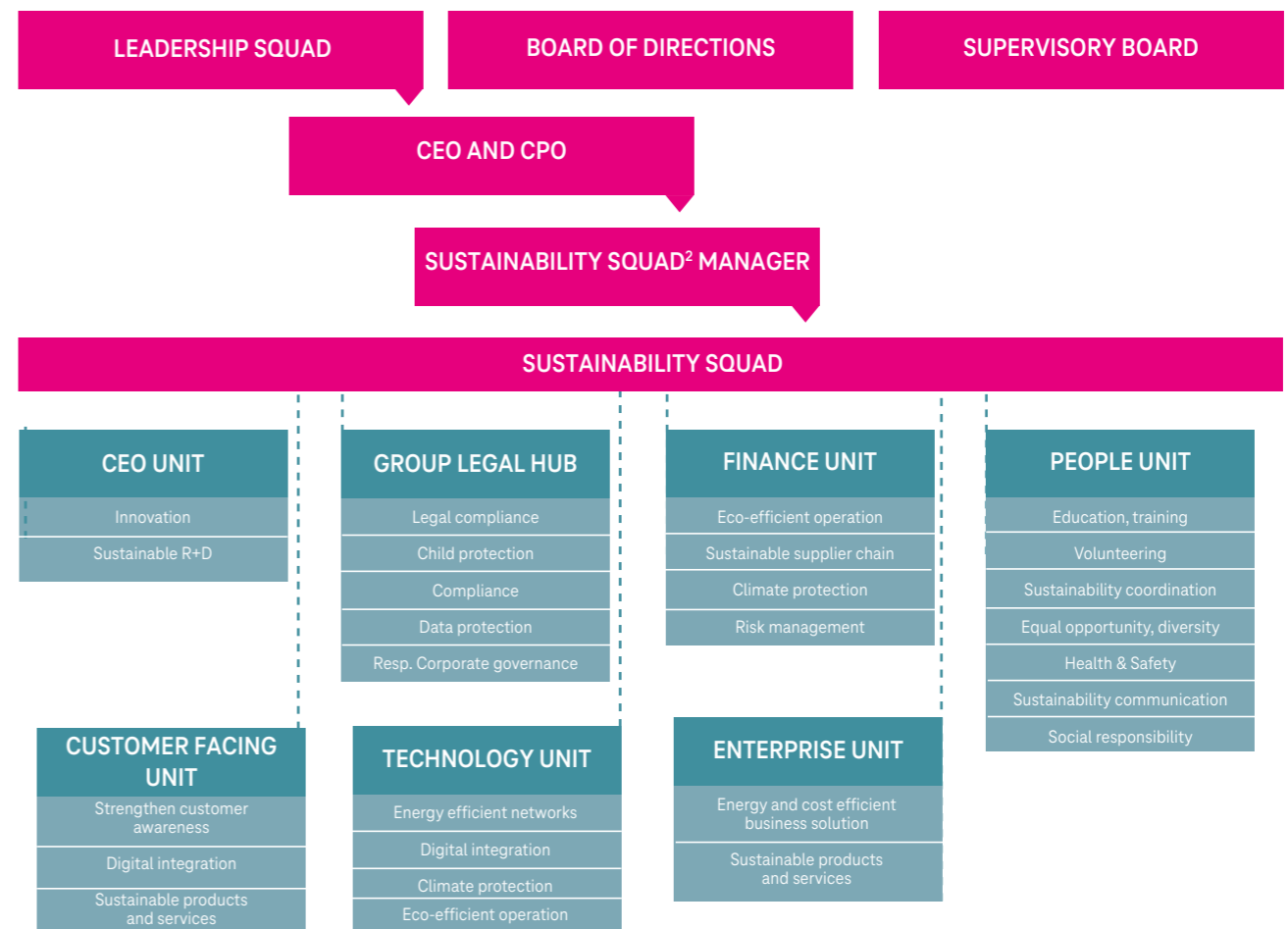
The Sustainability Squad provides regular reports and presentations to the Chief Executive Officer (CEO) and the Chief People Officer (CPO), on the basis of which they set the main direction of the Magyar Telekom Group's sustainability activities and make decisions on the following topics, with the input of the members of the Leadership Squad:

- Group policies
- Group sustainability strategy
- Group sustainability development tasks
- Group sustainability communication roadmap

The Leadership Squad liaises with stakeholders directly or through the Sustainability Squad. Inquiries received are channeled to the individual areas, with critical sustainability-related inquiries being forwarded by SC members to the relevant people.

Communication is based on the results of the above activities, one important element of which is the annual Sustainability Report, which in 2021 was overseen by the senior sustainability manager, the CPO, professionally managed by the Corporate Communication HUB and with Planet Fanatics' Network LLC. as sustainability advisor.

Sustainability Management of Magyar Telekom in 2021



Hierarchy of the sustainability activities

The changes in the hierarchy of Magyar Telekom Group's sustainability activities and in the structure of the Group as a result of the agile transformation are presented in the annual sustainability reports.

The sustainability strategy is determined in line with various policies of the Group, Hungarian and international trends (climate protection, electromagnetic fields, responsible content services, etc.) and in consideration of the stakeholders' expectations (i.e. proposals made at roundtable

² From January 1, 2022 a renewed organization, the Sustainability Squad took charge of the coordination tasks.

discussions and various sustainability forums, email messages, survey results, etc.). The continuously updated strategy then serves as a basis of our tasks and objectives.

All our activities are supervised by the CEO and the CPO, based on our regular reports. In order to manage risks that may have an impact on the business we established the

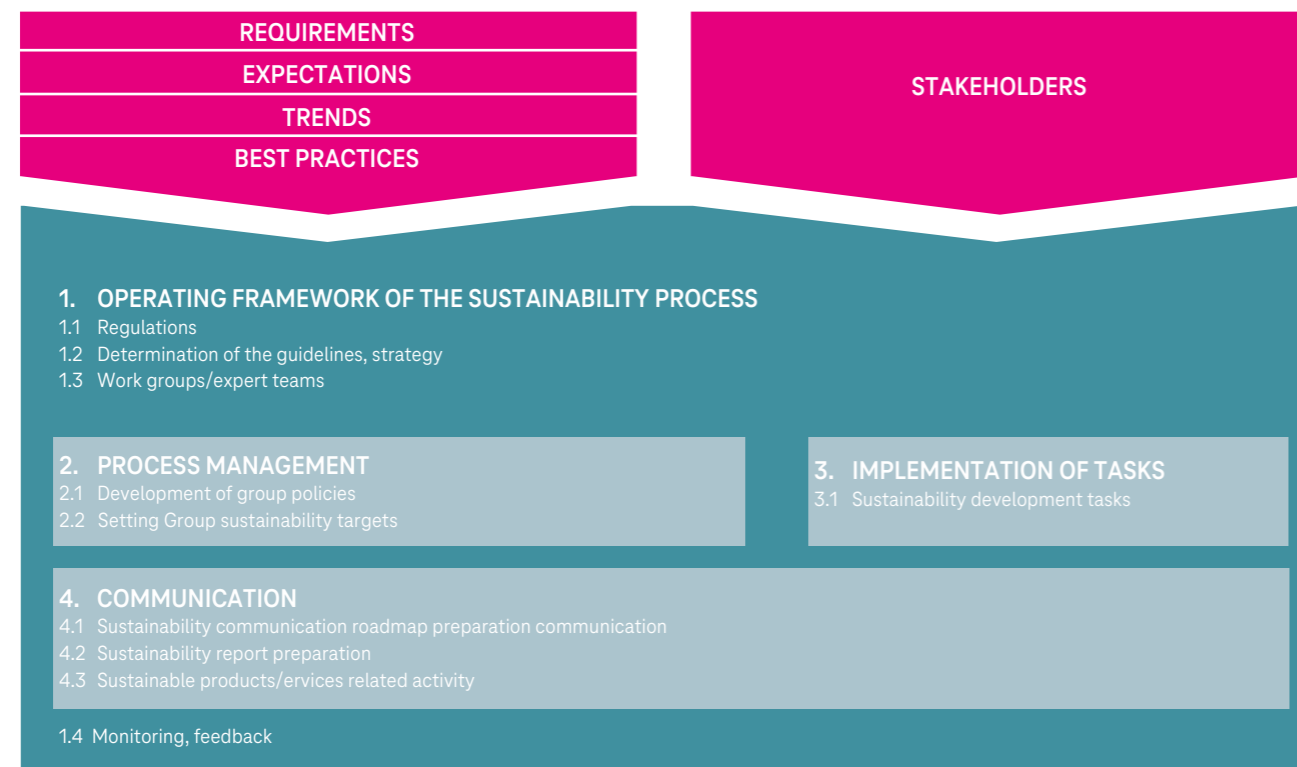
REGULATION OF THE SUSTAINABILITY ACTIVITIES, GROUP SUSTAINABILITY PROCESS, ENVIRONMENTAL COORDINATION

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

sustainable supplier chain management process. Incidents are managed by a work group established by the Sustainability Squad and based on them we elaborate measures to mitigate potential exposures.



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



CORPORATE COMPLIANCE

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

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

The Corporate Compliance Program is supervised by the Group Compliance Manager. The Group Compliance Manager reports directly to the Audit Committee and is in direct contact with the Board of Directors, the Supervisory Board and the management. The central point of the Compliance Program is the Code of Conduct that summarizes the relevant requirements and the applicable ethical norms. Employees may ask compliance-related questions through the Kérdezz! (Ask) portal.

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, necessary remedial actions were duly taken. Complaints and comments related to issues and violations of internal and external regulations can be submitted to Magyar Telekom Group's Mondde! (Tell us) portal.

RISK MANAGEMENT

It is our **policy** that all our disclosures our shareholders and the investment community be accurate and complete, and fairly present our financial and operational results in all material respects. Such disclosures are made on a timely basis as required by the applicable laws, rules and regulations.

To achieve these objectives, we continuously develop and regularly review the functionality and effectiveness of the elements of our risk management system. Our risk management includes identification, assessment and evaluation of risks, development of necessary action plans, as well as monitoring of performance and results.

Magyar Telekom performs its risk management activities in accordance with the risk management guidelines developed by the Group level risk management organization and approved by the Boards of Directors.

The risk owners of the individual organizations are responsible for identifying, reporting, assessing and monitoring risks on a continuous basis, in line with the framework of the risk management process, under the governance of the central risk management organization.

Magyar Telekom's Group level risk report is regularly submitted to the Board of Directors, the Audit Committee and the Supervisory Board as well as to Deutsche Telekom's risk management organization.

During the annual planning process the management takes into account potential risks.

For risk management to be effective, Telekom must ensure that the management takes business decisions with full understanding of all relevant risks that we support through Magyar Telekom's regular Group level risk report.

Risk items affecting our operations are reviewed regularly throughout the Company. All of our subsidiaries and entities are obliged to identify and report their operational risks. After evaluation of these risks, results are reported to the Company's management, to the Board of Directors, to the Audit Committee and the Supervisory Board. This regular reporting ensures that the most significant risks are monitored, up-to-date risk mitigation measures are implemented and regularly monitored.

Our risk reporting system is complemented by a continuous reporting procedure, which requires all of our departments and subsidiaries to report on a real-time basis any new material fact, information or risk that comes to their knowledge. Information thus submitted is monitored and evaluated by the risk management area and the Chief Financial Officer is notified when a new material risk or information is identified. An internal regulation has been issued to define responsibilities of each employee in risk monitoring and management.

The risk assessment is carried out for a two-year period. This is also our forecast period. If there are significant risks beyond the forecast period, such risks are monitored on a continuous basis.



CLIMATE PROTECTION

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6

CLEAN WATER
AND SANITATION

7

AFFORDABLE AND
CLEAN ENERGY

11

SUSTAINABLE CITIES
AND COMMUNITIES

12

RESPONSIBLE
CONSUMPTION
AND PRODUCTION

13

CLIMATE
ACTION

STRATEGY TARGETS (2021–2030)

One of the main focuses of Magyar Telekom's sustainability strategy for the period 2021–2030 is climate protection and the related operational eco-efficiency targets. Many elements of the previous strategy have been retained and complemented in line with the emission reduction commitments. We have set short- (until 2025) and medium-term (until 2030) targets for the Hungarian affiliates.

Our main target for the period until 2025 is to keep our direct and indirect emissions (scope 1+2) at net zero, while reducing our total energy use by 16%.

We aim to achieve this through the following sub-goals:

- reduction of our fossil fuel use by 40%
- reduction of electricity consumption in our fixed network by 20%
- reduction of electricity consumption in our mobile network by 15%
- reduction of electricity consumption in our data centers by 13%
- reduction of energy use in buildings by 16%
- reaching 3000 MWh in the use of our own renewable energy sources
- voluntarily offsetting the remainder of our scope 1+2 emissions.

Digitalization plays an important role in Europe's green transition, which would use more and more energy without improving its energy efficiency. To achieve the emission reduction targets we have committed to by 2030, and to make them real emission reductions, we have set a number of energy efficiency targets:

- reduce our fossil fuel use by 70%
- reduce the electricity consumption of our fixed network by 27%
- maximize the increase in electricity consumption of our mobile network at 2%
- reduce the electricity consumption of our data centers by 20%
- reduce the energy use in buildings by 20%
- continue to source 100% of our electricity from renewable energy, of which 6000 MWh will be produced by us

In addition to these reductions, we consider it important to offset the remainder of our scope 1+2 emissions in the period 2025–2030, too.

We also aim to reduce our other indirect emissions (scope 3): by 20% by 2025 and by 30% by 2030, in line with our SBT commitment. To this end, we aim to include the so-called shadow carbon price in our selection criteria for procurement, and we will strive to offer an increasingly wide range of climate-friendly services.

We also intend to explore the possibilities of and rely on the internal carbon market and the internal carbon tax to achieve our emission reduction targets and offsets.

In the 2015–2020 period, it already became the practice to include a climate risk and opportunity analysis in business and sustainability reports in line with the TCFD recommendations. In continued TCFD compliance, we intend to build a stand-alone climate risk management process to reduce the company's vulnerability to climate change.

Climate change can only be effectively countered by a shift to a circular economy. As part of the action plan coordinated by Deutsche Telekom, which will run until 2024, we want to contribute to this with the following goals

- increasing the take-back of used mobile phones
- take back and sustainably manage CPE devices used by customers
- our technological waste will not be placed at disposal sites
- sell our own branded products in 100% sustainable packaging

CLIMATE AND ENVIRONMENT PROTECTION

As one of Central Europe's leading ICT service providers, we are committed to sustainable development, including climate and environmental protection, in line with our mission. 2021 was a year of developing a longer-term strategy, replacing the previous 5-year perspective with a 5+5-year vision. Climate protection remained a high priority in our sustainability strategy. Our emission reduction commitments made in 2018, approved by the Science Based Target Initiative (SBTi), and replaced by more ambitious targets in 2019 in response to the IPCC's 1.5°C report, have been placed at the core of the strategy. In the 2030 Strategy, in addition to our commitments to SBTi, which only applied to Magyar Telekom Plc, we have extended our commitments to cover T-Systems Hungary Ltd. Co, too, which are as follows:

- Reduce our Scope 1–2 greenhouse gas (GHG) emissions by 84% compared to 2015;
- Reduce our Scope 3 GHG emissions by 30% compared to 2017.

The European Union's Green Deal also prioritizes energy use and emissions in the telecom sector, recognizing that this sector can make significant contribution to achieving climate neutrality by 2050 through 5G, artificial intelligence, IoT and cloud-based services, but that it could also increase its energy use. It aims to increase energy efficiency and achieve climate neutrality in data centers by 2030 as a first step. This is also one of the main pillars of Magyar Telekom's new climate strategy, in addition to the fact that the Group's entire electricity consumption, including that of its data centers, must be covered from renewable energy from 2021, in line with the parent company's expectations. We are leading the way in this, as we have been following this practice at Magyar Telekom Plc since 2016, and at our domestic affiliates since 2018. So far, this has been achieved predominantly through purchased guarantees of origin (GoO), but our strategic goals also include the expansion of our own (onsite) renewable capacity.

Our new strategic goals include enabling our customers to actively participate in climate protection and reduce their emissions. We want to do this at group level through our ICT services, such as smart solutions. Our goal is that by 2030 at least half of our revenues should come from services supporting climate protection.

One of the base years for our emissions reductions is 2015, so in this chapter we present data for 2015 and the last 5 years. The targets approved by SBTi apply only to Magyar Telekom Plc and not to the other affiliates of the Group.

WE'VE HAD OUR SCIENCE-BASED TARGET APPROVED



In order to provide investors and our value chain partners with a very accurate and detailed picture regarding Magyar Telekom Group's climate protection activities, we have been reporting to the **CDP** (formerly Carbon Disclosure Project) online platform every year since 2010. Despite the increasing requirements, we achieved a B rating in 2021, too, representing the industry well. The new requirements in the CDP have also played a role in shaping our new strategy.

The European Climate Pact is part of the European Union's Green Deal. Its main objective is to encourage citizens, institutions and all organizations to take action against climate change. Magyar Telekom Plc. has become part of the initiative based on its SBT commitments and has received an outstanding **North Star rating**, thanks to the annual reporting on the CDP platform.

Participation in different organizations addressing climate change

The company has been an active member of the Sustainability Working Group of **ETNO** (European Telecommunications Network Operators) for many years. Members help each other to solve a wide range of sustainability-related problems. The ETNO working group has been particularly involved in shaping EU climate change legislation in 2021.

In 2021, Magyar Telekom Group remained carbon neutral for the seventh consecutive year. We believe it is important to contribute to a net zero emissions world, while continuously reducing emissions, for the time being on a market basis, and therefore half of the proceeds from the car use bonus-malus scheme and the employee solar project were used for carbon neutrality.

In order to achieve carbon neutrality, Magyar Telekom Group purchased exactly 200 GWh (720 000 GJ) of renewable energy in 2021, generated exclusively by hydroelectric power plants. The renewable energy purchased with a guarantee of origin covered 100% of the total electricity consumed by the Hungarian affiliates and 99% of the Group's total electricity consumption. The share of renewable energy in total energy consumption is increasing, reaching 75% in 2021. We became carbon neutral by also cancelling 18,517 CER (Certified Emission Reduction) credits.

Risks and opportunities

Within the Business Continuity Management (BCM) framework, we identified critical climate risks (floods, heat alerts) and developed a response plan. In 2021, 546 ✓ cases had to be investigated due to various weather-related problems, but the level of damage to the networks did not reach response level (HUF 50 M per month).

In 2020, the regular run of our business was heavily disrupted by the pandemic. The Hungarian colleagues worked remotely more than half of their working hours, which resulted in a small reduction of energy consumption in the buildings. The subsequent waves of the epidemic in 2021 saw slight increase in this proportion, with colleagues spending 60% of their working hours in home office.

Based on the recommendations of the **TCFD** (Task Force on Climate-related Financial Disclosure) initiative, we have identified risks and opportunities related to our operations, which we published in the **2021 Annual Report**.

In setting our emission reduction targets, we have taken into account the current requirements of the Paris Agreement and the EU, as well as IPCC's 1.5°C target, but we assume that regulators will set more stringent emission reduction targets in the future, compliance with which may involve financial risk. However, our forward-looking climate strategy, even with stricter regulations, gives us an advantage over our competitors.

One of the pillars of our carbon neutral operation is that we use 100% renewable electricity at all affiliates, so future price uncertainty poses a risk to this pillar. The more consumers switch to green energy, the more the price may rise, which in the case of Magyar Telekom could mean tens of millions of forints in extra expenditure. In addition, however, long-term renewable use can continue to be a business advantage as our customers increasingly look for sustainable products and services. As part of our new strategy, we aim to mitigate this risk, including onsite renewable energy generation and reducing electricity consumption.

Not only our own operations but also our supply chain could be adversely affected by climate change. We can mitigate this risk by assessing our suppliers, and we have a shared interest in building a resilient network of suppliers. For more information, see our **Stakeholders - Suppliers** section.

We especially focus on procuring energy-efficient equipment for our networks, ensuring that all our products and services meet the environmental sustainability requirements, and making sure that our customers can take advantage of the opportunities we offer to save energy and environmental resources. For more information, see the **Digitalization** chapter.

Race to Zero campaign

Magyar Telekom was the first and only Hungarian company to be listed in the **UNFCCC Race to Zero campaign** in 2020. The aim of the campaign is to encourage businesses, cities and even public institutions to support the achievement of the Paris Agreement targets by implementing voluntary emission reductions in line with the Paris Agreement. The results of the campaign were presented at the climate negotiations in Glasgow in 2021, with the aim of increasing the ambition of the signatories to the Paris Agreement to do their part to maximize global warming at 1.5°C, if possible.

We have been included in the Race to Zero by joining the Global Compact and our ambitious commitment to the SBTi. Another 7 Hungarian entities joined the campaign in 2021, but Magyar Telekom remains the only Hungarian large enterprise to take part.



RUNNING OUT OF GBS INCLUDED IN YOUR PACKAGE?

CHOOSE THE **GREEN 1GB** OPTION THAT ENABLES YOU TO ROAM THE NET AND FIGHT CLIMATE CHANGE AT THE SAME TIME.

ExtraNet Green 1 GB extension option

We also want to give our customers the opportunity to choose a service that contributes to climate protection, if they share our commitment to fighting climate change. This is why we have created our ExtraNet Green 1 GB option in 2019. In 2021 we continued to guarantee that for those who choose the option, we will generate the equivalent amount of energy needed to transmit their data, using our own solar PV system, a small power plant installed on our building on Kékvirág Street in Budapest and our systems on the roof of the data center in Szeged. In 2021, a higher proportion of customers chose this expansion option out of the 1GB options than in previous years.

CLIMATE PROTECTION AND ENERGY EFFICIENCY

The carbon dioxide equivalent (CO_{2e}) – taking into account the global warming potential - continues to be used as an indicator for the quantification of Magyar Telekom Group's GHG emissions. Emissions are not measured, but calculated using the **Greenhouse Gas (GHG) Protocol**¹ methodology. Emissions from the bio-component of fuels are not reported separately. Following the GHG Protocol, we report our indirect (scope 2) emissions both as location-based and as market-based. In market-based terms, Magyar Telekom Group's emissions are at net zero for the seventh consecutive year.

More accurate calculations for the new strategy

Details of Magyar Telekom Group's GHG emissions are shown in the table below. With the new strategy, the calculations have been refined to better reflect reality, so the figures applied in previous reports have been slightly revised. The activity data (quantities of energy used) have not changed, but the emission factors have been changed to country-specific values for the year in question². The quality of emission inventories can be improved by taking regional or even local specificities into account. Since country-specific data are available for Hungary and partly for Macedonia, we have chosen to use them instead of the specific emissions found in the international literature.

Another important consideration was that specific emissions may vary from year to year, reflecting changes in the energy mix or even technological developments, so we replaced time constant factors with time dependent values.

The main change is in the emission factors for electricity, where the factors for Hungarian affiliates are based on the **AIB**³ publication and for Macedonian data on the basis of the official national statistical publication. For consistency, the recalculated data are reported for the whole timeline. As Crnogorski Telekom is no longer part of Magyar Telekom Group, we do not include it in our emissions either, in line with the new strategy.

In 2021, the total GHG emissions of Magyar Telekom Group decreased by 38% compared to 2015, amounting to 83 358 tons of CO_{2e}, for which Magyar Telekom Group consumed a total of 968 532 GJ of energy in 2021.

Within Magyar Telekom Group, Magyar Telekom Plc. is responsible for the vast majority of scope 1+2 emissions, accounting for 70% of the Group. The following table summarizes the direct and indirect emissions of the affiliates, excluding market measures, for the years 2015–2021.

Magyar Telekom Group's overall and affiliates overall GHG emissions (tCO_{2e}) ✓

GHG EMISSIONS (tCO _{2e})	2015	2016	2017	2018	2019	2020	2021
Natural gas	7 102	6 588	6 576	6 898	3 416	3 143	2 743
Oil	1 041	681	318	383	429	457	356
Fuel (total)	14 668	13 769	13 251	13 006	12 531	9 632	9 683
<i>Fuel (diesel)</i>	<i>7 838</i>	<i>7 685</i>	<i>7 315</i>	<i>7 383</i>	<i>7 507</i>	<i>6 088</i>	<i>6 084</i>
<i>Fuel (gasoline)</i>	<i>6 830</i>	<i>6 083</i>	<i>5 936</i>	<i>5 624</i>	<i>5 024</i>	<i>3 544</i>	<i>3 599</i>
Electricity	108 272	100 405	90 200	86 911	76 873	66 201	65 976
District heating	4 127	3 860	3 853	3 826	4 808	4 909	4 601
Total emissions: without scope 1+2 market-based measures	135 210	125 302	114 199	111 024	98 058	84 343	83 358
Magyar Telekom Plc.	104 327	98 598	83 319	82 919	67 458	59 573	58 381
T-Systems Hungary	4 610	4 416	4 565	5 201	5 181	3 572	3 048
Makedonski Telekom	26 273	22 287	26 315	22 904	25 419	21 198	21 930
Total scope 1+2 emissions	135 210	125 302	114 199	111 024	98 058	84 343	83 358

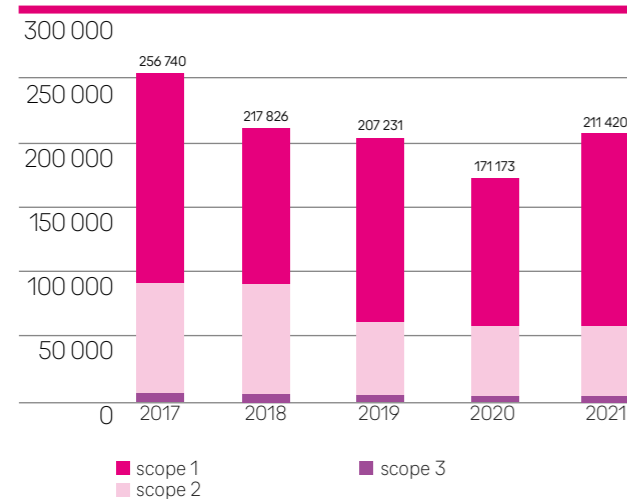
¹ Greenhouse Gas Protocol is a standard developed to calculate GHG emissions, which is a methodology also recognized by the Science Based Target initiative.

² The specific emission values of cars will be updated as soon as available.

³ Data back to 2015 and currently up to 2020 can be found at the following website: <https://www.aib-net.org/facts/european-residual-mix>

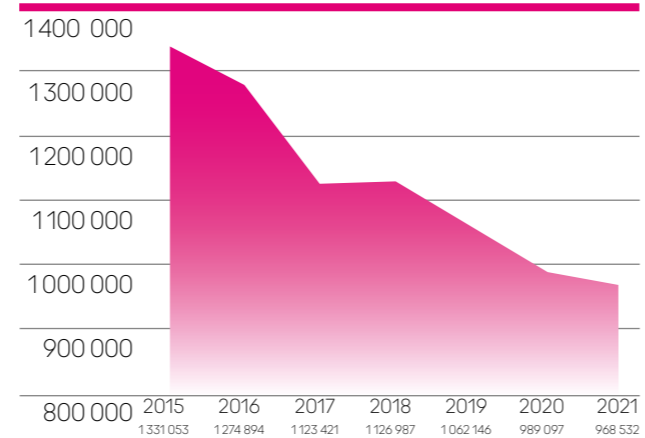
Magyar Telekom Plc is the only company within the Group with a commitment for other indirect (scope 3) emissions. The emissions associated with the company have evolved between 2017 and 2021 as shown in the chart, with details on each later in this section.

Magyar Telekom Plc. scope 1+2+3 GHG emissions (tCO_{2e})



Magyar Telekom Group continuously strives for energy efficiency. As a result of the measures adopted, the total energy consumption of the Group significantly decreased compared to 2015 levels.

Magyar Telekom Group's total energy consumption (GJ)



DIRECT OR SCOPE 1 EMISSIONS

Magyar Telekom Group's Scope 1 emissions (tCO_{2e})

SCOPE 1 EMISSIONS (tCO _{2e})	2015	2016	2017	2018	2019	2020	2021
<i>by source</i>							
Natural gas	7 102	6 588	6 576	6 898	3 416	3 143	2 743
Diesel and heating oil – location-based	1 041	681	318	383	429	457	356
Fuel (total)	14 668	13 769	13 251	13 006	12 531	9 632	9 683
<i>by affiliate</i>							
Magyar Telekom Plc.	17 461	16 403	15 876	15 896	11 825	10 343	10 134
T-Systems Hungary	3 045	2 877	3 051	3 114	3 270	1 706	1 529
Makedonski Telekom	2 305	1 758	1 219	1 277	1 282	1 184	1 118
Total Scope 1 emissions	22 811	21 038	20 145	20 288	16 377	13 232	12 781

Car fleet

At Group level, the number of vehicles in the fleet decreased by 14% in 2021 compared to 2020, with fewer vehicles for both benefit cars and service use. As the „green transition” of the fleet continued in Magyar Telekom Group, the number of hybrid cars increased by 29% compared to the previous year.

Fuel consumption increased by 1%, while mileage decreased by 2% at Group level compared to the previous year, resulting in a slight increase in the vehicles' average consumption (3%).

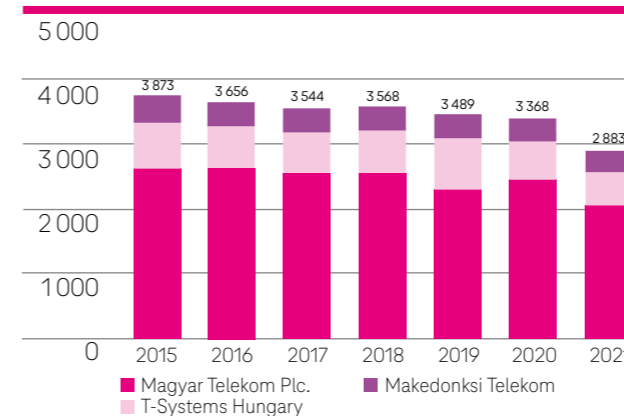
The consumption of electric cars increased from 8.8 MWh to 10.9 MWh, while the number of electric cars in the fleet decreased. The slow development of the charging station network has led to a shift from pure electric vehicles to hybrid vehicles.

Within the Group, Magyar Telekom Plc. still has the largest fleet.

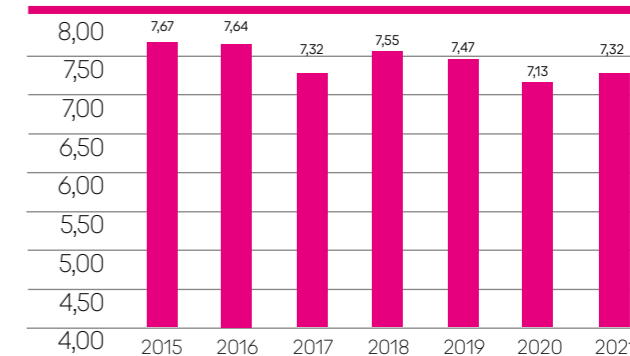
Fleet composition (number of vehicles)

FLEET COMPOSITION	2015	2016	2017	2018	2019	2020	2021
Total	3 873	3 788	3 544	3 568	3 489	3 368	2 883
<i>By fuel type</i>							
Diesel	2 244	2 181	2 005	2 027	1 956	2 002	1 659
Gasoline	1 541	1 490	1 371	1 336	1 266	1 064	838
Hybrid	85	112	163	200	260	295	381
Electric	3	5	5	5	7	7	5
<i>By usage type</i>							
Benefit car	1 423	1 359	1 399	1 450	1 587	1 417	1 217
Service use	2 450	2 429	2 145	2 118	1 902	1 951	1 666

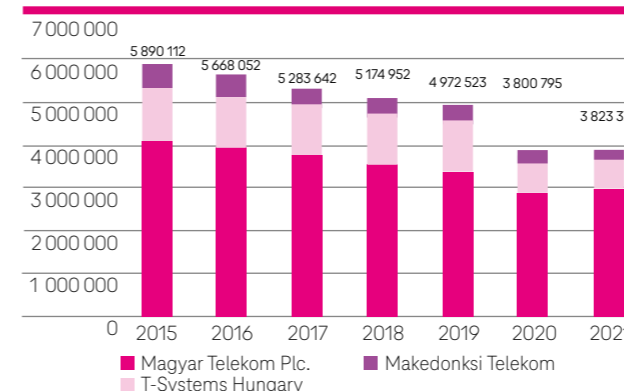
Number of cars, Magyar Telekom Group



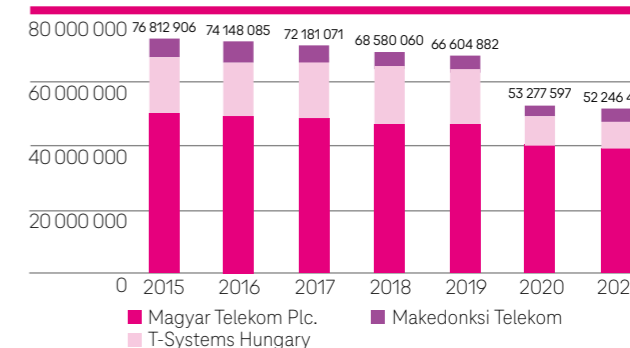
Average consumption (l/100km), Magyar Telekom Group



Fuel consumption (liter), Magyar Telekom Group



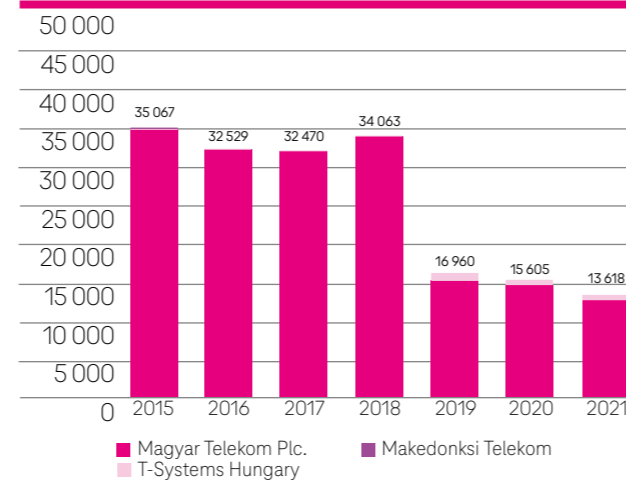
Mileage (km), Magyar Telekom Group



Natural gas consumption

There was a significant 50% reduction in overall natural gas consumption and therefore emissions between 2018 and 2019, following our relocation to our new energy-efficient headquarters building in Hungary. In 2021, the smaller decrease of 13% is mainly attributed to real estate sales.

Natural gas consumption (MWh), Magyar Telekom Group ✓



INDIRECT OR SCOPE 2 EMISSIONS

Magyar Telekom Group's Scope2 emissions (tCO_{2e}) ✓

SCOPE 2 EMISSIONS – LOCATION-BASED	2015	2016	2017	2018	2019	2020	2021
<i>by source</i>							
Electricity	108 272	100 405	90 200	86 911	76 873	66 201	65 976
District heating	4 127	3 860	3 853	3 826	4 808	4 909	4 601
<i>by affiliate</i>							
Magyar Telekom Plc.	86 866	82 196	67 443	67 022	55 633	49 230	48 246
T-Systems Hungary	1 565	1 539	1 514	2 087	1 912	1 866	1 519
Makedonski Telekom	23 968	20 529	25 096	21 627	24 136	20 015	20 811
Total Scope 2 emissions	22 811	21 038	20 145	20 288	16 377	13 232	12 781
SCOPE 2 EMISSIONS – MARKET-BASED	2015	2016	2017	2018	2019	2020	2021
<i>by source</i>							
Electricity (adjusted by green energy consumption)	32 522	20 047	22 347	11 046	20 704	14 697	1 135
District heating	4 127	3 860	3 853	3 826	4 808	4 909	4 601
<i>by affiliates</i>							
Magyar Telekom Plc.	11 100	3 302	3 348	3 213	4 065	3 866	3 769
T-Systems Hungary	1 581	75	60	313	439	643	451
Makedonski Telekom	23 968	20 529	22 793	11 346	21 009	15 097	1 515
Total Scope2 emissions	36 649	23 906	26 201	14 872	25 513	19 606	5 736

Our Scope 2 emissions are determined in two ways, based on the GHG Protocol's recommendations. We use the so-called location-based method to determine our total emissions, while the market-based calculation reflects how the company can choose to regulate the market given the options available.

The Group's total local emissions decreased only marginally by 1% compared to 2020, with the decrease coming from the Hungarian affiliates, while Makedonski Telekom's emissions increased slightly due to increased electricity consumption.

Electricity

Magyar Telekom Group continued to strive for energy efficiency in 2021, with electricity consumption decreasing by 1% compared to 2020 ✓, and electricity consumption accounting for 75% of total energy consumption. We are increasing our energy efficiency in line with our Sustainability Strategy and ISO 50001 certification guidelines.

As a responsible company, Magyar Telekom Plc. gives priority to energy efficiency issues. We continuously measure, monitor and evaluate our energy consumption and the significant influencing factors related to it, both in terms of real estate and technological infrastructure (or technology and related service equipment). Based on these measurements, we continuously explore energy efficiency opportunities, which we implement in the form of projects in line with our energy management objectives.

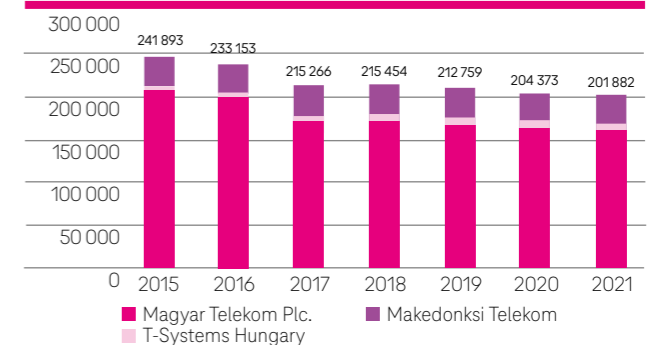
Improvements implemented in 2021 have reduced our energy consumption by a total of 8,500 MWh, consisting of:

- the phasing out of the copper network, replacing it with optical networks
- partial switch-off of the 3G network
- modernization of mobile network equipment
- intensive use of energy-saving software applications
- phasing out and decommissioning of obsolete transmission technologies (PDH/SDH)
- replacement of batteries
- replacement of charging equipment
- replacement of technological air conditioning systems
- site optimization.

We are investing significant resources into improving our energy management system and related automation and intelligence, and increasing the number of metering points.

We do this so that energy consumption anomalies can be identified in time and properly addressed as soon as possible to prevent unnecessary and unjustified consumption.

Electricity consumption⁴ (MWh), Magyar Telekom Group ✓



Employee community solar panel project

Magyar Telekom was the first in Hungary to introduce the community solar panel project. Under the project, our colleagues rent solar panels from us for a year and the energy generated is used locally. In the first project, we installed solar panels on top of our educational building in Kékvirág street, and in 2020 two more solar systems started operating in Szeged.

The employee solar project was announced in 2021, now including the Szeged solar panels, so a total of 200 colleagues participated in the project. Nothing shows the success of the program better than the fact that the quantity offered sold out even faster than before. Since their installation, the solar panel systems have produced a total of 223.4 MWh of clean energy, of which 98 MWh in 2021.

For **Kékvirág utca, Szeged I.** and **Szeged II.**, the current production can be monitored.

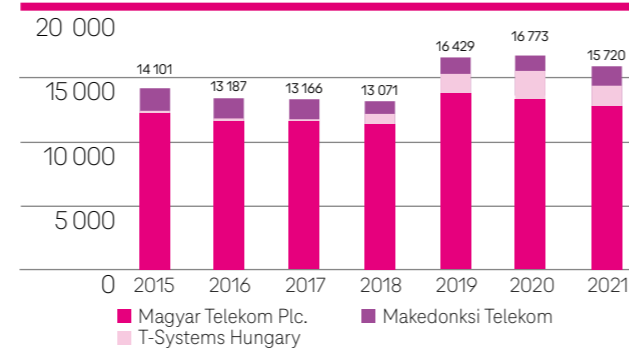


⁴ The procured electric power volume does not include energy produced by us.

District heating

The use of district heating decreased by a total of 6% on Magyar Telekom Group level compared to 2020, which all affiliates contributed to. Some of the decrease in energy consumption was the result of the sale of real estate.

District heating (MWh), Magyar Telekom Group ✓



OTHER INDIRECT (SCOPE 3) EMISSIONS

Magyar Telekom Plc. Scope 3 emissions (tCO_{2e})

GHG EMISSIONS (tCO _{2e}) BY THE FOLLOWING CATEGORIES	2017	2018	2019	2020	2021
1. Procured goods and services	16 733	16 920	25 828	14 052	39 484
2. Tangible assets	12 311	14 929	22 789	14 593	21 012
3. Activities related to fuel, energy	4 132	1 327	2 026	710	1 140
4. Upstream transport and distribution	10 909	12 338	11 913	11 289	11 947
5. Waste	1 857	1 989	2 006	1 346	1 070
6. Business travel	688	410	346	59	37
7. Commuting	47 308	2 638	2 044	1 331	1 139
8. Upstream leased assets			Not relevant		
9. Downstream transport	380	637	764	674	737
10. Processing of products sold			Not relevant		
11. Use of products sold	12 905	14 596	14 093	13 355	14 133
12. End of lifecycle management of products sold	2 417	2 734	2 639	2 501	2 647
13. Assets leased out	63 781	66 390	55 324	51 689	59 694
14. Franchise activities			Not relevant		
15. Investments			Not relevant		
Total	173 421	134 907	139 773	111 600	153 039

We started to measure our Scope 3 emissions more accurately as we became part of the Science Based Target initiative. In determining our emissions, we used our own operational numbers, GHG Protocol indicators and CDP data from our suppliers. The emissions relate only to Magyar Telekom Plc's operations and as committed, we report these indirect emissions from 2017. Due to corrections to the emission factors related to electricity (see scope 2 emissions), several recalculations have been made in this category to maintain consistency across the timeline.

Equipment ran and leased by our customers

The CPE equipment operated by our customers consume a significant amount of energy, but they are essential for the use of our services. Since 2016, we have been accurately monitoring all networked devices and their performance (set-top boxes, modems, terminals). Taking into account the user numbers at the end of 2021, the energy consumption of the devices used by our customers to connect to our services was 220.2 GWh✓ of electricity, which generated nearly 60 kilotons of CO_{2e} emissions✓. The specific energy consumption of CPE devices increased by 5% compared to 2020, but is still 19% lower than in 2016.

Business travel

In 2021, the number of business trips also continued to decrease compared to 2020 due to the impact of the pandemic. The calculations assume CO₂ emissions of 180 g/km for air travel and 111 g/km for car travel as a Group-level standard.

In the case of Magyar Telekom Plc, the total CO_{2e} emissions from travel were only 37 tons – 37% lower than in the previous year – of which 92% was attributable to air travel and 8% to car travel.

Home office

Magyar Telekom has continued to promote teleworking during the pandemic, with mutual benefits for both employees and the employer. According to a survey conducted in 2017, around a third of our colleagues choose to travel by car, which means travelling an average of 40 kilometers a day. Colleagues who choose public transport (around two thirds of our employees) travel 30 kilometers a day. In 2021, we recorded 650 646 teleworking days – an increase compared to 2020 – saving our colleagues nearly 22 million kilometers of travel and 115 years of travel time. These figures show that teleworking is a key driver of travel replacement. For more information on non-typical forms of employment, see the section on [Diversity and equal opportunities](#).

Bicycle courier

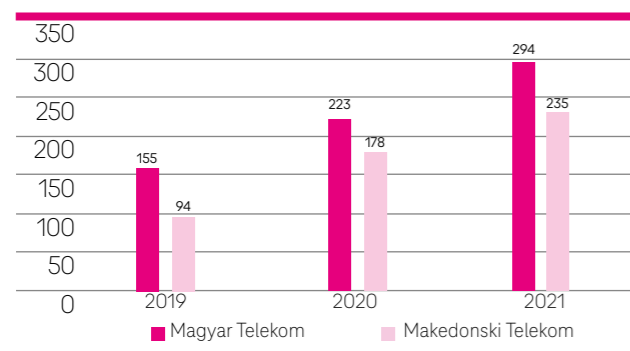
Since 2012, Magyar Telekom has been sending some of its consignments by bicycle courier. In 2021, we used bicycle couriers 102 times, replacing 895 km of car trips.

ENERGY AND CLIMATE EFFICIENCY

Energy efficiency remains a priority among the efficiency targets identified in previous years, while a climate efficiency indicator has been introduced from 2021, in line with the new strategy. Both indicators are sector-specific and are only provided for Magyar Telekom Plc, and we aim to continuously improve these indicators in line with the digitalization and climate goals set out in the strategy.

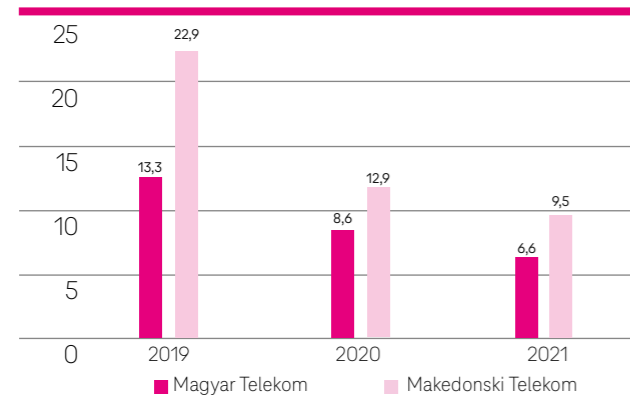
Our energy intensity is measured by the electricity intensity of our telecommunications network, i.e. the amount of data transmitted per unit of electricity consumption (in GBit/kWh).

Energy efficiency (Gbit/kWh), Magyar Telekom Group⁵ ✓



For our climate sensitivity, we look at the amount of greenhouse gases emitted into the atmosphere per unit of data transmitted, expressed in kg CO_{2e}/TB. For the calculations, we have only taken into account our electricity consumption related to the technology.

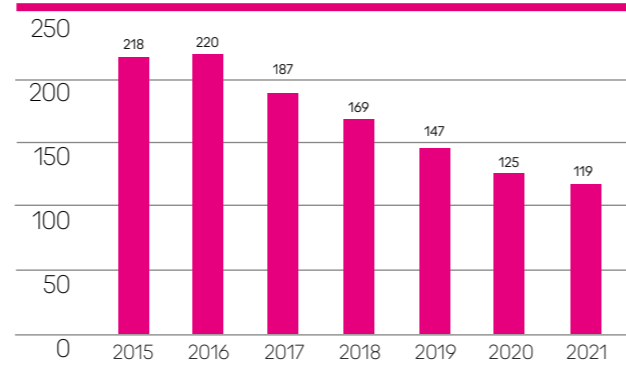
Climate efficiency (kg CO_{2e}/TB), Magyar Telekom Group ✓



⁵ The previously published data included only the data traffic on the IP core network, so the present data are not comparable to the previous report.

If we wish to characterize climate efficiency by a universal, not ICT sector-specific indicator, it is best to look at emission per revenue. The chart shows values for the whole Magyar Telekom Group (not market-based).

Emissions per revenues (kg CO_{2e}/Mft), Magyar Telekom Group ✓



ENVIRONMENTAL EFFECTS

The developments of Magyar Telekom Plc. are basically not subject to impact assessment. In 2021, we impacted nature conservation areas in the following cases:

- Vámosmikola, 3.5 km;
- Between Balatonboglár and Ordacsehi approx. 1.6km;
- Balatonfüred-Balatonszőlős fiber optics, 2.5 km.

The relevant authorities in the nature conservation areas concerned have not raised any objections to the projects. There was no damage to the natural environment. We continue to respect the protected areas and plan our developments in compliance with all relevant laws and regulations.

Land use, landscape effect

It is important for the group that its investments are realized only with the necessary amount of land use, if possible by maintaining the original condition of the environment, and that its buildings fit the appearance of the given area as much as possible.

The composition of the mobile network has not changed significantly, with 8,043 base stations in 2021 at group level, only one fewer than last year, but with a slight change in the distribution within the group. The number of shared-use towers was 1 841, up by 40 compared to the previous year. The total number of towers in use also showed an increase.

Noise and vibration protection, electric and magnetic fields (EMF)

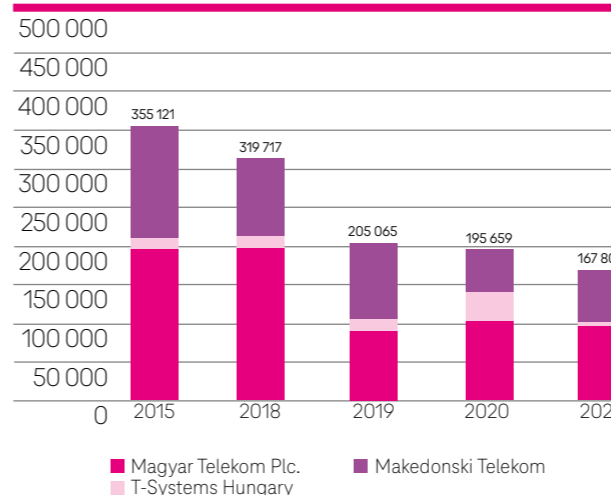
In the operation of our sites, we need to pay particular attention to the impact of outdoor air conditioning and diesel-fueled emergency generators as potential noise sources. In 2021, no reports or measurements were made related to noise protection.

There were 14 cases of measurements related to electromagnetic radiation, including 1 due to a request from a resident, 9 due to requests from landlords and 13 due to changes in technical content. In all cases, the results of the measurements were in compliance with the relevant standards.

Water consumption

Magyar Telekom Group uses water exclusively for social purposes. Water consumption at group level decreased by 14%. In the case of T-Systems Hungary, the large decrease is related to the higher number of teleworking days.

Water consumption (m³), Magyar Telekom Group ✓



Fulfilling manufacturer and distributor duties

We work with manufacturers to ensure that environmental awareness is part of the manufacturing and recycling processes of our devices. Procurement requirements are discussed in more detail in the [Stakeholders / Suppliers](#) csection. Read more about products with sustainable features in the [Digitalization](#) section.

It is important to us that we only burden our environment to the extent necessary, so we pay particular attention to the inspection, repair and re-deployment of equipment used in our network. The recycling rate for CPE equipment was 31% in 2021.

A lower level of rollback of copper VDSL HGWs and SAT STBs (technologies earmarked for decommissioning) was achieved on demand in 2021.

Hungarian companies are fulfilling their obligations as manufacturers and distributors as follows:

- In the case of electronic equipment, which is also covered by the Product Fees Act, the companies chose to pay the product fee, the state utilization system. Magyar Telekom Plc. paid the mandatory product fee, the annual collection expectation was 45% in the IT category. (The state system still does not provide company-level data on the results achieved.)
- In the case of batteries, the obligation has been partially delegated to an intermediary organization by Magyar Telekom Plc, as allowed by the law. Its contracted partner, ReLem Nonprofit LLC over-achieves the statutory requirement every year.

On our websites, we inform our customers about the possibility to return used and waste equipment and batteries in accordance with the legal requirements. All manufacturers of the devices we sell have the energy efficiency certificates required in the European Union and comply with the environmental legislation.

Our customers can find information about the service life of the devices, their recycling and the materials used in our stores on the basis of the manufacturer's declarations. The energy efficiency of the network equipment purchased is a priority

Air pollutants

In Hungary, we pay an air pollution charge in accordance with national legislation. The amount of pollutants emitted by the boilers owned by Magyar Telekom Plc. is 0.2891 kg/h for NO_x and 0.0643 kg/h for CO, according to the relevant air quality protection measurement reports. Sulphur dioxide is not monitored because desulphurized fuel is the standard in Hungary. This is less than in previous years because several buildings have been sold and the existing equipment has fewer operating hours according to the measurement report. The latter is due to the increase in home office. At Magyar Telekom, we are doing our utmost to manage the risks associated with our fluorinated greenhouse gas equipment. Thanks to controls carried out in accordance with regulations, there were no leakage failures in 2021.

WASTE

The quantity and quality of waste generated is largely dependent on ongoing telecoms projects and developments: at group level, total waste decreased by 20% in 2021 compared to the previous year, with municipal waste again making the largest contribution to this decrease. The volume of recycled waste was 43%, an indicator continually increasing since 2017.

To reduce the environmental waste burden:

- our used assets are recycled within the company wherever possible, sold, rented/leased or given to our employees or to external partners free-of-charge (donation);
- we provide separate waste collection facilities at sites where possible;
- we improve efficiency through review of contracts and collection points, inspections, communication;
- the group-wide DT regulation on the management of cable waste was published in 2015, and we comply with it

In 2021, a new project was launched across Deutsche Telekom's affiliates to shift to a circular economy, reduce waste and thus contribute to global climate protection. Goals include increasing the take-back of mobile phones used by customers, avoiding technological waste going to landfills and 100% sustainable packaging for private label products.

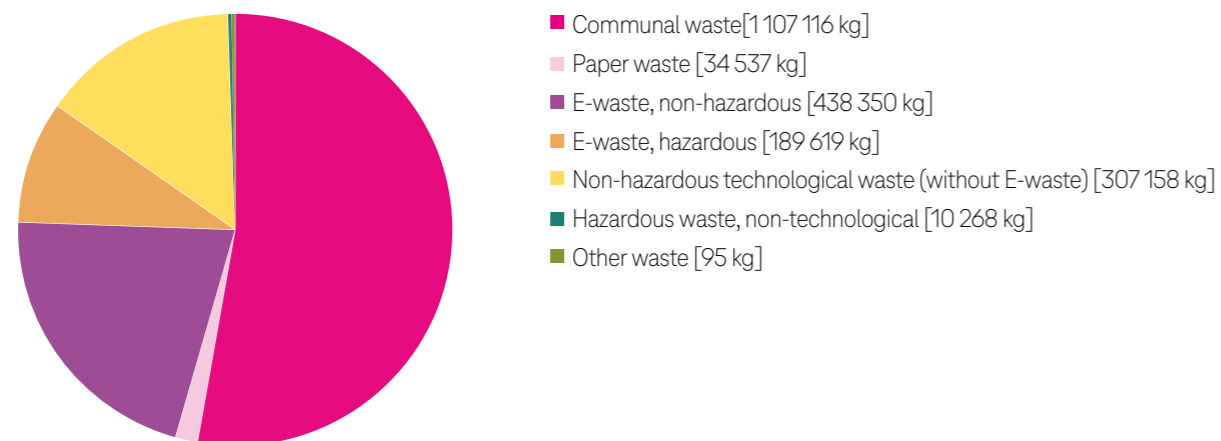
In 2021, Deutsche Telekom standardized the categorization of waste within the group. The typification previously used by Magyar Telekom differs in part from this. In order to apply a uniform methodology, we are moving to the new categories. Currently, no consistent data set is available, so we will only present the breakdown of waste by type for 2021.

A total of 43%⁶ of the waste generated by Magyar Telekom Group's activities was recycled. In the case of municipal waste, local public services are compulsory to use, therefore only estimated quantities are available; waste is disposed of in authorized landfills. The company does not transfer waste directly for incineration or composting.

The management and supervision of environmental reports filed by our stakeholders remain the responsibility of the sustainability advisor and the Sustainability Squad⁶. Our contact details for receiving comments have not changed (sustainability@telekom.hu).

We will endeavor to respond to any suggestions for improvement, complaints or enquiries received as soon as possible.

Types of waste generated (kg), Magyar Telekom Group ✓



Volume of waste generated (kg) and ratio of recycling, Magyar Telekom Group, 2015–2021 ✓

	2015	2016	2017	2018	2019	2020	2021
Total waste [kg]	3 865 417	4 174 194	4 022 576	4 297 995	4 221 577	2 632 698	2 087 143
Waste turned over for utilization [kg]	528 307	1 130 068	508 958	835 543	973 447	776 650	906 307
Utilization rate (%)	14%	27%	13%	19%	23%	30%	43%

⁶ From January 1, 2022 a renewed organization, the Sustainability Squad took charge of the coordination tasks.



DIGITALIZATION

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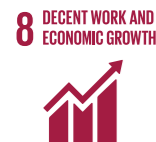
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STRATEGY TARGETS (2021–2030) AND 2021 RESULTS



DIGITALIZATION OF HUNGARY

- Gigabit access available to all our customers
- Nationwide 5G coverage



AVAILABILITY OF THE SERVICES

Magyar Telekom guarantees its customers' rights in connection with service availability and troubleshooting based on the **General Terms and Conditions of Contract (GTC)** available at the customer service points and on the Internet. In this it declares to meet the published quality targets while it provides services over the entire service territory, to check this via measurements and to publish the measurement methods. Here, the company also defines the quality targets for the services provided, meeting of which is continuously measured and made available to everyone on an annual basis.



Annual service availability (%) (2017–2021) ✓

ANNUAL SERVICE AVAILABILITY (%)	2017	2018	2019	2020	2021
Cable television analogue/digital	99.97/99.90	99.98/99.50	99.98/99.82	99.99/99.82	99.982
Sat TV	99.91	99.91	99.919	99.928	99.935
IPTV	99.83	99.84	99.896	99.904	99.906
Fixed line internet (ADSL/GPON/CableNet)	99.89/99.96/99.90	99.90/99.95/99.92	99.93/99.96/99.94	99.93/99.96/99.94	99.94/99.97/99.96
Mobile internet (2G/3G/4G)	99.902	99.893	99.878	99.87	99.866
Telephone/VoIP/VoCa	99.95/99.93/99.92	99.94/99.93/99.95	99.93/99.95/99.95	99.94/99.96/99.96	99.95/99.96/99.97
Mobile telephone (2G/3G/4G)	99.91	99.906	99.878	99.873	99.889

DIGITAL RESPONSIBILITY

- 6 million responsible digitally mature people

Fault management for customers is handled in a defined process – in accordance with their rights set out in the GTC, inter alia – after having detected and filed the problem with the company.

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

SAFE USE OF MOBILE PHONES, ELECTROMAGNETIC FIELDS

In order to provide high-quality services to the Hungarian and Macedonian mobile telephone subscribers through the mobile telecom network, UMTS licenses were distributed among operators in Hungary in December 2004 and for operators in Macedonia in June 2009. Besides, in December 2011 Magyar Telekom acquired the right to launch the LTE service and the commercial rollout started in 2012. By the end of 2017, the frequency rights acquired in the 800 MHz band allowed almost 100% of Hungarian citizens to use Magyar Telekom's LTE service. In March 2020 Magyar Telekom acquired further spectrum rights in the 700 MHz and 3.5 GHz bands, allowing the company to launch its 5G service.

The rollout of the 5G-related networks has intensified the interest of communities in the topic of electromagnetic fields, which also puts in focus the company's strategy in addressing the issue.

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

In the framework of the company's overall education program, new employees are informed about issues concerning electromagnetic fields as part of their mandatory orientation training. We provide our customers with detailed information on the page [Health and Safety](#).

Within the 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 has applied the relevant Deutsche Telekom recommendation as mandatory regulation since 2004, while Makedonski Telekom has done so since March 2011.

To support preventive action both Magyar Telekom and Makedonski Telekom set up dedicated EMF workgroups, which meet quarterly and monitor EMF-related developments both at national and international levels and respond to the EMF-related queries of the authorities, residents or employees.

Further information about T-Mobile International's EMF Policy Recommendations adopted by Magyar Telekom is available in English on the [website of Deutsche Telekom](#).

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

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

MOBIL NETWORK, NETWORK DEVELOPMENT

According to the Company's common practice, base station antennas are installed in a way that employees normally cannot stay in front of them, cannot and do not have to work in the relevant zone, and passageways do not cross the areas in question.

If in extraordinary cases, people must pass or work in front of the antennas – this usually happens in relation to external contractors' work, e.g. when renovating a building, safety distance data are made clear and available. If necessary, site measurements can be conducted, or in justified cases, the antennas can be temporarily relocated or the capacity of the transmitter reduced.

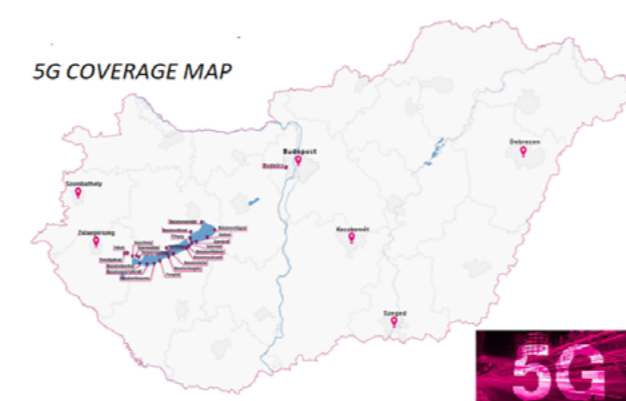
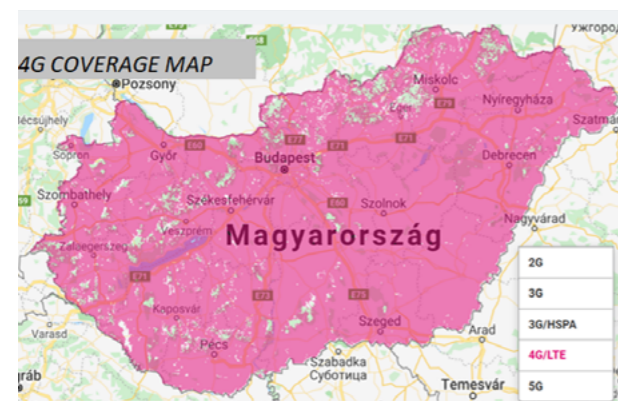
If a Magyar Telekom employees performing work in the vicinity of an antenna detect an unidentified signal source, they will use their RADMAN personal radiation detector to determine the boundaries of the safe zone so as to prevent any eventual health risk.

Compliance with the value limits defined by law for Magyar Telekom mobile network is audited and certified by independent measurement bodies.

In each and every case when building new base stations the company acts in accordance with the relevant laws and consults, cooperates with the relevant stakeholders. If needed, citizens' forums are held with the participation of all concerned parties to reach an agreement.

COMMUNICATION

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



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

In addition to internal communication, in 2021 Magyar Telekom continued to respond openly to inquiries about the safe use of mobile phones.

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

RESEARCH

Exposure of the world's population to non-ionizing electromagnetic radiation and electromagnetic fields has considerably increased in recent years. Since a civilized society cannot avoid the use of equipment emitting non-ionizing electromagnetic radiation, like mobile telecommunication equipment, satellite and terrestrial television/radio broadcasts, flight navigation, meteorological satellites, radio astronomy, space exploration, the exposure of the environment and the population is expected to increase further in the future. The World Health Organization (WHO) and several other international organizations, as well as research groups, monitor the impact of technological development on human health.

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

The largest research project of this type, the INTERPHONE project of WHO-IARC (International Agency for Research on Cancer) conducted with the participation of 13 countries, was closed in 2011. After closing the INTERPHONE project on May 31, 2011, WHO-IARC classified electromagnetic fields into the 2B potential carcinogenic category. According to the Chairman of the WHOIARC workgroup "the evidence, while still accumulating, is strong enough to support a conclusion and the 2B classification. The conclusion means that there could be some risk, therefore we need to keep a close watch for a link between cell phones and cancer risk". At present the following agents are classified into category 2B: 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 the company's knowledge on the impacts of electromagnetic fields. This makes the Deutsche Telekom Group one of the biggest supporters of research on this subject.

DEVELOPING THE INNOVATION POTENTIAL OF T-SYSTEMS HUNGARY

In 2021, the company decided to build an innovation ecosystem, and the framework was put in place in Q4. The primary objective is to unlock the innovation potential: to create an agile, start-up-like operation. T-Systems Hungary has created an E2E product development process for efficient idea management, incubation, and dynamic product development. It builds on the company's existing and underutilized products and product development experience, with an emphasis on product development based on real customer needs, and on the support and effective implementation of independent new innovative ideas, under tight financial control. The competences of the different disciplines are supported by a knowledge-based development process, an idea management team and a network of Subject-matter Experts.

In the framework of E2E product development, which ensures an ownership approach throughout, the development of the ideas received is supported by incubation, and the creation of pilots and product prototypes is supported by start-up-based operations. The new approach is that the project is based on a specific market need at the start of product development, with validation ensured by continuous customer feedback and sales commitment. The prototypes produced can feed back into the refinement of customer needs, so that a specific sales target can be defined at the end of product development. The method minimizes risks and optimizes costs and resources.

The Investment Committee has started to function as the main resource allocation body, with permanent participants from the professional, strategic, and commercial fields, as well as experts in finance, accounting and controlling. The Investment Committee decides on the launch of pilots, PoC projects and the allocation of OPEX and CAPEX resources based on proposals from the Idea Management Team. As part of the E2E process, all departments of the company work together to maximize the innovation potential.

T-Systems Hungary has set up an electronic platform to track innovation ideas, pilot projects and prototypes.

In addition to creating an innovation environment and culture, the decision-making structure is well documented.

The learning process, the continuous documentation of experience and the continuous maintenance of the knowledge base of innovation projects are also done in line with the service catalogue, so that new products can become part of the T-Systems Hungary product portfolio in a synergistic and non-overlapping way.

The E2E product development portfolio management will include the involvement of external resources (R&D and EU) and the enhancement of the company's tendering activity. It is linked at several points to the projects of higher education players and foundations, strengthening the company's strategic partnership with universities.

T-SYSTEMS HUNGARY INNOVATION PROJECTS IN 2021

Canary (EHS smart watch)

This smart watch application was developed to create a safe environment for employees in warehouses. The solution reacts to the increasing shortage of labor that is a huge problem nowadays. The solution supports the integration of a new segment, employees with reduced capacity of work. Employees with hearing disabilities need to wear these smart watches during their work. In case of any emergency such as fire alarm, the watch alerts them with constant vibration. Only the employee can stop the alert notification via the smart watch. After this the application sends an automatic message to a central email address with the employee's ID. So it is constantly traceable who has already been notified.

In 2021 Q4, a few new innovative projects were launched: development of data-driven services, business intelligence projects, hybrid services and cloud services, application development modernization, fraud detection and data monetization. The development of cooperation with strategic partners has ensured rapid market entry, with the potential for intensive growth and developments with a broad customer reach.



Forklift proximity detection

The forklift proximity detector application is our EHS (Environment, Health and Safety) solution, which we developed on customer demand. The application alerts the operators and drivers when a forklift approaches, so it prevents any eventual accidents, injuries.

Vehicles are equipped with tags to determine their route and speed. To prevent collisions, workers are notified of an upcoming vehicle. As soon as the truck is within a dangerous distance, the watch on the worker's wrist emits a vibrating and visual signal, helping the worker to react in time and get out of the way of the approaching truck. For more information about the solution click [here](#).



Pack Track - Packlogistics solution

Pack Track is a smart indoor package tracking solution that enables state-of-the-art automation of digital devices in current, manually operated package logistics processes. It is a high-precision, real-time tracking system, supporting common cloud-based web applications and handheld devices. The solution has been tested on a large package logistics partner and is currently operational.

5G SMART EU competition

T-Systems Hungary Hungary is part of the European consortium of 16 enterprises that demonstrate the potential of the 5G SMART project in a real manufacturing environment, highlighting 5G values and possible uses. The experiments test integrated manufacturing applications such as industrial robotics or machine vision-based telecommuting and develop features such as time synchronization or positioning of manufacturing situations.

The 5G SMART project work will run until May 30, 2022. In 2021 T-Systems Hungary aims in the 5G-SMART project to contribute to the study of potential uses, MNO options, their need, and related KPIs, and to the evaluation of different network design options, taking into consideration technical use cases and business-related KPIs. The knowledge amassed as a result of the project (e.g.: analyses, studies, proposals) can be used by T-Systems Hungary to improve and further develop relevant, self-developed solutions.

SmarTruck

The SmarTruck is a „smart box” that can be mounted on a forklift truck and that transmits in real time a variety of useful data, such as: operating times to schedule maintenance, or a gyroscope in the box to detect collisions, or even integrate the system with a company access card through its access management module.

SmarTruck is a smart forklift system that can be built modularly, according to our customers' needs.

A major advantage is that even with a heterogeneous forklift fleet (i.e. vehicles of different makes and types), the fleet can be managed through a single Cloud-based system.

More information about the solution is available [here](#).

RTLS

High-precision indoor positioning enables us to track the position of any entity within the area covered by the system with sufficient accuracy, thus providing accurate information about the time spent in each area and, where appropriate, the route of movements.

The solution can be used in several areas, some of which are:

- Track raw materials, semi-finished, finished products, materials and other objects in industrial facilities and logistics areas
- Shorten the search time by knowing the exact position
- Track vehicles, forklifts, people, optimize routes by analyzing the collected data, analyze fleet operating times
- Protect high value assets and goods
- In the field of retail for customer analytics systems e.g. track shopping carts
- Measure distance requirements e.g. Covid 19

Artificial Intelligence in customer care

Vanda is an artificial intelligence-based solution that is able to interact with customers through pre-designed processes and manage administrative processes independently, without human intervention. Depending on the business processes we teach, it can be applied in a myriad of areas and situations.

Campus Network

The aim of the project was to test a CEIT AGV (automated guided vehicle) vehicle on the Campus Network established by Magyar Telekom. We have observed the following results from the pilot project:

- We have successfully tested the reliability of AGV communication under real industrial conditions on the Campus Network established at BorgWarner's site in Oroszlány.
- We have gained valuable experience in operating AGV systems and developed a use case for Campus Network
- The tested AGV tool can be used in additional customer pilots in the future, thus further supporting the sales activity
- According to our plans, in addition to the sale of the equipment, TSM also performs the support tasks of the service at level 1 and level 2, for which we charge a monthly support fee.

Dronify

Dronify is an automated inventory solution that can create a perfect inventory record overnight without human intervention. The inventory activity is performed by an autonomously moving drone using machine vision and machine learning. The data read by the smart camera is recorded in a database that can be integrated into the company's existing ERP system. In addition to inventory, the indoor autonomous drone solution is also suitable for other tasks that make the everyday life of industrial facilities easier.



DIGITAL COMPETENCE

Developing communities, changing mindsets

Telekom, as a responsible service provider, takes part in establishing digital equal opportunity in Hungary's society. We take a stand against issues that prevent people from having equal access to the benefits of the digital world.

We do that in a way that we not only include them in that world, but also provide guidance to them to ensure they clearly see the opportunities and threats that lie therein. Our initiatives always put great emphasis on the online and physical safety of our children. Our goal is to ensure that all children and young adults should access the information they need in an enjoyable and safe environment, as the welfare of children is top priority. For that, however, it is also necessary that the digital parents of our age be equipped with the necessary knowledge and awareness, as well as the mindset towards their kids' online presence. Our "I am a digital parent" initiative supports parents in that.

"Be a Member of Generation NOW!" Program

In the framework of the "Be a Member of Generation NOW!" Program Magyar Telekom seeks to make the opportunities offered by digitalization accessible to all age groups by not only providing technical access, but also helping people develop the necessary skills.

Here, at Telekom, we find it important that the elderly too partake of the benefits of digitalization, but we also know that many of them need support and guidance for that.

Along the above logic, we created a program in cooperation with high schools as part of which students educate members of pensioner communities about the use of digital devices. At the sessions, the elderly learn about the digital solutions that can help them during their everyday lives. By bringing the two generations together, we help senior citizens become able to exploit the unlimited opportunities, the knowledge, the information and community experience offered by the digital world. These skills will make their lives easier, as the digital knowledge they acquire enables them to achieve their goals and translate their wishes into actions.

The **“Be a Member of Generation NOW!” Program** initiative is an addition to the range of volunteer work opportunities available to students that they can easily take part in, but allows them to do work that is very valuable to society and creates a feeling of achievement.

At the events the students can also learn a lot from the elderly and help each other do their best together. This collaboration greatly supports their personal growth and equips them with skills like critical thinking and complex problem solving, creativity and communication.

The events are organized by the NGO partners that take part in the **“Be a Member of Generation NOW!” Program** with the involvement of schools, typically in their buildings or some other community facilities. The NGOs also conduct the events, liaise with the stakeholders and issue the certificates to the students about their community service.

We provide students with a detailed description they can use to get prepared and an online registration site with the events scheduled.

The elderly are provided a competence-level test to determine what learning materials fit their needs best.

In 2021, as the program could not be implemented in its original face-to-face form due to the pandemic, most of the courses were still conducted online as best for social distancing and the participants' safety. Some innovative solutions, like live video chats, Viber and Zoom calls were used to enable the pensioners to ask their questions and the students to share their knowledge. The students compiled some easy-to-learn online instructions for those not so familiar with chat applications, which were distributed among the participants online. We shared 75 short videos and written materials with illustrations in 8 topics on the program's website, which helped the elderly feel less isolated at home during the pandemic.

Our **“Be a Member of Generation NOW!” Program** announced on November 06, 2019 is currently running in schools of 16 towns, but as online education was introduced, now anyone can join in without any geographical limitations. In 2021, the program reached 434 800 people. A total of 652 high-school students took part in the face-to-face events and the preparation of the online materials, and 25 790 pensioners completed the course at the onsite sessions and through the online channels.

Throughout the program, we put extra emphasis on compliance with child protection guidelines.

Magyar Telekom's objectives to be achieved by enforcing the guidelines:

- In the implementation of the program we provide all our partners the necessary information about the content of the guidelines and the relevant processes.
- We demonstrate to children, parents, teachers and pensioners, as well as all other partners the program's commitment to safety.
- As part of the **“Be a Member of Generation NOW!” Program**, we share the information regarding the protection of children and vulnerable adults, as well as the proper conduct with the children, parents, teachers, pensioners, our partners in implementing the program, our employees and volunteers.
- We consider it important that the children and vulnerable adults who take part in the **“Be a Member of Generation NOW!” Program** should be especially protected. We firmly believe that no one should fall victim to abuse in any shape or form. We feel responsible for the welfare and protection of children, the young and vulnerable adults. We strive to ensure their safety throughout our work processes, too.
- In order for us to be able to really appreciate children, we listen to them and give them the respect they deserve.
- We create a safe environment for the children, young, teachers, pensioners, partners and employees who take part in the **“Be a Member of Generation NOW!” Program**.

We are committed to the regular review of the current guidelines and our proper conduct.

INDUSTRY-SPECIFIC SUCCESSION POOL

In addition to developing our customers' digital competences, the Education Pillar of Magyar Telekom Group's Sustainability Strategy also defines the goal of providing a succession pool for the industry, as any difficulties in finding the right professionals to fill vacancies may pose risks in terms of continuously maintaining, improving and reinforcing the quality of our services. In order for us to be able to always provide top-quality services to our customers, we need the best professionals. This requires, above all, a competitive vocational training background.

At the initiative and with the funding of **T-Labs** (Telekom Innovation Laboratories, Berlin), the Department of Data Science and Data Technology has been operating at ELTE since September 2016, as the first pillar of the EU Labs research network under construction. Magyar Telekom's role is in supporting the training and research activities.



The professionals of the future are trained with the support of Magyar Telekom.

In 2021, we concluded **strategic partnerships agreements** with Puskás Tivadar Telecommunications and IT High School of Budapest, Kandó Kálmán Secondary School for Information Technology of Miskolc and the Széchenyi István Technical Secondary School of Székesfehérvár.

The goal of the partnerships is that we help, as far as we can, keep the learning materials up-to-date and support the institutions in their effort of popularizing the telecom profession.

We also offer student work opportunities. In the fall of 2021, we held several career orientation presentations, where students were offered insight into the telecom world.

We also concluded a **cooperation agreement** with Széchenyi István University, the purpose of which is to provide on-the-job training opportunity to students pursuing electrical engineering studies.

In December 2021, the **“Deutsche Telekom Group IT Faculty”** was also established at Óbuda University, which is a joint training platform of Deutsche Telekom IT Solutions, T-Systems Hungary and Magyar Telekom.

A total of 90% of the participants of the **Kickstart career program**, i.e. 18 people got fulltime jobs at Magyar Telekom. Twenty-two students enrolled in the second year of the program in September 2021. The one-year program offers interns professional and soft-skill trainings relevant for career starters. The Kickstart interns, working in diverse areas encompassing the full range of the company's units, work on joint half-year project tasks in the spirit of the agile methodology, thus reinforcing their skills of working in cross-functional teams, which is becoming increasingly important nowadays. The joint project task is based on real business demand, thus promoting the program's significance and Magyar Telekom's development alike.

Launched in March 2020, **Telekom Kraft** helps young visionaries with trainings and events on their journey to develop their inventions and projects. The **KraftRoad** program supports young talents with workshops and events in the development, elaboration and improvement of their innovation projects. In 2021 Telekom Kraft was home to 9 innovation projects. Apart from individual projects the participants can also join Telekom in contributing to selected projects and thus gaining professional training. As an example of such collaboration, one of the Krafters designed the wall-art in one of our stores and later became one of the graphic designers of Telekom.

Other examples include representation of talented young video artists and directors in the Kraft video series. We have opened the **KraftLab** in Debrecen in September 2021, where all the technology and the labspace is given for the Krafters from video-studios, to podcast studios and robotic limbs.



EDUTAINMENT, INSPITAINMENT

Mobile Experts

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

Hello Business

The Hello Business program was launched to guide SOHO/SMBs in the maze of management, workforce management, marketing, sales or finance. We help our SOHO/SMB partners answer their questions with practical news and information, both in written and video forms on the program [website](#).

Plan D – Hello Business

In the summer of 2021, a program to help the digital development of Hungarian SMEs was launched on the Hello Business business education platform under the name Plan D. In 2020 the pandemic showed that digitalization cannot simply be an easier way to success, but often the only way: by now businesses have come to realize how important digital tools and solutions are, although not all small businesses are certain about how to use them and many are even reluctant to do so. Telekom Hello Business Plans D provide businesses with easy-to-use, copyable, practical guidance, and proven, ready-made digital case studies which are freely available to anyone on the program website.

A te vállalkozásod is digitalizálható
egy Digitalizációs terv segítségével!

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D TERV

Részletek

Edutainment/inspiration content

With our Edutainment and Inspiration content, we empower everyone to use the achievements of the digital world according to their level of technological adaptation, and to make their lives more sustainable, simpler and digital. Throughout the program, our content has been viewed by hundreds of thousands who have become members of the **NOW generation**.

Telekom Forum

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

Teachtoday – Telekom for the educated use of the internet

As a responsible large enterprise, one of our tasks is to help and promote the safe use of the internet. We use our best efforts to ensure that all age groups leverage the opportunities offered by the digital world in a smart and conscious way and we also work on the elimination of the digital divide between certain areas of Hungary. In November, 2017, similarly to other members of the company group, Magyar Telekom also joined Deutsche Telekom's "Teachtoday" initiative to disseminate online education content with the objective of reaching a broad audience.

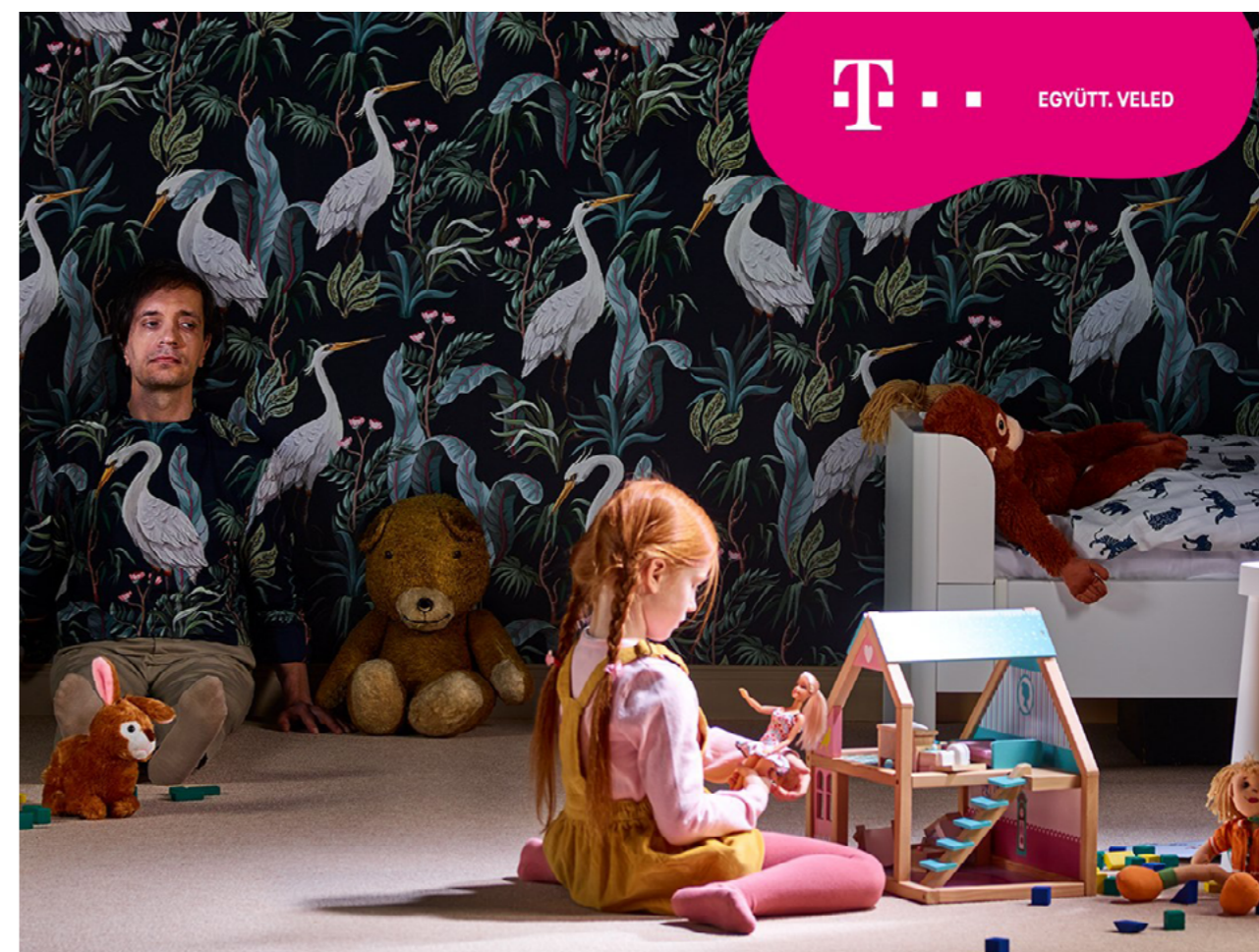
On the **Teachtoday website** the relevant content is linked to everyday situations explaining how younger generations use internet while taking into account potential differences in needs and living conditions. The platform offers practical tips and solutions to parents and children alike on topics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

In 2021, Magyar Telekom's digital responsibility programmes reached more than 2 million people nationwide.

CHILD PROTECTION IN THE DIGITAL WORLD

Magyar Telekom is committed to supporting the safe content consumption of children and their parents. We want all children and young people to have access to the information they need in an enjoyable and safe environment.

Our child protection site helps children and their parents in preparing themselves for any threats that may emerge when they use digital channels by providing them verified content and advice.



"Become a SafeNet User!"

Here at Telekom, we believe that all children have the right to make use of technological achievements and exploit the benefits of digitalization to live a better life, develop skills and prosper in life. It is our goal to provide access to information, the opportunity to express views, the right to privacy and equal treatment to the widest possible range of children, at the same time, we are responsible for ensuring that they exercise these rights in safety, demonstrate the proper conduct when online and never, under any circumstances, become a victim.

What do we do?

We provide every child access to technology and a safe environment specific to their age group to minimize potential threats.

- Our Mobile Experts in our shops provide help in managing the devices' safety settings and in the installation of the necessary screening software.
- We sell all devices with high data protection settings by default.
- Throughout the design, development and introduction of our products, we put an emphasis on ensuring children's rights.

In order to ensure safe internet browsing and quality content consumption, we share educational materials on our online platforms.

- We take part in centrally organized programs aimed at establishing a safe environment and spreading digital literacy, e.g. the **Digital Theme Week**.
- We support parents regarding conscious social media presence and responsible posting with our **“I am a Digital Parent”** campaign.
- We provide **educational materials** for use at home or in school, e.g. the AwareNessi leaflets, Child Protection e-learning.

“I am a Digital Parent” – an educational program for parents provided in cooperation by Telekom and Hintalovon (On a Rocking Horse) Foundation

Magyar Telekom partnered the **Hintalovon Foundation** and involved opinion leaders to start an educational program under the title of “I am a Digital Parent”. The campaign drew parents’ attention to the potential threats facing kids in the online space and provided them guidance as to how to share content consciously and safely on social media platforms.

Statistics show that globally we post close to 1000 photos on Instagram per minute and we share more than 95 million posts and videos on a daily basis on the platform. According to the research findings, the photos that show our faces get 38% more likes than the ones that do not. Being able to stay in touch online and share important moments with each other perhaps became even more important last year than ever before. At the same time, it is at least as important that we protect each other online, too. We, as adults are in a position to decide what to share and how about ourselves on social media, but are we aware how we expose our children to potential threat when posting their photos?

WOULD YOU ALLOW A STRANGER TO ENTER YOUR CHILD’S ROOM?

The purpose of the initiative was to put the spotlight on the topic, ask the most relevant questions, catalyze discussions, and ultimately bring about a positive change. Parents in our age are all digital parents, who have to face unique parenting challenges and problems that did not exist before, which they need new answers and solutions to.

The central component of the campaign was the **microsite** containing the online questionnaire compiled in cooperation with Hintalovon Foundation. By filling in the questionnaire, users can determine how safe the photos, videos posted about their children on social media platforms are and also get feedback about how one can share content safely. The creative concept of the site is based upon the fact that children mostly feel safe at home, in their own rooms, because that personal space is like a safe haven for them. Every single photo posted by their parents undermines the safety of that place: because even though the family may see only sweet Kodak moments and fond memories, when browsing the pictures shared, other people may also get access to them, who see them purely as an information source or, what is even worse, an opportunity. In our campaign, we made the people potentially sneaking peeks visible in a way that shocks the viewer to make it clear that these people get much closer to the kids than their parents would have ever thought.

The “I am a digital Parent!” campaign reached more than 4 million people, and more than 3 thousand people filled in the questionnaire. During the campaign and even after its conclusion, many discussions were triggered, and thanks to our communication strategy, the issue remained a hot topic among the general public and the media for close to two months. Several well-known opinion leaders stood behind the cause: show hosts Lilu and Csilla Tatár, as well as several popular Instagram personality parents, who are committed to responsible online conduct. We have received a lot of feedback from parents who told us that after having seen our program, they changed the way they post content. However, what we consider a real achievement is, if parents start using social media platforms responsibly and consciously, as well as pass the good example on to their kids.

The online questionnaire is accessible [here](#).

For parents

Sometimes it is hard for parents to understand the online world of children. On the **Teachtoday platform** parents may find useful information on the advantages and disadvantages of applications, for example they may learn why young people love TikTok. The website offers tips for meaningful conversations with children on data security or cyberbullying. The page also gives advice and support when we do not know at what age we should give a mobile phone to our children and with the help of a draft mobile usage agreement we can help encourage our children to observe certain basic rules.

For teachers

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

Smart watch for kids

Many people are reluctant to buy smart phones for their 6–12-yearold kids, as they might not be able to take care of the device, and parents cannot properly monitor what their children do online. At the same time, a sense of security is an important consideration when we put smartphones in the hands of our children, often perhaps too early. Seeing this demand, we have made the MyKi Children’s smart watch available in our offer from December 1, 2018.

For children

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

The downloadable English language Scroller magazine is written for small children.





DIVERSITY & EQUAL OPPORTUNITIES

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Együtt.
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5

GENDER
EQUALITY

8

DECENT WORK AND
ECONOMIC GROWTH

10

REDUCED
INEQUALITIES

POLICIES AND AGREEMENTS

Code of Conduct

The **Code of Conduct** provides the framework of orientation for all employees of Deutsche Telekom Group and Magyar Telekom Group. Additionally, it also applies to people who are viewed as equivalent to employees in functional terms, e. g. to temporary loaned employees. It sets out the requirement of compliance with legal obligations and acting with integrity and thus ensures that Deutsche Telekom and Magyar Telekom remain transparent and traceable enterprises for everybody.

Deutsche Telekom and Magyar Telekom expect their suppliers and consultants to comply with the rules of behavior manifested in this Code of Conduct and endeavor to ensure that they abide by these regulations by agreement.

Code of Human Rights and Social Principles

The **Code of Human Rights and Social Principles** of the Magyar Telekom Group, as well as its Equal Opportunities always plan in force, define the group's general human rights principles and the provisions for the implementation of these principles. The decision makers of Magyar Telekom Group are aware that employee diversity is the prerequisite of sustainable and equitable operations enhancing business efficiency and contributing to competitive advantage.

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

- fundamental international human rights treaties,
- basic conventions of the International Labor Organization,
- the OECD Guidelines,
- the UN Global Compact,
- the International Labor Organization's Tripartite Declaration on Multinational Enterprises and Social Policy (Declaration on multinational enterprises),
- and the UN Business and Human Rights Guidelines.

Group Policy on Diversity, Equal Opportunity and Inclusion

As part of the Deutsche Telekom Group, Magyar Telekom Group has renewed its Diversity, Equal Opportunity and Inclusion (DE&I) Policy in December 2020. The renewed policy defines our global understanding of what characterizes the approach to diversity, equity and inclusion in our interactions with employees. It aims to ensure a consistent work experience, learning and development for every member of the company group, strengthening the sense of belonging and involvement.

The framework of the renewed policy details and clarifies our understanding of DE&I through a set of key elements and covers aspects of the work-life cycle that are relevant to the company culture. It addresses social and business responsibility in providing an equitable and inclusive workplace within its global framework, but respecting local legislation of diverse cultures and local needs.

Suppliers' Compliance

Magyar Telekom Group is committed to respect and protect human rights and it expects its suppliers to comply with these rules of behavior. Prior to becoming suppliers of Magyar Telekom and T-Systems – before getting any orders - our suppliers must register their enterprises on the **Procurement site** of the group.

As an obligatory part of the registration process vendors are obliged to understand and accept as guiding for their operations our Suppliers Code of Conduct that among other policies, entails our Code of Conduct, Code of Human Rights and Social Principles and Diversity Policy.

Deutsche Telekom Group and Magyar Telekom Group Policy on Employee Relations

Digitalization, globalization and the more open markets have led to an increasingly knowledge-based world of work. New forms of cooperation and networking are changing communication, public impact, reputation and compliance challenges and other key elements of company management.

We have realized that we need to redefine the common values that characterize our employee relationships in order to provide a unified work experience for all of our employees.

As part of the Deutsche Telekom Group, Magyar Telekom Group renewed its **Group Policy on Employee Relations** in December 2021. The renewed policy specifies the key elements of our people policy and describes what we stand for in our relationships with employees. These values stem from our shared value set and other company regulations and policies. A key driver of this group policy is sustainability and its details cover industry-relevant aspects of employee life.

Equal Opportunities Plan

Non-discrimination and the safeguarding of equal opportunities are key priority to Magyar Telekom Group. According to Act CXXXV of 2003 on Equal Treatment and the Promotion of Equal Opportunities, and the corporate protocol in place since 2010 Magyar Telekom Group has accepted its 5th Equal Opportunities plan in order to secure the practices of equal treatment, the advancement of equal opportunities and the monitoring an improvement of the labor positions of certain disadvantaged employee groups.

The Equal Opportunities plan currently in force is valid for a five-year period (2021–2025). The plan addresses actions and procedures to improve the labor conditions and career perspectives of vulnerable employee groups such as women, employees with families, employees on child-care leave, employees with disabilities or changed work abilities, career starters and 50+ employees. The progress of the actions and results of the action plan is discussed annually by the company's equal opportunities area and employee representative bodies. Each year several employee opinion surveys help ensure that individual developments are tailored to current employee needs and requirements. The action points of the Equal Opportunities Plan have been identified in consistency with and complementary to the objectives of the diversity pillar of the Sustainability Strategy.

The Diversity Charter of the European Union

Hungary joined the **Diversity Charter of the European Union** in 2016 and, among 50 signatory companies Magyar Telekom has also underscored its dedication to safeguard diversity as a fundamental value. Magyar Telekom has been among the signatory companies in the forthcoming years as well as in 2021.

UN Guiding Principles on Business and Human Rights

According to the dedication of Magyar Telekom Group to safeguard and protect human rights along its operations as stated in the UN Guiding Principles of Business and Human Rights, the company considers the rights and guidelines stated in the Universal Declaration of Human Rights and in the ILO's Declaration on Fundamental Principles and Rights at Work to be mandatory in its own practices.

UN Human Rights Treaties ratified by Hungary

Magyar Telekom Group as a corporation legally registered in Hungary is carrying out its entire operations and business practices in full accordance with the nationally ratified **UN Human Rights Treaties**.

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

- (1) Support and respect the protection of internationally proclaimed human rights
- (2) Ensure that human rights are not violated in our activities
- (4) Eliminate all forms of forced and compulsory labor
- (6) Eliminate any discrimination in respect of employment and occupation

Monitoring and auditing practices

In 2021 the group-level coordination of corporate sustainability operations that also incorporate labor standards, social issues and the protection of human rights were coordinated under the auspices of the Sustainability Committee (SC) (previously: Group Sustainability Coordination Council).

In the operation of the SC, strategy development and strategy management are included separately, so in its mode of operation, sustainability activities are carried out at the level of strategy development and management, as well as operational implementation. The SC's operation is regulated by a group level directive: on the regulation of Magyar Telekom Group's sustainability operation and the responsibilities and competence of stakeholders. According to the directive, the SC meets regularly, at least quarterly, to coordinate company and group sustainability tasks effectively, with decisions taken by SC members through voting. The SC provides regular reports and presentations to the Chief Executive Officer (CEO) and the Chief People Officer, on the basis of which they set the main direction of the Magyar Telekom Group's sustainability activities and make decisions in related topics, with the input of the members of the Leadership Squad. The operations of the SC are being detailed in the **Corporate Governance** section of the annual Sustainability Report. From 2022, the SC has been replaced by the Sustainability Squad.

Magyar Telekom Group's Code of Conduct covers the requirements of corporate compliance and states our collective set of values, and thus stands as an affirmation of Magyar Telekom's strong reputation, solid position and future success. The Code of Conduct applies to all board members of Magyar Telekom Group from employees to managing directors, executives and board members. Furthermore, Magyar Telekom Group expects its suppliers and consultants to comply with the rules of behavior manifested in this Code of Conduct and to endeavor them to ensure that they are also obliged to abide to its regulation by contract.

Magyar Telekom Group's Corporate Compliance Program has been elaborated with the aim to ensure that Magyar Telekom Group conducts its business with maximum consciousness and commitment, in accordance with relevant laws and regulations, in harmony with the strictest possible business ethics standards. The Compliance Program involves the Group Compliance Manager and compliance representatives of particular functional areas of operation, who are working together as members of the Group Compliance Committee.

The Compliance Program has been designed to ensure that the Group conducts its business to the highest standards of awareness, transparency, accountability, commitment, and adherence to applicable laws and regulations.

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

In compliance with the Code of Human Rights and Social Principles, all employees of Magyar Telekom Plc. and T-Systems together with their external workforce involved in brand representation participated in a compulsory human rights e-Learning training in 2018 and it remains a mandatory course in 2021.

As part of the orientation process of new employees at Magyar Telekom Group, they receive in their first two months compulsory education about the company principles, guidelines and practices concerning social issues, labor standards and human rights. All employees must understand and accept these guidelines as the fundamentals of their own professional behavior and operations. The companies own Unconscious bias e-learning, developed in 2019 is also part of the mandatory onboarding curriculum.

Nevertheless, the company is aware of the fact that there could be situations in which it is harder to tell appropriate from inappropriate. In order to assist employees in making the right choices in these situations, the company offers secure internal whistle-blower channels, operated by the Corporate Compliance Department. "Kérdezz!" ("Ask me!") advice portal has been set up to help resolve uncertainties as far as compliance-relevant behavior is concerned. Serious misconduct must be announced for prevention purposes and for appropriate sanctions.

For this reason, the "Tell me!" whistle-blower portal has been established. Questions concerning human rights and equal opportunities are being handled by the appointed equal opportunities officer. The main principles and the detailed description of the internal inspection process are detailed in employee directives available to all employees on the shared intranet platform. Throughout the inspection process the whistle-blowers' anonymity, personal and data privacy are guaranteed and handled with the utmost discretion.

Diversity and Equal Opportunities

As one of the largest employers in the Hungarian ICT sector we believe that diversity contributes to the success of businesses and all kinds of organizations to a large extent. This value is also at the core when it comes to the increase of creativity and innovation, to the involvement of new partners, experts and clients, to the quick adaptation to changes and most of all, to the compliance with the legal and ethical obligations of non-discrimination in all corporate operations.

In addition to climate protection and digitalization, one of the focus areas of the corporate sustainability strategy 2010–2030 is the advancement and protection of diversity and equal opportunities as an employer and service provider. According to our objective Magyar Telekom is dedicated to maintain its leading role as a sustainable company and ICT provider, thus we do more to achieve this and aim to enable more people in society to digitally upgrade their lives. Therefore, by 2030 we want to achieve a 100% inclusive employee experience, and a 100% accessible customer experience as a service provider.

STRATEGY TARGETS (2021–2030) AND 2021 YEAR RESULTS

INCLUSIVE WORKPLACE

- Accessible employee experience
- Increase of female management
- Decrease of gender pay gap
- Parenting equality
- LGBTQ+ inclusive workplace
- Roma integration

ACCESSIBLE SERVICES

- Accessible customer interface
- Accessibility services

INCLUSIVE WORKPLACE

Workplace Accessibility

We strive to achieve an open and inclusive employee experience for all, which allows our employees with all backgrounds and abilities to bring their best performing and entire selves to an entirely accessible working environment. In order to achieve this, we aim to reach a 100% accessible employee experience from recruitment and throughout the entire employee lifecycle both in the physical and digital spaces of work.



The Gold Class of the Disability-Friendly Workplace award was granted in 2020 but we were only able to receive it in a formal awarding ceremony in 2021. The award is being granted by the Salva Vita Foundation, the American Chamber of Commerce, the Association of Excellence Public Benefit Association, and the Hungarian Ministry of Human Capacities. Following up on manager-nominations four Telekom employees with disabilities were awarded with DFW Role-Model awards and our diversity and inclusion expert was awarded with a DFW Disability Ally award.

In order to secure the equal opportunities of our current and future colleagues living with disabilities, we are using a special module on our online job-application site (<http://www.telekom.hu/rolunk/karrier>) since 2010, where our applicants are encouraged to state any accessibility requests they might have in order to attend the selection process.

Apart from workplace accessibility we support the workplace integration and enablement of our entrants and their welcoming teams by education materials with modules for basic attitudes and inclusive behavior with colleagues with visual or hearing impairments, colleagues facing physical or mental difficulties to work independently within the team. We also provide workshops on demand.

Introducing our Unconscious Bias e-learning to all our employees in 2019 and supplementing it with inclusive leadership training contributed to the awareness and openness of our managers concerning working with employees with disabilities. As a result of a more-informed people management staff we were able to increase the number of colleagues with disabilities. According to our 2020 employee survey on diversity culture, the accessibility of our physical and digital work infrastructure has further increased compared to 2018. 81% of the affected respondents consider Magyar Telekom to be an open and inclusive workplace in terms of integration of employees with disabilities.

The Budapest based offices of Magyar Telekom group moved in together in our new HQ building in the fall of 2018. The building is completely wheelchair-accessible and in late 2018 we conducted an internal accessibility audit with the help of our employees with disabilities. The Telekom HQ building obtained its final BREEAM Excellent certification in July 2019 in the category of newly built real estate. Thus, the largest business center of Hungary also became the real estate with the highest BREEAM certification in the country. In 2020, because of the COVID-19 pandemic crisis, the call center department of Magyar Telekom was also forced to transform its day-to-day operations to 100% remote work and then further adjusting its operations to a hybrid way of work once the state of emergency was over. Our colleagues with mobility impairment could maintain their 100% remote work in 2021 regardless of the emergency situation, while we have continued to carry out infrastructure developments on our Budapest campus to further improve its accessibility.



Women in leadership

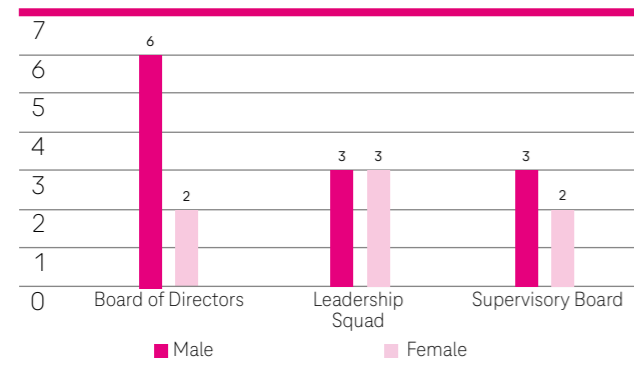
As a company dedicated to diversity as a core value, Magyar Telekom finds it important to raise the number of women in leadership positions. According to the diversity pillar of our Sustainability Strategy we are committed to extend the balanced 50–50% female-male ratio of our highest leadership body and achieve at least 40% female representation in our total leadership. We wish to achieve this target in alliance with the EU decision of March 2022 concerning publicly listed companies on reaching a 40% female management quota by 2027. The proportion of female leadership in the company in 2021 was 25.85%.

In 2021 all our female chief executives joined the **Equalizer Foundation**, which is working on the achievement of higher female representation in decision making throughout society.

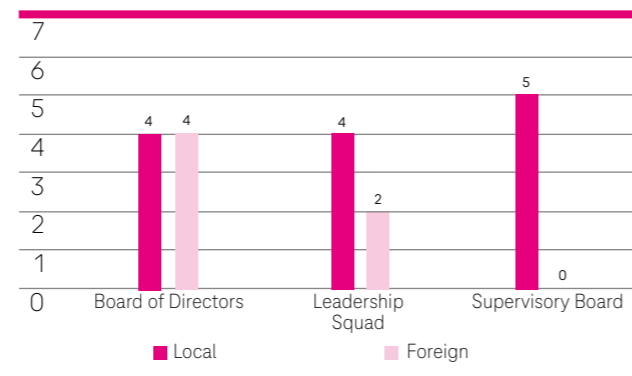
In 2021, the company provided sponsorship and professional contribution to the development of Equalizer’s research and **white paper on female executive selection at large companies**.



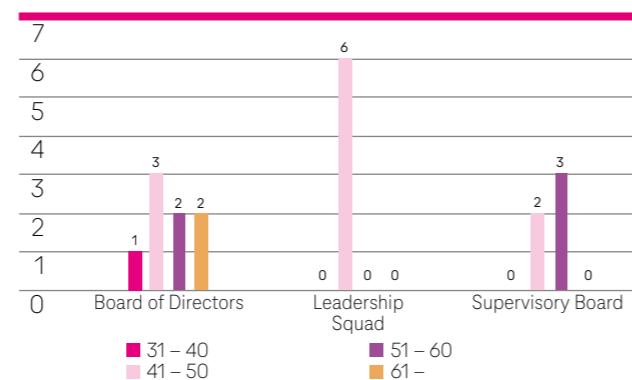
Gender mix of Magyar Telekom Group Management Bodies in 2021 (person) ✓



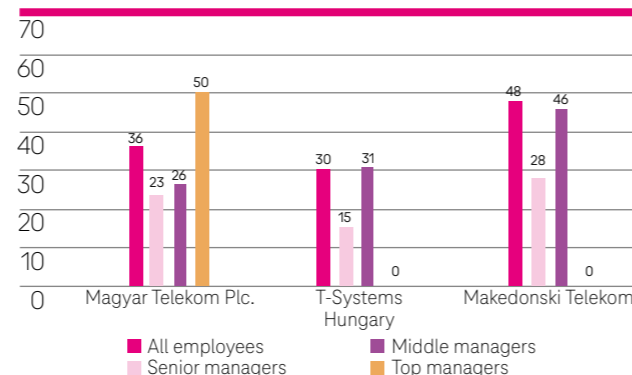
Breakdown of the members of Magyar Telekom Group management bodies in 2021 (person) ✓



Age breakdown of Magyar Telekom Group management bodies in 2021 (person) ✓



Ratio of women in member companies in 2021 (%) ✓



Decrease of Gender Pay Gap

Our employees require security, stability, opportunities for advancement and competitive compensations. Magyar Telekom, as a company committed to provide equal opportunities to its employees, finds it especially important to harmonize wages and to terminate unjust wage gaps. Our tiered wage system, built on Hay methodology, serves the above purpose. Our remuneration system is fully transparent thus our base wage tables and the relevant policies are available for all employees. In addition, we have renewed our internal position system to become a more transparent and simple organization. The dimensions of the position system are being developed at the intersections of the Hay system and the competence-based position levels of our agile organizations.

We pay extraordinary attention not to differ unreasonably the wages of the employees performing the same tasks and that the wage differences between the employees reflect real work differences. As a responsible company, we are aware of the social phenomenon of the gender pay gap and are committed to eliminating its root causes within our own business environment. We monitor the possible reasons behind the wage gap and pinpoint the process development possibilities for narrowing it down through our gender gap dashboard which allows us to locate painpoints along 9 indicator layers.

In 2020, we joined Amnesty International Hungary’s One Step Closer campaign and made a commitment to publish the proportion of gender pay gap – the difference between the average wage of women and men – measured in our company, thus contributing to the public awareness of the gender wage gap phenomenon and committing to its reduction. The proportion of the average gender pay gap measured in our company decreased by 3.5% between 2019 and 2021, reducing from 18.5% to 15%.

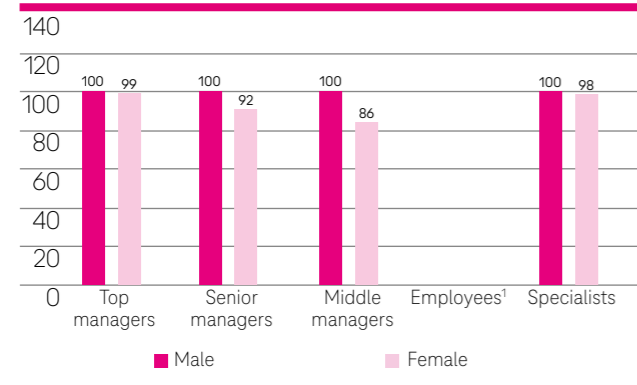


We have achieved this reduction along the following measures:

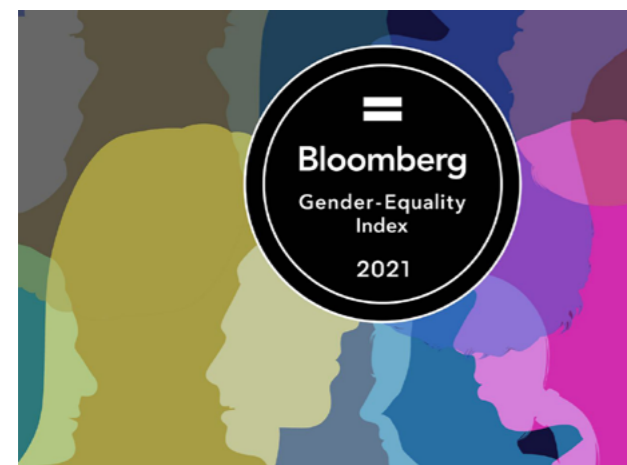
- **Introduction of the gender pay gap dashboard** – It allows a sequential monitoring along 9 indicator layers, which became an integral part of our compensation and benefit planning process. Managers are supported by HR business partners in interpreting the gendered comparisons of their team members’ wages. In our experience this level of transparency has significantly contributed to maintain gender wage equity.
- **Shortlist Female Quota** – We aim to search for at least 2 shortlist compatible female candidates in all our executive searches. We are aware that this dedication might result in an increase of the time to hire and it also requires more flexibility, but we insist on this decision in all cases when it is professionally possible.
- **Equity focus in succession planning and nomination** – In our in-house succession planning and nomination processes as well as in the course of organizational transformations, we strive to establish a balanced gender ratio in management positions. At this point we are facing the most difficulties in our technology unit, nevertheless we have managed to achieve a real breakthrough by appointing our first female Tribe-Tech Lead in 2021. We are actively participating in the promotion of female STEM careers and hope to achieve more in the forthcoming years.
- **Renewal of parental leave and return process** – Informed career planning, keeping contact while on leave, access to learning and development portfolio throughout leave period and access to up to 100% remote work when returning we have made family and career planning a more predictable process. Thus we have witnessed a significant reduction in the gap data pointing to ‘motherhood penalty’ and ‘generation gap’ showing the gap between female and male average wage differences along age groups.

The figures presented in this chapter show the ratio of basic salaries by gender in accordance with the GRI Standard.

Base wage comparison by job grades and gender, Magyar Telekom Plc., 2021 (%) ✓

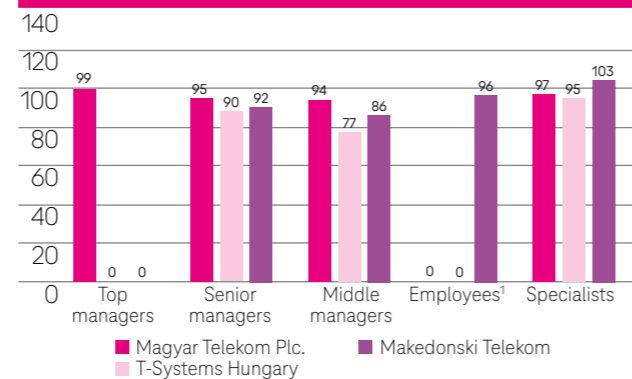


As a member of Deutsche Telekom Group, Magyar Telekom also contributed to the company group results that allowed Deutsche Telekom Group to be listed again in Bloomberg's Gender Equality Index (GEI) again in 2021.



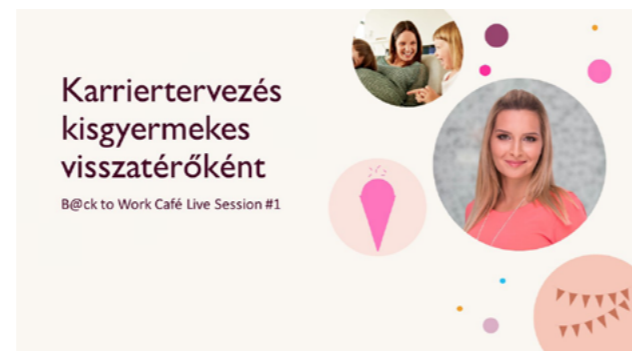
¹In 2021 the 'employee' category was merged with the 'specialists' category at Magyar Telekom, therefore no data is available in this category.

Proportion of base wages of female employees compared to the base wages of male employees (100%) broken down to job categories, Magyar Telekom Group, 2021 (%) ✓



Parenting Equality

In the first half of 2021, we launched our B@ck to Work Café online events for our colleagues on parental leave. In the five episode series participants could meet and engage in discussions with company recruitment, learning and development or career planning professionals. They could also ask about first hand experiences of the recently returned young parents and experiences of becoming entrepreneurs with toddlers.



Before Christmas 2021 all Magyar Telekom and T-Systems employees raising children between 3 and 10 years old were presented with our very own children's book 'My Mum and Dad Work at Telekom' which is a fun and playful guide to preschoolers and elementary school children to the exciting world of telecommunication and it also supports parents in the development of family rule books on sensible internet use and screen time. Employees whose children were younger than 3 at the time are going to receive their copy for the 3rd birthday of their child, while enthusiastic grandparents, aunts and uncles could also ask for copies, allowing us to distribute almost 1500 books in the festive season.

Long-term leave and return to work from maternity leave, Magyar Telekom, 2021 ✓

LONG-TERM LEAVE AND RETURN TO WORK FROM MATERNITY LEAVE	MALE	FEMALE	TOTAL
Employees on long-term leave	0	70	70
Employees returning after long-term leave	4	124	128
Employees returning from long-term leave, after having been employed at least for 12 months upon joining the company	2	102	104
Employees returning from long-term leave with continued employment	50%	82%	81%



According to the agreement of the employee representative bodies and the company, all Magyar Telekom and T-Systems caregiving partner parents are being granted additional 10 days of parental leave to extend the legal 5 days of parental leave. Thus a total of 15 days (17 days with twins) from January 2022 are available in support of the intimate, undisturbed period of becoming a family. To best support their needs employees can flexibly use the +10 days of leave within the first 6 months after the birth of their child, while the hybrid way of work or up to 100% of remote work remains to be granted.

LGBTQ+ inclusive workplace

Our aim is to create a diverse and inclusive workplace, that is why it is our strategic target to reduce the experiences of identity-based discrimination within the organization. This is being biannually measured by our anonymous employee survey on corporate diversity culture. The survey allows our employees to anonymously and voluntarily report about the extent of any identity-based discrimination they may have experienced.

For the first time in the history of the company group the LGBTQ & allies employee group of Magyar Telekom, T-Systems Hungary and Deutsche Telekom IT Solutions Hungary have attended the Budapest Pride March. We have continued to work on and improve our LGBTQ inclusive workplace initiatives as well. Extending our existing inclusive HR practices we have started an upgrade to become a trans-inclusive company group.

Our aim is to allow all our affected colleagues to use the name reflecting their gender identity in all corporate spaces of employee identification where it is possible. Along this initiative we support our gender non-conforming employees with a buddy system, and provide personalized inclusion trainings for line managers and teams offering tailored help throughout the coming-out and transition periods for all members of the community.



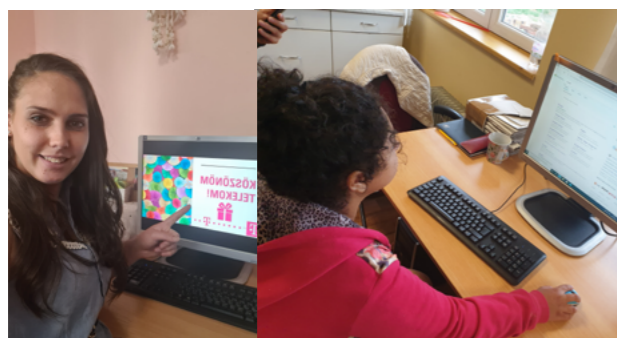
We continuously cooperate with local and international advocacy organizations to offer the best possible support to our employees within the safe space of our company community. We also share our best practices and offer guidance to other companies along professional cooperation exchanges in support of an inclusive and safe working culture in the wider Hungarian working culture. Our professional partners are: **Háttér Társaság** Advocacy group for LGBTQ+ rights, **Open for Business, East meets West**.

Roma integration

According to our strategic target we are working on the reduction of the level of identity based discrimination within the company sensed by our employees claiming to share an identity of Roma community. We are measuring this proportion by the same anonymous bi-annual diversity culture employee survey.

Telekom continued to support Roma workforce integration program Integrom in 2021 to contribute to equal labor market opportunities. The program participants are being supported with job application counseling, job interview-practices, CV writing and editing skill practices. Our inclusive recruitment practices include dedicated recruiter tracking support for program participants throughout their application process, providing detailed evaluation and feedback, and company mentoring upon request.

In the summer of 2021, we have supported 5 Romaster students and an education facility with used desktop computers. Starting from the fall of 2021 Telekom joined the **Hungarian Business Leaders Forum** HBLF Romaster initiative supporting two talented Roma students for 4 years with scholarship funding and mentoring. Their mentoring is offered by volunteer employees, who further support the entire HBLF Romaster student community with career coaching, language skill sessions, education orientation and many other areas.



ACCESSIBLE SERVICES

Accessible customer interface and Accessible services

Sensitization and promotion of involvement is an important part of the company culture. Our goal is to further improve the accessible UX (user experience) for both our employees and customers. To this end as a responsible service provider and member company of the Communications Conciliation Board ('Hírközlési Érdekegyeztető Tanács') we are already making efforts to ensure that our digital accessibility comply with the 2025 Accessibility Act of the European Union.

In 2020, we completed the barrier-free audit of our digital interfaces and integrated development needs along the technology priorities into our website and webshop development process.

We have finished the accessibility audit of our digital channels and integrated the development requirements to the development scheme of our website and webshop interfaces along the overarching technological priorities. Setting the stage in 2021 for the launch of an Accessible UX squad coordinated by the corporate Diversity and Equal Opportunities area the squad is to begin its operations in early 2022 with a thorough assessment of the customer insights from Hungarian disability advocacy groups.

In 2021, in addition to the strategic priorities, Magyar Telekom continued the execution of its practices supporting the Equal Opportunities Plan 2021–2025:

Our Unconscious bias e-learning training is an integral part of our onboarding curriculum. In 2021 we developed the background to be able to support other local companies with sharing our e-learning free of charge and ready to be integrated to their own learning curriculum as a boxed learning product. This is part of our social responsibility contributing to a discrimination free working culture in the wider society.

In our day-to-day operations that were transformed by the pandemic situation almost 80% of our employees have switched to 100% working from home, which we have transformed to a hybrid way of work once the emergency situation was over. We have kept our new best practices adjusted to particular positions and tasks in order to secure a more inclusive and flexible way of work (i.e. in the context of employees working from a distance, from home with babies and in the context of employees with difficulties in mobility). We contribute to the predictability of returning to work after parental leave.

By fostering conscious career planning and offering a wide range of learning and development opportunities throughout the leave period, we support our colleagues on long term parental leave to keep their labor market knowledge up to date. Our corporate culture values parental equality together with finding an equal balance in the division of care work among the caregivers in a family. There is strong emphasis on the role of the fathers and caregiving partners in our employee community, which is supported by meetings with professionals, and thought exchange events among colleagues.

March 2021 was dedicated entirely to women, celebration of Women's Day. Among the topics of parenting, care work equality, emotional housework and family roles, the online employee engagement events and discussions with professionals have also dealt with issues of mental health, emotional wellbeing, and burnout. Employees also had the opportunity to log in the international online Women's Day conference of Equalizer Foundation.

In October 2021 Magyar Telekom and T-Systems had the privilege of hosting a live Girls' Day event with personal attendance. Meeting female role models and gaining inspiration from exciting new era digital solutions our young guests received first hand experiences about the beauties of technology related careers. They attended a roundtable discussion showing female role models and inspirational female leaders from a variety of tech and digitalization related areas within the company, after which the girls attended a number of professional presentations, familiarizing themselves with the latest technologies, learning about Telekom's SNOC - Service and Network Operations Center, 5G network, our data center and the operational background of Vanda, our business AI.

Telekom also promoted Deutsche Telekom's Women in STEM Award 2021 extensively on its public and social channels. The aim of the competition is to promote a variety of STEM careers among female talents and to motivate talented candidates in their aspiration towards STEM education. The competition was open to women who wrote their final thesis in a STEM subject (cloud, IoT, AI) in English language.

WORK-LIFE BALANCE

Magyar Telekom considers stress, overload and burnout related risk-reduction as its priority duty in relation to its employees. In order to take charge of these risks by securing an empowering environment to develop and maintain a healthy lifestyle, employees are also provided with coaching and training opportunities and the availability of the Employee Assistance Program all of which help in maintaining a sustainable life balance. In 2021 due to the overload caused by the long pandemic period, more emphasis was placed on solutions that provide physical, mental and emotional replenishment. Employee engagement events and re-charging options ranged from expert presentations and Q&A sessions, through coaching and thematic roundtables to personal training, spinal exercise sessions and yoga sessions.



Our family-friendly office spaces, the Kid's Hut, our HQ's professional childcare facility and the tax-free cafeteria element of nursery-kindergarten support contribute to the maintenance of work-life balance of our employees with children and help them reduce childcare-related costs.

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

Besides, it is strategically important for the company to build teleworking into the company's culture. The success of the process of dealing with the COVID-19 pandemic in 2020 was largely determined by Telekom's long-standing telework culture and the availability of high-quality digital workplace tools for remote collaborative work. In 2020, due to the pandemic, 100% teleworking transformation of the entire call center area also took place. We have maintained this in 2021 during the emergency period after which we transformed our operations to a hybrid work regime.

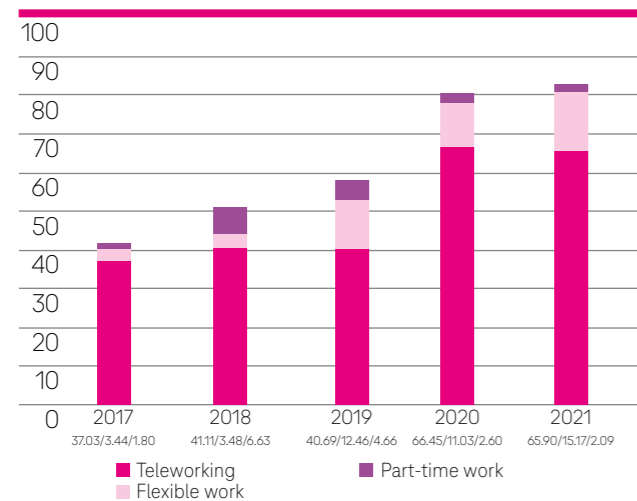
Regardless of the epidemic situation, in our general operations we continue to work on the principle of a shared desk in our HQ. The workspace design of the new HQ building of Magyar Telekom is based on the shared desk principle, its social and creative lounge spaces and well-equipped digital conference rooms also support the highest level of telepresence flexibility. Teleworking is also supported by the continuous maintenance and development of a solid digital office network access, which received an even higher level maintenance to sufficiently support our remote collaboration and teamwork during the pandemic. Employees receive mandatory courses to manage potential accessibility and/or data privacy risks related to teleworking. In front-end roles, where employees are working in shifts, teleworking is not an option but their private life responsibilities are being taken into account when arranging schedules.

In 2021 we registered 650 646 teleworking days, with this our colleagues saved almost 22 million kilometers and 115 years worth of travel.

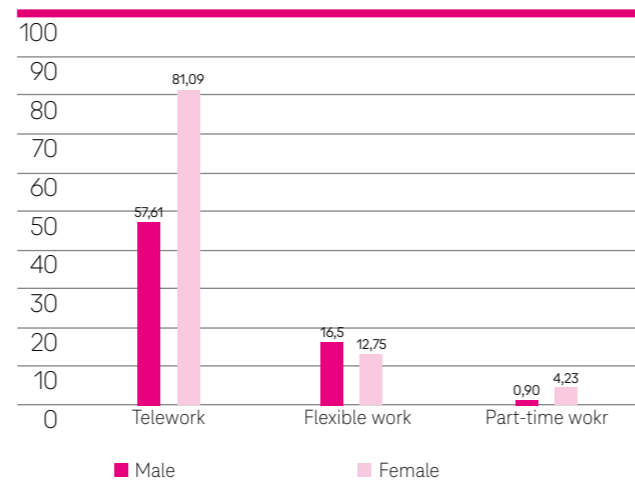
With regards on our employees' private and family circumstances (e.g. necessity of homecare of a permanently ill or elderly close relative) our colleagues may go on a permanent leave without pay as regulated by the Labor Code. The facts justifying the leave are to be verified to the employer and the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

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

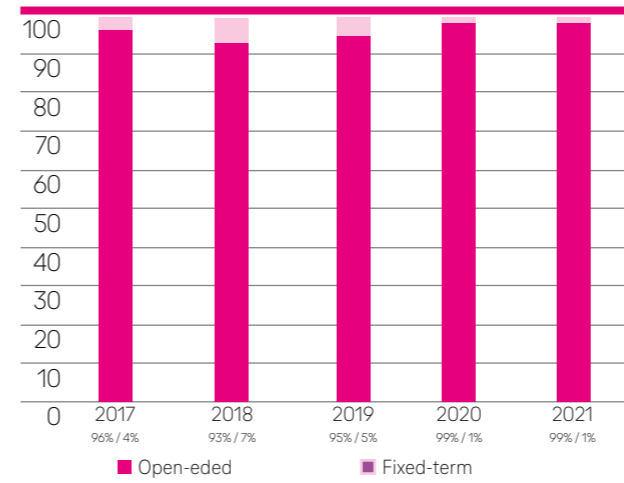
Non-typical forms of employment at Magyar Telekom Plc. in percentage of the total headcount (%) ✓



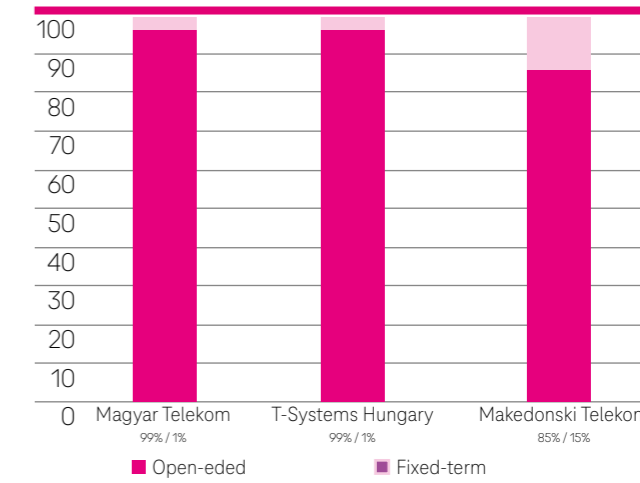
Gender mix of non-typical forms of employment at Magyar Telekom Plc. in 2021 (%) ✓



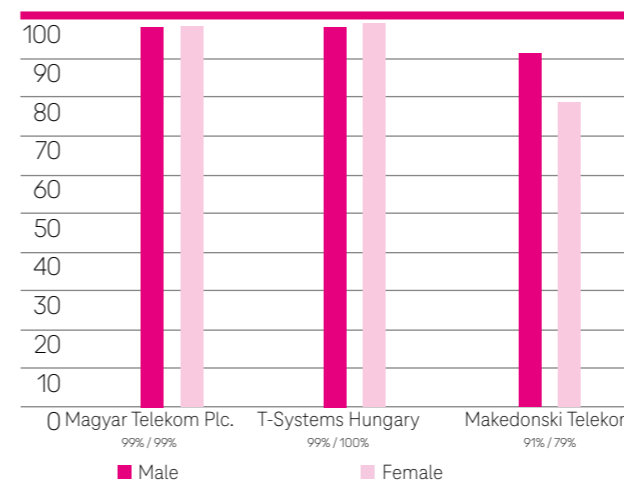
Ratio of fixed term to open-ended employment at Magyar Telekom Plc. (%) ✓



Ratio of fixed term to open-ended employment at Magyar Telekom Group, 2021 (%) ✓



Ratio of open-ended employment contracts by gender at Magyar Telekom Group (%) ✓



FAMILY FRIENDLY MAGYAR TELEKOM

In 2021 one of the most important elements of Telekom's Diversity & Inclusion approach remained to be the improvement of our entire parental leave process from planning to staying in touch during leave all the way to reintegration support. In 2020 we informed our affected employees about the new opportunities introduced along the 2019 renewed process of parental leave and return support scheme and we received and processed their contact requests. The new process offers support in career planning and new ways of staying in touch during the leave period.

Preparation for the long-term parental leave is being supported by an internal process, that is designed to assist both the employee and the people manager in the smooth planning of pre-absence tasks. To maintain the connection of the employee on parental leave and the company, the company intranet remains accessible throughout the leave period, thus the employee can stay in touch with the corporate news, follow the changes and access all HR information relevant to their situation. The internal employee direct HR chat is also available for quick administration.

As another new element of the parental leave system of Telekom, the employees can keep their access to the entire free education and development portfolio, allowing them to learn and develop during their parental leave. Easy access support is being granted both through desktop services and mobile application.

Magyar Telekom was named a Family Friendly Mentor Company in 2016 by the Three Princes and Three Princesses Movement as an acknowledgement of its family-friendly initiatives and efforts. Raising our partnership with the movement onto a strategic level with the conclusion of an indefinite-term agreement, Magyar Telekom supports companies in the movement by sharing its best practices and offering corporate level mentoring in support of spreading Family-Friendly working culture. A large number of our colleagues participate in the public lecture series of the movement entitled Compass – Family and Career. The public lectures are being delivered by leading Hungarian relationship, self-care, and mental health experts in spring and autumn semester blocks.

In 2021 Magyar Telekom was one of the sponsors of the Family Friendly Award Ceremony along which Telekom launched a Family Friendly Mentor Company Itinerary Award aiming to provide an even closer collaboration and best practice sharing between the mentor companies and the recent awardee companies from parental leave and return process management, through data based inclusion to the development of an on-campus childcare facility.



In 2021 the Magyar Telekom award was won by Murexin Ltd. and Tamási-Hús Meat Industry Ltd. In 2022 the itinerary award will be given by another Family Friendly Mentor Company.

Magyar Telekom continued to proudly wear the bronze grade "Family-Friendly Place" qualification, which it won in 2019, the next audit of which is due in 2022.

In 2021 Dimenzió Mutual Insurance and Self-help Association's Family Support initiative assisted families in the Telekom community by offering discounted summer camp opportunities for their children during the long summer holiday season. In addition, the tax-free nursery-kindergarten support is an optional element of the cafeteria system which also contributes to the reduction of the financial burden of parents with young children.

Our child-friendly offices are designed to promote the balance of work and family life for our employees with a family. Since July 2019 we have been operating a Kids' Den where we offer professional childminding service for a couple of hours during problematic school holidays, focusing on times when our employees must interrupt their work from home and come to the office.

The opening of the playroom has been preceded by thorough needs assessment, and our children and grandchildren were also invited to show in a drawing contest what furniture, toys they desired in their space. Unfortunately, due to the epidemic situation the Kids' Den had to remain closed all through 2020, but could go on full steam again in the summer and autumn of 2021.

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

Adjusted to the severity of the pandemic period the operations of the company group introduced quick and efficient changes to its processes with a focus on the utmost protection of the health and safety of our customers and employees.

Since the beginning of the first wave of the epidemic about 80% of our employees have switched to 100% telework. In positions that did not allow remote working, such as network establishment or troubleshooting technology unit colleagues and front-end customer service professionals, we have secured uninterrupted service providing our employees with equipment and working conditions meeting the requirements of the imposed health and safety rules. Working parent colleagues with children under 14, who were unable to provide sufficient daycare after the closing of education institutions were provided an absence fee, and we speeded up the processing of corporate emergency assistance and salary advance request applications.

The Magenta Alliance Foundation founded by CEO Tibor Rékasi in April 2020 at the initiative, personal responsibility and financial contributions of the Leadership Squad, continued its operations in 2021 in support of employees facing financial insecurities due to the pandemic crisis. In 2021 the Foundation won the Deutsche Telekom Team Award. The award prize was doubled by Deutsche Telekom CEO Tim Höttges, thus donating 50 000 euros to the Foundation

GENERATIONS AT MAGYAR TELEKOM

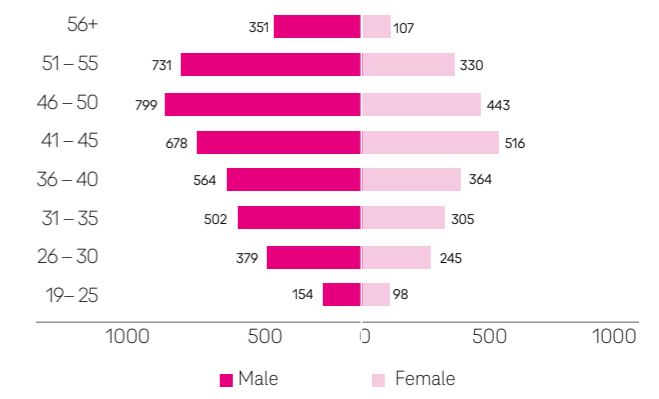
The company employs various generations simultaneously thus personal fulfillment and the realization of the full potential of our colleagues regardless of one's age or background is an important goal for Telekom. As a next step of the well-designed internship program, the Group offers jobs to many young people starting their career.

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

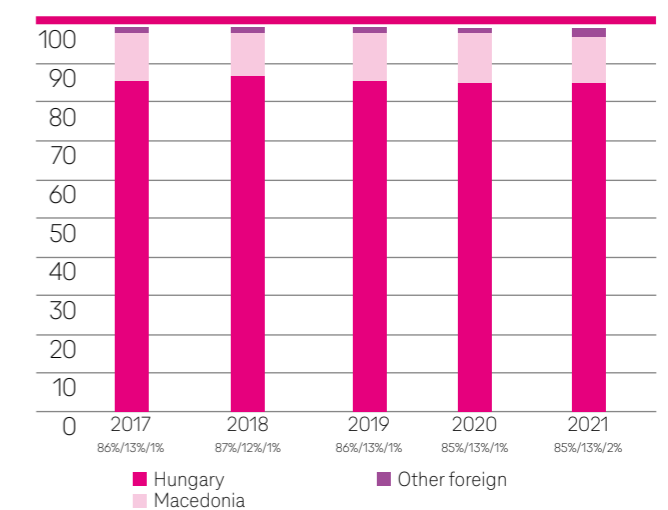
The majority of our employees fall into the middle aged category of experienced professionals. They experience a slightly narrowing career path, while also having opportunity to obtain marketable experience along various horizontal career tracks. This is supported by the company's significant resources for external- and internal trainings and in-house job advertisements. Telekom expresses its appreciation towards the experienced workforce with numerous acknowledgments, like the Role Model Award, Telekom Success-story or Loyalty Award, Hős7-es ('Heroes of our 7 Principles')

PwC Hungary conducts comprehensive research every year to explore key job selection factors. As a result of this survey Magyar Telekom won the Most Attractive Workplace Award in the telecommunication sector for the 4th consecutive year. The survey also targeted young people over the age of 16, career starters and experienced workers. A total of 29,600 people completed the online preference survey, which resulted in the identification of 15 focus areas. According to the results the top 3 criteria of selecting a workplace in the 16–28 age group are basic salary, flexible working hours and predictable time management.

Age tree of Magyar Telekom Group, December 31, 2021 (person) ✓



Distribution of employees by region, Magyar Telekom Group (%) ✓





STAKEHOLDERS

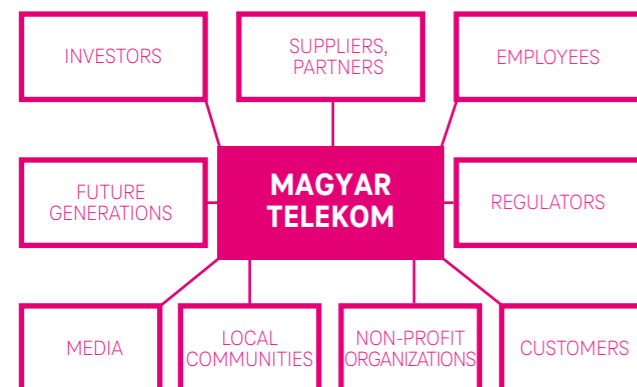


Együtt.
Veled



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

Our most important stakeholders are considered to be the investors, the customers, the employees, the regulators, the communities, the NGOs, the suppliers and partners, the media and the future generations.



STAKEHOLDER SURVEY

When preparing the Sustainability Report of Magyar Telekom we rely on our preliminary research findings and regularly monitor the opinions of our stakeholders concerning the importance of our sustainability topics. In our annual questionnaire survey we seek to find out how different stakeholder groups evaluate the corporate sustainability practices of our company.

Our questionnaire offers the rating of 37 topics on a 1–5 scale where 1 stands for the least important and 5 for the most important topic. The analysis and evaluation of the answers play crucial role in the importance rating of our sustainability activities. All topics are important contributing elements to the successful delivery of our strategic goals, nevertheless, we pay particular attention to those that our stakeholders rated as medium or high importance.

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

- suggestion of other relevant sustainability topics that are not listed,
- examples of important scientific findings that would be important and worthy of consideration for ICT companies,
- threats and opportunities for companies in relation to their sustainability approach,
- the most commonly-used communication platforms of Magyar Telekom from where its sustainability activities and approach are accessible,
- the global Sustainable Development Goals (SDGs) Magyar Telekom should consider as priorities, based on its activities.

The latest survey, conducted in December 2021, shows that **waste management**, a **service availability** and **innovation for sustainability** are the most important areas for our stakeholders.

As to risks and opportunities, the respondents mentioned climate protection, electromagnetic fields and circular economy. Our stakeholders found that Telekom can contribute most to the achievement of **SDG4: Quality Education**, **SDG11: Sustainable cities and communities** and **SDG12: Responsible consumption and production objectives**.

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

Topics evaluated by the stakeholder groups and their importance

	Regulator	NGO	Employee	Media	Customer	Futur generation	Supplier/ Partner	Investor	Local community	Average
Waste management	4.00	5.00	4.43	4.50	4.43	3.73	4.24	3.26	3.25	3.99
Service availability	5.00	5.00	4.06	5.00	4.06	3.19	4.11	3.25	2.88	3.97
Innovation for sustainability	4.00	5.00	4.23	5.00	4.23	3.47	4.00	3.37	3.12	3.95
Sustainability in the supply chain	4.00	5.00	4.22	4.50	4.22	3.52	4.38	3.09	3.05	3.90
Protection of minors in the Digital Age	4.00	5.00	4.44	4.00	4.44	3.61	3.84	3.29	3.27	3.89
Sustainability coordination	5.00	5.00	4.20	4.00	4.20	3.58	3.62	2.98	2.97	3.85
Risk management	5.00	4.00	4.05	4.50	4.05	3.37	4.04	3.38	2.88	3.83
Climate protection and energy efficiency	3.00	5.00	4.48	3.50	4.48	3.73	4.00	3.54	3.29	3.79
Corporate compliance	5.00	4.00	3.97	4.00	3.97	3.34	3.84	3.31	2.85	3.73
Environmental targets, costs and compliance	3.00	4.00	4.33	4.50	4.33	3.59	4.24	3.29	3.15	3.73
Occupational health and safety	5.00	4.00	4.17	4.00	4.17	3.42	3.76	2.88	2.98	3.72
Emissions	3.00	5.00	4.27	3.50	4.27	3.56	3.98	3.49	3.07	3.69
Involvement of our customers	4.00	4.00	3.80	5.00	3.80	3.06	4.44	3.17	2.64	3.69
Resource consumption	3.00	5.00	4.33	3.50	4.33	3.58	3.87	3.32	3.12	3.68
Talent management	4.00	5.00	3.78	4.50	3.78	3.13	3.82	3.08	2.62	3.66
Cooperation in environmental and social issues	4.00	4.00	4.21	4.00	4.21	3.53	3.73	3.05	3.01	3.65
Regulatory compliance	3.00	5.00	3.85	5.00	3.85	3.26	3.56	2.78	2.70	3.58
Customer satisfaction	4.00	3.00	4.25	4.00	4.25	3.41	3.87	3.25	3.19	3.60
Addressing legal and ethical aspects of content service providing	3.00	5.00	3.85	5.00	3.85	3.26	3.56	2.78	2.81	3.59
Our employees as corporate citizens	3.00	5.00	3.89	4.50	3.89	3.16	3.91	3.00	2.73	3.59
Data protection	3.00	4.00	4.21	4.50	4.21	3.38	3.71	3.05	3.08	3.58
Supplier relations	4.00	4.00	3.88	4.00	3.88	3.05	4.07	3.26	2.72	3.57
ICT for sustainability	3.00	4.00	3.91	4.50	3.91	3.35	4.13	3.34	2.72	3.57
Human rights, equal opportunities	4.00	4.00	4.12	3.00	4.12	3.53	3.58	3.32	3.01	3.54
Suppliers' Award	4.00	4.00	3.69	4.50	3.69	3.01	3.71	3.00	2.59	3.50
Informing of customers	3.00	4.00	4.23	3.50	4.23	3.33	3.56	3.22	3.07	3.47
Local procurement	4.00	3.00	4.09	3.50	4.09	3.35	3.78	3.05	3.00	3.44
Managing changes	3.00	4.00	3.91	4.00	3.91	3.15	3.84	2.98	2.82	3.42
Involvement of employees	2.00	4.00	4.18	4.00	4.18	3.32	3.73	3.17	3.00	3.41
Professional cooperation	3.00	4.00	3.77	3.50	3.77	3.16	3.89	2.88	2.67	3.32
Investor relations	4.00	4.00	3.47	3.50	3.47	2.81	3.44	3.15	2.43	3.30
Digital competency	3.00	4.00	3.87	3.50	3.87	3.04	3.00	2.91	2.69	3.22
Donations	3.00	4.00	3.43	4.00	3.43	2.89	3.62	2.78	2.43	3.21
Safe use of mobile phones, electromagnetic fields	2.00	4.00	3.82	3.50	3.82	3.04	3.44	3.15	2.83	3.20
Sponsorship	4.00	4.00	3.11	3.00	3.11	2.44	3.02	2.49	2.11	2.96
Average	3.63	4.31	4.01	4.09	4.01	3.30	3.81	3.12	2.88	

MATERIALITY

Magyar Telekom Sustainability Methodology:

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

The Sustainability Squad’s tasks include approving the reporting process and methodology, and appointing the expert staff responsible for reporting for each data area.

In addition to the GRI requirements, the data elements reported will be managed in line with Deutsche Telekom’s sustainability objectives, Magyar Telekom’s sustainability strategy and the responsible stakeholder expectations detailed below.

During the reporting process, the responsible experts sometimes use external professional methodologies (e.g. Greenhouse Gas Protocol) to determine the data, which are always described at the relevant point in the report.

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

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

The topics were defined, prioritized and grouped primarily during the preparation of Magyar Telekom Group’s Sustainability Strategy, and during its annual reporting to the management (Leadership Squad). Continuous harmonization with the strategies of the company’s other areas also helps to shape the materiality process.

When defining the scope, content and structure of the year 2021 report we took into account the results of the stakeholder survey. Based on the comparison of the sustainability strategy priorities for the period between 2021 and 2030 and the priorities of the stakeholders the ranking and groups of the materiality of sustainability topics are as follows:

Materiality of sustainability topics of Magyar Telekom in 2021

HIGH PRIORITY TOPICS	MEDIUM PRIORITY TOPICS	LOW PRIORITY TOPICS
Waste management	Sustainability in the supplier chain	Occupational health and safety
Service availability	Protection of Minors in the Digital Age	Addressing legal and ethical aspects of content service provision
Innovation for sustainability	Corporate governance	Regulatory compliance
Risk management	Corporate compliance	Supplier’s Award
Climate protection and energy efficiency	Talent management	Involvement of our employees
Environmental targets, costs and compliance	Cooperation in environmental and social issues	Donation
Emissions	Our employees as corporate citizens	Safe use of mobile phones, electromagnetic fields
Involvement of our customers	Data protection	Sponsorship
Resource consumption	Supplier relations	
Customer satisfaction	Informing our customers	
ICT for sustainability	Local procurement	
Human rights, equal opportunities	Investor relations	
Managing changes		
Professional cooperation		
Initiatives to eliminate the digital divide		

Based on the analysis and the materiality ranking we believe that all topics have significance both inside and outside the company. The structure of the report follows the priorities of the sustainability strategy and the materiality analysis: high priority topics are presented in detail, information on medium priority topics is provided partly in the chapters, partly in the GRI table of contents whereas low priority topics are primarily provided in the GRI table of contents to provide as transparent information as possible to all stakeholders on the company’s corporate governance, environmental and social impact as well as the underlying risks and opportunities.

PROCESS FOR DETERMINING THE CONTENT OF THE REPORT

OBJECTIVE AND USE OF THE REPORT

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

SPECIFICATION OF THE TOPICS

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

INVOLVEMENT, TESTING VALIDATION

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

PRIORITIZATION OF THE TOPICS

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

SUPPLIERS

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

The Suppliers Code of Conduct includes the following principles:

- Code of Conduct
- Social Charter
- Diversity Policy
- Magyar Telekom Group's Environmental Policy
- Financial Code of Ethics
- Corporate Governance Report
- Magyar Telekom Group's Quality Policy

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

Suppliers are selected in compliance with the laws, in procurement procedures that ensure fair competition, transparency, and documented processes, which are under continuous control by the Internal Control System (ICS) used jointly with Deutsche Telekom Group. Besides providing proper controls the system encourages us to improve and accelerate our processes, with respect to contracting, the company seeks to develop mutually advantageous, value-creating partner relations. To ensure cost-efficient operation, the company continuously rationalizes its processes by tapping the synergies of the parent company and group-level procurement.

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

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

The company buys services and products from qualified suppliers. After filling out the questionnaire, we inform registered suppliers about their results in the vendor qualification system. In 2021 we procured more than 80%✓ of the value of the orders from prequalified external suppliers, through 776✓ partners.

Magyar Telekom is continuing its Sustainability web audit, a questionnaire on environmental, social and business ethics topics.

There is a special focus in the assessment process on whether the suppliers have any sustainability expectations declared towards their partners or not. The final score is calculated with an industry weighing of the supplier. In 2021, 20 companies participated directly in this survey which translates to 13.39%✓ of the purchase value (this value was 21.07% in 2017, 26.42% in 2018, 4.11% in 2019 and 57.98% in 2020). In 2021, our 53 suppliers had a valid evaluation, representing 56.86%✓ of the purchase value. Respondents were informed about their results, and they also received topic-specific feedback on their performance. Upon request, we have also provided further information via email or phone to partners who requested it. There was no incident risk or non-compliance identified in 2021.

Throughout its operations, Magyar Telekom is keen on maintaining sustainability throughout its operations in a transparent manner and encourages its partners to do their share of sustainable development. Therefore, we highly appreciate all partnerships through which we can gain a better understanding of our partners' sustainability-related strategies and operations.

Due to the virus situation and the restrictions imposed, the „Magyar Telekom TOP3 Sustainable Supplier” award ceremony was cancelled for 2021.

In 2021, the „Magyar Telekom's TOP3 sustainable supplier” title was given to: Sagemcom Broadband SAS, Nokia Solutions and Networks Kft. and ALD Automotive Hungary Kft.

For the purpose of the sustainability evaluation of our active suppliers we use the internationally recognized and operated EcoVadis system, which is also supported by Deutsche Telekom. We invited strategically important and high-risk suppliers to declare their operational practices based on the detailed EcoVadis criteria. As a result, 3 suppliers have received direct and 12 suppliers indirect evaluation of social, environmental, economic and sustainable procurement aspects in 2021. These suppliers accounted for 36.56%✓ of the overall procurement value, which value was 40.59% in 2017, 45.06% in 2018, 44.40% in 2019 and 38.30% in 2020. The validity of the EcoVadis ratings is two years, thus the results of 2020 and 2021 were taken into consideration.

Our 2021–2030 sustainability strategy's objective is to ensure that Magyar Telekom's commitment to sustainability becomes part of the suppliers' business and that our suppliers' CO₂ emission decrease.

An e-learning course is available for all Magyar Telekom employees about sustainable supply chain processes and in 2021 we informed our colleagues about these topics through several channels. The e-learning material is available on the intranet and contains all processes, their detailed description and the list of contacts of topic owners.

As part of the sustainable supplier chain management process, and in order to support effective operations, we created a working group, the members of which are responsible for and take action in the event of negative environmental, work practices, human rights or social impacts arising in connection with suppliers. The permanent members of the working group include employees of the procurement and legal areas supplemented by the staff of the ordering organization affected by the incident and experts of the incident-provoking issue. In order to support these efforts, we established an incident management process that defines the relevant actions in such cases.

The incident management process analyses the event that triggers the incident, the strategic importance of the supplier, the severity of the given case, the supplier's reaction and provides guidance on potential remedies. In 2021 no such process was called for as the audits did not identify any negative environmental, labor practice, human rights or social cases of non-compliance.

As part of the sustainability process, our procurement and compliance organization has an ongoing monitoring process responsible for the identification of legal or economic non-compliance cases. There were no such cases identified in 2021.

Deutsche Telekom provides significant support for the sustainable improvement of supplier relations through sectoral initiatives such as JAC – Joint Audit Cooperation. As a result, audits are being conducted worldwide for the selected suppliers. The integrated audit criteria assure compliance with the basic social and environmental benchmarks when it comes to shared suppliers of different subsidiaries. Proving compliance with the common group standards, in 2021 a total of 9 indirect Magyar Telekom suppliers were involved in Deutsche Telekom audits which accounted for 34.68%✓ of the overall procurement value. This value was 36.91% in 2017, 40.14% in 2018, 38.87% in 2019 and 12.34% in 2020. Depending on the results of the audits, corrective action plans are given to poorly performing suppliers, followed by a repeated audit if necessary.

The risk criteria of the evaluations applied to our company's suppliers have been identified based on the following:

	ECOVADIS	MT WEBAUDIT	AUDIT	PRE-QUALIFICATION	SUPPLIER SCORE CARD	GESI	
ECONOMICS	Anti-corruption and Bribery	✓	✓	✓	✓	✓	
	Conflict of interest	✓	✓	✓	✓	✓	
	Fraud	✓	✓	✓	✓	✓	
	Money laundering	✓	✓	✓	✓	✓	
	Anti-competitive practices	✓	✓	-	✓	✓	
	Respect of intellectual property rights	✓	✓	✓	-	✓	
	Truthfulness of marketing and advertising messages	✓	✓	✓	-	✓	
	Consumer/client data protection and privacy	✓	✓	✓	✓	✓	
	Access to essential services or products	✓	✓	-	-	-	
	Partner/supplier data protection and privacy	-	✓	-	✓	✓	
	Associate/employee data protection and privacy	-	✓	✓	✓	✓	
	Business Continuity Management	-	✓	-	-	-	
	ENVIRONMENT	Reduction of production-related environmental risks	✓	✓	✓	✓	✓
		Energy Consumption and GHGs	✓	✓	✓	✓	✓
Water management		✓	✓	✓	-	✓	
Biodiversity		✓	✓	✓	✓	✓	
Local Pollutions		✓	✓	✓	-	✓	
Materials, Chemicals management		✓	✓	✓	-	✓	
Waste management		✓	✓	✓	-	✓	
Product lifecycle management		✓	✓	✓	✓	✓	
Property lifecycle management		✓	✓	✓	-	✓	
Promotion of sustainable consumption		✓	✓	-	✓	✓	
Sustainable forest / paper policy		-	✓	-	-	-	
Customer health and safety	✓	-	✓	-	-		
SOCIETY	Employees health and safety	✓	✓	✓	✓	✓	
	Working Conditions	✓	✓	✓	✓	✓	
	Labor Relations	✓	✓	✓	✓	✓	
	Career Management	✓	✓	-	✓	-	
	Child and Forced Labor	✓	✓	✓	✓	✓	
	Discrimination	✓	✓	✓	✓	✓	
	Fundamental human rights	✓	✓	✓	✓	✓	
	Customer health and safety	-	✓	-	-	-	

	ECOVADIS	MT WEBAUDIT	AUDIT	PRE-QUALIFICATION	SUPPLIER SCORE CARD	GESI
PROCUREMENT	Sustainable procurement charter	✓	✓	-	-	-
	Training of buyers on issues within the supply chain	✓	✓	-	-	-
	Integration of social or environmental contract clauses	✓	✓	✓	-	✓
	Regular supplier assessment	✓	✓	-	-	-
	Audit of suppliers	✓	✓	-	-	-
	Corrective action to facilitate supplier capacity building	✓	✓	-	-	-
	Sustainable buyers performance appraisal	✓	✓	✓	✓	-
	Pre-qualification of suppliers before evaluation	-	✓	-	-	-
	Identified risks and impacts	✓	✓	✓	-	✓
	Conflicts minerals	✓	✓	✓	-	-

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

These electronic solutions substantially reduce the processing time of the procurement processes and the e-mail-based placement of orders further reduces the quantity of paper-based documents. In past years, direct electronic procurement transactions (CPEX) hit a steady high level and in 2021 reached 95,58% of all items ordered (in 2017: 91.3%, 2018: 92.35%, 2019: 93.78%, 2020: 94.73%).

In 2021, the proportion of requests submitted electronically in the order support system for network-relevant real estate assets and technological area asset movements (PSL) running in the improved corporate governance system (DT Group One.ERP) in 2016–2017 was 97.2% (2017: 95.4%, 2018: 99.65%, 2019: 97.41%, 2020: 97.2%). The total number of orders sent electronically without intervention in the procurement area was 89.8% in 2021.

In 2017, we explored areas where robotization could be applied to improve our procurement business processes. In 2020, the diligence process for the entire supplier base was robotized.

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

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

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

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

Despite the globalization of procurement, we continue to purchase a considerable amount of products and services from local¹ suppliers. In 2021 88,87% of our suppliers belonged to this category. By ordering products and services from local suppliers we significantly contribute to the retention of jobs.

Value ratio of products and services from local suppliers, Magyar Telekom Group ✓

SUBSIDIARIES ²	2017	2018	2019	2020	2021
Magyar Telekom Plc.	77.8%	85.56%	81.09%	78.14%	80.53%
T-Systems Hungary	84.32%	82.87%	80.92%	86.62%	89.48%
Makedoski Telekom	65%	61%	75%	73%	69%

¹ Suppliers with headquarters in a given country.

² Magyar Telekom Group member companies with significant procurement value.

CUSTOMERS

CUSTOMER SATISFACTION

Magyar Telekom performs customer satisfaction surveys with ongoing data collection, among residential customers, by applying the internationally used TRI*M customer satisfaction research method. With the help of this method, the company can continuously monitor the general expectation levels of subscribers as well as their level of satisfaction with Telekom services.

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

TRI*M - Residential customers

Followed by the first Covid wave, we managed to take the satisfaction level of Magyar Telekom customers to a new, elevated level, which was continuously maintained throughout the past year. Within the customer base, the satisfaction of customers in the Magenta1 segment continues to be extraordinary. The even performance of individual customer groups should be also emphasized reflecting the stabilization of our customer loyalty.

Due to the restrictions related to the 2020 Covid epidemic, digitalization was given a huge emphasis: working from home, studying and keeping in touch through the digital space typically had an impact on all customer segments. Magyar Telekom, living up to the challenge presented by a surge in network usage provided telecom services required for keeping in touch, content consumption and the operation of IT systems, quickly and efficiently reacting to unexpected changes to our living conditions, helping the customers with free-of-charge and discount rated services, devices and service solutions during the crisis. We can see these steps in action from our customers' feedback.

One of the principal strengths of Magyar Telekom is the renewing choices of fixed and mobile services, new tariffs and range of equipment, handsets. In comparison to other market players, Magyar Telekom customers have evaluated the reliability and stability of TV service with above market marks as well as showed high satisfaction levels with regard to the available TV channels.

Furthermore, Magyar Telekom's evaluations were exceptional at questions related to mobile network coverage and experience with network when making calls. In 2021, Magyar Telekom managed to make information of services and products available in the most appreciated way.

The customer satisfaction regarding Flip, the second brand of Magyar Telekom offering a service package including three fixed-line elements (telephone, Internet and television), has been measured on a six-monthly basis since 2018. The Flip customer base is the most satisfied among customers of telecom providers present on the market.

NG ICCA – Residential customers

In addition to general satisfaction measurement, we also measure the satisfaction of our customers with the given customer service cases throughout the year in the framework of the Next Generation International Customer Contact Analysis (NG ICCA) research. The purpose of the survey is to monitor the quality of our customer care service as experienced by our customers and collect information about their satisfaction and experience with the customer service and self-service of Magyar Telekom. The research is transaction-based: we poll our residential and micro enterprise customer base within 2–48 hours of their customer care event. The overall satisfaction is measured on a scale from -200 to +200.

A couple of years ago, the questionnaires were extended to apply the Net Promoter Score (NPS) methodology, which is aimed at measuring the willingness of recommending the service provider to others. Customers can provide their answers to the question: "Based on your recent experience, would you recommend Telekom to friends, family?" from 0 ("would not recommend at all") to 10 ("would definitely recommend"), thus enabling us to precisely identify the transaction types that need to be addressed to improve customer satisfaction. We have further refined the data processing related to the new method in 2020.

At the Call Centre, in the same year, we introduced immediate post-call evaluation, in order to get a better picture of the satisfaction of our customers with the provided service. The new method significantly increased the sample size, hence we have been analyzing feedback on an even more detailed level.

The satisfaction level of our customers showed a steadily rising curve during 2021. Magyar Telekom managed to reach great growth in willingness to recommend (NPS) and customer effort score (CES) evaluations in case of the Call Center and website users.

Due to the Covid19 epidemic, Magyar Telekom has adapted to the changed expectations, so our Call Center agents periodically worked from home, and our personal sales colleagues and shop agents also took on Telesales responsibilities part-time. Based on our research results, these Telesales calls also reflected the expected high quality level Magyar Telekom customers are used to.

The third pillar of Magyar Telekom's satisfaction research system is the measurement of service quality. By adapting the NG ICCA measurement tool, every month we ask our customers about their satisfaction of individual service legs. Thanks to this regular feedback collection, we get the opportunity to pinpoint regional and technology related problems and consequently get a chance to solve them in a targeted manner.

During the year of 2021, we could monitor the increasing satisfaction trend of high speed (500 Mbit/sec<) copper customers and also the exceptional satisfaction level of our fiber subscribers. Furthermore, the overall satisfaction of Magyar Telekom Plc. mobile voice and data users also shows a stable positive picture.

We place special emphasis on handling negative customer feedback (with a low count) and strive to find solutions to them within a short time, as well as to identify, based on the feedback, the "pain points" we can effectively address through process and operation improvement measures.

Magyar Telekom Plc. and T-Systems Hungary currently perform customer satisfaction assessments among business customers through multi-level surveys.

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

In January 2020, Magyar Telekom Plc. took over from T-Systems Hungary the management of micro-, small- and medium-size business (SOHO and SMB) customers. As a result, the SOHO and SMB segments returned to Magyar Telekom Plc. management after 2018–2019, while large companies and institutions remained under the management of T-Systems Hungary. Despite these changes in customer management the methodology of the measurement remained unchanged, customer satisfaction is still measured by TRI*M in the SOHO and by strategic satisfaction research in the SMB end large enterprise segments.

By 2019, a stabilized customer satisfaction survey system had been put in place where TRI*M remained the measurement tool for customer satisfaction and loyalty of SOHO customers with six-monthly frequency.

Due to the 2017 change in methodology, conclusions from SOHO TRI*M survey findings can only be made from this date similar to the residential market. However, in the case of the SMB segment, after the successful measurement of 2018 as a base, customer satisfaction was measured by strategic satisfaction research both in 2019 and 2020.

TRI*M – Micro-enterprises (SOHO)

The TRI*M index measured among Magyar Telekom micro-enterprises was higher in 2021 than that of its main competitors, that is, among microenterprises using telecommunications services, the overall satisfaction and loyalty of Magyar Telekom customers were the highest in 2021. The satisfaction and loyalty of SOHO customers subscribing to mobile services are somewhat higher compared to subscribers of fixed services, the highest index was measured among Magenta 1 Business customers. The favorable result is attributable, among other causes, to the high quality of fixed and mobile services, to the CEX activities, furthermore, the impact of quality improvement steps aimed at service provided to small businesses can also be detected in the evaluation of various channels and administration.

Annual strategic satisfaction research – small, medium and large enterprises

Within the frame of the annual satisfaction research, we ask our customers' IT and telco decision-makers about their satisfaction with the services and customer service of Magyar Telekom.

The research is carried out with a questionnaire survey in the SME segment managed by Magyar Telekom Plc., while it is conducted with a hybrid, online + telephone, methodology among T-Systems Hungary's large corporate and institutional customers.

In 2018, the sample targeted by the survey was extended to include the SMB segment in line with T-Systems Hungary's new segmentation structure. With these 2018 results as a base - in 2019 year-on-year analysis has been utilized in the SMB segment as well. Although in 2020 SMB segment was back under Magyar Telekom Plc. control, the measurement of the customer satisfaction remained unchanged. In 2020 both in the SMB and large enterprise segments customer satisfaction is still measured by one common market research, with the same methodology.

However, in 2021, the measurement of SMB and corporate customer satisfaction was separated. In the case of SMB, the previous methodology remained with a minor modification.

The change here was also about strengthening the competitor sample in the research in order to have a more stable basis for measuring satisfaction among competitors' customers for better comparability.

In contrast, a new satisfaction measurement framework has been developed in the large enterprise sector, with more targeted measurements (to be discussed later), which also meant that in-depth interviews were removed from the annual overall satisfaction survey (which will be taken over by other measurements).

The 2021 questionnaire-based survey was conducted on 416 SMB and 480 large enterprise companies, a random sample of the entire customer base. The questionnaires were performed anonymously, but the respondents also had the opportunity to identify themselves with their names during the interview.

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

The results are processed and presented to the representatives of the relevant fields, broken down into the total performance, service areas and - in the case of large companies - sub-segments of Magyar Telekom.

Based on the results, the business segments and their professional areas develop an action plan to increase customer satisfaction. At the end of the year, a comprehensive summary of the implementation of the action plans (covering all sub-segments in the case of T-Systems Hungary) will be prepared.

Based on the results to date, of the Magyar Telekom Plc. and T-Systems Hungary strategic satisfaction survey we can state that the overall performance of the company is reliably high and balanced.

In 2021, compared to the results of the previous year, customer satisfaction in the SMB segment increased significantly. Customer experiences are more positive in all areas than last year, but in terms of business processes, SMB customer satisfaction has improved the most in the area of sales relations. While on the product side, in the fixed telco portfolio, especially in the case of Internet services, we have seen the positive impact of optical network developments in the growing satisfaction results.

It has already been mentioned that a new satisfaction measurement framework has been developed for the large corporate and institutional customers managed by T-Systems Hungary.

As part of the system, we will continuously measure the satisfaction of our customers after the closure of the largest IT / SI projects from 2022, but we will also regularly ask the opinion of our customers with the largest monthly service contract about our services.

As part of this framework, we also put the annual strategic satisfaction survey on a new footing in 2021. Online / telephone hybrid research works with a simpler set of questions than before, but provides satisfaction results for each portfolio and business process area based on the following indicators: Net Promoter Score (NPS) and Net Satisfaction Score (NSS). Here, the NSS, like the NPS, is an indicator measured and calculated on a scale of 0 to 10, but it does not cover recommendation, just overall satisfaction. Due to the new methodology, we cannot perform the 2021/2020 comparison now, but the level of satisfaction according to the NPS and NSS scores of the individual fields and business processes developed remarkably positively according to the 2021 measurement. This result also confirms that we have managed to maintain a high level of customer satisfaction in the corporate segment as well.

Contact person satisfaction research

The contact person satisfaction survey is performed at the end of each quarter among customers who used Magyar Telekom's telephone or email-based service deficiency reporting and administration processes. Within the frame of the survey, we contacted our customers' contact persons who turned to the Customer Service of Magyar Telekom Plc. or the T-Systems Service Desk with fault reports or complaints.

In case of T-Systems Service Desk the survey is performed with the involvement of a partner at the end of each quarter whereby we contact approximately 200 contact persons by telephone; then based on the answers we prepare an evaluation report at the end of the quarter. Upon closing the fourth quarter's survey we prepare an annual contact person satisfaction report which is presented to the professional areas of the company.

Magyar Telekom's customer service area is being subjected to its own (ICCA) satisfaction survey. This is complemented by a quarterly, so-called "Detractor" research, also involving an external partner. The essence of this is that at the end of each quarter, based on a representative sample, we search for customers who have made a transaction by phone and identify those who are dissatisfied with the administration. Qualitative interviews are conducted with these dissatisfied clients to gain a deeper understanding of their concerns.

After closing the research, based on the evaluation of the interviews, we identify the process areas where changes are needed together with the relevant business areas on a quarterly basis, and then formulate business actions for this.

In 2021 both channels (Magyar Telekom Plc. Customer Service and T-Systems Hungary Service Desk) performed at an outstanding level and had a specific positive impact on both Magyar Telekom's perception. Both the administrative processes and the professionalism, competence of the staff as well as the treatment of customers achieved a superior rating. Customers find that the vast majority of administrative processes are easy to follow and are successful. The duration of administrative processes is compliant with the SLAs undertaken by Magyar Telekom Plc. and T-Systems as well as the expectations of customers.

In addition to the above, in 2021 we also introduced a sales contact satisfaction survey in the SMB segment of Magyar Telekom. The research is conducted on a quarterly basis and with the help of SMB segment sales colleagues receive regular and direct feedback from their customers about their work. Customers evaluate not only the work of their account managers, but also the individual SMB sales channels (satisfaction on a scale of 1 to 5) and Telekom as a whole (using the NPS recommendation indicator). The results showed consistently high level of satisfaction throughout 2021.

CUSTOMER FEEDBACK MANAGEMENT

The voice and signal of the customer is always important to us in order to maintain the high quality of our services in accordance with customer expectations. Feedback from Magyar Telekom's customers is constantly helping us to shape, regularly review and transform our services and processes.

When handling complaints, we focus on our customers' satisfaction and ensuring an enhanced customer experience. Our task is to provide qualitative and comforting solution for our customers during the investigation and handling of complaints. Along this line, we are re-creating the experience of further use of Magyar Telekom's services to the customer with customized solutions.

It is important for us to provide high-quality services to our customers and quick solutions when dealing with complaints.

In 2021, due to the difficult external conditions that have been continuing for years, we have been striving for solutions that are unique and meet the life situation and needs of our customers, as Telekom can be expected by its customers in any life situation.

In 2021, as a result of improvements in our processes and service, the number of complaints decreased significantly, by 23%✓.

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

CUSTOMER INVOLVEMENT

Telekom Vivicittá

In 2021 we were again able to organize **Telekom Vivicittá** as a live event for the benefit of running fans, though due to another wave of the pandemic, the competition unfortunately could not be held at the usual early spring date. Despite the extreme heat in July, a lot of runners competed at the shorter and longer distances, which all started and ended on Margaret Island.

The two-day event attracted participants from 670 Hungarian settlements, most of them in the 26–40 age group. The oldest contestant at the half-marathon was 79, and the oldest participant in the overall event was an 86-year-old lady, who competed in race-walking. More women (54%) completed the 10 km distance, while men (64%) were in majority at the half marathon race.

This was the 25th year that Vivicitta and BSI partnered with Magyar Telekom, and this already makes sport history. During these 25 years, a total of 466 200 contestants could share the joyful experience of community sport in Budapest and 11 other cities participating in 65 Telekom Vivicitta events.

Virtual Telekom Vivicitta took place simultaneously with the live event, offering an opportunity for virtual participation to those who did not yet feel ready to attend the event in person or wanted to run the selected distance in a different location in the country.

Telekom and **Suhanj! Foundation** are inseparable parts of Telekom Vivicitta, and have been very closely cooperating for quite a few years in the form of joint activities at the event, as well as through the donations collected among Telekom employees for the benefit of Suhanj! Foundation.

This year, the company donated HUF 2 million to contribute to the operating costs of Suhanj! Fitness, the country's first accessible and integrative gym and to help relaunch their community training exercises.

The company's donation was an addition to the amount collected from participation fees and the donations from the employees, which amounted to several hundred thousand forints.

The objectives, activities and achievements of Suhanj! Foundation can shape people's mindsets, increase awareness of the world of people living with handicaps in a very forward-looking and inspirational manner, very much in harmony with Telekom's corporate values and brand, which consider it imperative that we recognize, appreciate and even take advantage of our differences, i.e. diversity.



Mobile Donor Program

In 2020 Telekom launched the pilot of the program, which helps disadvantaged families by enabling them to enter the digital world by collecting and donating smartphones no longer used by other people. In 2021, the program was transformed from a demo into a continuous commitment and an inclusive endeavor by the involvement of the donors and partners.

Participants of the **Mobil Donor Program** are invited to offer their no longer used but still usable mobile phones to disadvantaged people and thus become Mobile Donors. By revitalizing an old device and donating it to someone in need, they can really change someone's life.

The phones are distributed by the initiative's partner, NIOK Foundation, which pass them on to their new owners, selected on the basis of predefined selection criteria. Telekom collects the devices by courier service, carries out minor repairs and deletes all data, as needed, as well as even provides the necessary SIM cards.

Last year, Telekom itself donated more than 1000 used and refurbished mobile devices on top of the contingent collected from its customers through the Mobile Donor Program.

"Caring" donation

In addition to striving to make the holiday season and the preparations for it more carefree for families, Telekom set another goal for itself in 2021: it launched an extensive program relying on the involvement of its customers to draw attention to caring and watching out for each other. It gifted its customers a 10-day unlimited mobile net package, and also invited them to share the joy of giving with the company.

In the first round, the company donated HUF 40 million to promote four extremely important social causes, in cooperation with 2 NGOs working for each cause under donation agreements and distributing the donations in equal allotments among eight non-governmental/non-profit organizations. The causes and the organizations:

Cases and organisations:

Digital awareness, eliminating the digital divide

- IDEA Foundation
- IT Foundation for the Visually Impaired

Supporting remedial education and integration of children

- Bagázs Public Benefit Association
- UNICEF Hungary Committee

Development to and improvement of the life quality of people living with handicaps

- Magyar Angelman Syndrome Foundation
- Patrónus Ház Public Benefit Non-profit LLC

Quality sports opportunities for people living with handicaps or disadvantaged

- Suhanj! Foundation
- AdniJóga Foundation

And the initiative did not stop there, as Telekom matched the amount and distributed the second HUF 40 million among the four causes with the involvement of its customers and on the basis of their votes. All residential or business mobile Telekom customers who activated the 10-day unlimited mobile net plan in the period between November 22 and December 20 were asked to choose which cause they wanted to support.

Telekom's customers contributed to providing opportunities to disadvantaged groups in 2021 by activating more than 750 thousand mobile net plans.

By the above low-threshold initiative, Telekom wanted to draw the attention of a wide range of people to socially important issues, as well as bring the causes closer to people to encourage them to be more open, inclusive and empathic and also to take the next step and personally commit to promoting one of the causes and thus the people behind it.

Carbon neutrality

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

In 2021, Magyar Telekom Group completed its seventh consecutive carbon-neutral year.

In addition to reducing the carbon footprint of its own operations, ExtraNet Green 1GB continues to give its customers the opportunity to do their bit for the climate by choosing the first green service based on 100% renewable energy.

Eco Rating

Deutsche Telekom, Orange, Telefónica, Telia Company and Vodafone have introduced a new industry-wide ecological mobile phone rating system to identify more sustainable mobile phones.

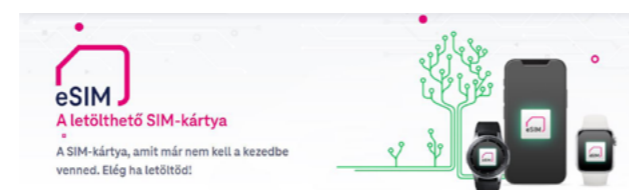
The mobile operators have started to introduce Eco Rating labels at the point of sale in 24 European countries in their respective areas of operation from June 2021. Following a detailed assessment, each mobile phone device will be given a calculated score out of a maximum of 100 Eco Rating points, which characterizes the environmental impact of the device throughout its lifecycle. The Eco Rating label will identify five key elements of sustainability for mobile devices, providing information on the durability, reparability, recyclability, climate and resource efficiency of the device. Customers can find out more about the initiative and the rating methodology on the [new website](#).

eSIM

Magyar Telekom aims to promote and spread eSIM in both the residential and business segments, thus we focus on offering and activating eSIM-enabled mobile devices in our stores.

Just think about it, we are protecting and preserving our environment from the production, packaging, transport and storage of millions of plastic cards, as modern mobile phones, smartwatches and tablets have an eSIM chip available, where we can download an eSIM profile with a few clicks, replacing the traditional physical SIM card. The eSIM has the same functionality as a traditional SIM, i.e. it provides perfect connectivity for both voice and data services, and makes the daily life of customers much safer, as it cannot be damaged or lost, and remains online until the profile is erased subject to entering its security code, making it easy to locate if stolen.

eSIM is the technology of the present that is with us and will ensure sustainable progress in connectivity.



NOW Forum

In 2021, Magyar Telekom continued its series of residential, professional educational events, where we talk to experts about digitalization, the appearance of technology in our lives and its effects. Due to the pandemic, we held only two NOW Forums in 2021.

As part of the first event, we discussed the leading figures from the worlds of science and culture about Beethoven's Symphony No. X, completed 199 years after the composer's death, with the help of international experts and the collaboration of man and technology. The participants of the talk included Melinda Szabó, Chief Commercial Officer at Magyar Telekom, Richárd Nagyfi, Cambridge Mobile Telematics, Ditta Rohman (cello) and Mihály Berecz (piano), Ádám Bősze, music historian, Gergely Szeztics, Partnership Manager, National Laboratory for Artificial Intelligence, Béla Szabó, BrandComms HUB Lead at Magyar Telekom. The event was hosted by Alinda Veiszler.

At the second one, we explored the dangers of cyberspace with top experts such as Gabriella Bíró, Eszter Oroszi, Csaba Krasznay and Zoltán Nagy.

Charity auction

On December 1, 2021, nearly a hundred people bid for valuable works of art at a public auction at the Ludwig Museum. The proceeds of the public auction, which raised more than HUF 47 million, were donated to the Ludwig Museum and will be used to digitize the public experience.



Omnibus survey on consumers' habits

In 2021 Telekom and non-Telekom customers were questioned about their consumption habits in the framework of the Omnibus research. We surveyed core services, such as (as TV, internet, telephone service) as well as insurance. As a rule 750 persons are involved in the survey quarterly.

EMPLOYEES

EMPLOYEE INVOLVEMENT

In 2021, 183 ✓ Telekom employees put in a total of 3289.5 hours ✓ of volunteer work, amounting to the equivalent of a HUF 12 million ✓ theoretical donation to society.

Magenta Unity Foundation

Magenta Unity Foundation was set up on the initiative, and with the personal commitment and financial contributions of CEO Tibor Rékasi and the other members of the Leadership Squad in July 2020. The goal of the Foundation is to provide financial aid to employees who fell upon hardship due to the pandemic.

In 2021, Magyar Telekom's Magenta Unity Foundation won first prize in its category when submitted to compete for Deutsche Telekom's Telekom Team Award. When the members of the winning team donated their own prizes to the foundation, Deutsche Telekom's CEO, Tim Höttinger doubled the EUR 10.000 first prize, thus the foundation received a total of EUR 20.000.

The initiative, unique in the Hungarian market, relies upon individuals' donations: the initial capital had been donated by CEO Tibor Rékasi. In 2021, the board of trustees accepted 135 applications and paid out a total of HUF 18.112.500 to the employees concerned. The total amount collected last year was HUF 26.663.530, a major portion of which came from the proceeds of an auction where employees bid for artifacts owned by Telekom's art collection, generating a total of HUF 7.655.906.

Anyone may donate to the foundation, and, of course, any Telekom or T-Systems employee is entitled to apply for aid.

Employee auction

Magyar Telekom put its fine art collection up for employee and public auction, in the framework of which 84 pictures found new owners in the private auction designed especially for employees. The employee auction raised more than 7 million HUF for the Magenta Unity Foundation.

RECHARGE DAY

Exactly one year ago, on March 16, 2020, Magyar Telekom's management ordered a general teleworking regime due to the rising epidemic. In the past period, colleagues mostly worked from home, from their home offices, and connected to meetings, company forums and online events remotely.

On March 16, 2021, Magyar Telekom's management thanked the colleagues for their work during the epidemic by adding an extra day of paid holiday to the long weekend.

The extra day off was designed to give employees the choice to spend it to their preference: more time with the family, recharging their batteries, or learning and developing. To ensure continuity of service to customers, customer service colleagues can take the extra day off at a time that suits them, the company has added the extra day to their holiday allowance.

INVESTORS

The Chief Executive Officer and the Chief Financial Officer presented quarterly results to the representatives of investors four times during 2021 (February 25 and 26, 2021: Release of fourth quarter 2020 results; May 11 and 12, 2021: Release of first quarter 2021 results; August 10 and 11, 2021: Release of first half 2021 results; November 9 and 10, 2021: Release of third quarter 2021 results).

On April 16, 2021, a meeting of the Board of Directors of Magyar Telekom Plc. was held, based on the authorization set out in Section 9 (2) of Government Decree no. 502/2020, at which the Board approved the audited consolidated and separate financial reports of the Company, as well as the Corporate Governance and Management Report of the Company for the business year of 2020, and decided on the use of the profit after tax earned in 2020.

Magyar Telekom's top management and staff from the Investor Relations department spend ca. 10–15 days abroad every year at various roadshows and conferences in the main centers of the financial world, where the vast majority of fund managers and investors is active. Around 100 meetings take place annually with investors and analysts. In 2021, however, due to the COVID-19 pandemic, these meetings and conferences were held in a virtual, online format.

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

In addition to the above, the company assesses investor needs annually and biannually with the help of a questionnaire. An independent specialist firm is commissioned to prepare a so-called perception study, which assesses investors' opinions, needs and expectations with the help of a series of detailed questions posed to a representative sample.



REGULATORY AUTHORITIES

Magyar Telekom - typically on request, e.g. in the case of the submission of an industry strategy or draft legislation to the public debate, holds professional consultations with the competent regulatory authorities and supervisory bodies, including the Ministry of Innovation and Technology (ITM), the National Media and Infocommunications Authority (NMHH), the Hungarian Competition Authority (GVH), and The National Authority for Data Protection and Freedom of Information (NAIH). Magyar Telekom regularly contributes to harmonization with interest representation forums (especially with the Telecommunication Reconciliation Council [HÉT]; in some specific cases: with the Scientific Association for Infocommunications (HTE); IVSZ Alliance for the Digital Economy) where the company's key objective is to establish a common legal and professional opinion on the legislative process.

NON-PROFIT ORGANIZATIONS (NGOs)

Magyar Telekom launched its Civil Tariff Package service for NGOs in March 2004. Magyar Telekom and T-Systems Hungary want to promote the digitalization of the non-profit sector with the Magenta1 Business/Nonprofit offering. In 2021, 38 organizations were offered discounted fixed or mobile phone and internet services for 12 months.

LOCAL COMMUNITIES

Magyar Telekom has spent more than HUF 300 billion in the last six years on the development of its mobile and fixed-line network infrastructure in Hungary. In 2021, Magyar Telekom continued to develop its gigabit network, building 401,000 new fiber access points and upgrading 40,000 cable access points to gigabit capability. It now offers gigabit speeds to more than 3 million homes and businesses, meaning that 69% of the points it covers are already capable of theoretical gigabit speeds. The fiber network is currently available in 1150 municipalities. More than one million customers are already connected to Telekom's gigabit network.

The agreement fits into the Telekom general sponsorship objectives and aligns with the parent company's international support system: Hungary's leading telecommunication service provider supports the biggest and most successful clubs and their athletes, such as Telekom Veszprém and FTC.

Magyar Telekom and the Hungarian Contemporary Architecture Center continued to run community gardens in 2021, too. Gardening works are still ongoing at Csárdás Garden. Although, the Kerthatár Community Garden has been closed due to the sale of the real estate, a new community garden was created in Pomáz, in the courtyard of our telephone exchange.

Due to the COVID-19 pandemic, our lives changed suddenly, with a focus on collaboration, assistance and new solutions constantly emerging, and digitalization playing a major role. Magyar Telekom is acting as a responsible company in this situation to protect and help its employees and customers. Even in the most difficult times, digital phenomena open up new opportunities and enable us to make a difference in our everyday lives, to aid each other in new ways.



FUTURE GENERATION

We reached 652 secondary school students in 2021 as part of our “Become a Member of Generation NOW!” program. In 2021, Magyar Telekom launched an educational program in partnership with the Hintalovon Foundation, with the involvement of opinion leaders, called ‘I am a Digital Parent!’ The aim of the **campaign** is to raise parents’ awareness of the potential dangers of children’s online presence and to provide guidance on how to share content on social media platforms in a conscious and safe way.

At the heart of the campaign is an online questionnaire, created in partnership with the Foundation, which allows everyone to assess the safety of photos and videos of their children posted on social media and to get feedback on how to post safely.

In 2021, Magyar Telekom again launched a 24-hour trainee recruitment campaign. In a unique selection process, the company recruited 21 talented young people in one day from a pool of 200 applicants, who in September could start their career in the most attractive workplace in the telecom sector according to a recent Randstad survey.

MEDIA

Magyar Telekom put special emphasis on providing the greatest number of people in all age groups with digital means, in cooperation with the media.

For the fourth time, JCDecaux has launched its highly popular literary competition, where winners can tell their one-page stories on posters at the busiest bus and tram stops. For the first time in 2021, the winning works of the contest called ‘Stop for a short story!’, with the special support of Magyar Telekom, were given a virtual extension; they were presented in the form of a visual podcast by renowned actors, and were also enhanced with the Telekom MagentaKraft mentoring program.

The Magenta podcast channel also continued, with the company sharing interesting topics and knowledge, exemplary stories of a digital theme and really useful suggestions with students, thus making it easier for them to navigate in our current world. The podcast is meant both for those who are only just getting familiar with the benefits of technology and for those who already know more about them: the end result is an entertaining and meaningful dialogue about our everyday lives and the digital world around us.

Home office, digital solutions and ways of communication during a pandemic have become the main topics on Pont. MOST blog, too.

DATA PROTECTION

Among the 2021 sustainability objectives, Magyar Telekom pays special attention to the protection of personal data, with special regard to the General Data Protection Regulation (GDPR) that became applicable as of May 25, 2018. Magyar Telekom ensures the highest standard of data security and technical and organizational measures regarding personal data management/processing.

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

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

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

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

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

BLOCKING CERTAIN ELECTRONIC DATA ON THE INTERNET

The coercive measure of blocking certain electronic data on the internet was introduced by the new Penal Code (Act C of 2012 on the Penal Code).

The most important rules of this measure are contained in Section 158/B-D of Act XIX of 1998 (Act on Criminal Procedures - “ACP”) – amended by Act LXXVIII of 2013. The ACP distinguishes two types of measures: the removal of electronic data where the primary target group is hosting service providers, and the temporary or final blocking of access to electronic data which is mainly applicable to telecommunications service providers.

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

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

- drug trafficking,
 - incitement to the use of narcotics,
 - facilitating the production of drugs,
 - drug abuse,
 - abuse of new psychoactive substance,
 - child pornography,
 - criminal act against the state,
 - act of terrorism
 - or financing terrorism,
- if an electronic data is related to these crimes..

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

In 2013, upon the implementation of the above coercive measure, a similar legislative measure was introduced by the National Tax and Customs Administration of Hungary (NAV) by promulgating Paragraph 36/G of Act XXXIV of 1991 on the organization of gambling games, according to which the tax authority - without the involvement of a court - is entitled to render any data provided through an electronic communications operator temporarily inaccessible if the access thereto or the publication thereof is related to prohibited gambling.

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

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

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

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

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

SPONSORSHIP

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

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

Magyar Telekom has been a committed supporter of Hungarian sports for decades and considers sport a cornerstone of its sponsorship strategy. The Company is proud to have contributed to many the outstanding achievements of a great number of Hungarian sport branches and athletes as a sponsor.

By way of an important element of the sport sponsorship strategy, in 2018 Telekom signed a renewed four-year agreement with the Ferencvárosi Torna Club, which has been extended by another 4 years in 2022.

Telekom has been supporting the youth education of the Ferencváros Torna Club since 2014 and FTC's adult men's football team as a key sponsor since 2015, and as main sponsor of FTC under the new agreement. The company is the brand sponsor of the multiple Hungarian Cup, Champions League, LEN Cup winner FTC-Telekom Waterpolo, Erste-Liga and Hungarian Cup winner FTC-Telekom Hockey, cup winner FTC-Telekom Women's Football and the FTC-Telekom Men's Gymnastics sections, which also boast great results. The agreement announced in 2018, fits in the general sponsorship strategy of Telekom, for the international level of support for the parent company: as a leading telecommunications provider of the country, the company assists the work of the most popular and most successful players in domestic sports life.

Telekom Veszprém handball team has been supported by our company for more than 20 years. Boosting our co-operation to a new level, since 2016 we are present as name sponsor of the team, contributing to the domestic and international success of this world elite club such as winning the SEHA League or the serial participation at Champions League Final Four. Magyar Telekom believes that such world-class performances and achievements make a significant contribution to attracting more young people to active sport and promote healthy lifestyles. In 2022, Magyar Telekom and Telekom Veszprém renewed its sponsorship cooperation for an additional 4 years. We are proud of the perseverance and the success our teams achieved in 2021, during that difficult period.

The FTC men's soccer players won their 32st championship title in 2020 and they were members of the Champions League group stage. The hockey and the women's football team have preserved the winner title of the Hungarian Cup Championship and Hungarian Cup.

In 2021, the Ferencvárosi Torna Club and the Telekom Veszprém Team became committed supporters of the Telekom Mobil donor program. Under this program Telekom refurbishes used mobile phones and donates them to people in need.

Telekom also considers it important to support mass sports, so it has been a sponsor of Telekom Vivacitta for more than 20 years, in which, besides professional athletes, a great number of amateur runners and families participate to promote the importance of regular sport and exercise. In 2021 we were able to organize a live event once again, although not at the usual early spring time, but in the heat of summer and still in the height of the epidemic, so understandably with fewer participants than in the previous years. However, spirits were just as high for those who ran in the live event, and also for those who chose to run the distance alone, in a virtual race in 2021.

Telekom Electronic Beats is Deutsche Telekom's award-winning international music program. Launched in 2000, the Europe-wide initiative covers a wide range of areas from music to lifestyle and design to art and fashion, as well as technological innovations, with a focus on digital activities and live events. With world-renowned artists such as the Gorillaz, Grace Jones, Roisín Murphy, London Grammar or New Order and emerging artists like Perel, Fjaak and many others, the colorful program attracted fans worldwide. Both the international digital platform of the program (www.electronicbeats.net) and the country-specific version (www.electronicbeats.hu in Hungary) cover the hottest topics with uptrend journalism and innovative storytelling.

In 2021, after a difficult period, we once again gave our community the opportunity to be together again in a cool, outdoor, daytime party as part of a summer of rediscovery: with international performers, and a local talent scout with the opportunity for the winner to perform in Salföld in July and in Orfű in September.

In addition to Telekom Electronic Beats' impressive domestic media portfolio, in 2018 we also put greater emphasis on the representation of the local electronic music scene in the program.

Every year Magyar Telekom appears as a sponsor of the biggest Hungarian festivals, but in 2021, due to the pandemic, most of these festivals were cancelled including the Telekom Festival.

In 2021, the concept of the Telekom Festival campaign was about rediscovering the missing festival experience. „If you come together, you can do astonishing things together.”

Thus, with the help of some creativity, the Kraft spirit and digital phenomena, young people were able to 'kraft out' their own Telekom VOLT mini-festival: 3 groups of friends in 3 different places.

In August, Telekom appeared at the 10-day Beach event with its own activities.

MAGYAR TELEKOM GROUP MEMBERSHIPS IN INDUSTRIAL AND OTHER ASSOCIATIONS, NATIONAL OR INTERNATIONAL ADVOCACY ORGANIZATIONS

NAME OF ASSOCIATION	STRATEGIC MEMBERSHIP	MAGYAR TELEKOM GROUP POSITION IN A GOVERNANCE BODY
MAGYAR TELEKOM PLC..		
Hungarian 5G Coalition		
European Telecommunications Network Operators Associations (ETNO)	x	
GSMA Association	x	
Joint Venture Association (JVSZ)	x	Board of Trustees membership
German-Hungarian Chamber of Industry and Commerce	x	Board of Trustees membership
Communications Reconciliation Council	x	Chair
ICT Association of Hungary	x	Chair, multinational department
Scientific Association on Telecommunications and Informatics		
Hungarian Association of International Companies		
Hungarian Competition Law Association		
Hungarian AI Coalition		
Employer's Equal Opportunities Forum	x	
Hungarian Logistics, Procurement and Inventory Management Association		
Association of Hungarian Content Providers		
Hungarian Marketing Association	x	Chair
Hungarian Advertising Association	x	Chair
American Chamber of Commerce in Hungary		
T-SYSTEMS HUNGARY		
Hungarian 5G Coalition		
Hungarian Drone Coalition		
ICT Association of Hungary	x	
Hungarian Hospital Association	x	
Hungarian Water Utility Association	x	
Hungarian Project Management Association	x	Vice-presidency
Hungarian AI Coalition		
Scientific Association for Infocommunications		
Hungarian Chamber of Engineers		
Hungarian Logistics, Procurement and Inventory Management Association		
it Service Management Forum (itSMF)		
Chamber of Bodyguards, Property Protection and Private Detectives		
Hungarian Innovation Association		Board membership
Connected and Automated Mobility Cluster of Zala Ipar 4.0		
Hungarian Marketing Association		
Electronic Payment Service Providers Association (EFISZ)		
MAKEDONSKI TELEKOM		
International Telecommunication Union (ITU)	x	
European Telecommunications Network Operators Associations (ETNO)	x	
RIPE Network Coordination Centre	x	
GS1 Macedonia (bar code association)		
Economic Chamber of Macedonia	x	Board membership
American Chamber of Commerce in Macedonia	x	Board membership
Macedon-German Business Association	x	
Macedonian IT Chamber (MASIT)	x	Board membership
GSMA Association	x	Board membership DT
Chamber of authorized architects and engineers of Macedonia	x	
Economic Chamber of North-West Macedonia		

ENVIRONMENTAL AND SOCIAL EXTERNAL INITIATIVES

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

Magyar Telekom has been an active member of **ETNO's** (European Telecommunications Network Operators' Association) Sustainability Workgroup for years. The members work closely towards solving all kinds of sustainability-related programs.

Our company is in constant consultation with the national advocacy organizations of people with disabilities (AOSZ, ÉOFÉSZ, MEOSZ, MVGYOSZ) in order to review and adapt its barrier-free customer services and services to the changing needs.

The Company provided professional knowledge to the work of the Presidential Committee of the Hungarian Academy of Sciences. Our colleagues maintain contacts with a number of higher education institutions: they assist in university work by with consultancy for writing theses, expert education and giving lectures.

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

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

Magyar Telekom has signed the UN **Global Compact** for 10 guidelines, and also fulfils its commitment to submit annual progress reports.

Magyar Telekom has acknowledged the UN **Sustainable Development Goals** (SDG) and through incorporating those of key importance in its Sustainability strategy 2016–2020 the company includes the contribution to these goals as a mandatory element of its operations.

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

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

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

In 2020 Magyar Telekom joined the **Equalizer Foundation**, where it is also represented on the Board of Trustees. The foundation aims to initiate and support changes that will result in more women leaders in Hungarian economic, cultural, scientific and political life.

KEY OPERATING STATISTICS OF MAGYAR TELEKOM GROUP 2021

SUMMARY OF KEY OPERATING STATISTICS ✓

HUNGARY

	31 December, 2020	31 December, 2021	2021/2020
Number of customers (RPC)	5 427 445	5 633 817	3.8
Number of mobile broadband subscriptions	3 295 935	3 625 093	10.0

NORTH-MACEDONIA

Mobil penetration (%) (2)(4)	104,6	109,4	4.6
Number of customers (RPC)	1 104 714	1 215 086	10.0
Market share of T-Mobile Macedonia (2) (3) (4)	47,8	48,7	1.9

KEY OPERATING STATISTICAL FIGURES OF TELEKOM HUNGARY SEGMENT ✓

MOBILE OPERATIONS

	31 December, 2020	31 December, 2021	2021/2020
Number of customers (RPC)	5 427 445	5 633 817	3.8
<i>Postpaid share in the RPC base (%)</i>	71,8	74,2	3.4
MOU	246,1	258,8	5.2
ARPU (HUF) (4)	3 592	3 754	4.5
Postpaid (4)	5 079	5 341	5.2
<i>Prepaid(4)</i>	1 154	1 193	3.4
<i>M2M (4)</i>	485	369	(23.9)
Overall chum rate (%) (4)	15,0	11,6	(22.7)
<i>Postpaid (%) (4)</i>	6,4	5,2	(18.5)
<i>Prepaid (%) (4)</i>	29,9	22,9	(23.3)
Ratio of non-voice revenues in ARPU (%) (4)	49,6	54,8	10.5
Number of mobile broadband subscriptions	3 295 935	3 625 093	10.0

FIXED-LINE OPERATIONS

Voice services

Total voice customers	1 339 116	1 326 219	(1.0)
<i>Total outgoing traffic (thousand minutes) (4)</i>	2 490 756	1 989 329	(20.1)
Blended MOU (outgoing) (4)	155	125	(19.4)
Blended ARPUI (HUF) (4)	2 100	1 952	(7.0)

Data products

Blended retail broadband market share (%) (1)	41,2	n.a.	n.a.
<i>Number of retail DSL customer (4)</i>	454 399	399 831	(12.0)
<i>Number of cable broadband customers</i>	451 048	476 790	5.7
<i>Number of fiber optic connections</i>	415 663	540 119	29.9
Total retail broadband customers (4)	1 321 110	1 416 740	7.2
Blended broadband ARPU (HUF) (4)	3 413	3 702	8.5
Number of wholesale DSL access (4)	21 917	25 737	17.4

TV services

Blended TV market share (%) (1)	34,5	n.a.	n.a.
<i>Number of IPTV customers</i>	100 574	102 489	1.9
<i>Number of satellite TV customers</i>	212 004	184 384	(13.0)
<i>Number of cable TV customers</i>	925 684	1 028 966	11.2
Total TV customers	1 238 262	1 315 839	6.3
Blended TV ARPU (HUF) (4)	3 296	3 360	1.9

KEY OPERATING STATISTICAL FIGURES OF MACEDONIA SEGMENT ✓

MOBILE OPERATING

	31 December, 2020	31 December, 2021	2021/2020
Number of customers (RPC)	1 104 714	1 215 086	10.0
<i>Postpaid share in the RPC base (%)</i>	46,7	42,4	(9.2)
MOU (4)	284	260	(8.5)
ARPU (HUF) (4)	2 112	1 912	(9.5)

FIXED-LINED OPERATING

Voice services

Fixed line penetration (%)	11,0	11,2	1.8
Total voice customers	221 017	223 996	1.3
Total outgoing traffic (thousand minutes) (4)	29 394	23 530	(19.9)

Data and TV products

<i>Number of retail broadband access</i>	198 501	204 436	3.0
<i>Number of wholesale broadband access</i>	15 266	15 650	2.5
Number of total broadband access	213 767	220 086	3.0
Number of IPTV customers (5)	142495	145 894	2.4

⁽¹⁾ Data is based on NMAH reports

⁽²⁾ Data published by Macedonian Agency for Electronic Communications (AEC)

⁽³⁾ Based on active RPC

⁽⁴⁾ values (31 December 2020) changed due to re-presentation

⁽⁵⁾ typing error in the Sustainability Report 2020

ASSURANCE STATEMENT



pwc

INDEPENDENT ASSURANCE REPORT

To the Management of Magyar Telekom Nyrt.

This report is produced in accordance with the terms of our Contract dated 2nd May 2022 for the purpose of reporting to Magyar Telekom Nyrt. (the "Company") in connection with the 2021 Sustainability Report.

Management's Responsibility

The Management of Magyar Telekom Nyrt. ("Responsible party") is responsible for the preparation of the Sustainability Report ("subject matter") in accordance with the GRI guidelines – "Comprehensive" option – as set out in Sustainability Reporting Guidelines of Global Reporting Initiative Standards version ("GRI criteria") and with the "Magyar Telekom Sustainability Methodology" summarized in the "Materiality" section of the Sustainability Report (together the "Reporting 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 2021 Sustainability Report is prepared by the Management of Magyar Telekom Nyrt. in line with the Reporting Criteria.

Our Responsibility

Our responsibility is to report on the selected information and data in the 2021 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 2021 Sustainability Report has been prepared, in all material respects, in accordance with the Reporting Criteria.

Our Firm applies International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and we also comply with further ethical requirements set out in these.

Summary of the work performed



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

- Inquiries of the management as well as personnel of the central unit responsible for the reporting of sustainability information and the preparation of the Sustainability Report to examine that the relevant processes for gathering and analyzing the information and data marked with the check symbol ("✓") in the Sustainability Report are in line with the Reporting Criteria;
- Examination whether the information and data marked with the check symbol ("✓") within the GRI Content Index 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 topic;
 - whether all the material indicators required by GRI criteria are included in the report. If not, proper explanation has been included;
- Analytical review, which contains inquiry of management about certain changes or fluctuations in the information and data marked with the check symbol ("✓") within the main chapters of the Sustainability Report compared to the previous period;
- Performing sample testing within the main chapters of the Sustainability Report for the accuracy of the information and data marked with the check symbol ("✓"), for example by inspecting, analyzing and recalculating statistical reports, accounting records, documents from external service providers.

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 2021 Sustainability Report) has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Budapest, 15 June 2022

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

Anita Sávoly-Hatta
Registered auditor
Registration number: 007380

Note:

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



"Magyar Telekom Sustainability Methodology" summarized in the "Materiality" section of the Sustainability Report (together the "Reporting Criteria") on the website of Magyar Telekom Nyrt.

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

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

GRI CONTENT INDEX

GRI Standards used:

GRI 101: Foundation 2016

GRI 102: General Disclosures 2016

GRI 103: Management Approach 2016

GRI 200: Economic 2016

GRI 300: Environmental 2016

GRI 400: Social 2016

GRI 303: Water and effluents 2018

GRI 403: Occupational Health and Safety 2018



DISCLOSURE NUMBER	DISCLOSURE TITLE	CHAPTER IN SUSTAINABILITY REPORT 2021	PAGE	URL	DIRECT ANSWER	RELATED MATERIALITY TOPICS	EXTERNAL ASSURANCE	SASB CODE	SDG TARGET													
GRI 102: GENERAL DISCLOSURES 2016																						
1. Organizational profile																						
102-1	Name of the organization			https://www.telekom.hu/about_us/imprint	The registered company name of Magyar Telekom is Magyar Telekom Telecommunications Public Limited Company, and its abbreviated name is Magyar Telekom Plc.		✓															
102-2	Activities, brands, products, and services			https://www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group	<p>Magyar Telekom Group's activities cover three basic business areas:</p> <ul style="list-style-type: none"> - fixed line and mobile communications services for residential customers (Telekom brand) - services for SMB customers (Telekom brand) - corporate services provided to enterprise customers (T-Systems brand) <p>Under the corporate Telekom brand are also comprised Magyar Telekom's employer and HR, financial and investor relations, legal and corporate affairs, sustainability and corporate responsibility, non-core businesses, technology and networks activities.</p> <p>The management structure of Magyar Telekom is designed to enable the company to exploit the new, innovative service and business opportunities by responding more flexibly to changes in customer demand and to market challenges, and to serve its customers in a high-quality, state-of-the-art and efficient way. Under the leadership of the CEO, the company's Chief Officers are heading the management areas (financial, human resources, residential services, SMB services, enterprise services, technology and IT, legal and corporate affairs).</p>		✓	TC-TL-520a. 2														
102-3	Location of headquarters			https://www.telekom.hu/about_us/imprint	The headquarters of the Group are located in Budapest (IX., Könyves Kálmán krt. 36.).		✓															
102-4	Location of operations			https://www.telekom.hu/static-tr/sw/file/IFRS_Group_ENG_20211231.pdf	The Group's area of operation: Hungary, Macedonia, Bulgaria and Romania.		✓															
102-5	Ownership and legal form			https://www.telekom.hu/about_us/investor_relations/magyar_telekom_shares/ownership_structure	<table border="1"> <thead> <tr> <th>SHAREHOLDERS</th> <th>OWNERSHIP (%)</th> </tr> </thead> <tbody> <tr> <td>Deutsche Telekom Europe B.V.</td> <td>59.21%</td> </tr> <tr> <td>Other foreign institutions</td> <td>20.87%</td> </tr> <tr> <td>Domestic institutions</td> <td>4.44%</td> </tr> <tr> <td>Domestic individuals</td> <td>9.06%</td> </tr> <tr> <td>Treasury shares</td> <td>4.39%</td> </tr> <tr> <td>Other</td> <td>2.03%</td> </tr> </tbody> </table> <p>Deutsche Telekom Europe B.V. (formerly called CMobil B.V.) is 100% owned by Deutsche Telekom Europe Holding B.V., whose 100% owner is Deutsche Telekom Europe Holding GmbH (formerly called T-Mobile Global Holding Nr. 2 GmbH) and Deutsche Telekom Europe Holding GmbH is 100% owned by Deutsche Telekom AG, as a result Deutsche Telekom AG has 59,21% indirect ownership and voting rights in Magyar Telekom Plc. s of June 30, 2021, based on the shareholder identification report prepared by IHS Markit.. ✓</p>	SHAREHOLDERS	OWNERSHIP (%)	Deutsche Telekom Europe B.V.	59.21%	Other foreign institutions	20.87%	Domestic institutions	4.44%	Domestic individuals	9.06%	Treasury shares	4.39%	Other	2.03%		✓	
SHAREHOLDERS	OWNERSHIP (%)																					
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Other	2.03%																					
102-6	Markets served			https://www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group	The Magyar Telekom Group's member companies operating in Hungary are managing content, media and other, non-access services provided under various brands. The Group's international member companies are operating in the markets of the South-East European region as integrated and alternative telecommunications service providers.		✓															
102-7	Scale of the organization			https://www.telekom.hu/static-tr/sw/file/financial_report_21q4_en.pdf	Number of employees of Magyar Telekom Group: 6,786 persons (as of December 31, 2021)		✓															







DISCLOSURE NUMBER	DISCLOSURE TITLE	CHAPTER IN SUSTAINABILITY REPORT 2021	PAGE	URL	DIRECT ANSWER	RELATED MATERIALITY TOPICS	EXTERNAL ASSURANCE	SASB CODE	SDG TARGET																																																																													
102-8	Information on employees and other workers	Diversity and Equal Opportunities	30	https://www.telekom.hu/lakossagi/ugyintezes/eierhetosegek/uzleteink/mobiltudos (only in Hungarian) https://www.telekom.hu/rolunk/karrier/kickstart (only in Hungarian)	<p>The company uses external workforce in all major areas of its operations. The decisions are made by the relevant directorates. Generally we rely on external workforce in special areas, rare skillsets and qualities contracting them to fill in temporary vacancies in different areas of our operations. The positions as well as the levels of expertise may vary and thus they are hard to specify.</p> <p>On December 31, 2021 Magyar Telekom had 146 interns (including 28 Mobiltudós trainees) and T-Systems had 54 interns. Throughout our internship program these 200 interns were provided with opportunities to gain real workforce experience in various areas of our operations. The diverse team of our Y2021 interns included students from the fields of IT, business, economy, architecture, horticultural sciences and many other areas. Admission to the internship program of the company is not limited to any scholarly areas, we are eager to find out more about the applicants main drives and personality as well. We believe that thinking together with a diverse set of great people can lead to great solutions.</p> <p>In 2021, 22 selected students joined the first year of Telekom's Kickstart program. The one-year, special training program summarizes all the expectations that Magyar Telekom expects from career starters offering professional and soft-skill trainings, design thinking trainings. Kickstart trainees working in a wide range of professional fields work on a common semester project task based on real business needs in the spirit of agile methodology, thus strengthening the ability to work in cross-functional teams.</p>	Talent management Initiatives to eliminate the digital divide	✓		8 10																																																																													
102-9	Supply chain	Stakeholders - Suppliers	32		The total number of suppliers that Magyar Telekom Plc. contacted with procurement orders in 2021 was 1151. The table at GRI 102-10 lists the types of suppliers by procurement areas. If suppliers are involved in the procurement processes of multiple areas than the above table lists them in all areas concerned. Therefore the sum of the above numbers does not reflect to the total number of suppliers engaged in our corporate procurement processes. The proportion of local suppliers more than 89%. There is a corporate intranet site providing internal information for employees on the Procurement and Logistics Directorate's areas of concern, representatives and the related rules and regulations.	Sustainability in the supplier chain Supplier relations	✓																																																																															
102-10	Significant changes to the organization and its supply chain	Stakeholders - Suppliers	32		<p>The Composition of Magyar Telekom Group over the past 5 years ✓</p> <table border="1"> <thead> <tr> <th></th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Magyar Telekom Plc.</td> <td>Magyar Telekom Plc.</td> <td>Magyar Telekom Plc.</td> <td>Magyar Telekom Plc.</td> <td>Magyar Telekom Plc.</td> <td>Magyar Telekom Plc.</td> </tr> <tr> <td>T-Systems Hungary¹</td> <td>T-Systems Hungary</td> <td>T-Systems Hungary</td> <td>T-Systems Hungary</td> <td>T-Systems Hungary</td> <td>T-Systems Hungary</td> </tr> <tr> <td>KalászNet</td> <td>KalászNet</td> <td>KalászNet</td> <td>KalászNet</td> <td>KalászNet</td> <td>KalászNet</td> </tr> <tr> <td>TCG²</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>MakTel</td> <td>MakTel</td> <td>MakTel</td> <td>MakTel</td> <td>MakTel</td> <td>MakTel</td> </tr> <tr> <td>GTS³</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>Number of suppliers at different procurement areas</p> <table border="1"> <thead> <tr> <th>AREA</th> <th>DESCRIPTION</th> <th>NUMBER OF SUPPLIERS IN 2017</th> <th>NUMBER OF SUPPLIERS IN 2018</th> <th>NUMBER OF SUPPLIERS IN 2019</th> <th>NUMBER OF SUPPLIERS IN 2020</th> <th>NUMBER OF SUPPLIERS IN 2021</th> </tr> </thead> <tbody> <tr> <td>Network</td> <td>wire and wireless network, transmission technology, backbone network</td> <td>333</td> <td>342</td> <td>319</td> <td>320</td> <td>337</td> </tr> <tr> <td>IT</td> <td>hardware, software procurement, IT Consulting & Contracting, IT-operations and desktop-services, OSS, BSS</td> <td>346</td> <td>331</td> <td>287</td> <td>280</td> <td>280</td> </tr> <tr> <td>CPE & Noncore</td> <td>special projects and terminals, functional area</td> <td>79</td> <td>86</td> <td>130</td> <td>119</td> <td>119</td> </tr> <tr> <td>Indirekt</td> <td>marketing, low cost suppliers, fleet management, real estate management, related services, consultancy, labor force and HR services</td> <td>878</td> <td>783</td> <td>770</td> <td>638</td> <td>638</td> </tr> </tbody> </table>		2017	2018	2019	2020	2021	Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.	Magyar Telekom Plc.	T-Systems Hungary ¹	T-Systems Hungary	T-Systems Hungary	T-Systems Hungary	T-Systems Hungary	T-Systems Hungary	KalászNet	KalászNet	KalászNet	KalászNet	KalászNet	KalászNet	TCG ²	-	-	-	-	-	MakTel	MakTel	MakTel	MakTel	MakTel	MakTel	GTS ³	-	-	-	-	-	AREA	DESCRIPTION	NUMBER OF SUPPLIERS IN 2017	NUMBER OF SUPPLIERS IN 2018	NUMBER OF SUPPLIERS IN 2019	NUMBER OF SUPPLIERS IN 2020	NUMBER OF SUPPLIERS IN 2021	Network	wire and wireless network, transmission technology, backbone network	333	342	319	320	337	IT	hardware, software procurement, IT Consulting & Contracting, IT-operations and desktop-services, OSS, BSS	346	331	287	280	280	CPE & Noncore	special projects and terminals, functional area	79	86	130	119	119	Indirekt	marketing, low cost suppliers, fleet management, real estate management, related services, consultancy, labor force and HR services	878	783	770	638	638	Sustainability in the supplier chain Supplier relations Managing changes	✓		
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102-11	Precautionary Principle or approach	Our Approach - Sustainability Strategy Climate Protection Stakeholders - Suppliers	5	https://www.telekom.hu/about_us/sustainability/sustainability-strategy https://www.telekom.com/resource/blob/525950/75e73159e55aac7fd50199ffb9878ad7/dl-180528-umweltschutz-en-data.pdf	Magyar Telekom complies with the legal requirements in all geographies it operates in. Beyond legal requirements, Magyar Telekom employs a precautionary principle in existing and new ventures. We intend to prevent or alternatively minimize negative environmental impacts related to existing and new projects, products and services. Environmental Risk Assessments are an integral part of our due-diligence processes for mergers and acquisitions.	Regulatory compliance Risk management Environmental targets, costs and compliance	✓																																																																															
102-12	External initiatives	Stakeholders	31				✓																																																																															
102-13	Membership of associations	Stakeholders	43			Professional cooperation	✓																																																																															

¹ Before 01.04.2012 under the name of KFKI Zrt.

² In 2017 the 76.53% shareholding in Crnogorski Telekom AD Podgorica has been transferred to Hrvatski Telekom d.d.

³ GTS Hungary merged into T-Systems Hungary Zrt. (with effect 30.09.2017).



DISCLOSURE NUMBER	DISCLOSURE TITLE	CHAPTER IN SUSTAINABILITY REPORT 2021	PAGE	URL	DIRECT ANSWER	RELATED MATERIALITY TOPICS	EXTERNAL ASSURANCE	SASB CODE	SDG TARGET
2. Strategy									
102-14	Statement from senior decision-maker	Letter from the CEO	3				✓		
102-15	Key impacts, risks, and opportunities	Our Approach - Sustainability Strategy	5	https://www.telekom.hu/sustainability https://www.telekom.hu/about_us/sustainability/sustainability-strategy https://www.telekom.hu/about_us/sustainability/sustainability-strategy/what-does-sustainability-mean-for-us https://www.telekom.hu/about_us/sustainability/digitally-enabled-sustainability/vision https://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	<p>In 2021, the Magyar Telekom Group has defined a new 10-year sustainability strategy (2021–2025–2030), with 3 main strategic focus areas: Climate protection, Digitalization and Diversity.</p> <p>The main objective of the new sustainability strategy is to ensure that Magyar Telekom remains the country's leading sustainable company by being a catalyst of growth for people, families, communities and businesses, and an accelerator of environment protection.</p>	Corporate governance	✓		
3. Ethics and integrity									
102-16	Values, principles, standards, and norms of behavior	Our Approach Diversity & Equal opportunities Stakeholders	5 23 31	https://www.telekom.hu/static-tr/sw/file/em-beri-jogok-es-szocialis-alapelvek-kodexe.pdf https://www.telekom.hu/static-tr/sw/file/mt-mukodesi-kodex.pdf http://www.telekom.hu/rolunk/vallalatrol/iranyelveink/megfeleloseg/a-megfelelosegi-program http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf	<p>The Magyar Telekom Group's Code of Conduct summarises the Group's corporate compliance requirements, sets out the Group's shared values and is also the pledge of Telekom's strong position, reputation and successful future. The Code of Conduct applies to everyone within the Magyar Telekom Group, from employees to members of the Board of Directors. Furthermore, Magyar Telekom Group's contractual partners must also acknowledge and accept these values when registering on the procurement website.</p>	Corporate compliance Corporate governance Regulatory compliance	✓		
102-17	Mechanisms for advice and concerns about ethics			http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	<p>Magyar Telekom Group takes the Code of Conduct and its detailed regulation seriously and considers its enforcement to be among the highest priorities, but it is also acknowledged that it is sometimes difficult to know right from wrong. That's why the employees are encouraged to initiate open communication through an internally available Ask me! portal. Complaints and concerns about possible non-compliance with ethics are to be issued through the dedicated Tell Me! secure internal employee site.</p>	Corporate compliance Human rights, equal opportunities	✓		
4. Governance									
102-18	Governance structure	Corporate Governance	6	http://www.telekom.hu/about_us/investor_relations/corporate_governance	<p>Magyar Telekom's Board of Directors is the management body of the Company and represents the Company with regard to third parties, in court and before other authorities. The Board of Directors exercises its rights and performs its obligations as an independent body. The Board of Directors is not an operative management body, in other words, the Board of Directors is not involved in the Company's daily business. The Board of Directors is responsible for all matters relating to the Company's management and course of business not otherwise reserved to the General Meeting or to other corporate bodies by the Articles of Association of the Company or by the law.</p> <p>The Supervisory Board (SB) oversees the management of the Company in order to protect its interests. Within the framework of this activity the Supervisory Board supervises the control, management and business activities of the Company as well as compliance of the Company's operation with the laws and the Articles of Association</p> <p>The Audit Committee is a permanent committee composed of independent members of the Company's Supervisory Board elected by the General Meeting. The purpose of the Audit Committee is to support the Supervisory Board (1) in supervising the financial reporting system, (2) in selecting the statutory Auditor and (3) in cooperating with the statutory Auditor. The Audit Committee operates based on its Rules of Procedure. The Audit Committee establishes its own Rules of Procedure which is approved by the Supervisory Board.</p> <p>The Board of Directors established the Remuneration and Nomination Committee to support the Board of Directors of the Company regarding the remuneration and certain nomination related issues of the members of the corporate bodies and the top executives of the Company in accordance with its Rules of Procedure. The reason for combining certain tasks regarding the remuneration and nomination is to make the decision-making procedure of the Board of Directors more efficient in personnel matters, and to ensure the complex handling thereof.</p>	Corporate compliance Regulatory compliance	✓		
102-19	Delegating authority	Corporate Governance	6			Corporate compliance	✓		
102-20	Executive-level responsibility for economic, environmental and social topics	Corporate Governance	6			Corporate compliance	✓		


DISCLOSURE NUMBER	DISCLOSURE TITLE	CHAPTER IN SUSTAINABILITY REPORT 2021	PAGE	URL	DIRECT ANSWER	RELATED MATERIALITY TOPICS	EXTERNAL ASSURANCE	SASB CODE	SDG TARGET
102-21	Consulting stakeholders on economic, environmental and social topics	Stakeholders	32			Involvement of our customers Our employees as corporate citizens	✓		
102-22	Composition of the highest governance body and its committees			http://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation https://www.telekom.hu/about_us/investor_relations/corporate_governance/supervisory_board https://www.telekom.hu/about_us/investor_relations/corporate_governance/audit_committee https://www.telekom.hu/static-tr/sw/file/IFRS_Group_ENG_20211231.pdf https://www.telekom.hu/static-tr/sw/file/20220412-corporate-governance-report-2021.pdf https://www.telekom.hu/static-tr/sw/file/BoD_self-assessment_eng.pdf	<p>On December 31, 2021 the Board of Directors had eight members, with two internal (executive) and six external (non-executive) members. 3 members are considered independent and 5 members are not considered independent. Members of the Board of Directors on December 31, 2021:</p> <ul style="list-style-type: none"> • Dr. Robert Hauber, Chairperson of the Board of Directors, Senior Vice President Finance & Performance Management Europe, Deutsche Telekom AG; • Daria Dodonova, Chief Financial Officer, Magyar Telekom Plc.; • Gábor Fekete, consultant (independent); • Ralf Nejedl, Senior Vice President B2B Europe, Deutsche Telekom AG; • Frank Odzuck, Chief Executive Officer, Zwack Unicum Plc. (independent); • Péter Rátatics, Chief Operating Officer of MOL (independent); • Tibor Rékasi, Chief Executive Officer, Magyar Telekom Plc.; • Éva Somorjai-Tamássy, Senior Vice President Special Transformation Projects Europe, Deutsche Telekom AG <p>Members of the Supervisory Board on December 31, 2021:</p> <ul style="list-style-type: none"> • Prof. dr. Attila Borbély, Chairperson of the Supervisory Board, Professor Emeritus of University of Debrecen, Faculty of Economics and Business (independent); • Krisztina Dorogházi, Senior Vice President Chief Accounting Officer and Controller, TechnipFMC, (independent); • Tamás Lichnovszky, Expert, Magyar Telekom Plc.; • András Szakonyi, Senior Vice President - Global Data Centers, Iron Mountain, (independent); • Zsoltné Varga, Chairwoman of the Central Functions Workers Council, Magyar Telekom Plc. <p>Members of the Audit Committee on December 31, 2021:</p> <ul style="list-style-type: none"> • Prof. dr. Attila Borbély, Chairperson of the Audit Committee, Professor Emeritus of University of Debrecen, Faculty of Economics and Business; • Krisztina Dorogházi, Senior Vice President Chief Accounting Officer and Controller, TechnipFMC; • András Szakonyi, Senior Vice President - Global Data Centers, Iron Mountain. <p>Members of the Remuneration and Nomination Committee on December 31, 2021:</p> <ul style="list-style-type: none"> • Dr. Robert Hauber, Chairperson of the Remuneration and Nomination Committee, Senior Vice President Finance & Performance Management Europe, Deutsche Telekom AG; • Ralf Nejedl, Senior Vice President B2B Europe, Deutsche Telekom AG; • Frank Odzuck, Chief Executive Officer, Zwack Unicum Plc. 		✓	 	
102-23	Chair of the highest governance body			https://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors https://www.telekom.hu/static-tr/sw/file/20220412-corporate-governance-report-2021.pdf https://www.telekom.hu/static-tr/sw/file/BoD_self-assessment_eng.pdf	The Chief Executive Officer does not fill the position of the Chairperson of the Board of Directors.	Corporate compliance Regulatory compliance	✓		
102-24	Nominating and selecting the highest governance body			http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation http://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents https://www.telekom.hu/static-tr/sw/file/AGM_submissions_18March2019_eng.pdf https://www.telekom.hu/static-tr/sw/file/20190409-AGM-resolutions-kozvetetelre.pdf https://www.telekom.hu/static-tr/sw/file/AGM_submission_-_April_16_2020_final.pdf https://www.telekom.hu/static-tr/sw/file/20200424_BoD_resolutions_eng_final.pdf	<p>The Annual General Meeting held on April 9, 2019 elected the new Board of Directors members. On April 24, 2020 the Board of Directors elected 2 new members.⁴ Shareholders shall have the right to participate at the General Meeting, and if holding shares with voting rights, to vote, in accordance with the Articles of Association.</p> <p>Election of members of the Board of Directors (Board of Directors meeting, April 24, 2020)⁵ Resolutions of the Board of Directors (Board of Directors meeting, April 24, 2020)⁶</p>	Corporate compliance Regulatory compliance	✓	 	

⁴ Due to the situation caused by the coronavirus epidemic (Covid-19) the Annual General Meeting was not held on its scheduled date. Based on Section 9 (2) of Government Decree no. 102/2020. (IV. 10.) the Board of Directors of the Company decided in the matters set on the published agenda of the Annual General Meeting.


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102-25	Conflicts of interest			https://www.telekom.hu/static-tr/sw/file/Code_of_conduct.pdf https://www.telekom.hu/static-tr/sw/file/20220412-corporate-governance-report-2021.pdf	<p>Members of the Board of Directors shall inform the Board of Directors and the Supervisory Board if he/she (or any other person in a close relationship to him/her) has a significant, personal interest in a transaction of the Company (or of any of the Company's subsidiaries).</p> <p>Transactions between members of the Board of Directors (or persons in a close relationship to them) and the Company (or the Company's subsidiaries) shall be conducted according to the general rules of practice of the Company, but, with stricter transparency rules in place. In the case such a transaction is outside the normal course of the Company's business, the transaction and its terms should be approved by the Supervisory Board.</p> <p>In the event of accepting a new executive office, within fifteen days of accepting such executive office, the member of the Board of Directors shall notify about this fact in writing those companies, where he/she already serves as an executive officer or a supervisory board member. The member of the Board of Directors shall inform the Supervisory Board, if he/she receives an offer of Board of Directors or Supervisory Board membership or an offer of an executive management position in a company which is not part of the Company group and also if he/she accepted the offer.</p>	Regulatory compliance	✓		
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance	6				✓		
102-27	Collective knowledge of highest governance body	Corporate Governance	6				✓		
102-28	Evaluating the highest governance body's performance				<p>Top management decisions have a direct impact on the entire Magyar Telekom Group's activity and future priorities. The performance of the top management (Chief Executive Officer, Chief Officers) is incentivized through the Lead to Win motivation system. The incentive system has a short-term incentive (bonus), a long-term, cash-based incentive (LTI) and a long-term, share-based incentive (share benefit program - SBP) element. The Remuneration and Nomination Committee of Magyar Telekom Group's Board of Directors makes proposals both for the annual targets and the evaluation of their implementation. The Committee Member, independent from the majority owner, shall provide for the representation of the minority owners' interests. Upon consideration of the proposals made by the Remuneration Committee, the Board of Directors adopts decisions regarding the targets and evaluation of top executives' performance. The Board of Directors evaluates the performance of the previous year and finalizes the targets of the current year in the first meeting of the year. In general, 55% of top executives' salary is fixed, while 45% is variable pay (bonus). The annual bonus is payable prorated to the evaluated performance of the partly collective, partly individual targets set at the beginning of the year and derived from Magyar Telekom Group's strategic targets. In the case of the collective targets no bonus is payable, if performance is below a certain minimum limit, defined in advance. In case of over-achieving the targets, additional bonus is paid, the extent of which cannot exceed 50% of the bonus payable upon 100% performance. The framework of bonus target setting (bonus amount, structure and maximal amount of additional bonus) is defined by the strategic investor's compensation guidelines (Deutsche Telekom Global Compensation Guidelines). In addition to the annual target-setting, evaluation and bonus payment used as short term incentive, the Company also lays emphasis on long-term performance stimulation. The first package of the LTI-program - as part of the Lead to Win system - was introduced in 2015 so as to stimulate the contribution of the top management to the achievement of the strategic objectives even more effectively. With the 4 year term Telekom focuses on the increase of sustainable performance. It is the competence of the General Meeting to approve the "Remuneration Guidelines" that sets forth the remuneration principles and components for the top management and the members of corporate bodies. Besides, as part of the Corporate Governance Report, Telekom each year discloses the previous year's remuneration for the top management and corporate bodies in the Remuneration Statement. The conditions of selecting the members of Magyar Telekom's Board of Directors, Supervisory Board and Audit Committee were amended by the Remuneration and Nomination Committee in April 2016: as new elements diversity and the reciprocal supplementation of competences are also taken into account.</p>	Corporate compliance	✓		
102-29	Identifying and managing economic, environmental, and social impacts	Corporate Governance	6				✓		
102-30	Effectiveness of risk management processes	Corporate Governance	6		<p>Risk items affecting our operations are reviewed regularly throughout the Company. All of our subsidiaries and entities are obliged to identify and report their operational risks. After evaluation of these risks, results are reported to the Company's management, to the Board of Directors, to the Audit Committee and the Supervisory Board. This regular reporting ensures that the most significant risks are monitored, up-to-date risk mitigation measures are implemented and regularly monitored.</p> <p>Our risk reporting system is complemented by a continuous reporting procedure, which requires all of our departments and subsidiaries to report on a real-time basis any new material fact, information or risk that comes to their knowledge. Information thus submitted is monitored and evaluated by the risk management area and the Chief Financial Officer notified when a new material risk or information is identified. An internal regulation has been issued to define responsibilities of each employee in risk monitoring and management.</p> <p>The risk assessment is carried out for a two-year period. This is also our forecast period. If there are significant risks beyond the forecast period, such risks are monitored on a continuous basis.</p>	Risk management Corporate compliance	✓		










DISCLOSURE NUMBER	DISCLOSURE TITLE	CHAPTER IN SUSTAINABILITY REPORT 2021	PAGE	URL	DIRECT ANSWER	RELATED MATERIALITY TOPICS	EXTERNAL ASSURANCE	SASB CODE	SDG TARGET
102-31	Review of economic, environmental, and social topics	Corporate Governance	6				✓		
102-32	Highest governance body's role in sustainability reporting	Corporate Governance	6			Corporate governance	✓		
102-33	Communicating critical concerns	Corporate Governance	6				✓		
102-34	Nature and total number of critical concerns	Stakeholders	38				✓		
102-35	Remuneration policies	Diversity and Equal Opportunities	23	http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation https://www.telekom.hu/static-tr/sw/file/IFRS_Group_2018_AGM_alairt_nyilatkozattal.pdf https://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents https://www.telekom.hu/static-tr/sw/file/2022AGM_submissions_0321_boritoval.pdf	Top management decisions have a direct impact on the entire Magyar Telekom Group's activity and future priorities. The performance of the top management (Chief Executive Officer, Chief Officers) is incentivized through the Lead to Win motivation system. The incentive system has a short-term incentive (bonus), a long-term, cash-based incentive (LTI) and a long-term, based incentive (share benefit program - SBP) element. The Remuneration and Nomination Committee of Magyar Telekom Group's Board of Directors makes proposals both for the annual targets and the evaluation of their implementation. The Committee Member, independent from the majority owner, shall provide for the representation of the minority owners' interests. Upon consideration of the proposals made by the Remuneration Committee, the Board of Directors adopts decisions regarding the targets and evaluation of top executives' performance. The Board of Directors evaluates the performance of the previous year and finalizes the targets of the current year in the first meeting of the year. In general, 55% of top executives' salary is fixed, while 45% is variable pay (bonus). The annual bonus is payable prorated to the evaluated performance of the partly collective, partly individual targets set at the beginning of the year and derived from Magyar Telekom Group's strategic targets. In the case of the collective targets no bonus is payable, if performance is below a certain minimum limit, defined in advance. In case of over-achieving the targets, additional bonus is paid, the extent of which cannot exceed 50% of the bonus payable upon 100% performance. The framework of bonus target setting (bonus amount, structure and maximal amount of additional bonus) is defined by the strategic investor's compensation guidelines (Deutsche Telekom Global Compensation Guidelines). In addition to the annual target-setting, evaluation and bonus payment used as short term incentive, the Company also lays emphasis on long-term performance stimulation. The first package of the LTI-program - as part of the Lead to Win system - was introduced in 2015 so as to stimulate the contribution of the top management to the achievement of the strategic objectives even more effectively. With the 4 year term Telekom focuses on the increase of sustainable performance. It is the competence of the General Meeting to approve the "Remuneration Guidelines" that sets forth the remuneration principles and components for the top management and the members of corporate bodies. Besides, as part of the Corporate Governance Report, Telekom each year discloses the previous year's remuneration for the top management and corporate bodies in the Remuneration Statement. The conditions of selecting the members of Magyar Telekom's Board of Directors, Supervisory Board and Audit Committee were amended by the Remuneration and Nomination Committee in April 2016: as new elements diversity and the reciprocal supplementation of competences are also taken into account.	Corporate compliance	✓		
102-36	Process for determining remuneration			https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation https://www.telekom.hu/static-tr/sw/file/2020AGM-Remuneration-Policy.pdf https://www.telekom.hu/static-tr/sw/file/20200101_MT_RNC_RoP_ENG.pdf	Members of the Committee may request presence of external invitees (e.g. experts) who can attend parts or the entire meeting related to the agenda item.	Corporate compliance	✓		
102-37	Stakeholders' involvement in remuneration			https://www.telekom.hu/static-tr/sw/file/8_javadalmazas_19March2014_eng.pdf http://www.telekom.hu/static-tr/sw/file/kozgyulesi_hatarozatok_2014AGM_14April2014_eng.pdf https://www.telekom.hu/static-tr/sw/file/AGM_submission_-_April_16_2020_final.pdf https://www.telekom.hu/static-tr/sw/file/20200424_BoD_resolutions_eng_final.pdf	The Annual General Meeting, held on April 11, 2014, determined the remuneration of the members of the Board of Directors. On April 24, 2020 the Board of Directors determined the remuneration of the members of the Supervisory Board and the Audit Committee. On April 24, 2020 the Board of Directors approved the Remuneration Policy of Magyar Telekom Plc. ⁷	Corporate compliance	✓		
102-38	Annual total compensation ratio			https://www.telekom.hu/static-tr/sw/file/2020AGM-Remuneration-Policy.pdf https://www.telekom.hu/static-tr/sw/file/20220412-corporate-governance-report-2021.pdf	Information disclosed on remuneration of Board of Directors, Supervisory Board, Audit Committee and Management is available in Corporate Governance and Management Report (prepared on the basis of the Corporate Governance Recommendations of the Budapest Stock Exchange Zrt. (BSE)).	Corporate compliance Investor relations	✓		
102-39	Percentage increase in annual total compensation ratio			https://www.telekom.hu/static-tr/sw/file/2020AGM-Remuneration-Policy.pdf https://www.telekom.hu/static-tr/sw/file/20220412-corporate-governance-report-2021.pdf	Information disclosed on remuneration of Board of Directors, Supervisory Board, Audit Committee and Management is available in Corporate Governance and Management Report (prepared on the basis of the Corporate Governance Recommendations of the Budapest Stock Exchange Zrt. (BSE)).	Corporate compliance Investor relations	✓		


⁷ Due to the situation caused by the coronavirus epidemic (Covid-19) the Annual General Meeting was not held on its scheduled date. Based on Section 9 (2) of Government Decree no. 102/2020. (IV. 10.) the Board of Directors of the Company decided in the matters set on the published agenda of the Annual General Meeting.

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5. Stakeholder engagement									
102-40	List of stakeholder groups	Stakeholders	32				✓		
102-41	Collective bargaining agreements				100% of the employment contracts of Magyar Telekom Group employees operating in Hungary fall under collective bargaining agreements, the same ratio for Macedonian workers is 82.62%.	Human rights, equal opportunities	✓		
102-42	Identifying and selecting stakeholders	Stakeholders	32				✓		
102-43	Approach to stakeholder engagement	Stakeholders	32				✓		
102-44	Key topics and concerns raised	Stakeholders	32				✓		
6. Reporting practice									
102-45	Entities included in the consolidated financial statements				The report covers Hungary and Macedonia and all activities of the Group are included. Telekom uses its best efforts to ensure completeness of the report therefore includes all member companies that are of key importance from a sustainability point of view. The data disclosed the report are comparable to the changes of the composition of the Group which is supported by the table in the direct answers to the 102-10 indicator.		✓		
102-46	Defining report content and topic Boundaries	Stakeholders (Materiality)	33				✓		
102-47	List of material topics	Stakeholders (Materiality)	33				✓		
102-48	Restatements of information				The report does not contain any restatements.		✓		
102-49	Changes in reporting				There is no any significant change in reporting.	Managing changes	✓		
102-50	Reporting period				All data and information presented in this current report references the year 2021.		✓		
102-51	Date of most recent report			https://www.telekom.hu/static-tr/sw/file/magyar-telekom-sustainability-report-2020.pdf	The most recent report was published in 2021 covering the year 2020.		✓		
102-52	Reporting cycle			https://www.telekom.hu/about_us/society_and_environment/sustainability_reports/	Magyar Telekom releases its sustainability report on an annual basis.		✓		
102-53	Contact point for questions regarding the report				Should you have any questions or queries on the report, please do not hesitate to write to the following e-mail address: sustainability@telekom.hu		✓		
102-54	Claims of reporting in accordance with the GRI Standards				This report has been prepared in accordance with the GRI Standards: Comprehensive option		✓		
102-55	GRI content index	GRI Content Index	47				✓		
102-56	External assurance	Assurance statement	46		In order to ensure credibility and transparency, the Company continued to rely upon the support of an experienced and respected, external, independent third party. The purpose of the assurance procedure that they conducted is to determine the compliance, authenticity, comprehensiveness, structural integrity, justifiability and verifiability of the Sustainability Report. The report has been audited by PricewaterhouseCoopers Könyvvizsgáló Kft. and they assure the information contained therein to be reliable. The assurance process has been designed and conducted in accordance with the ISAE3000 standard, defined by the International Federation of Accountants. The respective limited assurance engagement report can be found in the 'Assurance Statement' chapter. Data and information audited are indicated by a ✓ symbol in the report and in the GRI content index. Sources of the data included in the report: - The business data are from the Group's year-2020 Annual Report and Quarterly Reports and data collection conducted within the Group. - The data of social nature are collected within the Group partly with the support of an online reporting tool, while the rest was supplied by the affiliates and organizational units. - The environmental protection data are partly from a process-wise transparent, online data provision system, as well as data collection conducted within the Group.		✓		

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GRI 200: ECONOMIC STANDARDS 2016																																																																																																													
GRI 201: Economic performance 2016																																																																																																													
103-1-2-3	Management approach	Letter from the CEO Our Approach	3 5																																																																																																										
201-1	Direct economic value generated and distributed				<p>Creating value for our stakeholders ✓</p> <table border="1"> <thead> <tr> <th></th> <th></th> <th>2017</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2021</th> <th>2021</th> <th>2021</th> <th>2021</th> </tr> <tr> <th></th> <th>Produces economic value</th> <th>Group</th> <th>Group</th> <th>Group</th> <th>Group</th> <th>Hungary</th> <th>Macedonia</th> <th>Romania</th> <th>Bulgaria</th> </tr> </thead> <tbody> <tr> <td></td> <td>Revenues (total revenue + share from the after-tax profit of the affiliates)</td> <td>611 194 HUF million</td> <td>666 743 HUF million</td> <td>672 982 HUF million</td> <td>700 120 HUF million</td> <td>625 857 HUF million</td> <td>65 546 HUF million</td> <td>5 240 HUF million</td> <td>3 477 HUF million</td> </tr> <tr> <td>Stakeholder</td> <td>Distributed economic value</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Suppliers</td> <td>Operating costs (total revenue-related payments + net other operating costs)</td> <td>345 245 HUF million</td> <td>333 893 HUF million</td> <td>333 333 HUF million</td> <td>349 311 HUF million</td> <td>312 126 HUF million</td> <td>31 791 HUF million</td> <td>3 220 HUF million</td> <td>2 174 HUF million</td> </tr> <tr> <td>Employees</td> <td>Employee wages and benefits (employee related costs)</td> <td>80 240 HUF million</td> <td>80 192 HUF million</td> <td>79 004 HUF million</td> <td>75 880 HUF million</td> <td>68 950 HUF million</td> <td>5 926 HUF million</td> <td>517 HUF million</td> <td>487 HUF million</td> </tr> <tr> <td>Investors</td> <td>Payment to capital investors (dividend pay + net other operating costs)</td> <td>47 708 HUF million</td> <td>50 194 HUF million</td> <td>44 701 HUF million</td> <td>28 716 HUF million</td> <td>28 429 HUF million</td> <td>256 HUF million</td> <td>17 HUF million</td> <td>14 HUF million</td> </tr> <tr> <td>State</td> <td>Payments to the state budget (profit tax + crisis tax + telecom tax + utility tax)</td> <td>48 461 HUF million</td> <td>46 639 HUF million</td> <td>49 424 HUF million</td> <td>50 424 HUF million</td> <td>49 352 HUF million</td> <td>956 HUF million</td> <td>113 HUF million</td> <td>3 HUF million</td> </tr> <tr> <td>Communities</td> <td>Community investments (donations, institutional sponsorship, voluntary work, education)</td> <td>363 HUF million</td> <td>253 HUF million</td> <td>170 HUF million</td> <td>170 HUF million</td> <td>125 HUF million</td> <td>83 HUF million</td> <td>n.a.</td> <td>n.a.</td> </tr> <tr> <td>Overall stakeholders in the future</td> <td>Retailled earning (after-tax profit + depreciation-dividend paid)</td> <td>122 353 HUF million</td> <td>155 825 HUF million</td> <td>166 520 HUF million</td> <td>195 789 HUF million</td> <td>167 000 HUF million</td> <td>26 617 HUF million</td> <td>1 373 HUF million</td> <td>799 HUF million</td> </tr> </tbody> </table>			2017	2019	2020	2021	2021	2021	2021	2021		Produces economic value	Group	Group	Group	Group	Hungary	Macedonia	Romania	Bulgaria		Revenues (total revenue + share from the after-tax profit of the affiliates)	611 194 HUF million	666 743 HUF million	672 982 HUF million	700 120 HUF million	625 857 HUF million	65 546 HUF million	5 240 HUF million	3 477 HUF million	Stakeholder	Distributed economic value									Suppliers	Operating costs (total revenue-related payments + net other operating costs)	345 245 HUF million	333 893 HUF million	333 333 HUF million	349 311 HUF million	312 126 HUF million	31 791 HUF million	3 220 HUF million	2 174 HUF million	Employees	Employee wages and benefits (employee related costs)	80 240 HUF million	80 192 HUF million	79 004 HUF million	75 880 HUF million	68 950 HUF million	5 926 HUF million	517 HUF million	487 HUF million	Investors	Payment to capital investors (dividend pay + net other operating costs)	47 708 HUF million	50 194 HUF million	44 701 HUF million	28 716 HUF million	28 429 HUF million	256 HUF million	17 HUF million	14 HUF million	State	Payments to the state budget (profit tax + crisis tax + telecom tax + utility tax)	48 461 HUF million	46 639 HUF million	49 424 HUF million	50 424 HUF million	49 352 HUF million	956 HUF million	113 HUF million	3 HUF million	Communities	Community investments (donations, institutional sponsorship, voluntary work, education)	363 HUF million	253 HUF million	170 HUF million	170 HUF million	125 HUF million	83 HUF million	n.a.	n.a.	Overall stakeholders in the future	Retailled earning (after-tax profit + depreciation-dividend paid)	122 353 HUF million	155 825 HUF million	166 520 HUF million	195 789 HUF million	167 000 HUF million	26 617 HUF million	1 373 HUF million	799 HUF million	Resource consumption Supplier relations Local procurement Involvement of our employees Donation Sponsorship	✓		 
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201-2	Financial implications and other risks and opportunities due to climate change	Our Approach - Sustainability Strategy Climate Protection	5 14																																																																																																										
201-3	Defined benefit plan obligations and other retirement plans				As of 2019 the employer contribution the private healthcare, mutual funds and voluntary pension ceased, while we remain to contribute to the state owned healthcare, pension and unemployment support systems. Meanwhile we deduct voluntary pension and healthcare membership fees and transfer them to the cash funds on behalf of the employee. The membership fee may be a fixed amount or a percentage, which is to be stated in the employee declaration.																																																																																																								
201-4	Financial assistance received from government				<p>Substantial financial support from State ✓</p> <table border="1"> <thead> <tr> <th></th> <th></th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>tax credit utilization</td> <td></td> <td>3208 HUF million</td> <td>2484 HUF million</td> <td>3 862 HUF million</td> <td>3 141 HUF million</td> <td>4267 HUF million</td> </tr> <tr> <td>film- and sport subsidies</td> <td></td> <td>546 HUF million</td> <td>500 HUF million</td> <td>645 HUF million</td> <td>719 HUF million</td> <td>1504 HUF million</td> </tr> <tr> <td>tax benefit on wage cost of software developers</td> <td></td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>tax impact of tax base decreasing item on donations</td> <td></td> <td>189 HUF thousand</td> <td>0</td> <td>559 HUF thousand</td> <td>306 HUF thousand</td> <td>950 HUF thousand</td> </tr> <tr> <td>tax impact of tax base decreasing item on R&D</td> <td></td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table>			2017	2018	2019	2020	2021	tax credit utilization		3208 HUF million	2484 HUF million	3 862 HUF million	3 141 HUF million	4267 HUF million	film- and sport subsidies		546 HUF million	500 HUF million	645 HUF million	719 HUF million	1504 HUF million	tax benefit on wage cost of software developers		0	0	0	0	0	tax impact of tax base decreasing item on donations		189 HUF thousand	0	559 HUF thousand	306 HUF thousand	950 HUF thousand	tax impact of tax base decreasing item on R&D		0	0	0	0	0		✓																																																												
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GRI 202: Market Presence 2016																																																																																																													
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202-1	Ratios of standard entry level wage by gender compared to local minimum wage				Magyar Telekom Group always provides at least the minimum wage as required in the relevant legislation and the salary of new entrants is exclusively determined by the value of the advertised position. Magyar Telekom is an equal opportunity employer. The salary brackets are determined on the basis of the actual market benchmark regardless of the gender of the employees. The lowest base wage as stated in the Collective Agreement is 120% of the minimum wage.	Human rights, equal opportunities Corporate compliance Regulatory compliance	✓		1 NO POVERTY, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH
202-2	Proportion of senior management hired from the local community	Diversity and Equal Opportunities	26			Human rights, equal opportunities Corporate compliance	✓		8 DECENT WORK AND ECONOMIC GROWTH
GRI 203: Indirect Economic Impacts 2016									
103 1-2-3	Management Approach	Our Approach - Sustainability Strategy	5				✓		5 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES
203-1	Infrastructure investments and services supported	Digitalization Stakeholders	17 31			Service availability	✓		1 NO POVERTY, 3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH
203-2	Significant indirect economic impacts	Digitalization Stakeholders	17 31				✓		
GRI 204: Procurement Practices 2016									
103 1-2-3	Management Approach	Stakeholders - Suppliers	34	https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm			✓		8 DECENT WORK AND ECONOMIC GROWTH
204-1	Proportion of spending on local suppliers	Stakeholders - Suppliers	36			Local procurement	✓		
GRI 205: Anti-corruption 2016									
103 1-2-3	Management Approach			http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance https://www.telekom.hu/static-tr/sw/file/Code_of_conduct.pdf https://www.telekom.hu/static-tr/sw/file/anti-corruption-clause-non-public-official.pdf http://www.telekom.hu/static-tr/sw/file/corporate_governance_declarations_Ics_eng.pdf	Magyar Telekom does not tolerate intention or transaction on corruption; therefore several internal policies and procedures have been developed to prohibit and prevent bribery (including making facilitation payments). Magyar Telekom intention is to comply with the anti-corruption rules relevant to the Group and it expects its business partners that they will not use money or other consideration paid by Magyar Telekom Group for unlawful purposes, including purposes violating anti-corruption laws, such as make or cause to be made direct or indirect payments to any public official or private person in order to assist Magyar Telekom or anyone acting on its behalf in obtaining or retaining business with, or directing business to, any person, or securing any improper advantage. Telekom prohibits any form of corruption or bribery including but not limited to providing or accepting or promising personal advantage, kick-backs or facilitation payments. The Group also prohibits its employees to make decisions for the employees' benefit or that of the employees' family, friends, associates and acquaintances. No gift or invitation to events can be granted to a third-party where they could affect or be perceived to affect the outcome of a business transaction. The Magyar Telekom Group does not financially or morally support political parties, political organizations or their representatives. Its charitable contribution activities are disclosed on its internet site. Magyar Telekom does not intend to conduct any business with third parties who violate the anticorruption regulations or the guiding principles of the Compliance Program.		✓		
205-1	Operations assessed for risks related to corruption			https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	Our yearly Compliance Risk Assessment (CRA) addresses active and passive corruption separately. It always includes Magyar Telekom, T-Systems, Makedonski Telekom. Other subsidiaries may be included on an ad-hoc basis based on inputs coming from compliance investigations. The CRA covers the before mentioned companies entirely (100%). During the risk assessment we formulate remedial actions concerning the risks identified. We also monitor the fulfillment of these measures.	Risk management Corporate compliance	✓		16 PEACE AND JUSTICE
205-2	Communication and training about anti-corruption policies and procedures			https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	a. number and proportion of the members of management bodies to which the organization's anticorruption policy and processes have been communicated, broken down to regions: 100%, and all regions, Magyar Telekom: 6 persons (Leadership Squad) b. number and proportion of employees to whom the organization's anticorruption policy and processes have been communicated, broken down to employee categories and regions: 100%, all regions c. number and proportion of business partners to which the organization's anticorruption policy and processes have been communicated, broken down to business partner type and region: 100%, Magyar Telekom's current business partners. The anticorruption policy is publicly available. d. number and proportion of management organizations that were trained on anticorruption, broken down to regions: 100%, all regions, Magyar Telekom: 6 persons e. number and proportion of employees who were trained on anticorruption, broken down to employee a category and region: Magyar Telekom Plc.: 5506 persons, in 2021 93% of employees in scope completed the course successfully	Risk management Corporate compliance	✓		16 PEACE AND JUSTICE
205-3	Confirmed incidents of corruption and actions taken				Number of confirmed incidents: 0	Risk management Corporate compliance	✓		16 PEACE AND JUSTICE


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GRI 206: Anti-competitive Behavior 2016									
103 1-2-3	Management Approach			https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	Magyar Telekom uses its best efforts to fulfill its obligations in accordance with the effective laws. Eg. in the field of electronic communications in order to prevent potential authority penalties and sanctions the Company always strive to ensure Magyar Telekom's compliance with the effective laws and manage conflicts - besides harmonizing our processes and IT systems with the amendment of laws - with the NMHH continuous personal consultation, agreements concluded with the authorities and retroactive settlement plans set out in undertakings, made in the form of declarations.	Corporate compliance Regulatory compliance	✓		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices				The antitrust policy covers price fixing, bid rigging, market allocation scheme. The antitrust policy applies to: employees, contractors, suppliers. Measures are taken to promote and ensure antitrust compliance. In 2021 no fines were imposed due to anti-competitive conduct or violation of antitrust rules.	Corporate compliance Regulatory compliance	✓	TC-TL-520a. 1	
GRI 207: Tax 2019									
207-1	Management Approach				"In order to ensure tax compliance, Magyar Telekom Group considers it a top priority to fulfill all tax liabilities fully and in time, as required by the relevant laws, guidelines, contracts and court rulings. Compliance with the tax laws is ensured by the fact that there is a dedicated organizational unit, the Tax Center of Expertise that is responsible for filing tax returns, managing tax implications of business transactions and liaising with tax authorities and other affected parties (e.g. the Ministry of Finance). The Tax CoE is a part of the Reporting and Tax Tribe reporting to the CFO . This underlying responsibility of the company is managed by a Group-level process, encompassing all the related tasks, accountabilities, authorizations and guidelines associated with the fulfillment of tax liabilities. The process defines how the affected parties should cooperate with the aim to fulfill Magyar Telekom's relevant liabilities. "	Risk management Corporate compliance	✓		  
207-2	Tax governance, control, and risk management			https://www.telekom.hu/static-tr/sw/file/IFRS_Group_ENG_20211231.pdf	Magyar Telekom has a Group-level risk management system in place, which covers the efficient and appropriate management of tax-related risks, too. The system systematically identifies, analyzes, assesses, monitors and minimizes tax-related risks and ensures their proper communication. In addition, existing and regularly reviewed controls (ICS) are in place in the taxation area, which ensure that all organizational entities that need to be aware of the effective taxation statutes and their potential changes for their daily operations and that have a direct impact on the proper fulfillment of tax liabilities be up to date in that regard.	Risk management Corporate compliance	✓		  
207-3	Stakeholder engagement and management of concerns related to tax			https://www.telekom.hu/static-tr/sw/file/IFRS_Group_ENG_20211231.pdf			✓		 

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207-4	Country-by-country reporting			https://www.telekom.hu/static-tr/sw/file/IFRS_Group_ENG_20211231.pdf	<p style="text-align: center;">MAGYAR TELEKOM GROUP (HUF MILLION)</p> <p>The activities of Magyar Telekom Group cover three main business areas: - Fixed line and mobile telecommunication services to residential customers (under the Telekom brand), - Services for small- and medium-sized businesses (under the T-Systems brand), - Services to large businesses (under the T-Systems brand).</p>		✓		
					<p>Number of employees 6 786</p> <p>Revenues 700 120</p> <p>Mobile revenues 389 387</p> <p>Fixed line revenues 223 865</p> <p>System integration and IT revenues 86 868</p> <p>Revenue from contracts with customers 694 242</p> <p>Revenue from other sources 5 878</p> <p>Operating expenses (611 272)</p> <p>Other operating income 3 961</p> <p>Operating profit 92 809</p> <p>Interest income 362</p> <p>Interest expense (13 767)</p> <p>Other finance expense-net (291)</p> <p>Net financial result (13 696)</p> <p>Share of associates' and joint ventures' net profit -</p> <p>Profit before income tax 79 113</p> <p>Income tax (16 266)</p> <p>Corporate income tax (3 831)</p> <p>Other income tax (9 514)</p> <p>Deferred tax (2 921)</p> <p>Profit for the year 62 847</p> <p>Consolidated statements of cash flows</p> <p>Cash flows from operating activities 194 770</p> <p>Net cash used in investing activities (-101 402)</p> <p>Net cash used in financing activities (-94 712)</p> <p>Change in cash and cash equivalents (-1 226)</p> <p>Cash and cash equivalents, beginning of year (2021) 14 689</p> <p>Cash and cash equivalents, end of year (2021) 13 463</p> <p>Consolidated IFRS profit before income tax 79 113</p> <p>Tax at 9% (-7 120)</p> <p>Impact of different tax rates (-164)</p> <p>Tax shield of items not subject to income tax 410</p> <p>Tax impact of non deductible items (-743)</p> <p>Other income taxes (-9 514)</p> <p>Impact of tax deductibility of other income taxes 856</p> <p>(De)/recognized deferred tax on tax losses -</p> <p>Investment tax credit accretion 9</p> <p>Effective tax rate 20.56%</p> <p>Tax loss carry forwards at December 31, 2021 -</p> <p>Tax losses for which deferred tax is recognized -</p> <p>Tax losses for which deferred tax is not recognized -</p> <p>Out of the affiliates seated outside of Hungary, Magyar Telekom discloses the financials of the Macedonian affiliate, Makedonski Telekom as a separate section in its consolidated annual report, based on the relevant annual revenue data, due to the structure of the Group.</p> <p style="text-align: center;">Makedonski Telekom (HUF million)</p> <p>Revenues 65 603</p> <p>Profit before income tax 9 790</p> <p>Income tax 955</p> <p>Profit for the period 8 835</p> <p>Summarized cash flows</p> <p>Net cash generated from operating activities 21 913</p> <p>Net cash from investing activities (12 369)</p> <p>Dividends/capital reduction paid to Controlling interest (4 547)</p> <p>Dividends/capital reduction paid to Non-controlling interest (3 479)</p> <p>Other cash flows from financing activities (3 607)</p> <p>Net cash used in financing activities (11 633)</p>				




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GRI 300: ENVIRONMENTAL STANDARDS 2016									
GRI 301: Materials 2016									
103 1-2-3	Management Approach	Our Approach - Sustainability Strategy Climate Protection	5 8	https://www.telekom.hu/about_us/sustainability/sustainability-strategy http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf http://www.telekom.hu/about_us/society_and_environment/environment/management_systems	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group. Both Magyar Telekom and T-Systems has the certified Integrated Management Systems, included ISO 50001 energy management system and ISO 14001 environmental management system.	Waste management Environmental targets, costs and compliance Sustainability in the supplier chain	✓		
301-1	Materials used by weight or volume	Our Approach - Sustainability Strategy Climate Protection	5 8 16	https://www.telekom.hu/sustainability http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyartoi-tajekoztato (only HU) http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf		Waste management Environmental targets, costs and compliance Sustainability in the supplier chain	✓		8 12
301-2	Recycled input materials used			http://www.telekom.hu/about_us/society_and_environment https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU)	Recycled paper used in 2021: 3873 kg	Waste management Environmental targets, costs and compliance Sustainability in the supplier chain	✓	TC-TL-440a.1	8 12
301-3	Reclaimed products and their packaging materials	Climate Protection		http://relem.hu/ https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/vendors/information/main.vm http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyartoi-tajekoztato (only HU) http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU)	Magyar Telekom Plc.'s intermediary partner for batteries is ReLEM.	Waste management Environmental targets, costs and compliance Sustainability in the supplier chain	✓	TC-TL-440a.1	12
GRI 302: Energy 2016									
103 1-2-3	Management Approach	Our Approach - Sustainability Strategy Climate Protection	5 8	https://www.telekom.hu/about_us/sustainability/sustainability-strategy http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group. Both Magyar Telekom and T-Systems has the certified Integrated Management Systems, included ISO 50001 energy management system and ISO 14001 environmental management system.	Climate protection and energy efficiency Environmental targets, costs and compliance Resource consumption	✓		
302-1	Energy consumption within the organization	Climate Protection	10	https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU)		Climate protection and energy efficiency Environmental targets, costs and compliance Resource consumption	✓	TC-TL-130a.1	7 12 13
302-2	Energy consumption outside of the organization	Climate Protection	10	https://www.telekom.hu/about_us/society_and_environment/environment/equipment_management		Climate protection and energy efficiency Environmental targets, costs and compliance Resource consumption	✓	TC-TL-130a.1	7 12 13
302-3	Energy intensity	Climate Protection	10			Climate protection and energy efficiency Environmental targets, costs and compliance Resource consumption	✓	TC-TL-130a.1	7 8 12 13







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302-4	Reduction of energy consumption	Climate Protection	10	https://www.telekom.hu/sustainability		Climate protection and energy efficiency Environmental targets, costs and compliance Resource consumption	✓	TC-TL-130a.1	
302-5	Reductions in energy requirements of products and services	Climate Protection	10			Climate protection and energy efficiency Environmental targets, costs and compliance Resource consumption	✓	TC-TL-130a.1	
GRI 303: Water and effluents 2018									
303-1	Interactions with water as a shared resource	Climate Protection	14	http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.	Environmental targets, costs and compliance Resource consumption	✓		
303-2	Management of water discharge-related impacts	Climate Protection	14	http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf		Environmental targets, costs and compliance Resource consumption	✓		
303-3	Water withdrawal	Climate Protection	14		The usage of groundwater is only a minor part of the total water consumption, the wells are not located in protected areas therefore we only report quantitative data of consumption.	Environmental targets, costs and compliance Resource consumption	✓		
303-4	Water discharge	Climate Protection	14			Environmental targets, costs and compliance Resource consumption	✓		
303-5	Water consumption	Climate Protection	14			Environmental targets, costs and compliance Resource consumption	✓		
GRI 304: Biodiversity 2016									
103 1-2-3	Management Approach	Climate Protection	8	https://www.telekom.hu/about_us/sustainability/sustainability-strategy http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.	Environmental targets, costs and compliance	✓		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Climate Protection		http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf		Environmental targets, costs and compliance	✓		
304-2	Significant impacts of activities, products, and services on biodiversity				Our company avoids operations on protected and Natura 2000 areas.	Environmental targets, costs and compliance	✓		
304-3	Habitats protected or restored				We do not conduct operations on protected or restored habitats.	Environmental targets, costs and compliance	✓		

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304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations				Our operations do not affect habitats of endangered and/or IUCN Red List species.	Environmental targets, costs and compliance	✓		
GRI 305: Emissions 2016									
103 1-2-3	Management Approach	Our Approach - Sustainability Strategy Climate Protection	5 8	https://www.telekom.hu/about_us/sustainability/sustainability-strategy http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.	Environmental targets, costs and compliance Emissions	✓		
305-1	Direct (Scope 1) GHG emissions	Climate Protection	10			Environmental targets, costs and compliance Emissions	✓		
305-2	Energy indirect (Scope 2) GHG emissions	Climate Protection	10		All emissions are location based. Electricity consumption is given as market based too.	Environmental targets, costs and compliance Emissions	✓		
305-3	Other indirect (Scope 3) GHG emissions	Climate Protection	10			Environmental targets, costs and compliance Emissions	✓		
305-4	GHG emissions intensity	Climate Protection	10		We have conducted the following measurements: Scope 1: g/CO ₂ /km, Scope: 2 Gbit/kWh, energy intensity: GJ/HUF M, Scope 3: we measure the emissions related to CPE energy consumption, paper use, emissions of business travel.	Environmental targets, costs and compliance Emissions	✓		
305-5	Reduction of GHG emissions	Climate Protection	10		The quoted emission data refer to Scope 1 and Scope 2 emissions.	Environmental targets, costs and compliance Emissions	✓		
305-6	Emissions of ozone-depleting substances (ODS)				Magyar Telekom does not produce, export or import substances that damage the ozone layer. No leakage was detected from air-conditioning equipment. Due to the very low number of occurrences Telekom does not report this item.	Environmental targets, costs and compliance Emissions	✓		
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Climate Protection	10			Environmental targets, costs and compliance Emissions	✓		
GRI 306: Effluents and Waste 2016									
103 1-2-3	Management Approach	Our Approach - Sustainability Strategy Climate Protection	5 8	https://www.telekom.hu/about_us/sustainability/sustainability-strategy http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.	Environmental targets, costs and compliance	✓		
306-1	Water discharge by quality and destination	Climate Protection	14		Magyar Telekom Group only uses potable water for social purposes (we do not use water for technology purposes) therefore the quantity of sewage water output is the same as the potable water consumption	Environmental targets, costs and compliance	✓		
306-2	Waste by type and disposal method	Climate Protection	14			Environmental targets, costs and compliance	✓		
306-3	Significant spills				There was no significant leakage or unsupervised output.	Environmental targets, costs and compliance	✓		
306-4	Transport of hazardous waste				Magyar Telekom does not import or export or manage hazardous waste.	Environmental targets, costs and compliance	✓		
306-5	Water bodies affected by water discharges and/or runoff				Our operations do not directly affect water bodies, water discharges and/or freshwater habitat.	Environmental targets, costs and compliance	✓		

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GRI 307: Environmental Compliance 2016									
103 1-2-3	Management Approach	Our Approach - Sustainability Strategy Climate Protection	5 8	https://www.telekom.hu/about_us/sustainability/sustainability-strategy http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.	Environmental targets, costs and compliance	✓		
307-1	Non-compliance with environmental laws and regulations	Climate Protection	8				✓		
GRI 308: Supplier Environmental Assessment 2016									
103 1-2-3	Management Approach	Stakeholders - Suppliers	34			Sustainability in the supplier chain Supplier relations	✓		
308-1	New suppliers that were screened using environmental criteria	Stakeholders - Suppliers	34			Sustainability in the supplier chain Supplier relations	✓		
308-2	Negative environmental impacts in the supply chain and actions taken	Stakeholders - Suppliers	34			Sustainability in the supplier chain Supplier relations	✓		
GRI 400: SOCIAL STANDARDS 2016									
GRI 401: Employment 2016									
103 1-2-3	Management Approach	Diversity and Equal Opportunities	23			Human rights, equal opportunities	✓		





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401-1	New employee hires and employee turnover				<p>Fluctuation at Magyar Telekom Group (Plc./Group) ✓</p> <table border="1"> <thead> <tr> <th></th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Total fluctuation</td> <td>10.81%/12.26%</td> <td>16.47%/17.51%</td> <td>16.47%/15.1%</td> <td>17.20%/19.27%</td> <td>11.0%/11.53%</td> </tr> <tr> <td>Termination initiated by the employee</td> <td>4.84%/16.20%</td> <td>6.81%/18.84%</td> <td>6.81%/15.91%</td> <td>2.70%/10.92%</td> <td>3.40%/15.58%</td> </tr> </tbody> </table> <p>Fluctuation at Magyar Telekom Group in 2021 ✓</p> <table border="1"> <thead> <tr> <th></th> <th>MAGYAR TELEKOM GROUP</th> <th>MAGYAR TELEKOM PLC.</th> <th>T-SYSTEMS HUNGARY</th> <th>MAKEDONKSI TELEKOM</th> </tr> </thead> <tbody> <tr> <td>Total fluctuation</td> <td>11.53%</td> <td>11.00%</td> <td>19.91%</td> <td>8.05%</td> </tr> <tr> <td>Termination initiated by the employee</td> <td>15.58%</td> <td>3.40%</td> <td>10.24%</td> <td>86.48%</td> </tr> </tbody> </table> <p>Fluctuation at Magyar Telekom Plc. in 2021 ✓</p> <table border="1"> <thead> <tr> <th></th> <th>FEMALE</th> <th>MALE</th> </tr> </thead> <tbody> <tr> <td>Total fluctuation</td> <td>12.50%</td> <td>10.20%</td> </tr> <tr> <td>Termination initiated by the employee</td> <td>3.80%</td> <td>3.20%</td> </tr> </tbody> </table> <p>Age groups and gender distribution of new hires at Magyar Telekom Plc. in 2021 ✓</p> <table border="1"> <thead> <tr> <th>AGE GROUP</th> <th>19-25</th> <th>26-30</th> <th>31-35</th> <th>36-40</th> <th>41-45</th> <th>46-50</th> <th>51-55</th> <th>56+</th> <th>ÖSSZESEN</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>56</td> <td>34</td> <td>22</td> <td>24</td> <td>18</td> <td>9</td> <td>13</td> <td>1</td> <td>177</td> </tr> <tr> <td>Female</td> <td>28</td> <td>32</td> <td>12</td> <td>9</td> <td>5</td> <td>6</td> <td>2</td> <td>2</td> <td>96</td> </tr> <tr> <td>Total headcount</td> <td>84</td> <td>66</td> <td>34</td> <td>33</td> <td>23</td> <td>15</td> <td>15</td> <td>3</td> <td>273</td> </tr> </tbody> </table> <p>Age groups and gender distribution of new hires at Magyar Telekom Group in 2021 ✓</p> <table border="1"> <thead> <tr> <th>AGE GROUP</th> <th>19-25</th> <th>26-30</th> <th>31-35</th> <th>36-40</th> <th>41-45</th> <th>46-50</th> <th>51-55</th> <th>56+</th> <th>ÖSSZESEN</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>63</td> <td>43</td> <td>33</td> <td>30</td> <td>28</td> <td>17</td> <td>18</td> <td>3</td> <td>235</td> </tr> <tr> <td>Female</td> <td>37</td> <td>37</td> <td>16</td> <td>13</td> <td>12</td> <td>10</td> <td>2</td> <td>4</td> <td>131</td> </tr> <tr> <td>Total headcount</td> <td>100</td> <td>80</td> <td>49</td> <td>43</td> <td>40</td> <td>27</td> <td>20</td> <td>7</td> <td>366</td> </tr> </tbody> </table>		2017	2018	2019	2020	2021	Total fluctuation	10.81%/12.26%	16.47%/17.51%	16.47%/15.1%	17.20%/19.27%	11.0%/11.53%	Termination initiated by the employee	4.84%/16.20%	6.81%/18.84%	6.81%/15.91%	2.70%/10.92%	3.40%/15.58%		MAGYAR TELEKOM GROUP	MAGYAR TELEKOM PLC.	T-SYSTEMS HUNGARY	MAKEDONKSI TELEKOM	Total fluctuation	11.53%	11.00%	19.91%	8.05%	Termination initiated by the employee	15.58%	3.40%	10.24%	86.48%		FEMALE	MALE	Total fluctuation	12.50%	10.20%	Termination initiated by the employee	3.80%	3.20%	AGE GROUP	19-25	26-30	31-35	36-40	41-45	46-50	51-55	56+	ÖSSZESEN	Male	56	34	22	24	18	9	13	1	177	Female	28	32	12	9	5	6	2	2	96	Total headcount	84	66	34	33	23	15	15	3	273	AGE GROUP	19-25	26-30	31-35	36-40	41-45	46-50	51-55	56+	ÖSSZESEN	Male	63	43	33	30	28	17	18	3	235	Female	37	37	16	13	12	10	2	4	131	Total headcount	100	80	49	43	40	27	20	7	366	Human rights, equal opportunities Involvement of our employees Talent management	✓		
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diversity and Equal Opportunities	23		<p>Magyar Telekom provides a broad range of welfare and social benefits. Some of them are provided automatically whereas others can be obtained upon satisfying certain conditions while there are insurance types of benefits, too. The provision of certain benefits is subject to the employee's own contribution. The provision of social benefits and benefits that are not provided automatically is regulated in the Collective Agreement and the relevant policies. We also provide telecommunication discounts and other benefits. Contributions to public health, pension and unemployment benefit schemes are made by the employer to the required extent and until the statutory deadline. With respect to additional payments from 2019 the additional contribution to funds ceased. Meanwhile we deduct voluntary pension and healthcare membership fees and transfer them to the cash funds on behalf of the employee. The membership fee may be a fixed amount or a percentage, which is to be stated in the employee declaration.</p>	Involvement of our employees Corporate compliance	✓																																																																																																																												
401-3	Parental leave	Diversity and Equal Opportunities	27			Involvement of our employees	✓																																																																																																																												



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GRI 402: Labor/Management Relations 2016									
103 1-2-3	Management Approach				Magyar Telekom has long traditions of negotiation with employee representative bodies. Employee representation bodies are treated as partners in the operation of the company. At present two unions and workers council operate at Magyar Telekom, communication with them runs on two levels. Central decisions concerning the whole Company, when the employee representation bodies need to be consulted, are deliberated with the Central Workers Council and the representatives delegated by the trade unions, either in the frame of joint consultation (Interest Reconciliation Council), or separately, depending on the nature of the matter discussed. Central communication is managed both verbally (negotiation) and in writing. The Chief People Officer and the responsible HR Business partner are managing central-level communication with the employee representation bodies. Interest enforcement issues concerning a given governance area are also discussed locally with the representatives of the trade unions and the local workers council. The HR Business Partners of the governance area are responsible for communication with the local employee representation bodies. In line with the provisions of Act V of 2013 on the Hungarian Civil Code one third of Supervisory Board members are employee representatives. The employee representatives of the Supervisory Board are nominated by the Central Works Council, in consideration of the opinion of trade unions operating at the Company. The General Meeting is obliged to elect persons nominated by the Central Works Council to the Supervisory Board unless there are underlying circumstances that serve as grounds for exclusion. On December 31, 2021 the Supervisory Board had two employee representatives: Tamás Lichnovszky and Zsoltné Varga.	Involvement of our employees Corporate compliance	✓		
402-1	Minimum notice periods regarding operational changes				Trade union and the workers council (Central Workers Council) must be consulted and their opinion solicited on significant decisions resulting in organizational changes or changes affecting a large group of employees. In organization restructuring decisions the collective bargaining bodies have 7 days to submit their comments, in other cases 15 days. The measure in question may not be implemented during this 15-day period. Trade unions and workers councils (Central Workers Council) must be consulted with regard to draft resolutions, aiming at organizational changes without regard to the number of employees concerned.	Involvement of our employees Corporate compliance	✓		
GRI 403: Occupational Health and Safety 2018									
403-1	Occupational health and safety management system	Stakeholders - Suppliers	33	http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees	Magyar Telekom looks at health and safety as a precondition of the success of the company that play an important role in the satisfaction of our employees as well as in the quality of work and corporate culture. That is the reason why the company is committed to operate the Workplace Healthcare and Occupational Safety Management System that ensures the successful fulfillment of the objectives. The results justify Telekom's work, i.e. as a result of the year 2021 audit the Company successfully renewed the MEBIR certification. Magyar Telekom together with all of its national and international subsidiaries have the DEKRA Certification ISO 45001:2018. The company also demands suppliers compliance with its health and safety regulations.	Occupational health and safety	✓		
403-2	Hazard identification, risk assessment, and incident investigation				In 2021, we updated the COVID-19 risk analysis in line with the effective health and safety measures. We prepared 2 specific risk assessments at TSM related to activities pursued at contractual partners. Labor safety audits were carried out at 23 sites, 32 organizational units. The internal MEBIR site audits covered 8 sites. The necessary measures were put in place to address the deficiencies revealed.	Occupational health and safety	✓		
403-3	Occupational health services				As in previous years, we put extra emphasis on health, the support of different medical checkups in 2021, too. Apart from the regular occupational healthcare services we provided our employees with family practitioner-type care in Budapest, and offered different medical checkups across the country. A total of 5438 people (MT: 4462 TSM: 976) took part in the occupational health assessments. As part of the assessments, ophthalmology examinations took place in 4430 cases (MT: 3719, TSM: 711). As a result of the examinations 279 people (MT: 241, TSM: 38) received allowance for prescription glasses. In 2021, a total of 1389 employees (MT:1164, TSM:225) have attended health screenings offered independent from the regular occupational health examinations	Occupational health and safety	✓		
403-4	Worker participation, consultation, and communication on occupational health and safety				In accordance with the occupational health and safety regulations there are health and safety committees formed by health and safety employee and at T-Systems 2 representatives serve in the safety committees, depending on the risk category of the respective areas the occupational safety risks and interests - are weighted. Magyar Telekom held an employee representative election in 2021. In general the technical areas have the highest representation rate in the weighted structure, but representatives cover all relevant company organizations. The safety committees and the employer have regular consultation forums where they work closely together on key health and safety issues, goals and perspectives.	Occupational health and safety	✓		
403-5	Worker training on occupational health and safety				All Magyar Telekom employees are required to complete their occupational health and safety training along their onboarding, they are obliged to refresh their knowledge via completing a training course bi-annually. Physical workers attend courses specific to their activities: e.g. a joint course with the electric power provider regarding work on shared poles, and first-aid training.	Occupational health and safety	✓		
403-6	Promotion of worker health			http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees	The regulatory function of the Central Works Council (Occupational Safety Rules and Regulations) guarantees that employees may work in a healthy and safe environment and the Council also has the right to express its opinion in such matters. The Occupational Safety Rules and Regulations determines the scope of personal protective equipment, the environment to provide healthy and safe workplaces that also ensures compliance with the effective legislation as well as the MSZ ISO 45001:2018 MEBIR (Occupational Health and Safety Management System) safety standards. Once a year, employees can choose from a range of preventive medical checkup packages, provided by our contractual medical services provider. A gym is available at the Telekom HQ building. And the EAP (Employee Assistance Program) – "You can count on us" Program offers help to colleagues in overcoming their specific problems and challenges.	Occupational health and safety	✓		

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403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				In 2021, we put extra emphasis on the Covid-19 infection prevention work. As part of the effort, we provided safe working conditions to colleagues working in the shops. They received masks, gloves, hand sanitizers. We limited the number of customers present in the shops, and equipped the desks with plexiglass screens. In case of potential infections, we tested the affected colleagues.	Occupational health and safety	✓																																																		
403-8	Workers covered by an occupational health and safety management system			http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees	Magyar Telekom together with all of its national and international subsidiaries have the DEKRA Certification ISO 45001:2018 (Occupational Health and Safety Management System). The company also demands suppliers compliance with its health and safety regulations	Occupational health and safety	✓																																																		
403-9	Work-related injuries				<p>Workplace Accidents at Magyar Telekom Group ✓</p> <table border="1"> <thead> <tr> <th></th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Magyar Telekom Plc.</td> <td>25</td> <td>27</td> <td>77</td> <td>37</td> <td>30</td> </tr> <tr> <td>Makedonski Telekom</td> <td>7</td> <td>10</td> <td>11</td> <td>4</td> <td>6</td> </tr> <tr> <td>T-Systems Hungary</td> <td>3</td> <td>2</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>Accident ratio for one thousand employee at Magyar Telekom Group ✓</p> <table border="1"> <thead> <tr> <th></th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Magyar Telekom Plc.</td> <td>4</td> <td>4</td> <td>12</td> <td>7</td> <td>6</td> </tr> <tr> <td>Makedonski Telekom</td> <td>6</td> <td>9</td> <td>10</td> <td>4</td> <td>7</td> </tr> <tr> <td>T-Systems Hungary</td> <td>2</td> <td>1</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>Magyar Telekom Plc.: There were no occupational fatal accidents in 2021. There were 30 registered injuries: 12 cases involved the loss of more than 3 workdays, 3 cases involved the loss of 1 to 3 workdays, 15 cases did not involve loss of workdays and there were no cases of unsubstantiated accident, i.e. a total of 473 lost workdays. Distribution of injury types: 26 physical activity related injuries, 4 office injuries. Most frequent recorded injuries: 4 cases of fractures, 5 cases of electric shock, 2 cases of cut injuries or open wounds, 5 cases of animal attack, 10 cases of strains and sprains, 4 cases of bruises. There was one team building accident recorded in T-Systems in 2021 that resulted 90 workdays loss. Makedonski Telekom: 0 fatal accidents, 6 accidents at work subject to reporting obligations, i.e. a total of 144 lost workdays.</p>		2017	2018	2019	2020	2021	Magyar Telekom Plc.	25	27	77	37	30	Makedonski Telekom	7	10	11	4	6	T-Systems Hungary	3	2	0	0	0		2017	2018	2019	2020	2021	Magyar Telekom Plc.	4	4	12	7	6	Makedonski Telekom	6	9	10	4	7	T-Systems Hungary	2	1	0	0	0	Occupational health and safety	✓		  
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403-10	Work-related ill health				At Magyar Telekom Group there were no occupational diseases or increased exposures in 2021.	Occupational health and safety	✓		  																																																
GRI 404: Training and Education 2016																																																									
103 1-2-3	Management Approach				<p>Magyar Telekom Group lays special emphasis on the constant training and development of its employees and on supporting the application of the acquired knowledge. Magyar Telekom Group is a key player in Hungary's ICT sector. In this industry, awareness about and adoption of new trends and research findings is imperative on managerial and non-managerial levels alike.</p> <p>Our training-development strategy is aligned with the renewal of our organizational structure and the business objectives defined upon reconciliation with Deutsche Telekom. We discuss the training implications of the business objectives with the organizational units and ensure that the most appropriate training programs be available for the focused development of the skills foreseeably required in the future.</p> <p>During the year, we keep track of the programs' effectiveness at retrospective sessions, and if necessary, we fine-tune them so that they more effectively support our business and individual development objectives. Following the training sessions, we survey participants' satisfaction with the programs.</p> <p>A key effectiveness improvement component of our training strategy is the promotion of e-learning courses, thus we have established a digital learning platform that enables anyone, anywhere and anytime to access the training most relevant to him or her. By this, we democratize access to knowledge. The platform offers many online learning journeys designed to support efficient work, which anyone can opt to complete in line with his or her specific needs. The platform represents an approach to personal development that puts data, student-experience and customized courses into the focus. Our goal with SmartApp is to implement a forward-looking learning methodology, which integrates the systems we had used before for supporting colleagues' development. The launch of the platform is only the first step, which will be gradually followed by the addition of further functions and availability on mobile devices later. At the same time, we use blended learning programs designed for specific target groups to prepare colleagues for new roles and to build our management succession pool.</p> <p>Being a caring company, we have put an outplacement program in place to offer different activities to employees affected by downsizing that support them in finding new jobs, and we also provide those on permanent leave access to the online learning platforms.</p>	Involvement of our employees Talent management Initiatives to eliminate the digital divide	✓																																																		






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404-1	Average hours of training per year per employee				<p>Ratio of distance learning at Magyar Telekom Group (%) ✓</p> <table border="1"> <thead> <tr> <th></th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Magyar Telekom Plc.</td> <td>24</td> <td>36</td> <td>35</td> <td>48</td> <td>45</td> </tr> <tr> <td>Makedonski Telekom</td> <td>10</td> <td>22</td> <td>1</td> <td>53.63</td> <td>100</td> </tr> <tr> <td>T-Systems Hungary</td> <td>25</td> <td>25</td> <td>56</td> <td>89</td> <td>77</td> </tr> </tbody> </table> <p>Training days per capita at Magyar Telekom Group ✓</p> <table border="1"> <thead> <tr> <th></th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Magyar Telekom Plc.</td> <td>4</td> <td>4</td> <td>5</td> <td>3</td> <td>3,2</td> </tr> <tr> <td>Makedonski Telekom</td> <td>1</td> <td>13</td> <td>20</td> <td>2.22</td> <td>1.55</td> </tr> <tr> <td>T-Systems Hungary</td> <td>4</td> <td>4</td> <td>2</td> <td>1.64</td> <td>1.55</td> </tr> </tbody> </table> <p>Annual average training hours per capita at Magyar Telekom Group, 2021 ✓</p> <table border="1"> <thead> <tr> <th></th> <th>HOURS</th> </tr> </thead> <tbody> <tr> <td>Magyar Telekom Plc.</td> <td>26</td> </tr> <tr> <td>Makedonski Telekom</td> <td>12</td> </tr> <tr> <td>T-Systems Hungary</td> <td>7</td> </tr> </tbody> </table>		2017	2018	2019	2020	2021	Magyar Telekom Plc.	24	36	35	48	45	Makedonski Telekom	10	22	1	53.63	100	T-Systems Hungary	25	25	56	89	77		2017	2018	2019	2020	2021	Magyar Telekom Plc.	4	4	5	3	3,2	Makedonski Telekom	1	13	20	2.22	1.55	T-Systems Hungary	4	4	2	1.64	1.55		HOURS	Magyar Telekom Plc.	26	Makedonski Telekom	12	T-Systems Hungary	7	Involvement of our employees Talent management Initiatives to eliminate the digital divide	✓		
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Makedonski Telekom	12																																																																
T-Systems Hungary	7																																																																
404-2 (1)	Programs for upgrading employee skills and transition assistance programs	Diversity and Equal Opportunities	23		<p>The company's management has made sure for the past several years to dedicate close to 1.5% of personnel expenses to the training and development of managers and employees. Quarterly training plans drawn up on business unit level define the direction of development activities, professional training courses, skills development programs, agile courses, management development events and conferences of the specific period. At every unit undergoing an agile transformation, we started the process by intensive introductory training and mindset development. Our in-house agile coach team supporting the units/organizations in the reinforcement of the agile mindset and operations provides continuous development as needed to address emerging issues that have to be remedied. The agile ceremonies themselves promote the effort of becoming a learning organization by, for example, the feedback from DEMOs, the iteration sessions held with customers, the retrospective feedback about the improvement of teamwork and work processes or by establishing/running guilds with the purpose of knowledge sharing. By the introduction of agile, our employees have learned many new methodologies and different means of cooperation. In addition, due to how they are composed, the mixed agile teams, which also include end-to-end experts of specific product deliveries, offer opportunities for knowledge sharing, learning more about each other's jobs and gaining better understanding about the interrelations of different processes during the daily work, thus learning in general.</p> <p>We support knowledge sharing and self-development on a corporate level. It is also for the purpose of promoting self-development that we launch a new digital development platform in 2022, which includes the two internationally recognized platforms we had introduced earlier (Percipio/Coursera), where all of our employees can freely access more than 19 000 books, 1 200 audio books and 2 000+ course materials in skills development, management development, agile and professional development topics, as well as organization-specific learning materials compiled from in-house knowledge components. Our colleagues can freely choose which learning format fulfills their development needs the best from internal microlearning solutions to formal studies offered by well-known universities, where the participant can also get a degree.</p> <p>One of the centrally provided programs last year was the Skilljet management development program, which provides gamified online and onsite workshops to participants where the most critical dilemmas in managerial work are discussed, thus allowing participants to become better managers by applying the solutions arrived at. The program reached 284 managers.</p> <p>Our managers could also take part in the LevelUp Next Gen, Lead First, Leadership hub platform programs organized by our mother company, which supported skills required for internationalization.</p> <p>Employees were also invited to take part in the Future Skilling program, in the framework of which they could attend courses offered by the corporate group and even build the foundation for a new career through software development, digital marketing and data analysis learning journeys.</p> <p>We established our SMART intranet site, through which employees can access all online training options through a single point of contact. The number of visits to this site increased especially during the training campaigns. For example, in course of the spring Smart FEST campaign, we offered 61 digital programs in just one week in the form of theme days focused on topics like soft skills, recreation, language skills, but even technical-technological skills. And these courses remained open for all employees even after the conclusion of the campaign on our SMART site.</p> <p>In addition to the central initiatives, the units organized the self-development of their teams from their own resources, too. For example, as part of the Future of Finance program, more than 30 knowledge transfer workshops were held with the aim to provide future-proof development to the finance area, and in the framework of the SMART CFU program, employees could gain insight into the diverse range of activities pursued by colleagues serving the residential customer pool, as well as get inspired by TV technology, technical devices, network skills or even brand and media topics.</p>	Involvement of our employees Talent management Initiatives to eliminate the digital divide	✓																																																										


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404-2 (2)	Programs for upgrading employee skills and transition assistance programs	Diversity and Equal Opportunities	23		<p>In addition to these platforms, employees can expand their knowledge at onsite courses and conferences (if allowed by the pandemic). We also cooperate with our vendors in delivering the necessary knowledge to employees regarding newly procured devices.</p> <p>As learning takes time, we encourage the units to dedicate the necessary amount of time to employees' learning efforts to thus promote the upskilling and reskilling development initiatives. In 2021, we recorded a total of 27 years of learning in these dedicated time periods, which does not include the mandatory courses, but covers a total of 240 000 hours of competence development.</p> <p>We launched several campaigns to underline the importance of self-development and to increase awareness about the available options, as part of which external inspirational speakers, training courses, development workshops, a learning palette and tool demos drew the attention of our colleagues to learning as an indispensable means for survival in any profession in this rapidly changing day and age.</p> <p>We did not forget about the availability of development courses to mothers on permanent leave, who can also access all the in-house learning options and thus return later to the world of corporate life equipped with the necessary up-to-date skills.</p> <p>Employees affected by downsizing can register to take part in the outplacement program, where they access services like a two-day labor market training, active job search support, financial subsidies to training and cross-skilling courses in line with current labor market trends, personal psychological and labor law counselling, follow-up on participants' efforts and tracking their placement.</p>	Involvement of our employees Talent management Initiatives to eliminate the digital divide	✓		
404-3	Percentage of employees receiving regular performance and career development reviews				<p>In 2018 Magyar Telekom has introduced FUTAM, a flexible framework in support of both personal and business success. It is the practical realisation of growth mindset that supports feedback culture. FUTAM is customizable to the relevant targets of personal development and business targets both on the level of the organisation and the employee. It provides a framework for employee development tracking and control, based on feedback and cooperation instead of evaluation. In 2019 along the agile transformation of our corporate working culture the new modules of FUTAM are being designed to support our value based feedback culture. In 2020 our main goal was to extend the previously introduced framework. By the end of the year, 1,200 of our colleagues had participated in the regular competency feedback process. The maintained framework of the competency model has been customized to both agile and non-agile areas.</p>	Involvement of our employees Talent management Initiatives to eliminate the digital divide	✓		
GRI 405: Diversity and Equal Opportunity 2016									
103 1-2-3	Management Approach	Diversity and Equal Opportunities	23	https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://www.telekom.hu/static-tr/sw/file/Code_of_conduct.pdf https://www.telekom.hu/static-tr/sw/file/Telekom_diversity_equity_and_inclusion_group_policy.pdf https://www.telekom.hu/static-tr/sw/file/Telekom_Equal_opportunities_plan.pdf		Human rights, equal opportunities	✓		
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunities	26			Human rights, equal opportunities	✓		
405-2	Ratio of basic salary and remuneration of women to men	Diversity and Equal Opportunities	27			Human rights, equal opportunities	✓		
GRI 406: Non-discrimination 2016									
103 1-2-3	Management Approach	Diversity and Equal Opportunities	23	https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://www.telekom.hu/static-tr/sw/file/Telekom_Group_policy_on_employee_relations.pdf https://www.telekom.hu/static-tr/sw/file/Code_of_conduct.pdf https://www.telekom.hu/static-tr/sw/file/Telekom_diversity_equity_and_inclusion_group_policy.pdf https://www.telekom.hu/static-tr/sw/file/Telekom_Equal_opportunities_plan.pdf	Magyar Telekom Group's Code of Conduct and the Code of Human Rights and Social Principles are a summary of the corporate compliance requirements; these documents set out the common values of the Group and it is also the token of the strong position, reputation and successful future of Telekom. Everyone at Magyar Telekom Group must comply with these Codes from staff employees to the Board members. In addition to the employees the contracted partners of Magyar Telekom Group are also required to learn and accept these values when registering on the Company's procurement site. In order to effectively develop Magyar Telekom's Diversity and Equal Opportunities efforts. An anonymous employee survey measuring the Diversity and Equal Opportunities culture of the company was conducted in 2018 January and repeated in 2020. According to the recent survey results from January 2020 based on the feedback of the employees, Telekom's perception as an open and inclusive workplace has improved in all areas affected by the action plan.	Human rights, equal opportunities	✓		
406-1	Incidents of discrimination and corrective actions taken				<p>In 2021 the Office of the Competent Commissioner for Fundamental Rights (AJBH) initiated proceedings against Magyar Telekom Plc on one instance. The complaint that was issued by a customer on the grounds of violating equal opportunity treatment was closed upon dismissal of the complaint in 2022.</p>	Human rights, equal opportunities	✓		

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GRI 407: Freedom of Association and Collective Bargaining 2016									
103 1-2-3	Management Approach	Stakeholders - Suppliers	33	https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://www.telekom.hu/static-tr/sw/file/Telekom_Group_policy_on_employee_relations.pdf https://www.telekom.hu/static-tr/sw/file/Code_of_conduct.pdf https://www.telekom.hu/static-tr/sw/file/Telekom_diversity_equity_and_inclusion_group_policy.pdf https://www.telekom.hu/static-tr/sw/file/Telekom_Equal_opportunities_plan.pdf	Magyar Telekom Group has acknowledged the freedom of association and the right for collective bargaining in its Code of Human Rights and Social Principles. Magyar Telekom strives to maintain a dialogue and cooperation with employee representation bodies in the spirit of openness and trust. The Code of Human Rights and Social Principles and the long-standing relationship between Magyar Telekom's management and the employee representation bodies are the guarantee that the relevant rights are observed. The agreement, which can be terminated by either party with three months' notice, applies to all Magyar Telekom Plc. employees except the CEO, regardless of their union membership status. Wage terms in the collective bargaining agreement must be renegotiated annually. If the employment is terminated due to reasons related to the employer's operation, employees are entitled to a specific amount of severance pay surplus, which depends on the tenure of the employee. In addition to the collective bargaining agreement, employees of our Hungarian operations are generally covered by the Act I of 2012 on the Labor Code, which imposes various restrictions on the involuntary termination of employment. The Labor Code protects employee interests through two different labor organizations: the Trade Union and the Workers' Council. The Trade Union, as the official representative of employee interests in negotiations relating to the terms of employment, has the right to be informed of all corporate measures that may significantly affect the interests of employees and to commence legal action against the Company for employment-related conduct that infringes an employment rule. In addition, the Workers' Council directly represents employee interests in dealings with management and decides jointly with management on matters involving employee welfare funds and institutions. The Workers' Council must be informed semi-annually on issues affecting our economic performance and changes in wages, employment conditions and working hours. The Workers' Council must also be consulted on corporate measures affecting employees. We believe that our relations with our employees are good. We have not experienced any labor strikes or disruptions since our formation. The above rights, policies and practices are transparent to the employees, they are represented in relevant internal communication materials and intranet sites and the employee representation bodies also take part in their active promotion.	Sustainability in the supplier chain Supplier relations	✓		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Stakeholders - Suppliers	33		100% of the employment contracts of Magyar Telekom Group employees operating in Hungary fall under collective bargaining agreements, the same ratio for Macedonian workers is 82.62%.	Sustainability in the supplier chain Supplier relations	✓		
GRI 408: Child Labor 2016									
103 1-2-3	Management Approach	Stakeholders - Suppliers	33	https://www.telekom.hu/static-tr/sw/file/Telekom_Group_policy_on_employee_relations.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf	Magyar Telekom Group is an ICT company committed to respect and support human and social rights at all times in view of our tasks arising from technological development and digitalization. In line with the basic principles set out in the Code of Human Rights & Social Principles our company stands up for the protection of human rights as set forth in international human rights treaties, including the protection of freedom of speech and protection of the right for ones' own belief. Furthermore, the company rejects child labor, all types of forced or compulsory labor, and uses all measures to fight any kind of human trafficking and modern slavery. The definition of 'child labor' is defined in accordance with the ILO Minimum Age Convention, and the definition of 'forced labor' is defined in accordance with the ILO Forced Labor Convention (No. 29) and the Abolition of Forced Labor Convention. (No. 105)	Sustainability in the supplier chain Supplier relations Regulatory compliance Corporate compliance	✓		
408-1	Operations and suppliers at significant risk for incidents of child labor	Stakeholders - Suppliers	33	https://www.telekom.hu/about_us/sustainability/sustainability-strategy/sustainable-supplier-chain-management-process https://beszerzes.telekom.hu/beszerzes/portal?appid=beszerzes&page=szallitoinak/kornyeztvedelem/fooldal.vtm	Deutsche Telekom Group as our parent company is responsible for the maintenance and supervision of compliance of global suppliers through monitoring and audits. For further information of the method of classification of global suppliers and the relevant results, please visit the indicated website.	Sustainability in the supplier chain Supplier relations Regulatory compliance Corporate compliance Human rights, equal opportunities	✓		 
GRI 409: Forced or Compulsory Labor 2016									
103 1-2-3	Management Approach	Stakeholders - Suppliers	33	https://www.telekom.hu/static-tr/sw/file/Telekom_Group_policy_on_employee_relations.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://www.telekom.hu/about_us/sustainability/sustainability-strategy/sustainable-supplier-chain-management-process https://beszerzes.telekom.hu/beszerzes/portal?appid=beszerzes&page=szallitoinak/kornyeztvedelem/fooldal.vtm	"Magyar Telekom Group is an ICT company committed to respect and support human and social rights at all times in view of our tasks arising from technological development and digitalization. In line with the basic principles set out in the Code of Human Rights & Social Principles our company stands up for the protection of human rights as set forth in international human rights treaties, including the protection of freedom of speech and protection of the right for ones' own belief. Furthermore, the company rejects child labor, all types of forced or compulsory labor, and uses all measures to fight any kind of human trafficking and modern slavery. In line with the Code of Human Rights and Social Principles, all Magyar Telekom Group employees and all partners closely related to our brand representation attended compulsory trainings regarding human rights. From the end of 2018 the training is part of the compulsory trainings of Magyar Telekom. Moreover, the company is aware of the fact that there could be situations in which it is harder to tell appropriate from inappropriate. In order to assist employees in making the right choices in these situations, the company offers secure internal whistleblower channels, operated by the Corporate Compliance Department. "Kérdezz!" ("Ask me!") advice portal has been set up to help resolve uncertainties as far as compliance-relevant behavior is concerned. Serious misconduct must be announced for prevention purposes and for appropriate sanctions. For this reason, the "Tell me!" whistleblower portal has been established. The main principles and the detailed description of the internal inspection process is detailed in employee directives available on all employees on the shared intranet platform. Throughout the inspection process the whistleblowers' anonymity, personal and data privacy are guaranteed and handled with utmost discretion."	Sustainability in the supplier chain Supplier relations Regulatory compliance Corporate compliance Human rights, equal opportunities	✓		

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409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Stakeholders - Suppliers	33	https://www.telekom.hu/about_us/sustainability/sustainability-strategy/sustainable-supplier-chain-management-process https://beszerzes.telekom.hu/beszerzes/portal?appid=beszerzes&page=szallitoinak/kornyezvetvedelem/fooldalvm	Deutsche Telekom Group as our parent company is responsible for the maintenance and supervision of compliance of global suppliers through monitoring and audits. For further information of the method of classification of global suppliers and the relevant results, please visit the indicated website.	Sustainability in the supplier chain Supplier relations Regulatory compliance Corporate compliance Human rights, equal opportunities	✓		
GRI 410: Security Practices 2016									
103 1-2-3	Management Approach			http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf https://www.telekom.hu/static-tr/sw/file/Code_of_conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf		Occupational health and safety Human rights, equal opportunities Regulatory compliance	✓		
410-1	Security personnel trained in human rights policies or procedures			http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf https://www.telekom.hu/static-tr/sw/file/Code_of_conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf	Security personnel employed by the company also participated in the compulsory human rights e-Training of all Magyar Telekom Group employees in 2018. The training became an element of the compulsory employee training portfolio as of 2018. As partners of Magyar Telekom they are too obliged to thoroughly comprehend and comply with the contents of Magyar Telekom Group Code of Business Conduct and Ethics and the code of Human Rights and Social Principles.	Occupational health and safety Human rights, equal opportunities Regulatory compliance	✓		
GRI 411: Rights of Indigenous Peoples 2016									
103 1-2-3	Management Approach				In Hungary there is no adequate denotation of the group 'Indigenous Peoples'.		✓		
411-1	Incidents of violations involving rights of indigenous peoples				In Hungary there is no adequate denotation of the group 'Indigenous Peoples'.		✓		
GRI 412: Human Rights Assessment 2016									
103 1-2-3	Management Approach	Diversity and Equal Opportunities Stakeholders - Suppliers	23 33	https://www.telekom.hu/static-tr/sw/file/Code_of_conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://www.telekom.hu/static-tr/sw/file/Telekom_Equal_opportunities_plan.pdf https://www.telekom.hu/static-tr/sw/file/Telekom_Group_policy_on_employee_relations.pdf		Sustainability in the supplier chain Supplier relations Regulatory compliance Corporate compliance Human rights, equal opportunities	✓		
412-1	Operations that have been subject to human rights reviews or impact assessments	Diversity and Equal Opportunities Stakeholders - Suppliers	23 33	https://www.telekom.hu/static-tr/sw/file/Telekom_Equal_opportunities_plan.pdf	As a member of Deutsche Telekom Group, Magyar Telekom Group fulfills its obligation to provide an annual Human Rights & Social Performance Report confirming its observance of the principles of the Code of Human Rights and Social Principles. Following the practice Magyar Telekom Group has declared its full conformity with the ten basic principles of Deutsche Telekom's Code of Human Rights and Social Principles for the year 2020 relevant to all its Hungarian operations.	Sustainability in the supplier chain Supplier relations Regulatory compliance Corporate compliance Human rights, equal opportunities	✓		
412-2	Employee training on human rights policies or procedures				As a tribute to the 70th anniversary of the Universal Declaration of Human Rights and in compliance with the Code of Human Rights and Social Principles renewed in 2017, all employees of Magyar Telekom Plc. and T-Systems together with their external workforce involved in brand representation participated in a compulsory human rights e-Learning training in 2018. The online training points to relevant human rights issues, regulations, complaint handling and whistleblowing options that might come up within the employment, sourcing, operational and distributional processes of the company group. The e-Learning material has become part of the compulsory employee e-Learning course portfolio of the company as of 2018 and remained to be a mandatory course to all new entrants in 2021 as well.	Involvement of our employees Regulatory compliance Corporate compliance Human rights, equal opportunities	✓		
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Stakeholders - Suppliers	33	https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/szallitoi_muksdesi_kodex_ENG.pdf https://www.telekom.hu/static-tr/sw/file/Code_of_conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf	The warranty statement is a compulsory element of the suppliers contracts (100%). Both the suppliers and sponsorship contract sample includes the relevant elements for the declaration of respecting of human rights, and these elements are also part of the Suppliers Code of Conduct.	Sustainability in the supplier chain Supplier relations Regulatory compliance Human rights, equal opportunities	✓		

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GRI 413: Local Communities 2016									
103 1-2-3	Management Approach	Stakeholders	32				✓		
413-1	Operations with local community engagement, impact assessments, and development programs	Stakeholders	31				✓		
413-2	Operations with significant actual and potential negative impacts on local communities	Stakeholders	31		In some cases of network development processes the physical construction of the network might cause temporary inconvenience to residents.		✓	TC-TL-520a. 2	1 2
GRI 414: Supplier Social Assessment 2016									
103 1-2-3	Management Approach	Stakeholders - Suppliers	33			Sustainability in the supplier chain Supplier relations	✓		
414-1	New suppliers that were screened using social criteria	Stakeholders - Suppliers	33			Sustainability in the supplier chain Supplier relations	✓		5 8 16
414-2	Negative social impacts in the supply chain and actions taken	Stakeholders - Suppliers	33		Magyar Telekom has not terminated any contracts with any of its suppliers with reference to negative environmental impacts in 2021.	Sustainability in the supplier chain Supplier relations	✓		5 8 16
GRI 415: Public Policy 2016									
103 1-2-3	Management Approach				Magyar Telekom Group is involved in shaping public politics indirectly, through its representation organizations, in such a way that the representation organizations, in compliance with the effective regulation, are given the opportunity to comment draft laws and industry-specific strategies. The ministries and authorities supervising the industry pass the relevant regulations to the representation organizations, which synthesize the opinions received from the member companies and submit a summary to the relevant ministries. Such regulation commenting procedures are implemented most of all through the Telecommunication Reconciliation Council (HÉT); in some cases the Scientific Association for Infocommunications (HTE); the Joint Venture Association, the American Chamber of Commerce (Am-Cham), the German-Hungarian Chamber of Industry and Trade, the Association of IT Enterprises, the Communication Interest Conciliation Council. HÉT is the dedicated consultation partner of the telecommunication industry in respect of the Digital Success Program (DJP) – the former Digital National Development Program (DNFP) – launched as a result of the InternetKon national consultation that determined the future of the domestic internet market. During the planning and implementation of the government decree, issued to ensure the implementation of the DJP, the HÉT represents the standpoint of the industry.	Corporate compliance Regulatory compliance	✓		
415-1	Political contributions			https://www.telekom.hu/static-tr/sw/file/Code_of_conduct.pdf https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance https://www.telekom.hu/about_us/about_magyar_telekom/principles	The Magyar Telekom Group is a member of domestic and international industry industry advocacy organizations, which provides it with the opportunity to share its views on strategy issues with market participants, government institutions and regulatory organizations, which fully complies with the requirements of the detailed rules of the Magyar Telekom Code of Conduct [2.10].	Corporate compliance Regulatory compliance	✓		16
GRI 416: Customer Health and Safety 2016									
103 1-2-3	Management Approach	Stakeholders	31	http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety https://www.telekom.hu/about_us/society_and_environment/society/protection_of_our_children			✓		
416-1	Assessment of the health and safety impacts of product and service categories				Magyar Telekom did not identify such impacts.	Safe use of mobile phones, electromagnetic fields Customer satisfaction Regulatory compliance	✓		

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416-2	Incidents of non-compliance concerning the health and safety impacts of products and services				The number of health and safety incidents regarding products and services, involving disorderly operating equipment or the breach of internal policies were as follows: penalty or fine due to disorderly operation of equipment: 0 warning due to disorderly operation of equipment: 0 internal warning due to disorderly operation of equipment: 0	Safe use of mobile phones, electromagnetic fields Customer satisfaction Regulatory compliance	✓		
GRI 417: Marketing and Labeling 2016									
103 1-2-3	Management Approach	Our Approach - Sustainability Strategy Climate Protection Digitalization Stakeholders	5 8 16 31	http://www.telekom.hu/lakossagi/english https://www.telekom.hu/lakossagi/english/plans https://www.telekom.hu/lakossagi/english/plans/phone https://www.telekom.hu/uzleti/main T-Systems: http://www.t-systems.hu KalászNet: http://www.kalasznet.hu/ (only in Hungarian) Makedonski Telekom: https://www.telekom.mk/	Magyar Telekom Group is making ongoing efforts to simplify its propositions as much as possible and to make them available to the widest possible scope of customers. We offer detailed information about the services and tariff packages of Magyar Telekom Plc.'s business units, and information about the services of our most important member companies on the listed websites. Customers can inquire about Telekom tariff packages and services or even request modifications 24 hours a day through the consumer customer service call center, which can be called toll free from Telekom's Hungarian mobile network at 1414 or the 1777 (Domino pre-paid center) number. We have made Telekom website more user-friendly, among others by highlighting search keywords and developing the webshop service to enable quick and simple purchase. The services are available on the following website: http://www.telekom.hu/lakossagi/szolgaltatasok/mobil . The integrated servicing of T-Systems customers is provided through the 1400 telephone number and the TS_ugyfelkapcsolat@t-systems.hu e-mail address. Magyar Telekom considers it as high priority to communicate its advertisements to the existing and prospective consumers in compliance with the relevant regulations. We take all measures necessary to ensure that our advertisements deliver our proposals accurately and clearly, excluding any deception. In view of the above, compliance with the consumer protection and GVH (Competition Office) guidelines, and checking regulatory compliance are important requirements of the work processes of producing advertisements is a crucial part of our advertising operations. We convey our proposals to everyone by using the greatest number of communication tools possible and with maximum exploitation of the possibilities offered by the given media. In this way we allow our audience to receive thorough information to be able to make carefully contemplated and responsible decisions In connection with the changed life situations due to the COVID epidemic, digitalization has received more emphasis in everyday life: working from home, online learning, online administration, and contact with the digital space. We also tried to emphasize this in our communication, campaigns and advertisements and helped our clients.	Customer satisfaction Corporate compliance Environmental targets, costs and compliance Innovation for sustainability ICT for sustainability	✓		
417-1	Requirements for product and service information and labeling	Climate Protection Stakeholders	8 31			Corporate compliance Environmental targets, costs and compliance	✓		
417-2	Incidents of non-compliance concerning product and service information and labeling				The Company did not identify such incidents.	Corporate compliance Environmental targets, costs and compliance	✓	TC-TL-220a.3.	
417-3	Incidents of non-compliance concerning marketing communications				In 2021, out of the competition supervision proceedings initiated before the Hungarian Competition Authority (GVH) due to violation of the rules on the prohibition of unfair commercial practices against consumers, three proceedings were finally closed. The GVH issued the 'Unlimited Community Options - VJ / 32/2020' in the case of Magyar Telekom, it found an infringement and ordered Magyar Telekom to restructure its information on zero-rated thematic options and tariff packages offered in the framework of its mobile internet service, to fulfill its obligations in the proceedings, and imposed a fine of HUF 310,000,000. Of the other two cases pending before the court, in the case of Next S / Next M - VJ / 21/2018. the Curia upheld the decision on the fine of HUF 670,000,000 established by the GVH for the violation of the communication published in connection with the fee packages determined from August 2016. While in the other case – 'Telekom 4G mobile internet is chosen by most - VJ / 25/2016.' in the repeated competition supervision proceedings conducted by the court, the GVH reduced the fine to HUF 24,500,000 compared to the amount of the fine previously established.	Corporate compliance Environmental targets, costs and compliance	✓	TC-TL-520a.1	
GRI 418: Customer Privacy 2016									
103 1-2-3	Management Approach	Stakeholders	31	https://www.telekom.hu/about_us/data_protection_details		Data protection	✓		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Stakeholders	42		Magyar Telekom received requests and complaints from the National Authority for Data Protection and Freedom of Information and also directly from customers in 2020, which were duly investigated by Magyar Telekom, and the findings were reported to the complaining customer or to the Authority respectively. Based on the results of the investigations, we review our processes and make adjustments, if necessary. In 2021, 9 new proceedings were initiated by the Data Protection Authority in connection with the processing of personal data. 11 cases were closed in 2021 and the Authority imposed a smaller amount of fine on the Company only in 2 cases.	Data protection	✓	TC-TL-220a.1 TC-TL-230a.1 TC-TL-230a.2	

DISCLOSURE NUMBER	DISCLOSURE TITLE	CHAPTER IN SUSTAINABILITY REPORT 2021	PAGE	URL	DIRECT ANSWER	RELATED MATERIALITY TOPICS	EXTERNAL ASSURANCE	SASB CODE	SDG TARGET
GRI 419: Socioeconomic Compliance 2016									
103 1-2-3	Management Approach			https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm	The Management and Board of Magyar Telekom Group (hereinafter "Magyar Telekom" or "Group") are unanimous in their commitment that the Group will conduct all business activities in accordance with the highest legal and ethical standards. In support of this commitment the Magyar Telekom Corporate Compliance Program has been developed to create an internal culture where 'Respect and Integrity' is one of the most crucial values. The Compliance Program is enacted at all members companies of the Group where Magyar Telekom has effective control. The Compliance Program applies to all bodies, organizations, directors, officers and employees of the Magyar Telekom Group, as well as to consultants, agents, representatives, and all other persons or bodies who carry out work on behalf of any company within the Group. Additionally, we expect our business partners, suppliers and customers to aid us in this effort by acting in a similarly ethical manner. As such, certain aspects of the Compliance Program, apply not just to Magyar Telekom Group employees, but also to third parties with whom we do business. The Compliance Program has been designed to ensure that the Group conducts its business to the highest standards of awareness, transparency, accountability, commitment, and adherence to applicable laws and regulations. To do so requires the implementation of policies and procedures that address potential compliance risk areas together with identifiable mechanisms for reporting, investigating, monitoring, and correcting cases of suspected or actual non-compliance. The elements of Compliance Program is continuously tailored to the changes in the business sector, location of operation, business circumstances, culture and risks, international best practices. The Compliance Program is reflected in the Code of Conduct which is accepted internally by all employees, and by all suppliers through Magyar Telekom Procurement Intranet site. The Group Compliance Officer is responsible for operation and monitoring the Compliance Program.	Corporate compliance Regulatory compliance Addressing legal and ethical aspects of content service provision	✓		
419-1	Non-compliance with laws and regulations in the social and economic area				Magyar Telekom uses its best efforts to fulfill its obligations in accordance with the effective laws. In order to prevent potential authority penalties and sanctions the Company always strives to ensure Magyar Telekom's compliance with the effective laws and manage conflicts – besides harmonizing processes and IT systems with the amendment of laws - with continuous personal consultation, agreements concluded with the authorities and retroactive settlement plans set out in undertakings, made in the form of declarations. In 2021 the National Media and Info-Communications Authority conducted several individual complaint and general/overall market supervision proceedings against the Company. Within the frame of general market supervision proceedings the authority imposed 2 million HUF whereas in the case of subscriber complaints a total of 152.723 million HUF penalty. The District Offices of Government Offices, as bodies responsible for consumer protection completed several investigations against Magyar Telekom, in 2021 the total amount of fines were HUF 8.09 million. Our clients have used the services of alternative dispute resolution fora, in relation to which there were a total of 69 cases handled with the assistance of the Media and Communications Commissioner, and 382 cases in which dispute resolution plenums provided assistance.	Corporate compliance Regulatory compliance Addressing legal and ethical aspects of content service provision	✓		

The Magyar Telekom has prepared Sustainability report in 2021 in accordance with the GRI Standards (Comprehensive) and in accordance of the SASB (Sustainable Accounting Standards Board) requirements. For each indicator, we have indicated which chapter(s) provide information.

SASB indicators:

TC-TL-130	Environmental Footprint of Operations
TC-TL-220	Data Privacy
TC-TL-230	Data Security
TC-TL-440	Product End-of-life Management
TC-TL-520	Competitive Behavior & Open Internet
TC-TL-550a.1	Managing Systemic Risks from
TC-TL-550a.2	Technology Disruptions

Activity metric:

TC-TL-000.A	Number of wireless subscribers	6 848 903
TC-TL-000.B	Number of wireline subscribers	4 648 774
TC-TL-000.C	Number of broadband subscribers	1 636 826
TC-TL-000.D	Network traffic (petabytes)	Our advanced network carries more than 16 petabytes of traffic on an average business day in 2021. Magyar Telekom Plc. is not able to provide further breakdown of this data as requested, as it is proprietary and confidential

Unlike in previous years, the GRI Content Index does not include sector-specific indicators, as new sector-specific indicators for the telecommunications industry are not available.

COMPLIANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT

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

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

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

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

LIST OF ABBREVIATIONS

ABBREVIATION	FULL NAME	ABBREVIATION	FULL NAME
ACP	Act on Criminal Procedures	DT	Deutsche Telekom
AG	Aktiengesellschaft (Company limited by shares)	E2E	End-to-end testing
AGV	Automated Guided Vehicle	ÉFOÉSZ	Hungarian Association for Persons with Intellectual Disability
AIB	Allied Irish Banks	EHS	Environmental, Health és Safety
AOSZ	National Association of autism	EMF	Electromagnetic Fields
BCM	Business Continuity Management System	ÉOFÉSZ	National Association for the Protection of the Interests of People with Intellectual Disabilities and Their Assistants
BREEAM	Building Research Establishment Environmental Assessment Method	ERP	enterprise resource planning
CAPEX	Capital expenditures	ESG	Environmental Social Governance aspects
CDP	Carbon Disclosure Project	ESzCsM	Ministry of Health, Welfare and Family Affairs
CEERIUS	Central and Eastern European Responsible Investment Universe	ETNO	European Telecommunications Network Operators' Association
CEO	chief executive officer	EU	European Union
CER	Certified Emission Reduction	FTSE4GOOD	Financial Times Stock Exchange sustainability index
CES	customer effort score	GB	Gigabyte
CEX	Complete Entertainment eXchange	Gbit	gigabit (10 ⁶ bit)
CO	carbon monoxide	GDPR	General Data Protection Regulation
CO ₂	carbon dioxide	GEI	Gender Equality Index
CO _{2e}	carbon dioxide equivalence	GeSI	Global e-Sustainability Initiative
CPE	Customer Premise Equipment	GHG	Green House Gases
CPEx	Customer Profile Exchange	GJ	giga Joule
CFO	Chief Financial Officer	GmbH	Gesellschaft mit beschränkter Haftung
CV	Curriculum Vitae	GoO	Guarantee of Origin
DE&I	Diversity, Equal Opportunity and Inclusion	GPON	Gigabit Passive Optical Network
DNFP	Digital National Development Program	GRI	Global Reporting Initiative

ABBREVIATION	FULL NAME	ABBREVIATION	FULL NAME
GSM	Global System for Mobile Communication	ITM	Ministry of Innovation and Technology
GTC	General Contract Terms and Conditions	ITU	International Telecommunication Union
GVH	Hungarian Competition Authority	IUCN	International Union of Conservation of Nature
GWh	gigawatt-hour	IVSZ	ICT Association of Hungary
GYED/GYES	Employees on maternity leave or childcare benefit	JAC	Joint Audit Cooperation
HLBF	Hungarian Business Leaders Forum	JVSZ	Joint Venture Association
HÉT	Telecommunication Reconciliation Council	Kft.	limited liability company
HGW	digital distribution device	kg	kilogramm
HQ	Headquarters	km	kilometer
HR	Human Resources	KPI	key performance indicators
HTE	Scientific Association for Infocommunications	kWh	kilowatt-hour
HUF	Hungarian Forints	L	litre
HUF M	million forints	LLC	limited liability company
ICCA	International Congress and Convention Association	LS	Leadership Squad
ICNIRP	International Commission on Non-Ionising Radiation Protection	Ltd.	private company limited by shares
ICT	Information and communication technology	LTE	long term evolution
ICS	Internal Control System	M	million
ID	identification card	m ³	cubic metre
ILO	International Labour Office	MASIT	Macedonian IT Chamber
IoT	internet of things	Mbit	Megabit
IPCC	Intergovernmental Panel on Climate Change	MEBIR	Occupational Health and Safety Management System
ISO	International Organization for Standardization	MEOSZ	National Federation of Disabled Persons' Associations
ISS	Institutional Shareholder Services	MHz	megahertz
IT	Information Technology	MNO	Mobile Network Operator

LIST OF ABBREVIATIONS

ABBREVIATION	FULL NAME	ABBREVIATION	FULL NAME
MSCI	Morgan Stanley Capital International	PSTN	Public Switched Telephone Network
MT	Magyar Telekom	Ptk.	Civil code / Polgári Törvénykönyv
MVGYOSZ	Hungarian Federation of the Blind and Partially Sighted	PV	photovoltaic system
MWh	megawatt-hour	Q&A	question and answer
NAIH	National Authority for Data Protection and Freedom of Information	R&D	Research and Development
NAV	National Tax and Customs Administration of Hungary	RADMAN	personal radiation detector
NG ICCA	Next Generation International Customer Contact Analysis	RPF	Reverse-path forwarding
NGO	Non Governmental organization	RTLS	Real Time Locating System
NMHH	National Media and Infocommunications Authority	SAR	Specific Absorption Rate
NOx	nitrogen-oxide	SAT	Satellite
NPS	Net Promoter Score	SBP	Share benefit program
NSS	Net Satisfaction Score	SBTi	Science Based Target initiative
ODS	ozone-depleting substances	SC	Sustainability Committee
OECD	Organisation for Economic Co-operation and Development	SDG	Sustainable Development Goals
OGYÉI	National Institute of Pharmacy and Nutrition	SI	System Integrator
OPEX	operating expenses	SLA	Service Level Agreement
OSS/BSS	Operations Support System / Business Support System	SMB	Small and medium-sized business
PDH	Pleziokron digitális hierarchia	SME	Small and medium-sized enterprises
Plc.	(Plc.) public limited company	SNOC	Service and Network Operations Center
PoC	Proof of Concept	SOHO	Small office home office
PSL system	Related on the network-based real estate assets and the tool area of the technology area	SOx	Sulfur oxide

ABBREVIATION	FULL NAME	ABBREVIATION	FULL NAME
STEM	Science, Technology, Engineering, Mathematics	UMTS	Universal Mobile Telecommunications System
SZIP	SuperFast Internet Program	UN	United Nations
T	ton	UNEP	United Nations Environmental Programme
T-Labs	Telekom Innovation Laboratories	UNFCCC	United Nations Framework Convention on Climate Change
TCFD	Task Force on Climate related Financial disclosure	UX/UI	User Experience / User Interface
tCO ₂	total carbon dioxide	WCAG	Web Content Accessibility Guidelines
TRI*M Index	a standardized indicator system to explore customer satisfaction and customer loyalty	WHO	World Health Organization
TSM	T-Systems Hungary	WHOIARC	International Agency for Research on Cancer

IMPRESSUM

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