



SUSTAINABILITY REPORT 2008





WELCOME

Dear Reader,

Magyar Posta has been an independent national public service institution since 1867. On 1 January 2010 it will be 20 years that three separate companies were formed from Magyar Posta, and the Magyar Posta Vállalat, independent from telecommunications and broadcasting, was established.

In many respects Magyar Posta was ranked among the best in the peaceful period after the 1867 Compromise and the early 20th century. We are proud of our predecessors' successes and the results achieved by today's postal workers over the last two decades. The social confidence that surrounded the work of our predecessors can still be felt towards postal employees today. Independent opinion polls show that the public regard us as one of the most trustworthy Hungarian service providers. In international terms Magyar Posta also retains its prestigious place.

Today the Company has evolved from the bureaucratic postal organisation it used to be into a customer-oriented service provider. Our efforts are focused on preparing in the best possible way for the full opening of the postal market within the European Union in 2013. We wish to become a service provider which will enjoy the continued confidence of society in the years to come, which people need in their everyday lives, which will be an organic part of the lives of private individuals and communities, and which serves all its customers in modern, convenient surroundings.

We have already done much to this end. For example, we have made major IT and technological developments, introduced open-counter service, and installed modern customer queuing systems. We have enhanced and updated our range of services on offer while continuously modernising the postal network. We provide postal services in numerous villages through mobile post offices and by outsourcing to post partners. We have established a customer-oriented management system taking into account the different needs and habits of private and business customers. We have introduced the Customer Card

for small and medium-sized enterprises and the Pension Card scheme for retired people. Through electronic based banking services we are also present in villages where banks have no customer service points. These changes are also felt by customers and they are assessed positively in satisfaction surveys.



The company management is committed to corporate social responsibility in a broad sense. We feel responsible for sustaining the company's business results and improving the living and working conditions of our thirty-six thousand employees, and we play a role in resolving major social problems and protecting the natural environment. Our decisions are made by simultaneously considering financial aspects and social expectations in a broader sense.

In recent years we have achieved creditable results in several areas of responsible corporate behaviour, in particular in the fields of economic sustainability, caring employer's attitude, active corporate social responsibility and environmentally conscious company management. Numerous domestic and international awards also indicate the results of our endeavours.

Our achievements were published in the form of a sustainability report for the first time in 2008, so this is now the second occasion we have made a report integrating the main results of our business, social and environmental performance, this time focusing on last year.

In the coming years we wish to further strengthen the social role we have undertaken in areas where our analyses indicate there is room for improvement. At the same time we intend to raise the level of the social and environmental awareness of our employees by making training more effective than until now, while providing continuous incentives, monitoring and assessment.

Budapest, June 2009

Ildikó Szűts
Chief Executive Officer

ABOUT THE REPORT

This year we are publishing for the second time a social responsibility report which shows in an integrated manner the activity, results achieved and plans of Magyar Posta in the interest of economic, social and environmental sustainability.

Our previous report, "Sustainability Report 2007", published by Magyar Posta Zrt's Communications Directorate in 2008, is available in print or on-line at http://posta.hu/a_magyar_postarol/tarsadalmi_felelosseg

This report concentrates on the performance of Magyar Posta in 2008. The report has for the first time been audited, so we believe it is important that this year, instead of frequent references to the previous 2007 report, the activity of Magyar Posta is again presented in full. To show corporate processes, the main figures for the last three years are given and the trends outlined. Where justified, earlier precedents are cited for good measure. This report thus gives a complete picture to anyone who does not have the previous report.

Our report presents the economic, social and environmental performance of Magyar Posta Zrt. It does not include social responsibility undertaken by independent ventures founded by the company or the activity of concerns in which Magyar Posta has an interest as a part owner.

The geographical borders of the report correspond with the territory of the Republic of Hungary, where the company conducts its business activity. Magyar

Posta does not have any subsidiaries or enterprises beyond the national borders.

The report was prepared in accordance with the G3 Guidelines of the Global Reporting Initiative (GRI) and its supplements (indicator protocols). (The guidelines are available at www.globalreporting.org.)

The report achieved the GRI level C+, certified by the auditing organisation KÖVET, the Association for Sustainable Economies.

In drawing up the contents and structure of the report, the characteristics of the postal sector and stakeholder viewpoints were also considered.

The information given in the report originates from Magyar Posta's corporate governance, record and statistical systems and databases (SAP, Facility Management, etc.). The methods of data collection and measurement are defined by international standards for the postal sector and the rules on data supply in Hungary.

Any queries concerning the contents of the report should be addressed to Magyar Posta's Communications Directorate.

Contact:

Communications Directorate, Magyar Posta Zrt
Address: 1138 Budapest, Dunavirág u. 2-6., HUNGARY

Mailing address: Budapest 1540, HUNGARY
Telephone: +36 (1) 767-8200
ugyfelszolgalat@posta.hu



The Hungarian Association for Sustainable Economies (KÖVET) was commissioned by the Hungarian Post Zrt. (hereinafter referred to as the Post or the Company) to verify the Company's 2008 Sustainability Report. KÖVET made a commitment as an independent professional non-profit organization to review the report and evaluate the Company's sustainability performance based on that report and several interviews conducted with the management and the employees of the company, as well as with the involvement of external stakeholders.

Verification of the Sustainability Report of Hungarian Post Zrt.

The methods and tools used during the verification

- » a random check of reported data
- » interviews with members of the management and employees of the company
- » an assessment of the report content in terms of the most important economic, environmental and social performance indicators contained in the GRI Guidelines* (on the basis of the GRI G3 version published October, 2006)
- » recommendations made by KÖVET and other stakeholders (July 3, 2009 – Stakeholder Report Evaluation Forum).

Stakeholder Report Evaluation Forum

Sixteen representatives from stakeholder organizations (owner, suppliers, clients, partners, trade unions, professional organizations, media) were invited to attend the Stakeholder Report Evaluation Forum; five of them participated actively.**

KÖVET publicly verifies that Hungarian Post Zrt. provided an opportunity for its national stakeholders to express their opinion about the report before publishing. Changes were made in the 2008 Sustainability Report, or will be made in the next report, based on the recommendations received. KÖVET accepted explanations for recommendations that were not accepted.

Opinion

Based on the above details, KÖVET herewith states that the Hungarian Post Zrt.'s 2008 Sustainability Report is appropriate with regard to formal and content elements. Hungarian Post Zrt. strived to publish a well-structured, well arranged and clear work for readers.

The report is of high quality when compared to Hungarian reports of state owned companies, although the quality can be further increased by adopting international best practices. It is outstanding, that the Hungarian Post Zrt., after its environmental reports of the last few years and its first sustainability report of 2007, is now having its Sustainability Report verified by an external, independent party, which raises its professional credibility.

More departments from the company took part actively in the preparation of the report. We deem it an important step that based on international best practice, the company has already compiled a standard data collection procedure during the previous years. Our experience during the verification process shows that data collecting and reporting procedures can be further improved in more areas.

Based on detailed indicators described within the document, the report satisfies the C+ level of the GRI G3 Guideline.

Recommendations to the company for further improvement of the report

- » according to the three pillars of sustainability we suggest that the environmental and economic part of the report should be as detailed as the social one;
- » we recommend disclosing more information on areas which need improvement in order to provide a more balanced and credible overview;
- » we suggest the company to provide readers more detailed information with the necessary supporting data and facts on selected indicators in the report;
- » pay more attention to topics that the public is more interested in, e.g.

transparency and client-focus, and enter into details regarding challenges in order to improve credibility;

- » while compiling the next report, the Company should try to aim at reaching a higher GRI level, insert indicators that stayed out of this report, and consider including experts in the stakeholder mapping process;
- » we suggest to diverge from the formal use of GRI guide, rather use it as a tool to structure the company's reporting content.

Evaluation of Hungarian Post Zrt.'s sustainability performance

Hungarian Post Zrt., having an important role among state owned companies, is a determinant actor of the Hungarian economy; hence it has a major responsibility towards its stakeholders as well. In some activities (e.g.: keeping social benefits of employees, Post Partner Program) certain sustainability principles can be found (e.g.: justice, supporting local economy), but not necessarily consciously. Preparation for the market liberalization has significant importance during the company's improvement. During this preparation the company strives to rationalize and at the same time to remain a responsible employer, thereby differentiating itself from its prospective competitors. In spite of the above, it rarely investigates environmental and social impacts of its decisions beyond basic requirements (legal compliance). Regarding its social role the company outstandingly attends to keep its employees, but supporting a healthier work-life balance remains a challenge. The Company gradually strives to assess its environmental impact and to reduce it.

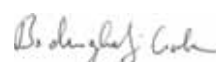
When becoming acquainted with the performance of Hungarian Post Zrt., we evaluated the Company's own sustainability and its role in sustainable development using KÖVET's sustainability ranking scheme***. We evaluate Hungarian Post Zrt. as "appropriate" from economic and environmental points of view, and "public spirited" from the social point of view.

Main recommendations for further improvement

Hungarian Post Zrt.'s sustainability performance can be improved if the company...

- » strives to take sustainability aspects into account while improving its performance assessment as well as its products and services (e.g.: client focus in services, including access);
- » extends its sustainability standards to its suppliers as well;
- » lobbies in the state sector for the spreading high ethic norms and transparency;
- » continues to involve stakeholders actively into the company's life (e.g.: service improvement);
- » continues and improves the social programs launched on a voluntary basis;
- » emphasizes sustainability education more in the company;
- » deepens management commitment, particularly towards environmental field.

By implementing the suggestions listed above, Hungarian Post Zrt. can step forward on the road to sustainable development.



BODROGHELYI Csaba
Managing Director



ERTSEY Katalin
CSR Expert

Budapest, July 8, 2009

* Global Reporting Initiative (GRI - Initiative for standardisation of sustainability reports)

** Participants of the Report Evaluation Forum: Katalin Ákoshegyi (Posta Biztosító Zrt.); Árpád Szinvai (Fővárosi Gázművek Zrt.); Klára Pápaiiné Armuth (Magyar Nemzeti Vagyonkezelő Zrt.); Csilla Németh (OTP Bank Nyrt.); Viktor Benkő (Központi Üzemi Tanács); additionally Katalin Ertsey (KÖVET); Mónika Lontayné Gulyás (KÖVET)

***Further information: sustainability ranking of organizations, www.kovet.hu

KÖVET verifies the sustainability – economic, environmental and social – performance of Hungarian Post Zrt. as follows

Sustainability Ranking of Organizations	post-szám	Local Economic Role	Environmental Impacts	Social Responsibility
Sustaining	22-25	Economically exemplary, altruistic, growing is not its aim. Accepts programs with long-run (>10 years) rate of return. Its leave would be a loss for the local community.	Tends to eliminate local environmental damages. Its activity and products establish values and improve conditions of the local environment.	Leaders and owners live near by the activity. Socially pioneering, a "jackpot" for all workers and stakeholders (not only financially), extraordinary help for the local community.
Public-spirited	18-21	Has local control. Economically exemplary, viable in the long term (through generations), with excellent products and beneficial role in the market. Economically strengthens the local community	Environmentally outstanding, "over-fulfills" requirements, the applied technology, products and transportation are environmentally friendly. Its raw material is transported only from the continent.	Socially outstanding, has responsibility mainly towards its employees, and towards other social groups as well, but never advertises it disproportionately. Its activity and products are very beneficial for all stakeholders.
Compliant	13-17	Economically average, but mainly the owner makes profit, stakeholders less. Has limited role in strengthening the local community.	Environmentally appropriate, but not exemplary, strong efforts to comply with regulation, but not to minimize the environmental load. There are projects to general improvement.	Socially acceptable, makes strong efforts to do good for people, but its situation (basic activity, size) raises question marks.
Self-interested	8-12	Economically viable in the short term, but its activity is unjust, creates faceless products, disproportionately few people make profit.	Environmentally irresponsible, activity and products unnecessarily burden the natural environment and human health.	Socially irresponsible, impairs workers and costumers, contributes to social conflicts and injustice.
Destructive	4-7	Economically not acceptable, or completely non-viable, destroys the local economy or illegal activity.	Environmentally hazardous and illegal, severely detrimental for human health and natural ecosystems.	Socially not acceptable, exploitive, its activity and products are destructive for people, trouble maker blow-in. Its leave is the community's pleasure.





1. INTRODUCING MAGYAR POSTA





1.1. The Company's profile

1. The name of the company: Magyar Posta Zártkörűen Működő Részvénytársaság (abbreviated form: Magyar Posta Zrt).
2. Magyar Posta Zártkörűen Működő Részvénytársaság was founded for an indefinite term on 1 January 1994 as the general legal successor to Magyar Posta Vállalat. Magyar Posta is a single shareholder company entirely owned by the state. There was no change of ownership in the company in 2008.
3. Main company details

Founder	Minister of Transport, Communications and Water Management (Budapest, Dob u. 75-81.)
Shareholder	National Asset Management Council (Nemzeti Vagyongazdálkodási Tanács)
Body exercising ownership rights	In 2007 Hungarian Privatisation and State Holding Company (Állami Privatizációs és Vagyongazdálkodási Zrt); from 1 January 2008 Hungarian State Holding Company (Magyar Nemzeti Vagyongazdálkodási Zrt)
Share capital	HUF 13 483 027 thousand
Main company activity	letter and parcel services postal financial services savings and insurance services newspaper subscriptions logistics services retail activity
Legal obligation	provision of universal postal services within the territory of the Republic of Hungary
Headquarters	1138 Budapest, Dunavirág u. 2-6.
Governing body	Board of Directors
Chief Executive Officer	Ildikó Szűts
Auditor	Attila Juhász, certified auditor, KPMG Hungária Kft

In the period of the report there has been no significant change in the structure of the share capital, the size of the company and place of operation.

4. Main figures of investments and interests on 31 December 2008 (figures in HUF million)

	% of votes	Share capital	Retained profit	Equity	Book value
Majority shareholdings:					
Postaautó Duna Zrt.	100,00%	1100,0	43,2	1741,1	1569,1
JNT Security Kft.	100,00%	1203,0	224,5	2347,2	1300,0
Posta Kézbesítő Kft.	100,00%	70,0	35,8	210,9	71,5
Posta Pénztárszolgáltató Kft.	100,00%	8,5	-17,0	11,4	11,4
Interests in associated companies:					
Magyar Posta Biztosító Zrt.	33,08%	754,6	169,9	1900,0	628,5
Magyar Posta Életbiztosító Zrt.	33,08%	1725,1	128,1	2192,0	725,0
Total shareholdings:					4305,6

5. Operation as universal service provider

The Postal Act (Act CI of 2003 on the Post) designated our company as the universal postal service provider for the territory of the Republic of Hungary. Arising from this, we are obliged to provide a defined range of postal services – basic letter and parcel services – which must be made available to all citizens at an affordable price throughout the country. In addition, in accordance with the law, we perform postal payment intermediary activity and provide a domestic money order service.





In settlements with a population of less than six hundred a permanent post office or mobile post service has to be operated. In villages with between six hundred and one thousand inhabitants a permanent post office may only be replaced by a mobile post service with the local authority's agreement. Towns with over a thousand residents must have a permanent post office by law. In cities there must be at least one permanent post office per twenty thousand people ensuring that it is at a distance of three kilometres at most from any place of residence within the inner area. The distance between two post offices may not exceed six kilometres.

The only areas we have an exclusive (monopoly) right in are issuing stamps and using the post horn as a symbol, and, until the full liberalisation of the postal market in the territory of the European Union (i.e. 1 January 2013), letters and direct mail items weighing



less than 50 grams are among the services reserved for Magyar Posta.

6. The scope of Magyar Posta's activity

Magyar Posta has almost 3,000 premises in Hungary, most of which are service points (post offices).

Number of permanent post offices			
Type of settlement (no. of inhabitants)	2006	2007	2008
Under 600	155	139	186
600-1000	516	444	498
1000-20 000	1548	1593	1461
20 000 felett	630	569	596
Total	2849	2745	2741

The total net floor space of the buildings at the facilities is over 671,000 m². The company's staff use almost 1 million machines and other technical devices in their work.

Number of post-boxes in public spaces			
Type of settlement (no. of inhabitants)	2006	2007	2008
600 alatt	1 516	1 371	1 363
600-1000	1 115	966	986
1000-20 000	6 474	5 048	4 812
Over 20 000	4 409	3 325	2 379
Total	13 514	10 710	9 540





In accordance with Government Decree 79/2004 (IV. 19.) Magyar Posta surveyed the use of post-boxes. The survey revealed that the use of post-boxes was very low with 10% of them not having a single item during the measurement, and 60% of them with less than 10 items per day. The high investment amount and the exceptionally low level of use together justified the reduction in the number of post-boxes.



Magyar Posta has more employees than any other business organisation in Hungary. In 2008 the average statistical staff number was 35,973 people, which by converting the time worked by part-time employees into full-time working hours gives an adjusted, reduced figure of 34,559 people.

Quantity of and sales revenue from some typical financial services

Year		Cash transfer rate	Disbursement order	Pension order	Domestic postal money order	Bank card acceptance (Postamat)
2008	(items)	282 398 684	15 803 483	22 442 967	2 380 473	7 033 939
	Revenue (HUF million)	30 381,8	5 420,5	5 598,5	1 417,6	1 348,9

Our daily customer relations system

2741 post offices

354 mobile posts

8000 counter staff

12 000 delivery workers

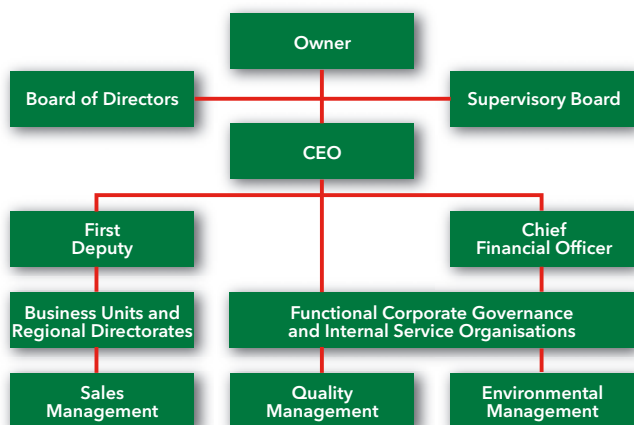
Size of universal postal services

Year	Basic letter mail service (items)	Official documents (items)	Parcels (items)
2006	902 107 685	41 444 630	2 814 694
2007	858 987 695	45 723 213	1 943 151
2008	750 439 899	47 543 738	1 853 344



1.2. Corporate governance

In 2008 there was a change in the corporate governance structure compared to the previous year as the number of deputy chief executives was reduced from three to two. The organisation of business units was restructured in the spirit of customer focus in 2008 by creating separate units for the sales management of private and business customer groups instead of the old product-based organisation.



Owner

As Magyar Posta is a single shareholder company that has no general meeting, the responsible minister or his authorised deputy decides about matters within his remit by written resolution of the shareholder (owner).

Board of Directors

The Board of Directors is the company's governance body. It makes decisions within its competence laid down in the Articles of Association, exercises its rights and performs its duties as a body, and makes provisions for the division of duties and competences among its members in accordance with the rules of procedure adopted by it. Its chair is selected from the members of the Board of Directors. In 2007 the Board of Directors had 11 members, 9 of whom were independent, and from 2008 there are 7 members (6 independent). The independent members are

not employed by Magyar Posta. The members of the Board of Directors are appointed by the shareholder (owner). The mandate of the members of the Board of Directors lasts until the close of the third business year following their appointment. The chief executive officer is also a member of the Board. The members of the Board of Directors are Dr. György Csáki, Ildikó Szűts, Gábor Solti, András Varga, Sándor Lengyel, Dr. György Csepeli and Mrs. Klára Armuth Pápai.

Supervisory

The Supervisory Board controls and reviews the corporate governance on behalf of the holder of the rights of the shareholder (owner). It has 11 members, comprised of 7 independent persons and 4 postal employees. The president of the Works Council and three representatives of the trade unions, who represent the interests and opinions of the employees in the work of the Supervisory Board, are members of the Supervisory Board. The members of the Supervisory Board are Miklós Brázai, Mrs. István Budzsákia, Dr. Gusztáv Varga, Dr. Tamás Lajtner, Dr. Ferenc Rákosi, Dr. László Ferenc Kónya, Béla Szabó, Lajos Kónya, Miklós Sümegvári, Pál Pecze and Mrs. László Sztahura.

Auditor

In pursuance with Act IV of 2006 on business organisations a company limited by shares is obliged to choose an auditor. His duty is to conduct an audit as stipulated in the law on accountancy, and to determine whether the business organisation's report based on the law on accountancy complies with the legal rules, and whether it gives a true and fair picture of the company's property and financial situation, and the results of its operation.

Chief Executive Officer

The CEO governs and controls the labour organisation of the company within the constraints of the Articles of Association and the Organisational and Operational Regulations, and in accordance with the decisions of the owner and the Board of Directors.



Ildikó Szűts
Chief Executive Officer



1.3. Our mission, vision and values

Our mission

Magyar Posta's mission is to provide modern and continuously renewed services in the postal, financial and logistics markets as a responsible employer using its efficient network covering the whole country at a reliable and high standard to the satisfaction of its customers and partners.

Our vision

In our vision Magyar Posta enters the liberalised postal market as a competitive and profitable company with a modern service culture.

It retains its leading position in the domestic letter market offering good-value-for-money, high-quality basic and added-value services.

With its national network and products satisfying mass needs, it caters for its customers as an influential financial service provider.

It becomes a developing regional service provider in Central and Eastern Europe in the area of consignment logistics. It strengthens this activity through strategic co-operation and partnership agreements.



Our values

Magyar Posta has regarded reliability and accuracy as its essential values throughout its past of over 140 years. Magyar Posta today represents tradition and progress at the same time.

We are striving to develop a modern work culture whose main aspects are:

- market orientation
- customer focus
- reliable and responsible performance of work
- result orientation and organisational efficiency
- ability to change, modernity
- consistency and discipline
- co-operation and teamwork
- postal identity/postal awareness (supporting development with the values of traditions)
- environmental awareness

Ethical standards

The basic principles, aims and requirements of ethical behaviour for our staff and management are defined in the Ethical Code published in 2005.

Socially responsible behaviour, the approach of a caring employer, and environment-conscious governance are incorporated into Magyar Posta's set of values, its managerial aims and style of work.

1.4. Our commitments

Our company is a member of several international and domestic organisations whose initiatives we support and take an active part in their work.

International organisations and their initiatives

Universal Postal Union (UPU)



UPU | UNIVERSAL
POSTAL
UNION

Magyar Posta was one of the founding members of the Universal

Postal Union established in 1874. The UPU is the global co-operation organisation of the postal sector, a specialised agency of the UN with 191 members. Our company participates in the work of the Council of Administration and Postal Operations Council as an observer. In 2008 we took an active part in the work of the 24th congress of the UPU held in Geneva. Our company's Executive Director, International Business was the vice chair of Committee 2 (Finance).

Association of European Public Postal Operators (PostEurop)



Magyar Posta has been a member of this Europe-

an postal organisation with 48 members since 1993. Our representative is a member of the Management Board and chair of the European Affairs Committee. The Committee led by Magyar Posta's representative, dealing with postal regulation in Europe, held its plenary meeting in April 2008 in Budapest and in October in Brussels.

We are taking part in PostEurop's voluntary programme aiming to reduce carbon dioxide emissions. At present 17 postal operators are committed to the initiative to reduce CO₂ emissions by 10 per cent on average between 2007-12.

We joined the "Green Post" project launched in 2008 with the support of PostEurop and financed by the European Commission. The initiative promotes the exchange of experiences of best practices of postal delivery by electric and hybrid vehicles. Our company from this year has been testing six environment friendly delivery vehicles in the town of Szentendre.



International Post Corporation (IPC)



Magyar Posta has been an associ-

ated member of the IPC, embrac-

ing the world's 24 most developed posts, since 2002 and a full member since 2007. Its member organisations deliver 330 billion letters annually, almost 80% of global letter mail traffic. The main aims of the IPC are to improve the quality of international letter mail services, to enhance co-operation between its members and to research the postal and related markets. The organisation gives high priority to issues involving sustainable development.

In 2007 the IPC launched an environmental protection programme. It aims at developing standards and measurement methods accepted by the entire postal sector, sharing and distributing the best practices of member posts, and initiating joint research projects. Magyar Posta is an active member of the initiative, sharing its experiences and results with participants. At the 2008 general meeting the member posts decided to introduce a global measuring system for carbon dioxide emissions.

Postal Social Dialogue Committee

Magyar Posta takes an active role in the work of the Postal Social Dialogue Committee established by the European Commission in 1999. The Committee acts as a consulting body in European decision-making on issues with social impacts on the postal market. It deals with equal opportunity, education and competence development, social responsibility, and accident prevention. Magyar Posta's representative has been leading the Committee's Accident Prevention Working Group since 2004.

European Postal Sub-sector Dialogue Committee

The Postal Sub-sector Dialogue Committee established in 2004 has for years taken an active role in relation to the European Sector Social Dialogue in particular in the area of occupational safety. The activity started in 2006 in Budapest in the area of occupational safety and the EU-level postal co-operation continued at the Brussels meeting in September 2008 at the European Postal Social Dialogue Committee's occupational safety working group meeting. Within postal social



dialogue, the Postal Sub-sector Dialogue Committee held professional consultations and an exchange of experiences in Vienna. The purpose of the professional consultations was to make participants familiar with the Austrian practices of social dialogue and the experiences of the introduction of the Post Partner Programme in Austria.

World Mail and Express Europe

Magyar Posta was the host and main sponsor of the World Mail and Express Europe international trade conference and exhibition in Budapest in May 2008. On the evening prior to the event, the World Mail Awards, the postal Oscars, were presented. Magyar Posta won the prize in the category of security for its outstanding achievement in improving the safety of delivery workers.

Hungarian organisations and initiatives

Hungarian Business Leaders Forum (HBLF)

The HBLF is a non-profit organisation of domestic and international firms, leading businessmen and recognised experts who are committed to responsible corporate governance. Magyar Posta joined the HBLF's work as a full member in 2004. Our representatives are active in the HR working group and the Women Leaders' Forum.

KÖVET - Association for Sustainable Economies

KÖVET is a public benefit, non-profit organisation, which was established in 1995. The Association is the Hungarian member organisation of the International Network for Environmental Management (INEM) and a member of CSR Europe and the Global Footprint Network. Over 100 organisations are involved in the Association's work. Magyar Posta has been a member of the organisation since 2000 and our representa-

tive is a member of the Presidium. We took part in the Association's environmental protection competition "Money thrown in the window".

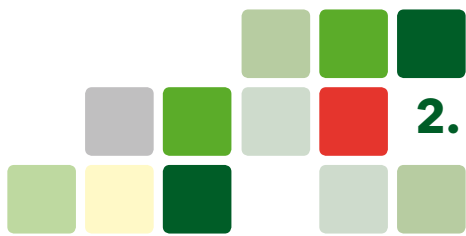
Postal Sub-sector Dialogue Committee

The Postal Sub-sector Dialogue Committee was established in 2004 to strengthen direct autonomous social dialogue and to have ad hoc consultations with government organs. Its goal is to bring about co-operation in all areas that affect the situation and future of the sector, and employees' and the employer's interests, and to adopt and represent common positions, proposals and guidelines for this. The chair of the Committee on the employers' side is the chief executive officer of Magyar Posta and on the employees' side the vice president of the Postal Workers' Union.

Other organisations of which we are a member

Confederation of Hungarian Employers and Industrialists (MGYOSZ),
National Association of Strategic and Public Utility Companies (STRATOSZ),
Communications Reconciliation Council (HÉT),
Association of Hungarian Energy Consumers (MESZ),
Association of Environmental Service Providers and Producers (KSZGY SZ),
Hungarian Association of Logistics, Purchasing and Inventory Management (MLBKT),
National Human Policy Association (OHE),
American Chamber of Commerce (AmCham),
International Advertising Association (IAA),
Hungarian Advertising Association,
Hungarian PR Association,
Hungarian Direct Marketing Association (DMSZ),
Maecenas Club,
Friends of the Budapest Museum of Fine Arts.





2. INTERACTION WITH THE SOCIAL, ECONOMIC AND NATURAL ENVIRONMENT





2.1. Stakeholders

Our company identified the following main groups of stakeholders: the state, political decision-makers, local communities, our customers, our business partners, the press, employees, suppliers, and international professional organisations.

Government

The government's interest is for Magyar Posta to fulfil its obligations as the universal postal service provider and operate without state support. Magyar Posta conducts a dialogue with governmental organs through the channels of providing information, reports and proposals.

Owner

The state organisation exercising the shareholder's rights (Hungarian State Holding Company) approves Magyar Posta's strategy and annual business plan.

Political decision-makers

The political decision-makers (parties, members of parliament) primarily convey the interests, opinions and expectations of society and the public. These requirements appear in part through the Postal Act, and in part in the interpellations of parliament, as well as through the everyday forums of political publicity.

Local communities

Magyar Posta keeps in touch with a wide range of local communities. Local governments, as the bodies determining the life of communities, are regarded



as key partners. At a national level we engage in a dialogue with local authority associations, while at a local level our regional directorates consult with local government leaders and members about changes affecting the service. On occasion Magyar Posta's representatives enter into a direct dialogue with people concerned at village meetings, public hearings and other forums.

Clients, customers

Our staff meets and communicates with hundreds of thousands of private, institutional and business customers every day. Opinions and feedback make an impact on the quality of our public relations activity, and customer needs and expectations are transformed into internal requirements.



Business partners

Services based on relations with business partners account for a significant part of Magyar Posta's portfolio. Such are our banking, insurance and other intermediary services. Magyar Posta's network of business contacts is based on strategic partner agreements and contracts ensuring mutual advantages.

Press

Each year several hundred printed and many thousand electronic news items appear about Magyar Posta. The majority of the Hungarian media inform the public objectively. We frequently employ proactive press relation methods (press conferences, press talks, press information). Through press relations we endeavour to provide society with authentic, responsible information.

Employees and bodies representing employees' interests

At Magyar Posta a two-tier works council, comprising a Central Works Council and works councils, and 8 trade unions operate. The company management regards the trade unions as important partners and ensures conciliation of interests with them through the tried and tested method of social dialogue.

Suppliers

We make procurements on a large scale and thus suppliers are an important group of stakeholders. Their interest is to become one of our reliable partners and to retain this status in the long term. We have operated a suppliers' classification system since 2005, which each year examines and classifies not only suppliers in certain business areas but the whole range of Magyar Posta's suppliers.



International postal partners

The route of some mail items crosses the borders of countries. We dispatch and receive mail to and from all parts of the world. We maintain relations with foreign postal partners in the management and arrangement of international mail.

International professional organisations

It is in our fundamental interest to play an active role in the work of these organisations as, apart from passing on and receiving valuable professional experiences, they represent our professional interests before international decision-making bodies such as different organs of the European Union, and increase our recognition in the international community of postal operators.

2.2. Key interactions, risks and opportunities

For us responsible and ethical corporate behaviour means duly appraising the social and environmental consequences of our activities; taking the impact on smaller and larger communities of society into account when making decisions in addition to business considerations; weighing the economic, social and environmental conditions, and endeavouring to find appropriate solutions to control risks.



2.2.1. Impacts of the economic and social environment on Magyar Posta

Liberalisation of the postal market

In the medium and long term one of the most important external challenges and risks for Magyar Posta is the European liberalisation of the postal market. Directive 97/67/EC of the European Parliament and the Council of the European Union, passed in 1997, states regarding postal services that "measures should be adopted with the aim of establishing an internal market, whereas this market comprises an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured". Accordingly, in the member states of the European Union universal postal services must be provided while gradually reducing the range of services provided exclusively by the state postal operators, thus creating more advantageous conditions for competitors until the full free market is brought about.



Spread of digital technologies

The explosive spread of electronic forms of communication (internet, e-mail, mobile phone) represents a risk factor for posts specialising in forwarding physical mail throughout the world. For this reason, apart from liberalisation, in the long term digitalisation may pose the biggest challenge to Magyar Posta. Even if not in the immediate future, a gradual reduction in paper-based correspondence must be counted on. A decline in traditional postal payments using yellow cheques can also be predicted. Banks are striving to win over an ever increasing share of private in-payments made at post offices to direct debit at banks through business policy and marketing means. The electronic bill presentment and payment service (EBPP) is slowly but surely spreading.

Magyar Posta is endeavouring to respond to these challenges by creating supplementary electronic services for traditional correspondence, the hybrid mail service, and in the area of financial services by issuing a postal bank card and introducing the postal pension account.

Political decisions and state regulation

Consultation with the state owner (shareholder) has an effect on the company's medium and long term strategy. The government's postal strategy influences Magyar Posta's operational conditions as do potential amendments to the Postal Act and the related government decree.

We help the drafting of legislation on postal activity by giving professional opinions and drawing up proposals approaching European practice.

The development of the macro-economic environment

The growth of the Hungarian economy, exchange rate fluctuations and changes in leading interest rates have an effect on Magyar Posta's financial results and external conditions for financing.

The world economic and financial crisis that unfolded in the autumn of 2008 had an adverse effect on Hungary. By the end of the year Magyar Posta's financing costs also rose due to the interest surcharges on credit lines. If the crisis afflicts the Hungarian economy for a prolonged period, its consequences will be

observed later in the operation and results of Magyar Posta. To handle the financial risks, market and postal processes are monitored and analysed continuously.

2.2.2. Magyar Posta's impact on the social, economic and natural environment

Our impact on the national economy

Magyar Posta principally has an impact on the sustainability of the national economy in the areas of communications, financial services and retail trade. We have a decisive role in the delivery of official letters and bills, the conveyance of sums paid in by the public to their destination (which affects the liquidity of businesses), and the delivery of disbursements, pensions and benefits to the public (which has an effect on people's living conditions and purchasing power). Magyar Posta plays a growing role in the delivery to the door of goods bought by distance purchases and in the logistics of smaller quantities of retail articles.

Our impact on social and local communities

Magyar Posta is a traditional public service provider organisation which is strongly embedded in society. The members of society are accustomed to the presence and services of Magyar Posta. For this reason major changes in our activity have an impact on the general well-being of society.

The modernisation of the postal network deeply affects local communities, mainly people living in small settlements. There is a common belief that the presence of a post office indicates the status of a settlement and thus reorganising the service network produced lively feedback over recent years from people in the communities affected.

The working and living conditions of postal employees

The sustainability of the balanced management of Magyar Posta has an effect on the improvement of the working conditions and existential security of postal employees on the one hand, and on the other means a stable living and quality of life for their families.

Due to technological developments, organisational restructuring, outsourcing and the realignment of

the newspaper market the number of staff has gradually decreased over the last ten years from 44,000 to 36,000 in a manner avoiding undue social tension.

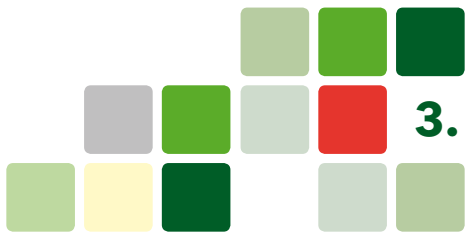
Our impact on the natural environment

Magyar Posta's activity does not represent a critical risk to the natural environment and human health, but the operation of our considerable real estate holdings and vehicle park does have an effect on the environment. In the framework of environmentally aware corporate management we assess harmful impacts annually and define the action necessary to reduce the burden on the environment, publishing our results in annual reports.

* * *

In the following sections we present in detail the performance of our company in the areas of corporate and social responsibility, and economic and environmental sustainability, bearing in mind the characteristics of the postal sector and GRI indicators.





3. OUR BUSINESS PERFORMANCE



3.1. Market position of our services

Our company offers a wide range of services to the public as well as the state, and social and business communities.

Letter services



Our traditional activity is the letter-post service. Our company accounts for 93-94% of the Hungarian letter market sales revenue despite the fact that since 1 January 2006 only letters weighing less than 50 grams have been in the range of reserved services. Key, business and entrepreneurial clients account for 75.5% of turnover in letter services.



Our traditional paper-based letter-mail services have been complemented by electronic additional services such as the e-advice of delivery, e-notification and e-projection. Complex postal services from mail production and preparation for posting to digitalising incoming letters are offered to our key clients.

Direct Marketing



Using our lifestyle database created in 2007 we can offer our clients an aid for well-targeted Direct Mail campaigns.

Newspapers

Between 2004 and 2006 our company's share of the subscription newspaper market was 72%, but due to the appearance of a new distributor in 2007 this fell to 45%. Our share of the whole newspaper and pe-

riodicals market was about 4.8% between 2004 and 2007. These rates did not change in 2008.

Financial services



This product group includes the traditional postal financial services for postal cheques under the Posta Csekk brand as well as the Western Union® international money transfer service. Enormous volume and great diversity of titles of payment typify the payment turnover. The annual value of transactions in the product group exceeds HUF 5,000 billion and the volume handled is about 300 million transfers.

Posta banking services



Under the Posta banking services brand we sell jointly with Erste Bank Hungary Nyrt and the investment company Erste Befektetési Zrt bank account, loan, savings and investment products. Through our nationwide network we have the option to provide financial services matching the standard of our age in places where the physical presence of banks is not usual. In 2008 we sold banking and investment products through the 325-unit on-line network developed in recent years and at the so-called Posta Financial Solutions desks created at the 101 busiest post offices.

Posta Insurance



In this product group we sell insurance products of two insurance companies, Magyar Posta Biztosító Zrt and Magyar Posta Életbiztosító Zrt, in which our company has 33% shareholdings. Their insurance



schemes satisfying the basic needs of the public are sold at 325 post offices on-line linked to the Posta insurance companies' IT system and manually at other postal outlets.

Logistics services



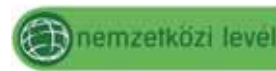
Besides Magyar Posta, there are several hundred other competitors active in the logistics (courier, express, parcel and piece goods transport) market. In the competition with international and Hungarian owned integrators and forwarders, Magyar Posta Logistics (MPL) is the market leader in the Hungarian CEP (courier, express, parcel) market with a share of about 27-28%. Including international traffic MPL is in third place.

In the CEP market MPL represents the greatest share of the several day delivery parcel (65%), overnight (58%) and pallet delivery (58%) segments. In 2007

we had a significant market share of about 17% of the fastest growing market segment, guaranteed next day delivery. In the entire domestic and international CEP market we are in fourth place.

MPL has many years of experience in the field of complex logistics services. Our warehouse logistics services are linked with our transport and delivery network covering the whole country. In December 2008 we opened a new logistics warehouse centre in Fót near Budapest on 9,600 m2 with state-of-the-art material moving machines and order-picking systems, employing experienced staff.

International services



Magyar Posta has an 85% market share of international letters, 42% of international parcels and 4% of international express mail.



3.2. Our strategy and our results

Our strategic targets are

- that our services should satisfy the needs of our purchasers and customers, our management should meet the expectations of our state owner (shareholder) and our operation should fulfil the requirements of Hungarian legislation, the European Union and international agreements,
- to give an answer that meets the challenges of liberalised market competition,
- to stabilise and strengthen the company's market positions based on core postal activity,
- and to continuously ensure the level of financial profitability achieved.

Our performance



Over the past six years Magyar Posta has stabilised its operations and achieved the level of quality of service which the developed market demands, and a change of attitude has been effected in sales and serving customers.

In 2004 we strove to stabilise business results and develop a modern organisation with business units (Year of Stabilisation), in 2005 the emphasis was placed on improving quality of service mainly by fulfilling delivery time requirements (Year of Quality) and 2006 was characterised by reorganising sales activity (Year of Sales). 2007 featured in the corporate programme as the Year of the Customer, which aimed to strengthen the new attitude and work culture developing among employees, and enhance flexibility, reliability and attention to customers.

2008 was dubbed the Year of Partnership as in the autumn of 2007 we announced the Post Partner Programme, which seeks partners among the entrepreneurs of villages to run postal service outlets as enterprises.

Thanks to the performance of colleagues working in both management and implementation, the revenues of our business units in 2008 exceeded the results of the previous year.



Restructuring our business organisation

As of 1 July 2008 Magyar Posta reorganised its business unit organisation. Our main aim was the introduction of a one-stop solution from a sales aspect which better supports serving customers and fostering relations with them. Instead of the former product-oriented organisation we established the following business units:

- Private Customers
- Business Customers
- International Business
- Logistics Systems

The business unit for Private Customers is responsible for serving private customers and small and medium-sized business customers, and the management of products and sales channels (e.g. the postal network) which are of primary importance in satisfying the needs of these two target groups. The unit for Business Customers is responsible for dealing with business customers and the development and management of the products playing a key role in serving them. The business unit for Logistics Systems is indirectly connected with the service of customers as



an internal service provider. The unit for International Business is responsible for managing international products and co-operation with partners and postal operators outside Hungary.

Challenges and opportunities

To achieve sustainable development for the company, it is essential to find modern electronic customer friendly solutions similar to **banking services** which allow us to maintain our current payment market position and to guide paper-based products into account-based payment solutions operated by us in our own right. This includes keeping electronic payment accounts, cash transactions, ad hoc and regular transfers, starting collection orders, the issuance of a payment card, the acceptance of cards and credit services necessary to make payments for both private and business customers.



One of the focal points of Magyar Posta's vision is to appear in the area of mail logistics as a **regional service provider** offering high-standard competitive solutions in the developing Central and Eastern European region, appropriately meeting the challenges of the liberalised competitive market. We wish to strengthen this activity through strategic co-operation and partnership agreements.

Magyar Posta joined the European Parcel Group network embracing the most advanced European and

US postal operators in 2008. Due to this we acquired a background based on a safe network, guaranteeing high standards but operating with low costs which enables us to offer our customers a very good quality service with excellent safety at lower costs than before.

The majority of European posts including neighbouring countries have taken major steps in their preparation for liberalisation. The development of **automated sorting** is perceptible throughout Europe.

For customers who regularly use our services but have no contractual relations with our company, the **customer card** linking up with a central database has been introduced. This reduces the time required to issue an invoice, the queuing time and the possibility for errors. By analysing the data stored in the central database we can make individual offers to our customers matching their purchasing habits.

In 2008 the modernisation of our card acceptance system also began.

In conjunction with the Budapest University of Technology and Economics we developed the prototype of the **hybrid letter** service. This is a possible breakout direction for letter services, which will have heightened importance from 2009 in the development of Magyar Posta's electronic services.

The range of account products has been expanded by the **Posta Pension Account**. The product, as a unique service in the domestic bank account market, offers pensioners the possibility of having a part of the pension paid in to their account delivered free to the door while keeping the remainder on the bank account.

Development of financial results

Results (HUF million)	2006	2007	2008
Operating profit	5977,3	5387,4	7863,8
Profit on financial transactions	43,2	675,9	1414,7
Extraordinary profit	-684,6	-402,8	-390,7
Profit before tax	5335,9	5660,5	8887,8
Taxation	436,8	869,8	1178,3
Profit after tax	4899,1	4790,7	7709,5
Retained profit	1899,1	1790,7	3209,5

3.3. Quality

As a result of our systematic work over several years to improve quality, the quality approach contained in Magyar Posta's **Statement on Quality Policy**, which was reviewed in 2008, has been integrated into the values of our workers.

(Accessible on http://posta.hu/a_magyar_postarol/alapadatok/minosegbiztositas)

Maintaining our results achieved in the area of measuring and improving quality, we are progressing step by step towards establishing a comprehensive quality management system for the whole of the organisation. Since 2005 the range of postal services with certification conforming to the international quality management standard **ISO 9001:2000** has expanded from year to year. In addition to the service and technology processes audited earlier, in 2008 we had the process of organised training as well as the Insert Pack mail production service audited. By operating a quality management system we strive to create the conditions for offering high-quality services announced in advance as a reliable service provider and to conduct our activity profitably, thereby increasing the satisfaction of all the stakeholders.

In the course of quality improvement the focus was mainly on the reduction of queuing times at post offices, keeping to the level of delivery times for mail items, and minimising the rate of lost and damaged

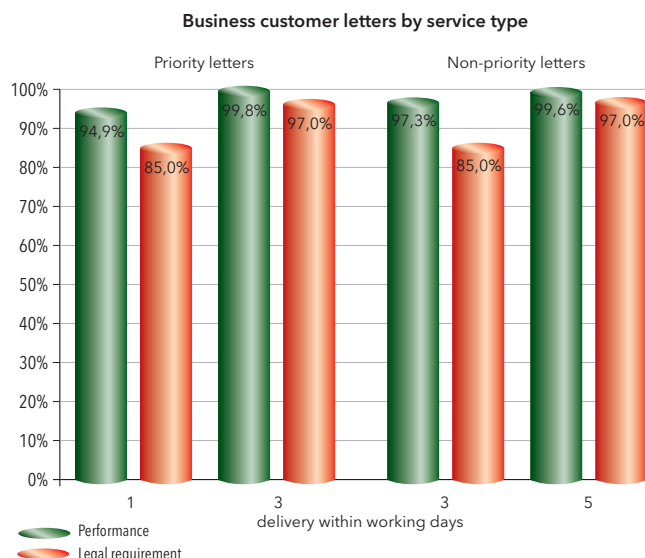
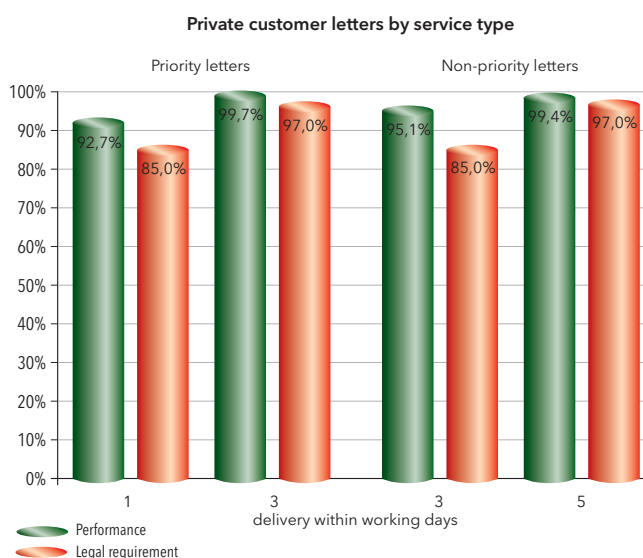
mail items. We endeavoured to achieve these by enforcing quality aspects in the internal incentive system, the expansion of the certified Quality Management System to new processes and the implementation of tasks specified in the **Quality Improvement Plan**.

At a corporate level the **Quality Measurement and Indicator System** ensures that the management has continuous information on the performance of the level of service prescribed by law, expected by customers and specified by internal quality targets, and can make the necessary interventions. Performances are continuously monitored by external independent measurements and internal quality measurements. Among the methods used are the continuous measurement of delivery times, test purchases, surveys of customer satisfaction and the measurement of queuing times.

Access to universal postal services in terms of time and distance was provided in accordance with legal regulations.

Significant results have been achieved in reducing the delivery times of letters. The delivery times of our letter services for private and business customers were continuously monitored. Our performance in 2008 well exceeded the quality of service requirements prescribed by law.

92.9% of universal postal parcels were delivered to their addressees on the next working day after posting, significantly exceeding the 80% required by law.





Awards, acknowledgments

International awards

UPU Quality of Service Certificate - in 2007 the Universal Postal Union (UPU) awarded its highest level gold certificate for quality of service to Magyar Posta for the quality of its international mail.

IPC Certificate of Excellence - in 2008 as a result of the audit conducted by the IPC, in acknowledgment of the spectacular development achieved in the area of international quality of service in recent years, our International Office of Exchange was awarded the IPC Certificate of Excellence. (Only 21 offices of exchange in the whole world can boast of this acknowledgment.)

UPU QoS Funds acknowledgment - in 2008 Magyar Posta won UPU's Quality of Service Fund's award for the best performed quality improvement project.



Europa Stamp of the Year - in 2008 at the competition announced by PostEurop our miniature sheet entitled Letter Writing won the Europa Stamp of the Year.



UPU EMS Customer Service Prize - in recognition of the quality of Magyar Posta's EMS services, our company was awarded the UPU EMS Customer Service Prize in 2008.



World Mail Awards - in 2008 at the award ceremony of the World Mail Awards, the postal Oscars, in Budapest Magyar Posta won first prize in the security category for its delivery worker protection programme.





Customer Service of the Year – the customer service of our Logistics Business Unit won this international acknowledgment for its activity related to the international EMS product.

Hungarian awards and acknowledgments

Business Superbrands – MPL – Magyar Posta Logistics – was acknowledged by the Business Superbrands in 2008.

Marketing communications acknowledgments – in recent years we have made successful experiments in the use of on-line marketing communication channels and alternative means of communication. Our endeavours also received positive feedback from the Hungarian advertising profession. At the 2007 Hypnosis creative advertising competition in April we won a silver prize for our e-card campaign for the previous Christmas and in May at the Golden Blade creative advertising competition we were awarded the Silver Blade prize for our on-line campaign popularising the priority letter. We again received a Silver Blade in 2008 for the campaign linked to the introduction of the Posta Direkt brand. In the same year at the Art Directors Club of Hungary creative competition the same campaign won a silver prize. The guerrilla activity popularising the Posta Direkt service was acknowledged by the advertising profession by the award of a Bronze Blade in 2009.

Innovation competition acknowledgment – in 2008 our Simplified Cash on Delivery (SCOD) parcel service won recognition at the Hungarian Innovation Grand Prix competition.

Certificates – Our three mail processing organisations (National Logistic Centre, Győr and Füzesabony Regional Sorting Centres) have certified Environmental Management Systems. In the Electronic Postal Centre we operate a certified Information Security System.

3.4. GRI performance indicators (economic)

EC1 Direct economic value generated and distributed (HUF million)

Item	2006	2007	2008
Total direct economic value generated	176 554,7	183 224,4	204 167,2
a/ revenues	176 554,7	183 224,4	204 167,2
Total economic value distributed	174 655,8	181 433,7	200 457,7
b/ operating costs	68 678,6	72 420,2	81 066,1
c/ wages and employee benefits	94 148,0	98 301,0	106 910,5
d/ payments to capital investors (divided paid to the state as the shareholder)	3 448,3	3 257,9	4 249,7
e/ payments to the State Budget	7 715,1	7 080,3	7 769,2
f/ community investments*	665,8	374,3	466,2
retained earnings	1 898,9	1 790,7	3 709,5

*Community investments consisted of support offered to various organisations, mainly foundations benefiting the public.

EC2 Financial implications of climatic change

In 2007 extreme weather conditions and storms caused damage mainly to the roofs of postal buildings on 33 occasions. Repairing the damage cost about HUF 14.7 million. In 2008 HUF 20.37 million had to be spent on repairing storm damage.

In 2005-07 protecting against the health risk caused by unusually high temperatures in summer (heat-waves) was an increasing expenditure. In 2008 there was no national heat alert and protective drink supply had to be ordered only on four occasions and only regionally, thus the related costs were lower than in previous years.

year	Number of very hot days (days)	Costs of providing protective drink (HUF)
2005	12	11 855 700
2006	17	14 671 400
2007	32	27 865 300
2008	4	3 984 777

Magyar Posta will continue to consider impacts (economic, environmental and social) due to climate change in the coming years and to take preventive measures to reduce them.



EC3 Employee benefit obligations

In 2008 Magyar Posta spent HUF 8.9 billion on welfare and social benefits, a rise of 24% compared to 2006.

Item	2006	2007	2008
	HUF thousand		
Welfare benefits	5 697 004	6 624 723	7 259 838
Social benefits related to work	1 462 425	1 600 211	1 630 818
Total welfare and social benefits	7 159 429	8 224 934	8 890 656



The source of the benefits is the amount earmarked for live labour costs by the company. The company management agrees on the size of the benefits with the trade unions at the annual wage negotiations.

Magyar Posta as a responsible employer striving to ensure the welfare of its employees established two pension funds and a health fund.

Postal Workers Private Pension Fund

Established in 1997, the postal Pension Fund was one of the first Hungarian private pension funds to receive an operating permit. As a founder we strive to provide a stable background for the pension fund and its members to enable our employees to make sound provisions in their active years for secure retirement. For more information see <http://www.postas-magannyugdij.hu>

Postal Workers Additional Pension Fund

This pension fund was established for the employees of Magyar Posta, and business organisations,

societies and foundations founded by it and in which it has a majority shareholding. Besides their own contributions, postal employees receive support from the employer in the framework of optional fringe benefits. In the last period the amount of support claimed by employees hovered around HUF 50 million a year. For more information see http://posta.hu/kieg_nyugdijpenztar

Postal Workers Health Fund

From 2006 health fund support was incorporated into the optional fringe benefits system. The employer's monthly tax free contribution is paid into the employees' individual health fund accounts and may be used for necessary health expenses. For more information see <http://www.posta.hu/egeszsegpenztar>

Main figures of the three postal workers' funds:

Date/Name	2006. 12. 31.	2007. 12. 31.	2008. 12. 31.
Postal Workers Additional Pension Fund			
No. of members (persons)	33 023	31 746	30 786
Market value of invested property (HUF thou)	11 447 320	12 876 036	13 198 367
Postal Workers Private Pension Fund			
No. of members (persons)	23 222	23 910	24 399
Market value of invested property (HUF thou)	15 840 189	18 749 079	18 866 193
Postal Workers Health Fund			
No. of members (persons)	2 637	17 498	20 009
Market value of invested property (HUF thou)	167 884	706 279	934 641

EC4 Financial assistance received from the government

In 2007-08 we received no financial assistance from the government. In the previous few years certain investments were realised with capital provided by the owner and state support (disabled access in postal buildings, development of the Integrated Entry System, developing the National Logistics Network).

Year	Total number of post offices with disabled access	Number of post offices built or reconstructed to ensure disabled access in given year	State support (HUF thou)	Own expense (HUF thou)
2006	782	79	90 000	-
2007	804	22	-	224 650
2008	816	12	-	17 400

EC6 Practice and proportion of spending on suppliers, proportion of domestic suppliers

	2006	2007	2008	Change year on year %
Number of domestic suppliers	7734	7441	7250	-2,6
Number of foreign suppliers	173	170	148	-12,9
Total	7907	7611	7398	-2,8

Supplier turnover figures between 2005-07

	2006	2007	2008	Change year on year %
Domestic suppliers turnover (HUF million)	86 679	83 629	89 744	7,3
Foreign suppliers turnover (HUF million)	3 069	2 773	2 749	-0,9
Value of total procurements (HUF million)	89 747	86 402	92 494	7,1

In 2005 the current system of classifying suppliers was introduced, which not only defines the suppliers of specific business areas but examines and classifies the whole spectrum of Magyar Posta’s suppliers each year. The process consists of pre- and post-classification.

Classification of suppliers	2006	2007	2008
Suppliers checked	11 576	13 110	14 452
Problematic suppliers	46	20	4
Suppliers temporarily excluded from SAP	1	1	0

Since 2002 we have been operating our own development, the Postal Electronic Open Marketplace (PEP) on the web, which can be accessed via <http://www.posta.hu/pep> and <https://pep.posta.hu>. After registration, any business unit can connect to the e-commerce system and trade freely. We both operate the marketplace and are able to use it to arrange our own procurements quickly and thus make savings.

Number of Postal Electronic Open Marketplace (PEP) procedures between 2006-08

	2006	2007	2008	Change year on year %
Number of PEP procedures	173	106	49	-53,8
Savings (HUF thou)	135 377	44 696	22 846	-48,9

3.5. GRI performance indicators (product liability)

PR1 Health and safety of customers

Postal services are not a risk to the health and safety of customers. We endeavour to continuously develop products introduced by us both as regards postal services and other additional retail activities. The materials used in stamp production (glue, paper) conform with EU regulations and are not harmful to health. Through our stamps we strive to indirectly support protecting health and the environment. Stamps which direct attention to the importance of these two topics regularly feature in our stamp issuing programme. The message is thus conveyed to millions of people.

In post offices - mainly in post shops - as an additional activity we sell postcards, books, stationery, official forms, and a narrow range of food (coffee, chocolate, pre-packed cakes and pastries). These products conform with health protection regulations. Since 2007 we have used the HACCP food safety system in the postal distribution of packed food products.

In constructing new postal buildings, and converting and renovating old ones continuous attention was





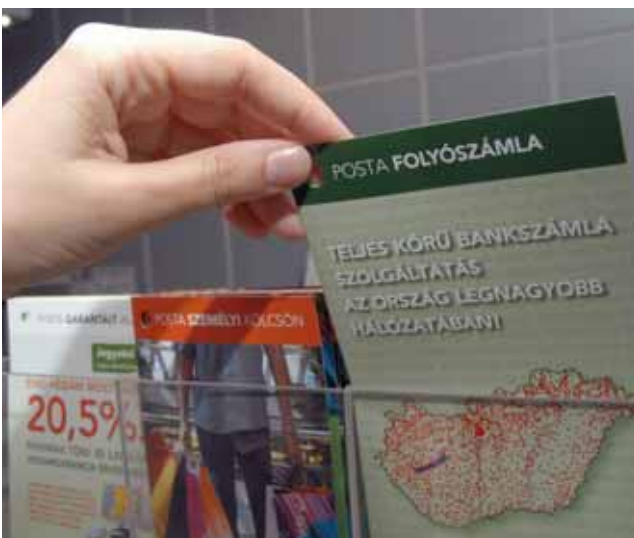
paid to the needs of the disabled and to ensuring equal opportunities. This area of care includes ensuring that the disabled can enter post offices without difficulty. Disabled access to postal buildings was ensured in 2007-08 exclusively from our own resources.

PR2 Compliance with regulations regarding the health impact of services

In the reporting period there were no cases of non-compliance with regulations or voluntary codes as regards the health and safety impacts of products and services at Magyar Posta.

PR3 Publishing information

Information about our services is made public to customers. Descriptions of services and the General Terms and Conditions are available at all post offices. This information is also available on-line on our web site at <http://posta.hu/ugyfelzolgalat/aszf>.



PR4 Compliance with regulations on providing information

In the reporting period there were no cases of non-compliance with regulations or voluntary codes concerning providing information about products and services at Magyar Posta.

PR5 Achieving and retaining customer satisfaction

The management and staff of Magyar Posta strive to perform their work to the satisfaction of customers. A traditional, decisive element of the sense of vocation of postal workers is the service of people and communities. The elements of this traditional vocational attitude have been supplemented in recent years by a modern service and market approach. Over the years a large number of our employees have taken part in many kinds of training where - apart from professional knowledge - the modern concept of service behaviour, the importance and value of customer satisfaction as well as the means of retaining and increasing satisfaction have been acquired.



Measuring and appraising customer satisfaction have been built into the company's Quality Management System.

Since 2003 independent consultant firms have been asked to assess customer satisfaction. The companies commissioned assessed customer satisfaction in 2004 (TNS), 2006 (TNS) and 2008 (James and Taylor). In 2004 and 2006 1000 private and 600 contractual, and in 2008 1000 private, 600 contractual and 600



non-contractual small and medium-sized enterprise customers were questioned in the form of a personal interview, who were selected based on the rules of representative opinion polls. In 2008 the combined approval index of private customers (on a scale of five) was 3.8 (in 2006 3.9 – i.e. no significant change), that of contractual customers was 4.0 (in 2006 3.7 – i.e. a significant rise), while that of non-contractual SME customers was 3.7 (they were first surveyed separately in 2008, thus there is no basis for comparison). Based on experience, the company management accepted an action plan to further increase customer satisfaction, and every employee takes an active part in its implementation.

Within the framework of the annual customer satisfaction survey and the monthly customer service report analyses, satisfaction regarding telegrams, re-forwarding, repeated delivery and parcel storage was examined. Based on customers' opinion we endeavour to modernise our services. As an effect of this in 2008 we made re-forwarding more flexible.

The introduction of security elements linked to handling mail and the tightening of internal checks reduced the number of thefts and lost parcels. Storing the data of certain mail items in an IT system helped limit individual liability while equipping trays and receptacles with numbered sealing straps hinders unauthorised access to mail items. Thanks to restructur-

ing the control system, there was a 22% improvement in the number of abuses year on year in 2008.

PR6 Adherence to laws on marketing communications

Our company takes care to adhere to legislation and professional codes. This is true of marketing communications as well. We believe it is a fundamental rule, which we also enforce in practice in marketing communications, that our advertisements, promotions and sponsorships should give an authentic and true idea of the product and service being promoted.

PR7 Non-compliance with regulations

There were two instances of non-compliance with regulations and voluntary codes in the area of marketing communications. In the case of two campaigns advertising prize-winning games the tax authority imposed small fines on our company for failure to comply with the final settlement obligation. The final settlement was completed subsequently and no disadvantage arose for those concerned.

PR8 Customer personal data

One of the features typical of Magyar Posta's activity is that it handles a large quantity of personal data. For this reason the company management pays great attention to observing the law on the protection of personal data.

PR9 Non-compliance with regulations

When elaborating procedures and internal regulations for the introduction and sales of products and services a legal examination always precedes managerial decisions. Our company was not fined for failure to adhere to legislation or other regulations on care and use related to products and services in 2007. In 2008 a few provincial delivery post offices issued products subject to customs without the permission of the customs authority responsible for the area. A light customs fine was imposed on the Office of Exchange for not presenting customs documents in time..



4. OUR SOCIAL PERFORMANCE



In line with the GRI guideline our social performance is presented focusing on three topics: labour practices and decent working conditions, human rights and social responsibility.

4.1. Labour practices and decent working conditions

Postal services are very live labour intensive and Magyar Posta is **the country's largest employer**. The proportion of live labour costs is about 56% of total costs and the rate of wage costs is 36%.

The corporate management believes that in business life human capital is one of the most critical factors that means a competitive advantage. For this reason great stress is laid on updating the knowledge demanded by the business strategy and technology, improving skills and abilities, and the continuous development of the workforce. We strive to ensure competitive wages, compensation packages and a marketable system of benefits for our employees. We regard maintaining the health and constantly improving the working conditions of employees as a major task. We believe that peace at work and good labour relations are essential. To this end we continuously communicate and co-operate with bodies representing the employees.

Magyar Posta's human resource strategy goals are achieved through **modern human resource systems**.

The next generation of management is ensured by the continuous development of the company's **career management** system. Our **talent bank** system offers special opportunities for talented employees to improve their skills and professional knowledge. For specific and continuously expanded target groups we operate a **performance management system**. In 2008 we introduced a system to measure the sales activity.

We constantly modernise the **employee benefits** scheme. By increasing the amount of the Optional Fringe Benefits year by year and expanding the optional benefit packages we endeavour to increase the rate of flexible income elements.

The company management considers it natural that Magyar Posta should show exemplary corporate behaviour in complying with **international agreements** (UN, ILO) and guidelines on employment. We are voluntary and active members of international and domestic associations that undertook to observe such agreements and wish to show an example to domestic enterprises (e.g. the Hungarian Business Leaders Forum).

We have an **Equal Opportunity Plan**, which is accessible to employees via internal communications channels such as the intranet. Within training we promote the concept of equal opportunities, legal regulation and the Equal Opportunity Plan itself. The company's internal newspaper publishes articles and news. We also strive to promote human rights at the company through special programmes, in particular ensuring equal treatment and equal opportunities. In 2008 we again announced an internal competition "Equal treatment, equal opportunity at work". The aim was to make as broad a spectrum of employees and managers within the company as possible aware of the importance of equal opportunities and exemplary practices. Having a discrimination-free environment is given high priority. An Equal Opportunity Coordination Committee operates at Magyar Posta, which does the groundwork for decisions to be made and





monitors the implementation of the content of the scheme.

Managing changes

In the first phase of the Post Partner Programme announced in the autumn of 2007, 31 permanent postal outlets were handed over to external entrepreneurs to run in 2008. Feedback from Post Partners and the public is good and so the programme will be continued. Within the framework of a human change management programme we ensure fair and caring redundancy for employees leaving. We have negotiated the retraining of the departing colleagues and their engagement elsewhere with Job Centres and other major employers. We have prepared a labour market guide with information on labour law and the economy for employees. Our Training Centre offers a National Training List (OKJ) category specialist qualification in retail trade and shop management for postal workers wishing to become entrepreneurs (post partners). A complex external and internal communication programme has been launched to support the changes using the most varied means.

Training and awareness

Approximately 30,000 employees took part in about 2,000 training courses of varying length in 2008. About 21,000 employees were involved in a professional competence survey..

Supporting the business strategy is in the focus of the company's human resources development programme, building on the knowledge and skills acquired in previous years and practical know-how incorporated in the performance of work. Professional competence is measured each year nationally for every customer relations colleague as knowledge related to products and services has a great influence on customer satisfaction. We strive to eliminate deficiencies perceived by increasing the level of professional training, technological knowledge and skills.

In order to ensure the observance of legislation on employment, regular professional training is organised for staff involved in human resources, new training options are monitored and special courses arranged in co-operation with higher education in-

stitutions. Training is held in working hours and we cover the costs of training.

Monitoring and follow-up

The standard of labour-related activity is measured in the form of an annual internal customer satisfaction survey. The requirements and indicators specified in the Service Level Agreement for each service area form the basis of the measurements. The satisfaction indicator of the respondents measured on a scale of 5 varied between 4.2 and 4.7. The experiences of the measurements were analysed and an action plan drawn up to improve processes.

Awards and acknowledgments

In addition to international benchmarking activity, we regularly put the standard of our human resources performance to the test in various competitions. Numerous international and national achievements have marked our success in recent years: Investor in People Award (2006), World Mail Award "People Management" (2006), "Inclusive Workplace" Competition, second place (2006), "Best Equal Opportunity Plan" Competition, first place (2007), commendation in the ILO "Diverse and Inclusive Workplace Best Practice Corporate Ambassador" competition (2007).

At the "HR Team of the Year 2007" competition an-



nounced by IVM-Bridge Kft, our equal opportunity programme gained the acknowledgment of the profession by winning first place. In 2008 we won the "HR Team of the Year 2008" award. The aim of the competition was to recognise HR teams which did the most in the year in question to increase the strategic role

of the HR function and the contribution to corporate objectives, that is human added value.

At the “Family Friendly Workplace Award 2008” competition announced by the Ministry of Social Affairs and Labour we received a certificate of commendation in the large company category. In addition, we received a special prize from the National Association of Large Families as our company devotes heightened attention to ensuring options for benefits useful for families with children within the Optional Fringe Benefit Scheme (e.g. starting school support, internet voucher) and considers the special needs of employees with young children in preparing its holiday system.



Magyar Posta was among the first to sign the “Codex of Corporate Diversity and Inclusiveness” drawn up by the HBLF HR working group, which was the initial step in the “HBLF for Diversity” programme (2007). As the next step of the programme, in 2008 we participated at a forum for HR experts and head-hunters discussing how to incorporate openness and willingness towards diversity in the personal/professional requirements during the selection process.

At the end of 2008 the HBLF announced an amateur photo competition entitled “A picture about skills – about equal opportunities”. At the photo competition a picture taken of a post office received 2nd place in the “Inclusive / accepting cultures – corporate cultures” category.

Magyar Posta features in the International Labour Organization’s publication “For the inclusive and diverse workplace – best practices from Hungarian firms”,



which describes Magyar Posta’s practice of employing people with disabilities, providing equal opportunities for women and operating a talent bank.

Magyar Posta has for several years supported the HBLF Community Projects Workgroup’s “Media for Society” competition, which aims to recognise the exemplary demonstration of social solidarity and responsibility.

4.2. GRI performance indicators (labour)

LA1 Total workforce by employment type

Magyar Posta has to adhere to the state owner’s strict regulations on the management of staff numbers. Organisational rationalisation, the centralisation of the postal network and corporate management, and the reorganisation of the logistics network involved significant staff movements, which we endeavoured to optimally resolve by constant negotiation with bodies representing employees.

Total workforce by type of employment and employment contract

Type	2006		2007		2008	
	Employment type					
Employment contract type	full-time	part-time	full-time	part-time	full-time	part-time
	closing number of staff on 31 December					
Indefinite term	30 590	5 829	29 561	4 663	29 397	4 426
Definite term	1 132	660	1 191	810	1 427	944
Total	31 722	6 489	30 752	5 473	30 824	5 370



LA13 Composition of employees by gender and age group

Year	Gender	Under 30	Between 30-50	Over 50	Total
closing number of staff on 31 December					
2006	Male	2 047	9 321	3 429	14 797
	Female	2 808	14 943	5 663	23 414
	Total	4 855	24 264	9 092	38 211
2007	Male	2 052	8 765	2 910	13 727
	Female	3 002	14 840	4 656	22 498
	Total	5 054	23 605	7 566	36 225
2008	Male	1 993	8 635	2 996	13 624
	Female	2 930	14 813	4 827	22 570
	Total	4 923	23 448	7 823	36 194

LA14 Ratio of basic salary of men to women

Average salary HUF/month		
	Male employees	Female employees
2006	152 262	143 708
2007	162 152	153 078
2008	178 530	170 326

Between 2005 and 2008 no significant change occurred in the ratio of the salary of men to women. The average salary of men is higher whereas more women are employed than men.

LA2 Employee turnover

In 2008 the rate of fluctuation decreased significantly in every age group.

		Number of employees (persons) leaving without expiry of fixed term contract			Closing number of staff (persons) on 31 Dec.			Ratio of leaving employees to closing no. of staff		
		Age group (age on leaving)								
		Under 30	Between 30-50	Over 50	Under 30	Between 30-50	Over 50	Under 30	Between 30-50	Over 50
2006	Male	935	1 242	594	2 047	9 321	3 429	45,7%	13,3%	17,3%
	Female	793	1 478	835	2 808	14 943	5 663	28,2%	9,9%	14,7%
	Total.	1 728	2 720	1 429	4 855	24 264	9 092	35,6%	11,2%	15,7%
2007	Male	742	1 198	816	2 052	8 765	2 910	36,2%	13,7%	28,0%
	Female	839	1 719	1 332	3 002	14 840	4 656	27,9%	11,6%	28,6%
	Total.	1 581	2 917	2 148	5 054	23 605	7 566	31,3%	12,4%	28,4%
2008	Male	570	974	483	1 993	8 635	2 996	28,6%	11,3%	16,1%
	Female	481	1 147	964	2 930	14 813	4 827	16,4%	7,7%	20,0%
	Total	1 051	2 121	1 447	4 923	23 448	7 823	21,3%	9,0%	18,5%

LA3 Benefits for part-time employees

Part-time employees enjoy the same benefits as their full-time colleagues on a time-proportionate basis.

LA4; LA5 Collective Bargaining Agreement

The Collective Bargaining Agreement applies to all employees of Magyar Posta including part-time workers. The Collective Bargaining Agreement specifies that the corporate management is obliged to seek the opinion of trade unions representing postal staff when planning measures that affect large groups of employees before making a decision. There is a fifteen-day deadline for giving an opinion starting from the receipt of the plan by the trade union representative.

LA6; LA7; LA8; LA9 Health and safety

An occupational health and safety group has been operating at Magyar Posta since 2004. The Central Occupational Health and Safety Committee is an organisation comprised of 41 OHS representatives. All the company's employees meeting legal regulations participated in the selection of the representatives (100% representation). These representatives elected the 11-member Central Occupational Health and Safety Committee, which again through votes delegated its 3 members to the joint OHS body. In accordance with legal regulations, representatives



of the employees and the employer take part in the work of the joint OHS committee in equal numbers. The Central Occupational Health and Safety Committee delegates 3 members to the six-member body as does the employer.

Year	number of work injuries	number of occupational diseases	number of days lost due to occupational disease or work injury	number of work related fatalities
	(no.)	(no.)	days	(no.)
2006	612	0	26 986	0
2007	587	1	26 635	0
2008	604	1	35 794	2

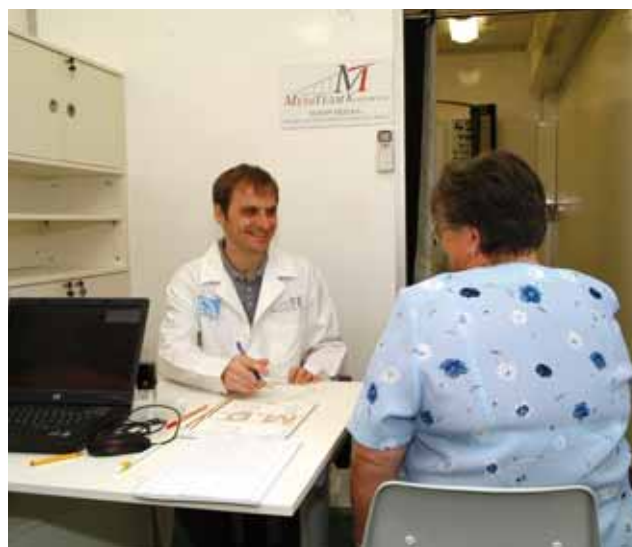
In 2008 the number of work injuries rose from 587 in the previous year to 604. There were two fatal work injuries. One employee was the victim of an armed robbery and the other was the innocent victim of a serious road accident. A special series of measures to prevent similar tragedies was put into action in both cases. The majority of staff work outside company premises in public spaces. Typically 49% of the work injuries in 2008 affected delivery workers. In spite of this Magyar Posta maintained its favourable statistical position in the sector both in national and international terms.

The Hungarian Labour Inspectorate and the National Public Health and Medical Officer Service made 77 official inspections at the company's facilities, 12 of which resulted in a warning or decision. No fine was imposed in 2008.

Trend of occupational health costs

Year	Total basic cost of occupational health provision at corporate level (HUF thou)
2006	249 187,3
2007	252 632,3
2008	237 822,5

We provide occupational health care for our employees by purchasing services. The occupational health clinics not only provide fitness for service examinations conforming with legal regulations but also conduct screening programmes, and specialist examinations and care. In 2008 37,485 people visited the occupational health clinics of which 26,616 attended



fitness for service examinations. Our doctors provided care for 7.5%, screening for 6.9%, and other medical services for 10.6%.

In 1999 a risk analysis and review programme was introduced at the company. The occupational health and safety risk analysis and control assignment is done by experts with tertiary qualifications. Occupational health physicians are also involved in the process and in the course of the study health and safety representatives are invited to express their opinions as well. Our new development model for postal risk analysis was presented at the European Union Health and Safety at Work Conference in 2006 as an exemplary practice.

Occupational health and safety risk analysis and assessment became a daily task in 2008. While in 2007 29% of jobs were listed among at least medium risk jobs, this rate fell to 21.76% by 2008. Currently there are no jobs or working conditions posing a serious threat in the area of the company.

Our Health and Safety at Work Regulations contain the scheme for health and safety at work training. Health and safety at work training takes place in accordance with occupational health and safety regulations. At Magyar Posta work may not be done without health and safety at work training. Accordingly, there is preliminary training for people starting work as well as periodic training. The health and safety training is counted as work time and must be held in working hours. We laid great emphasis on accident preven-



tion and information programmes in 2008 including sharing our experiences of accidents.

The operating conditions for the health and safety representation are laid down in a bilateral joint agreement with the trade unions. The health and safety representative is authorised to ascertain that the working conditions at workplaces in their area are safe and do not endanger health. For this the representatives have authority to enter, be informed, comment, take part in decisions and give an opinion, and have an institutional right to consult and negotiate. The company ensures legal protection and work time allowance for the activity of the representative and covers the operational costs.

Screenings were again organised in 2008 for the purposes of prevention, assessing condition or targeted health measures. There were also special screenings such as for oral cancer, bone density, Weber's faecal test and PSA. Our screening truck continued to provide cervical cancer tests for postal workers and the public in villages around Hungary in 2008. Seriously

ill postal employees and their families, orphaned and half-orphaned children, pensioners in need and colleagues who find themselves in difficulties for other reasons are aided by the Postal Workers for Postal Workers Foundation. The Foundation gave aid worth HUF 17,700,000 to 335 employees in 2008.

LA 10; LA 11 Education and training

Our education and training activity is organised *internally* by the Training Centre and *externally* by contracted partners. The two main profiles are training in the areas of knowledge necessary for everyday work (*vocational training*) and training directed at developing professional knowledge and competence (*development training*).

	2006	2007	2008
Total number of staff taking part in training (persons)	35 742	38 293	41 189
Internal training (persons)	33 230	34 418	36 258
External training (persons)	2 512	3 875	4 931
Total number of study hours	856 115	738 721	569 050



Annual average number of study hours per capita by employee category

(hour/person)				
	Manager	Officer	Administrator	Operator
2006	419	46	23	13
2007	164	31	50	6
2008	109	22	41	5

Our programmes directed at skills development and lifelong learning are primarily realised through training related to the introduction of new products and services. Each year colleagues take part in target group-specific skills development programmes.

In connection with lifelong learning support for digital literacy also features among European Union guidelines. A major Magyar Posta programme is related to this guideline. We have made the ECDL Start e-learning programme available to every employee using IT equipment, thus broadening the spectrum of computer technology training, which has been of-



ferred for many years. Over the last two years about 2,500 employees took part in a training programme. Raising the level of digital literacy was emphasised in the different functional courses as acquiring the knowledge of handling IT-based programs indirectly develops that skill. Of staff working at Postal Financial Solutions desks, in dedicated on-line jobs and handling the Integrated Postal Network, 5,690 people attended training in 2008.

LA12 Performance review

Through its performance review systems the company strives to create a set of conditions that embraces all employees. The main components of the system are classic performance management and post-specific incentives. The five main target groups of our performance review system include employees who have a major impact on business results (managers, sales personnel and HR specialists). Our performance review system contains top priority professional tasks, and supports the development of individual knowledge and competence.

Type	Year/person		
	2006	2007	2008
TPM = Target-based performance management system of managers	150	120	123
DPM = Performance management system of direct salespersons	96	92	101
HRPM = Performance management system of HR	468	437	384
BPM = Bonus-based performance management system of managers	163	173	194
BPM = Bonus-based performance management system of managers	-	-	196
Total	877	822	998
Magyar Posta (statistical persons) total	38 211	36 225	36 194
Rate compared to total persons	2,3%	2,3%	2,8%

The incentive system gives feedback for every employee in the area of implementation about their sales activity and the quality of the work done. Based on the results achieved incentive elements appear in the form of specific financial recognition.





Type	2006	2007	2008
	HUF thou		
Incentives related to increasing sales volume	1 885 182	2 076 007	2 273 700
Quality incentives	882 635	807 674	883 300
Total	2 767 817	2 883 681	3 157 000

4.3. Human rights

The management of Magyar Posta believes that the recognition and application of respect for human rights and freedom both in business and relations at work in harmony with the effective legislation of the Republic of Hungary and international agreements is its fundamental obligation. It guarantees the enforcement of human rights and respecting the declarations and guidelines of the International Labour Organization with reference to work and employment for company employees.

Our company rejects all forms of discrimination. We guarantee freedom of association for our employees. Issues related to labour relations are laid down in the Collective Bargaining Agreement, and adherence to it is monitored by internal regulated and controlled procedures. Child labour and forced labour are condemned and rejected. Every effort within the bounds of profitable and reasonable operation is made to enforce economic, social and cultural rights, fair and satisfactory working conditions, and a lifestyle befitting human dignity for employees during the organisation of work.



Our company enforces the recognition and application of respecting these rights through its internal regulatory system.

The Organisational and Operational Rules define the employer's rights and obligations related to the trade unions, the works council and the occupational health and safety representation, which are exercised by the chief executive officer.

The Collective Bargaining Agreement regulates in detail the employer's and employees' rights and obligations related to employment, the means of exercising and fulfilling these, the rules of procedures related to them, benefits to be provided for employees, the size and practice of the distribution of the benefits, and the relations between the signatories of the Collective Agreement (the employer and the bodies representing employees' interests).

Magyar Posta always draws up an Equal Opportunity Plan for a two-year period. The latest came into effect on 1 January 2009 and the last two-year plan applied to 2008. The plan was elaborated by the Coordination Committee consisting of delegates from the employer and employee bodies and signed by the chief executive and leaders of the employee representations. The Coordination Committee aids the implementation of the plan.

We also strive to promote human rights at the company through special programmes, in particular ensuring equal treatment and equal opportunities. In 2008 we again announced the internal competition "Equal treatment, equal opportunity at work", as described in 4.1 above.



in the publication *Postaügyi Értesítő* and electronically on the intranet. The provisions of the company's internal regulations, which are obligatory, are incorporated into training topics for managers and employees.

Monitoring and follow-up

Adherence to regulations laid down in the company's regulations in effect, and in particular in the Organisational and Operational Rules, the Collective Bargaining Agreement and regulations affecting equal opportunity, is continually monitored. Both the employer and the trade unions representing employees' interests monitor the fulfilment of the rights ensured for employees and the employer's obligations, in particular those contained in the Collective Bargaining Agreement and the Equal Opportunity Plan. The parties annually review the results of the implementation of the Equal Opportunity Plan. If necessary, the Equal Opportunity Plan and other regulatory conditions are amended.

4.4. GRI performance indicators (human rights)

The company's Ethical Code clearly defines the general values accepted by the company, an important element of which is tolerance and a discrimination free atmosphere. All forms of negative discrimination are rejected, and neither colleagues nor customers may be discriminated against based on their ethnic origin or nationality, gender, age, state of health or political or religious persuasion.

Ensuring Magyar Posta's law abiding behaviour and within that guaranteeing human and employee rights is at the highest level within the remit of the chief executive officer. The chief executive officer also exercises the right of signing the Collective Bargaining Agreement, accepting the Equal Opportunity Plan and implementing its contents.

Training and awareness

Corporate documents and regulations are made known to employees and managers through internal communications channels. They are available in print

HR4 In Magyar Posta's human strategy creating and ensuring equal opportunity and equal treatment in the workplace is an important consideration. The company's Ethical Code - which every employee is aware of - defines the general set of values accepted by the company, an essential element of which is a tolerant atmosphere free of discrimination.

The company ensures an institutional possibility for making complaints about infringements of equal treatment and opportunity. As regards infringements of equal treatment two procedures were initiated in 2008 against Magyar Posta at the Equal Treatment Authority of Hungary. One of the procedures closed without finding an infringement of the law. The other procedure is still in progress.

HR3 Magyar Posta considers itself bound by the duties and responsibility arising from the United Nation's Universal Declaration of Human Rights and guidelines for world employers. Within this framework we devote attention to training employees in human



rights, and organisational policies and procedures related to their application. A significant number of managers and staff facing human rights problems have taken part in training in recent years in order to professionally deal with situations that may arise.

Year	2006	2007	2008
Participated in training (persons)	1 199	1 400	1 073
Full staff number of Magyar Posta (statistical persons)	38 211	36 225	35 973
Rate of participants in training (%)	3,1	3,9	2,98

HR5 Magyar Posta ensures freedom of association for its employees in accordance with effective legislation. At our company there are no factors that violate the right to exercise freedom of association and collective bargaining.

Eight trade unions operate within the company: Postal Workers' Union (Postás Szakszervezet), Independent Association of Postal Workers (Postások Független Érdekvédelmi Szövetsége), Postal Workers' Independent Union (Postások Független Szakszervezete), Postal Employees' Union (Postai Munkavállalók Érdekvédelmi Szakszervezete), Association of Magyar Posta Employees (Magyar Postások Érdekvédelmi Szövetsége), Postal Representation '92 (Postai Érdekvédelem '92), Postmen's Trade Union (Kézbesítők Szakszervezete), and Active Trade Union (Aktív Szakszervezet).



Magyar Posta conciliates interests with the trade unions and works council using the tried and tested method of social dialogue. The effective Collective Bargaining Agreement was signed by the company's chief executive officer and five presidents of postal trade unions.

HR6; HR7 The laws of the Republic of Hungary prohibit the use of child and forced labour. Thus in unison with the effective laws of the Republic of Hungary and international commitments, child and forced labour are entirely precluded at Magyar Posta.

HR2 The majority of our suppliers are Hungarian businesses. In Hungary there is no critical risk that we would have contacts with suppliers who infringe human rights in the course of their activities.

HR1 Magyar Posta does not pursue an investment practice where the possibility of infringing human rights could occur.

4.5. Social responsibility

Our concept of social responsibility includes both responsibility felt towards our own employees and participation in finding solutions to the problems of society.

Our responsibility strategy

Magyar Posta is not only Hungary's largest employer but also employs the most women and so women's physical and mental health is a fundamental point in our corporate social responsibility strategy. Through our staying healthy programmes we wish to protect women who hold families together. We are aware of the fact that if we pay attention to our employees' health, not only will the number of working days lost due to illness be reduced but their sense of well-being and performance will also improve. Through our external social responsibility we can also make our bonds with various groups and communities in society stronger.

In early 2007 the Board of Directors of Magyar Posta accepted the **Corporate Social Responsibility Strategy** for the period 2007-10.



Prior to devising the strategy, experts from the Budapest Corvinus University made a study assessing the situation. They found that at Magyar Posta responsibility is present as conscious managerial behaviour.

The strategy puts improving the quality of life of families and women at the centre of Magyar Posta's social activity. The other target group of family-oriented responsibility is children. We wish to contribute to creating a future with a positive prospect by supporting the maintenance of the physical and mental health of children, developing their intellect and fostering their talent.

Organisational responsibility

The implementation of the company's CSR strategy is monitored by the chief executive officer. The Communications Directorate coordinates its implementation but for certain aspects other functional specialist areas are responsible.

Our achievements

Within the healthy workplace programme we organised breast cancer and gynaecological screenings for our women employees as well as melanoma tests. To prevent allergy symptoms and to prevent harm to the eyes of people who work with screens specialist screenings were made available.

Footrests were purchased for employees at computerised workplaces and dog alarms for postmen who are exposed to attacks by uncontrolled dogs in the course of their work.

The number of screening tests organised by us in excess of our legal obligations and providing them for local communities was as follows:			
Year	Screening tests in excess of legal obligation (gynaecological, cancer, skin, etc.)	Provision in excess of legal obligation (treatment)	Screening tests provided for the public
	number of tests	num. of treatments	number of tests
2006	417	104	3354
2007	455	182	3450
2008	2587	2817	2875

The exceptionally high number in 2008 was due to the different types of occupational health screenings of the Postal Workers Health Fund.

At a social level we also play our part in the **struggle against** one of the most dangerous illnesses, **cancer**. Adopting the US Post's concept, in 2005 we were the first in Europe to release a stamp with a surcharge supporting the fight against breast cancer. The proceeds from the surcharge are donated to the National Institute of Oncology. Since its release postal staff have sold 224,000 stamps, generating HUF 10 million to support breast cancer research.

We thought of women living in villages when in 2006 we bought and sent the Magyar Posta **mobile gynaecological screening unit** on its way. The truck with medical equipment served not only female postal employees but all women in small villages. In 2006-08 the screening station's health care staff visited 296 villages in 16 counties, doing 11,033 tests. 48% of the tests (5,336 cases) revealed signs of inflammation or fungal disease. 279 critical cases indicating cancer





or a pre-cancerous state were discovered. As there is a good chance of recovery if diseases are spotted in time, it is possible that the girls and women who have been screened will be able to thank Magyar Posta for being still alive and well.

We have been involved in the **Bridge of Health Alliance** campaign since 2005. The aim of the initiative is to draw attention to healthy lifestyle, coping with stress, the right diet and the importance of screening tests. Our staff sell the pink wrist band which has become the symbol of the movement and take an active part in the walk over Budapest's Chain Bridge lit in pink, now an established event, to attract public attention to the importance of the fight against breast cancer. In 2008 about 300 postal workers participated in the walk to raise awareness, held for the seventh time.



We organise giving blood several times a year in co-operation with the Hungarian Blood Service and the Red Cross. In this way our colleagues help to save the lives of sick people.

In 2006 500, in 2007 650 and in 2008 over 1,000 postal workers lined up at the start of the international charity run "Terry Fox - Run for Cancer Research" held on Margaret Island in Budapest. The campaign is organised once a year on the same day by the Canadian embassy in every country. The entry fees are donated to support cancer research. Of the four thousand registered entrants participating in the charity campaign in Budapest, the largest number came from Magyar



Posta. The entry fees of postal employees (HUF 1,500 per head) were again this year paid by the company.



In accordance with the corporate social responsibility strategy, we also pay attention to our future customers, **children**. In the Christmas festive season we organise the Post Angel campaign. In December HUF 30 of the postage paid for every time-guaranteed parcel are devoted to purchasing children's life saving equipment. Thanks to our campaign, in January 2008 we contributed HUF 5 million to equipping 20 ambulances of the National Ambulance Service with special children's infusion needles.

In co-operation with the Hungarian Committee of UNICEF, in 2006 we collected 1 and 2 forint coins, being withdrawn from circulation, in post offices, generating social support for kindergartens in villages in Hungary and building schools in the poorest countries of the world (half the money collected was used for the latter purpose by UNICEF). The action raised more than HUF 4.7 million.

Each year we announce letter writing and drawing competitions for children. The title of our 2008 competition was "Living Together in Friendship". Children were given the task of explaining in a letter why the world needed more tolerance. The theme of our drawing competition announced on World Post Day "Let's Help Each Other Children" was how children can help other children in need. Almost 4,000 entries were received for the competition from about 400 primary schools. A charity stamp with a surcharge based on the winning drawing was designed by our graphic artists, which was released at a conference of world postal leaders in Budapest. HUF 50 from every HUF 150 stamp sold is set aside by Magyar Posta. The proceeds from the sales are donated to the National Ambulance Service to buy life saving equipment for children. The best works of the letter writing and drawing competitions were published in a book. The book was not sold commercially but was received by every primary school to enable children to learn about the thoughts of young writers in the classroom.

In conjunction with the Stamp Museum, we joined the children's day events of the Cimborra Foundation.



In the Palace of Arts there were colourful events (letter writing with a quill, quizzes about stamps, showing the beauty of constructive collecting and making a special box with stamps), interesting ideas and gifts for children. Stamps and small souvenirs were on sale at the small post office at the venue and children could post children's day's greetings.

A temporary exhibition of post-boxes of the past opened in the Budapest Post Museum in June 2008. The exhibition was linked to the events of the Year of the Renaissance.

We see good opportunities for strengthening corporate social responsibility in stamp issuing.

For years we have supported the charitable activity of the Hungarian Red Cross relieving flood damage using our stamp with a surcharge called "For Flood Victims". A certain part of the sales revenue from sheets and packs of stamps entitled "Your Own Theatre Stamps" personalised using the photos of famous ac-





tors and actresses is donated to improving the living conditions of elderly performers living in the Ódry Artists Home. To date 57 actors and actresses have joined the scheme.

Donation cheques are placed at postal service outlets to encourage more and more people to help the charity work of the Hungarian Interchurch Aid and the Golden Branch Foundation.

We have continuously supported the Citizens' Guard for many years, whose members do so much for the security of their local communities, and prevent attacks on postmen and -women.

4.6. GRI performance indicators (social responsibility)

SO1 Impacts on local communities

Small communities react sensitively when Magyar Posta wishes to change the location and method of service for economic and efficiency considerations.

In particular this was our experience in 2003-04 during the introduction of the mobile post service in villages with a population under 600. The reorganisation affected 950 villages and 3% of the population of Hungary. Since then it has been demonstrated to opponents to the change that the new solution is viable and more convenient than the arrangement it replaced.

The next step in the modernisation of the postal network was the Post Partner Programme started in 2007. As a result, by 2010 running the local postal



service will be taken over by entrepreneurs for about half of the small post offices. A local retailer, pharmacist, service provider or even a local authority may become a Post Partner. This offers small local enterprises the option of adding another string to their bow while the public service strengthens confidence in them and may provide a living in the long term. All stakeholders benefit: the Post Partner acquires new customers and bigger turnover, customers can arrange their affairs in one place at the same time, and Magyar Posta can fulfil its universal service obligation economically also in villages with low turnover.



The Post Partner Programme affects many small settlements, so we pay particular attention to informing local communities and their leaders. Local authority representatives were also won over. We called on staff working in the post offices included in the programme in person, whose future we endeavour to care for by outplacement (preparing and helping employees whose jobs are terminating find new

work), and indeed the Ministry of Labour drew up a complex support programme. As a result, the reception of the programme from community, social and political aspects was positive. A major factor in this was that local communities recognised that Magyar Posta was not leaving them to their own devices and still accepted liability for the continuity of the postal service.



Nationally over 1,000 post offices are being advertised and partners chosen by public procurement procedure. The programme is being staged in several phases. Since its start, contracts for the operation of 141 small post offices have been signed. The first phase - from autumn 2007 to summer 2008 - was a pilot scheme; the results were analysed and in the next phase the tender was modified in the light of experience. In 2008 the programme was continued in 13 counties and Budapest. The experiences are favourable with an increasing number of post partners



applying and cases with competition between applicants. The number of entrepreneurs wishing to run more than one post office in more than one county is steadily growing.

SO5 Participation in public policy development and lobbying

Magyar Posta's conduct and activity is politics free. We maintain professional relations with the ministry and supervisory organisations responsible for regulating the postal market, as well as advising leading players in political life (members of parliament, local authority leaders, political parties) of the major changes we intend to introduce for the provision of communities. At an international level, in co-operation with other national postal administrations, we lobbied intensively in 2006-07, when the specialist committees and the decision-making bodies of the European Union were reaching a final decision for the date of the full opening of the postal market.

SO6 Support for political parties

Magyar Posta does not support political parties, politicians and related institutions with financial or in kind contributions.

SO7 Adherence to competition regulations

Magyar Posta wishes to achieve its own profitable operation within the confines of fair competition. It has happened, however, that competitors with conflicting interests and others have questioned one or another element of our behaviour. This is a natural accompaniment of competition. In 2008 two of three competition law proceedings were abandoned as there was no offence against the law established and in the third a condemnatory decision was made final in 2009.

Magyar Posta's internal regulations require that a legal and financial opinion be obtained prior to signing contracts. Accordingly every contract and agreement must be reviewed by the Legal Affairs Directorate. This ensures compliance with the law including adherence to competition law regulations.

Magyar Posta is fundamentally committed to the settlement out of court of disputed matters by negotia-



tion in every contractual relationship. In line with this, court proceedings are only instituted as a last resort in the absence of any other solution.

SO8 Adherence to the law

Magyar Posta is committed to adhering to the provisions of the law in both its contractual relations and its internal organisation of work. The company maintains a Legal Affairs Directorate to support its legal

operation, which is directly subordinate to the chief executive officer. Controlling operation in accordance with the law and regulations, and uncovering legal infringements is within the remit of the Internal Audit Department and other independent organisational units performing control and safety functions.

No public procurement arbitration board fine or significant tax fine was imposed in 2008. At the time of the preparation of this report one procedure related to a tax fine is in progress.



5. OUR ENVIRONMENTAL PERFORMANCE





5.1. Our environmental policy and results

EN26 The management of Magyar Posta is a committed believer in protecting the environment and for many years has taken numerous measures to reduce burdens on the environment. The aim of our environmental activity is to contribute to sustainable development. By continuously improving our environmental performance we are striving to produce the least possible burdens on the environment due to our operation.

In 2001 we published the company's **environmental policy statement** for the first time, which was adjusted to the requirements of the European Union in March 2004. Our environmental policy was reviewed again in 2008, in which we stated that through our environmental strategy we are supporting the aims and programmes of corporate social responsibility. (The document is available at www.posta.hu)

Indicators showing the company's environmental performance are available in the 2001, 2003, 2004 and 2006 **environmental reports** and the 2007 sustainability report at www.posta.hu. The programmes and results of recent years reflect the continual development in Magyar Posta's environmental protection activity.

The **system of responsibility** for the company's environmental activity did not change in 2008 compared to the previous year. The environmental protection management works within the organisational limits of the Investment and Construction Service Centre of the Chief Infrastructure Directorate under the direction of responsible managers.

Major challenges, action taken

One of the greatest challenges of the age is global warming caused by human activity. Slowing down global warming and ameliorating climate change is part of the sustainability strategy of every responsible company.

Climate protection primarily focuses on reducing the emissions of greenhouse gases.

Magyar Posta, in accordance with its current environmental policy, treats the reduction of gas emissions



causing climate change as a high priority. To this end we endeavour to increase the efficiency of energy management, in particular raising the share of renewable energy sources, and to continually modernise our vehicle park. One such measure in 2008, as in previous years, was investments to modernise heating and the instalment of solar panels at the National Logistics Centre.

Within modern **waste management** we promote the continuous expansion of selective waste collection. Heightened attention is paid to recycling as much waste as possible. (For details see Chapter 4 on waste.)

In the course of property investments particular attention was devoted to using sustainable architectural elements. During **environmental protection investments** targeting sustainable development, infrastructural developments (improving the mains water supply and drainage in postal facilities) were given priority.

As a result of the continual introduction of the **Environmental Management System (EMS)**, in addition



to the National Logistics Centre (in Budaörs) two new sorting centres (in Füzesabony and Győr) obtained certification according to the standard MSZ EN ISO 14001:2005 in 2008.

One of the basic principles of Magyar Posta's environmental policy is to comply with currently effective legal regulations. This is ensured by the **Environmental Protection Regulations** issued in 2005 as an order of the chief executive officer and also effective in 2008. These will be reviewed in 2009.

An internal order has been drafted for the transport of dangerous postal waste within the postal network (from the place of origin to collecting centres) according to ADR rules (European Agreement concerning the International Carriage of Dangerous Goods by Road). We intend to include the final order in the revised Environmental Protection Regulations.

Similarly to previous years, the company earmarked **financial resources** for environmental investments and for environmental assignments to guarantee compliance with the law in 2008.

In accordance with the provisions of the law, Magyar Posta fulfilled its green tax payment obligation (product, air and soil pollution charges) in 2008.

Monitoring and follow-up

To eradicate soil and groundwater pollution caused by past activity, last year remediation took place at one facility, at another groundwater tests were made to establish the situation and at three treated facilities groundwater monitoring was conducted as a follow-up inspection.



Training and awareness

Magyar Posta undertook in its environmental policy to promote shaping the environmental mentality of employees through training, further training and information. Within the framework of the environmental training module of the tertiary corporate vocational training, 88 employees learnt about general and post specific environmental issues.

On Earth Day through the internal IT system a questionnaire was forwarded to employees to calculate their ecological footprint. 1,486 employees completed and returned the questionnaire. Based on the data received, the ecological footprint of postal employees is 5.94 ha.

Our environmental policy and environmental reports are available through the postal website www.posta.hu and our internal intranet portal. In our corporate newspaper the major events related to postal environmental protection are published.

Our environmental colleagues acquire up-to-date information to perform their work more efficiently at professional conferences.

Awards and acknowledgments

Between 2004-07 we won several prizes and acknowledgments at environmental competitions. These were reported in our sustainability report for last year ("Central European Environmental Report" competitions, "Business Life for the Environment", "European Awards for the Environment", "Environment Friendly Office Programme", etc.).

Our postage stamp "Waste Revolution", drawing attention to the importance of selective waste collec-



tion, won the "Most Beautiful Stamp" prize on the subject of the environment at the 36th Asiago International Competition for Philatelic Art in 2006. Magyar Posta won a certificate of acknowledgment in 2008 at the environmental energy saving competition announced by KÖVET entitled "Money thrown in the window".

5.2. Implementation status of our plans

EN26 In the table below the implementation status of the short- and medium-term goals and tasks set in the previous sustainability report published in 2008 is given.



Goal	Action	Implementation status
Reducing emissions of ozone depleting and greenhouse gases	Devising and incorporating a CO ₂ reduction strategy into MP's environmental policy (revision of environmental policy)	Environmental policy revised
	Mapping all essential data from the aspect of CO ₂ emissions	done
	Establishing a data collection process (CO ₂ emission coefficients)	task in 2009
	Creating a simple, easy-to-use, transparent calculation system (CO ₂)	done
Extending the Environmental Management System (ISO 14001) to the mail processing area	Survey of air-conditioning equipment (type, capacity, refrigerant)	in progress in 2009
	Győr Regional Sorting Centre Füzesabony Regional Sorting Centre	EMS certification successful in both sorting centres
Use of renewable energy	Introduction of EMS at 3 facilities	task in 2009
	Assessment of postal options - study	Study prepared
Reducing energy use	The use of solar thermal collectors to supply hot water at the National Logistics Centre	Solar collectors installed
	Procuring electricity by public procurement procedure	task in 2009
"Green" procurement	Energy audit of buildings	for new facilities from 2009
	Devising criteria and submission for managerial approval	2009 - criteria devised
Creating unified environmental protection requirements for the classification of suppliers and subcontractors	Incorporation into corporate procurement procedures	2010 - incorporating into practice
	Preparing list of requirements	task in 2009
Ensuring legal compliance for transport of hazardous postal waste between postal facilities	Based on the Procedural Rules and distance training material prepared in previous years	Draft order to regulate process prepared, finalisation in 2009, incorporating into practice in 2010
	Drawing up postal regulations for employees affected making a transport and collection plan	
Waste management development	Increasing intensity of selective waste collection	continuous
	Reducing quantity of communal waste (reviewing contracts, potential amendments)	task in 2009
Ensuring compliance with environmental protection law for postal activities	Increasing proportion of recyclable waste	continuous
	Revising effective Environmental Protection Regulations (CEO order 14/2005)	task in 2009
Increasing the employees' environmentally aware behaviour	Information materials on the INTRANET and through circular letters	continuous

5.3. GRI performance indicators (environmental awareness)

EN1-EN2 Materials

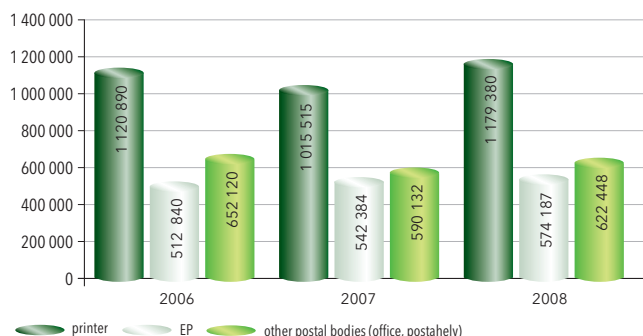
Magyar Posta uses a large quantity of paper for its wide range of postal services and office work, and our printing works processes considerable quantities of paper partly for the production of postal forms and paper-based advertising carriers.

In 2008 the quantity of paper used was a total of 2,376 tonnes. This was 10.6% up on the previous year. 50% of the entire quantity of paper was used at the printing works (production of postal forms and paper-based advertising carriers) and 24% by the Electronic Postal Centre (mass production of bill letters and DM letters).

The quantity of paper-based advertising carriers fell by almost 2%.

The quantity of recycled paper was only 329 kg, almost 40% less than in the previous year.

Quantity of paper used by area 2006-2008 (kg/year)



The **packaging** generated by Magyar Posta comes partly from transporting mail in the postal network and partly from business contracts. In 2008 the quantity of packaging was 748 tonnes, 30% more than in the previous year, 66% of which was paper and plastic packaging.

Commercial packaging (PET bottled drinks, plastic shopping and advertising carrier bags) is related to Magyar Posta's retail activity. The quantity of these grew by 12% compared to last year.

Plastic advertising carrier bags accounted for 77% of commercial packaging in 2008.

Packaging/commercial packaging (kg)	2006	2007	2008	Change year on year %
plastic	210 118	286 494	291 013	1,6
paper	183 810	169 945	202 143	18,9
metal	3 200	1 186	1 052	-11,3
textile	14 942	14 504	12 548	-13,5
other	213 530	104 676	241 480	130,7
total packaging	625 600	576 805	748 236	29,7
commercial packaging		937 025	1 052 342	12,3

EN3-EN4-EN5 Energy

Magyar Posta's total energy consumption for 2008 grew by more than 1%, and energy consumption per capita increased by almost 3% year on year.

Indicator	unit	2006	2007	2008	Change year on year %
Total energy consumption	thou GJ	1 063,00	956,00	968,00	1,3
Number of staff	capita	38 686,00	36 428,00	35 927,00	-1,4
Energy consumption per capita	GJ/capita	27,48	26,24	26,95	2,7

Magyar Posta's **direct energy consumption** rose by almost 4 per cent overall, while **indirect energy consumption** fell by about the same amount.

Direct and indirect energy consumption	2006	2007	2008	Change year on year %
Direct energy				
Natural gas (GJ)	422 926	338 601	364 718	7,7
Diesel (GJ)	305 508	300 300	303 240	1,0
Petrol (unleaded) (GJ)	38 892	39 858	36 582	-8,2
Total direct energy	767 326	678 759	704 540	3,8
Indirect energy				
Electricity (GJ)	184 853	180 785	180 677	-0,1
Purchased thermal energy (distance heat) (GJ)	92 181	84 936	73 579	-13,4
Total indirect energy	277 034	265 721	254 256	-4,3
Renewable energy GJ	0	0	210	



Main areas of energy consumption	2006	2007	2008	Change year on year %
Lighting, operating electric equipment (GJ)	184 853	180 785	180 677	-0,1
Heating, hot water supply (GJ)*	533 662	434 858	447 794	3,0
Transport (GJ)	344 400	340 158	339 822	-0,1
Total energy (GJ)	1 062 915	955 801	968 293	1,3

* coal, briquette, wood, PB gas, natural gas, distance heat use together

Consumption of energy **for heating** in 2008 accounted for 46% of total energy consumption. The 3% rise year on year can be attributed to the adverse average outdoor temperatures in the heating season in the first half of the year, the start of operations at new facilities and technical developments.

Last year old-fashioned fuels were replaced at 36 premises by modernising the heating.

Electricity consumption - 19% of total energy consumption in 2008 - was almost the same as last year, and indeed showed a slight decline despite the spread of air-conditioning. The energy requirement of air-conditioning equipment was counter-balanced by the use of other, more modern devices and energy saving as a result of modernisation of lighting.

EN7 In 2008 lighting was modernised at 28 postal premises and the energy saving effect will be felt in 2009.

The third large item, energy consumption for transport/delivery (35% in 2008), did not grow significantly compared to the previous year either.

EN6 Two important measures were taken in 2008 for the use of **renewable energy**.

At the **National Logistics Centre** about 1,300 employees work in two shifts. To use renewable energy, 36 Heliostar TS 300 solar collectors were installed on the flat roof of the social block to provide supplementary energy for the hot water supply for the people working there. According to calculations, the solar collectors are expected to save 4,300 m³ of natural gas each year. Compared to gas consumption, this



may result in a 36.7% energy and cost saving, and reduce carbon dioxide emissions by about 13%. This investment represents Magyar Posta's commitment to sustainable development.

The local authority of **Veresegyház** built a distance heating system using thermal water in the town. We had the local post office building connected to this so in the heating season the majority of the necessary heating energy comes from a geothermic source.

Options to use renewable energy sources are being further examined and we intend to produce hot water using solar collectors at several postal facilities.

EN8-EN9-EN10, EN25 Water consumption

As in previous years, Magyar Posta used potable water for social purposes and so the water requirement did not significantly affect water resources. Recycled and reused water is not consumed.

Total water consumption grew by 5% and specific water consumption (litre/person/day) was up almost 7% compared to 2007. The cost of water consumption rose by 15% as a result of the increase in quantity and price changes.

Indicator	Unit	2006	2007	2008	Change year on year %
Total water consumption	m ³	376 850,0	355 496,0	373 128,0	5,0
Cost of water consumption	HUF thou	83 822,0	82 227,0	94 687,0	15,2
Number of staff	persons	38 686,0	36 428,0	35 927,0	-1,4
Specific water consumption	l/pers./day	26,7	26,7	28,5	6,7

5 postal facilities were connected to the mains drinking water supply through environmental investment and modernisation in 2008, which cost HUF 8 million.

EN11-EN12-EN13-EN14-EN15 Biodiversity

The usable area of Magyar Posta's self-owned and leased properties did not change significantly in 2008 at a national level compared to the previous year. 46% of the properties lie in the proximity of protected areas with a usable area of 1,178,000 m². Almost 3% of the properties are in protected areas with a total usable area of 73,000 m².

The impact on biodiversity of delivery and the activity conducted at the premises is not considerable. The number of properties in protected areas is small and the transport performance affecting protected areas is only 1.8% (1,418,000 km) of the total transport performance.

During building investments, co-operation with the authorities concerned ensures that impacts on biodiversity are considered appropriately.

Emissions

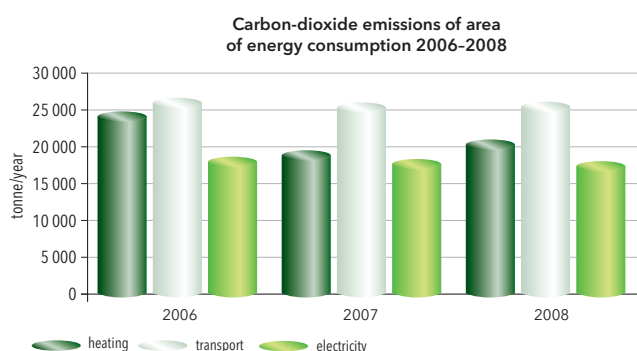
EN16-EN17, EN-18-EN19-EN20 1. Air pollution

In 2008 air pollutants (carbon monoxide, sulphur dioxide, nitrogen oxide) were emitted through 89 point sources at 49 postal premises by operating 137 pieces of fixed point heating equipment with a total capacity of over 140 kW. The quantity of pollutants, as in previous years, was determined by technical calculations and at 19 point sources by measurement. The quantity of pollutants did not exceed the limits set by relevant legislation and the environmental protec-

tion authority in any case. Total air pollutants emitted were 37% less than in the previous year.

The maintenance of postal vehicles as moving pollution sources and the measurement in accordance with relevant legislation of air pollutants emitted by them are done by the service points of Postaautó Duna Zrt (Magyar Posta Cars & Trucks Co.).

As regards ozone-depleting and greenhouse gases, we devote special attention to adhering to legal provisions in force. The periodic inspection and maintenance of installed cooling and air-conditioning equipment is done by specialist service points, so these gases are not emitted into the air.



2. Carbon-dioxide indicator

In accordance with the practice of previous years, in 2008 we again defined the CO₂ emission of the direct (natural gas and fuel) and indirect (electricity) energy consumption based on the guidelines on greenhouse gas indicators published by the UNEP (United Nations Environmental Programme) in 2002. Compared to the previous year, carbon dioxide emissions from transport and purchased electricity fell back slightly (0.1%), while carbon dioxide emissions from natural gas used in heating rose by almost 8%. By heating the post office in Veresegyház by thermal water, CO₂ emissions were reduced by 12 tonnes..

EN21, EN23 3. Discharge of water into the soil, groundwater and subsurface water

The majority of waste water originating from postal activities is of a communal nature. Technological waste water is only produced by the kitchen technology of welfare facilities. Oily and fatty waste water enters the drains after preliminary treatment, and its



Trend of water consumption and waste discharge 2006-2008



quality is regularly checked by the operators of the sewer network.

The quantity of waste water increased by 6% year on year in 2008. Within this waste water discharged into the mains drainage rose by 6.3% while the quantity of waste water collected in tanks fell by almost 11%. The changes were caused by connections to the drainage network in the course of environmental investments.

Soil and groundwater pollution

In Sopron, at the postal premises at Ipar u. 1, works treating the hydrocarbon pollution discovered in 2006-07 were completed. There were 3 disused fuel storage tanks, which were removed.

At five facilities (Heves Post Office, and Békéscsaba, Szeged, Kecskemét and Budapest Transport Depots) follow-up inspections of groundwater tests after re-



mediation were made as prescribed by the environmental protection authority.

A significant spillage of a hazardous substance occurred in the course of Magyar Posta's activity.

EN22, EN24, EN27 4. Waste

In 2008 1,186 tonnes of waste were produced, 28% of which was hazardous. The quantity of all waste - excluding solid and liquid communal waste - was more than 12% lower than the previous year despite the fact that the amount of hazardous waste grew almost fivefold.

80% of waste was handed over for recycling, a 6% rise on the previous year. 80% of waste for recycling was paper, 4% plastic, 8% metal and 3% hazardous waste.

Significant types of waste are shown in the table below:

Trend of quantities of significant waste types 2006-08				
Waste type (kg)	2006	2007	2008	Change year on year %
accumulators	4 836	1 822	91	-95,0
strip lights	1 593	2 256	1 961	-13,1
e+e	58 957	45 086	38 125	-15,4
toner, ink cartridges	4 815	4 964	5 162	4,0
soiled packaging	1 644	2 116	2 139	1,1
batteries	894	1 227	717	-41,6
construction and demolition	146 670	343 983	0	0
office paper	539 000	1 073 907	854 251	-20,5
plastic packaging	27 000	25 809	50 260	94,7
paper, cardboard packaging	134 000	107 900	97 633	-9,5
biodegradable kitchen	0	13 484	5 024	-62,7
polluted soil	146 990	0	259 950	
other	38 591	71 446	165 837	132,1
Total	958 000	1 694 000	1 481 150	-12,6

The **communal solid waste** in 2008 fell by 32% compared to the previous year.

In 2008 a total of 854 tonnes of **office paper waste** were collected at almost 500 postal facilities. This includes documents selected for destruction. The quantity of office paper waste fell by 20% year on year. The reason for the drop on the one hand is that

the 2007 data also included a large quantity of documents disposed of due to moving offices and on the other that in 2008 the operator of rented offices ensured the transport of waste paper generated there so this amount does not feature in postal records.

In 2008 over 148 tonnes of **packaging waste** (paper, cardboard, plastic) were handed over for recycling. This was 10.6% more than the amount in 2007.

Within packaging waste collected the quantity of paper and cardboard fell by 9.5% and the quantity of plastic grew by 94.7% compared to the previous year. The reason for this was that the collection of plastic waste packaging became more intensive over the last year.

d.) Hazardous waste

In 2008 the amount of hazardous waste increased more than fourfold compared to the previous year. 77% of this (~260 tonnes) came from the polluted soil due to the remediation of the postal facility at Ipar utca 1 in Sopron and 11% (~38 tonnes) were electrical and electronic waste.

The quantity of electrical and electronic waste (e+e) declined by over 15% compared to 2008. This quantity was comprised of scrapping computer equipment (80%) on the one hand and small postal machines, alarms and other appliances on the other. The majority of the e+e waste was transported by the Hungarian Maltese Charity Service's Befogadás Nonprofit Kft, where the waste is selected and dismantled by people with reduced capability to work.

There were significant quantities of waste originating from cleaning fat traps (~10 tonnes) and the fuel storage tanks for removal (~8 tonnes), strip lights (~2 tonnes), toner (~5 tonnes), cleaning agent containers (~2 tonnes) and hazardous printing waste (~4 tonnes).

Other information related to waste management

We reviewed our waste management plan prepared in 2004 for 140 postal premises, which was approved by the environmental protection authority.

At 117 facilities waste is stored temporarily in uniform dry battery collectors. Waste collected is trans-

ported free by the company Re'lem Kht on a contractual basis.

In the central office building (in Budapest) data carriers (CDs, DVDs, floppies) that have become unsuitable for further use are stored safely in enclosed individual containers and their destruction is ensured by Remondis Kft.

At 17 premises nationwide compressed PET bottles are collected and in 2008 almost 1,100 kilograms were delivered for recycling.

The annual business activity of the company, the technological changes and developments made, annual building investments, renovation and maintenance works, and plans for scrapping affect the type and quantity of waste produced.

All waste is handed over to licensed carriers, treaters or recyclers for further processing. Only waste generated by Magyar Posta's activity is dealt with and no waste from external business organisations is accept-





ed. Magyar Posta does not actually perform waste treatment and recycling activity.

EN28 In 2008 for the unsatisfactory fulfilment of legal regulations the company paid an environmental fine for waste water in two cases. In both cases the reason for the fine was overstepping the limits of certain parameters of the waste water produced by operating a works kitchen.

In order to avoid a further fine, we took the necessary measures: in one of the kitchens the fat trap was replaced and in the other we gave the tenant operating the kitchen written notice to use the appropriate kitchen technology.

EN18-EN29 Transport

Transport is a major environmental factor in Magyar Posta's activity. Mail is exclusively forwarded by road.

The number of our vehicles was reduced by about 8% because old vehicles that were uneconomic to run were withdrawn from service.

In the last five years our vehicle park was modernised and about 65% of our current vehicles were made between 2004 and 2008. As regards emission, some of them conform with the EU3 standard and those acquired in 2007-08 comply with the EU4 standard.

Eight electric powered, slow vehicles are used for delivery in environmentally sensitive, historic areas of cities.

Mileage: the number of kilometres travelled by our fleet of vehicles grew by almost 2%.



Fuel consumption: thanks to the modern vehicle park, the quantity of fuel used by vehicles and the concomitant carbon dioxide emissions fell slightly compared to last year in spite of the growth of the mileage.

The technical condition of our vehicles is kept at an appropriate level by regular servicing.



Damage claim figures	2007	2008	Change year on year %
Number	1738	1881	+8,23%
Personal injury	29	46	+58,62%

Repair costs	2007	2008	Change year on year %
Repair & servicing costs (HUF)	1 429 149 532	1 493 751 242	+4,52%
Damage claim repair costs (HUF)	208 761 740	213 254 223	+2,15%

To reduce the environmental burden caused by transport and shipment, the following measures were taken:

Within the European Union's GreenPost project we are examining the replacement of the use of motorcycles and mopeds for delivery by electric-powered or hybrid vehicles.



The taxi system of car use introduced years ago and the transport of employees working at the NLC by scheduled bus in a 50 km area worked successfully again in 2008.

Infrastructure enabling video conferences between our premises was installed in four major cities (Budapest, Debrecen, Pécs and Sopron). This may reduce the number of journeys by governance level managers and employees as well as the emissions of harmful substances caused by travelling. We intend to extend the video conference facility to another two cities (Miskolc and Szeged).

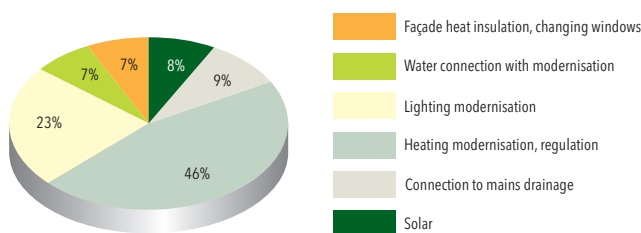
Within internal postal training a distance learning system has operated since 2004. Between 2004 and 2008 105,466 employees took part in such courses, almost 42% of people attending training.

EN30 Environmental financial data

The value (HUF 118 m) and number (84) of investments targeting environmental protection in 2008 exceeded the 2007 levels (HUF 86,566,000 and 73). About 70% of this was devoted to heating and lighting modernisation. The value of environmental protection investments accounted for almost 1.5% of all postal investments.

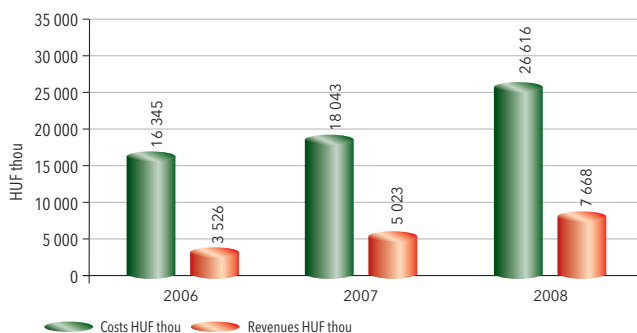
Major environmental protection investments in 2008:		
Modernisation, regulation of heating	36	HUF 55m
Lighting modernisation	28	HUF 27m
Connection to mains drainage	13	HUF 11m
Water connection modernisation	5	HUF 8m
Heat insulation of façade, changing windows	1	HUF 8m
Installation of solar collectors	1	HUF 9m
Total	84	118 M Ft

Percentage of areas of environmental investments, 2008



In 2008 the company's **environmental expenditure** was **HUF 28,255,000** and its **income** from the sale of waste for recycling was **HUF 7,668,000**. Environmental costs grew by 47.5% and revenues by 52.6% compared to the previous year. Revenue from the sale of waste was more than twice the amount spent on the treatment of hazardous waste.

Trend of environmental expenditures and revenues 2006-2008



Green taxes

On packaging, commercial packaging and advertising on paper we paid **environmental protection**



product charges of HUF 33,021,000 and on air pollutants emitted air pollution charges of HUF 872,000 in 2008. The amount of soil pollution charges exceeded last year's by almost 21%. The almost 22% rise in product charges was due to the product charge for commercial packaging.

Green tax	2006	2007	2008	Change in year on year %
product charge	23 657 000	27 140 000	33 021 000	21,7
air pollution charge	425 000	1 155 000	872 000	-24,5
soil pollution charge	529 320	467 370	564 604	20,8
total:	24 611 320	28 762 370	34 457 604	16,9

5.4. Environmental indicators

Environmental indicators	Change in % (+/-) year on year %
Paper use	+10,6
Total energy consumption	+1,3
Energy consumption per capita	+2,7
Proportion of fossil fuels	+2,3
Gas consumption	+7,7
Electricity consumption	-0,1
Total water consumption	+5,0
Water consumption per capita	+6,7
Mileage of vehicles (total road transport)	+1,8
Fuel consumption - petrol	-6,8
Fuel consumption - diesel	+0,8
Total fuel consumption	-0,2
Total quantity of waste	-12,6
Quantity of communal solid waste	-32,4
Quantity of hazardous waste	+373,2
Quantity of paper waste	-19,5
Quantity of waste water discharged	+6,1
Total quantity of air pollutants emitted at source points	-37,3
Transport carbon dioxide emissions	-0,1
Electricity consumption carbon dioxide emissions	-0,1
Gas consumption carbon dioxide emissions	+7,9
Total energy consumption carbon dioxide emissions	+2,3



Energy consumption

Indicator	Unit	2006	2007	2008	Change year on year %
Total energy consumption	thou GJ	1 063,00	956,00	968,00	1,3
Total energy costs	HUF million	4 889,00	4 852,00	5 803,00	19,6
Specific energy costs	HUF thou/GJ	4,60	2,90	5,99	106,6
Proportion of fossil fuels	%	73,12	71,51	73,15	2,3



Transport

Indicator	Unit	2006	2007	2008	Change year on year %
Number of vehicles*	(no.)	4 442	4 108	3 787	-7,8
Number of petrol driven vehicles	(no.)	nincs adat	1 588	1 324	-16,6
Number of diesel driven vehicles	(no.)	nincs adat	2 511	2 455	-2,2
Number of electric vehicles	(no.)	9	9	8	-11,1
Total road transport	km	89 490 722	86 238 774	87 786 838	1,8
Fuel consumption - petrol	l	1 268 493	1 300 000	1 211 866	-6,8
Fuel consumption - diesel	l	8 763 855	8 614 458	8 681 170	0,8
Total fuel consumption	l	10 032 348	9 914 458	9 893 036	-0,2
Average fuel consumption of vehicle park	l/100 km	11,2	11,5	11,3	-1,7

*contains data for vehicles of Magyar Posta's fleet on mail routes (trucks, cars, mopeds, slow vehicles) as well as service vehicles

Water consumption

Indicator	Unit	2006	2007	2008	Change year on year %
Total water consumption	m ³	376 850,0	355 496,0	373 128,0	5,0
Cost of water consumption	HUF thou	83 822,0	82 227,0	94 687,0	15,2
Number of staff	persons	38 686,0	36 428,0	35 927,0	-1,4
Specific water consumption	l/person/day	26,7	26,7	28,5	6,7

Emissions

Indicator	Unit	2006	2007	2008	Change year on year %
Total quantity of hazardous waste	tonne/ year	238,0	71,00	336,00	373,2
Quantity of communal solid waste	tonne/ year	10 050,0	14 992,00	10 134,00	-32,4
Quantity of waste paper collected	tonne/ year	673,0	1 182,00	952,00	-19,5
Quantity of waste water discharged into mains drainage	m ³	326 316,0	313 582,00	333 360,00	6,3
Waste water collected in tanks	m ³	3 300,0	3 104,00	2 750,00	-11,4
Total emissions of air pollutants	tonne/ year	7,8	10,14	6,35	-37,4
Carbon monoxide (CO)	tonne/ year	-	-	1,32	
Nitrogen oxides (NO _x)	tonne/ year	7,6	9,76	4,83	-50,5
Sulphur dioxide (SO ₂)	tonne/ year	0,2	0,38	0,20	-47,4

Financial figures of environmental protection

Indicator	Unit	2006	2007	2008	Change year on year %
Total investments	HUF million	13 626	11 294	7 970	-29,4
Environmental investments	HUF thou	489 810	86 566	118 000	36,3
Investment rate	%	3,6	0,77	1,48	92,2
Business expenditure	HUF million	170 712	177 972	195 772	10,0
Environmental expenditure (without communal solid and liquid waste treatment)	HUF thou	16 435	18 043	26 616	47,5
Expenditure rate	%	0,01	0,01	0,01	0,0
Cost of transport and treatment of hazardous waste	HUF thou	4 100	2 700	2 905	7,6
Cost of treatment and disposal of communal solid waste	HUF thou	137 217	158 630	172 313	8,6
Cost of waste water discharged through drainage	HUF thou	76 130	82 227	95 866	16,6
Transport, treatment of waste water collected in tanks	HUF thou	6 295	2 990	3 736	24,9
Income from sale of waste	HUF thou	3 526	5 026	7 668	52,6



Environmental internal training

Indicator	Unit	2006	2007	2008	Change year on year %
Tertiary corporate vocational training courses (extended by the environmental module)	number	8	7	9	28,6
Number attending tertiary corporate vocational training (extended by the environmental module)	persons	92	88	109	23,9
Rate of participation in vocational training	%	0,27	0,26	0,36	38,5





6. GRI CONTENT INDEX





Standard disclosures

	Topic	Page no.
1. Strategy and analysis		
1.1.	CEO's statement	2
	Strategy, priorities, trends, general appraisal of organisational performance, tasks for the coming years	10, 21-22, 23-25, 61-65, 40
1.2.	Key impacts, risks and opportunities	15-17, 19-20, 23
2. Organisational profile		
2.1.	Name of the organisation	6
2.2.	Primary brands, products and services	19-20
2.3.-2.4.	Main details of organisation	6
2.5.	Country where organisation operates	6
2.6.	Nature of ownership	6
2.7.	Markets served	6-7
2.8.	Scale of the organisation	6-8
2.9.	Changes of ownership, size or structure	6-7
2.10.	Acknowledgments and awards	24-25, 32-33, 50
3. Report parameters		
3.1.-3.2.	Previous report, current reporting period	3
3.3.-3.4.	Contact point	3
3.5.-3.13.	Scope and boundary of report	3
4. Governance		
4.1.-4.3.	Governance structure and mechanisms	9
4.4.	Recommendations of shareholder and employees	11-12, 19-22
4.8.	Mission, values and standards	10
4.11.-4.13.	Commitments to external initiatives	11-12
4.14.	List of stakeholders	14
4.15.-4.17.	Processes engaging stakeholders	114-15, 31-32, 36, 40, 45-46

GRI performance indicators

Key

☺ - Indicator featured/information given

☹ - Indicator not featured/information not given

☹ - Irrelevant information or information only partly given

	Indicators	Compliance	Page no.
Economic Performance Indicators			
EC1	Direct economic value generated and distributed	☺	25
EC2	Financial implications of climatic change	☺	25
EC3	Employee benefit obligations	☺	26
EC4	Financial support received from the government	☺	26
EC5	Ratio of entry level wage and minimum wage	☹	no data
EC6	Suppliers	☺	27
EC7	Local hiring and proportion of locals in senior management	☹	irrelevant
EC8	Infrastructure investments and services for public benefit	☹	no data
EC9	Significant indirect economic impacts	☹	no data

Environmental Performance Indicators			
EN1	Quantity of material used	☺	51
EN2	Percentage of materials recycled	☺	51
EN3	Direct energy consumption	☺	51-52
EN4	Indirect energy consumption	☺	51-52
EN5	Quantity of energy saved	☺	51-52
EN6	Renewable energy based or energy-efficient products	☺	52
EN7	Reducing indirect energy consumption	☺	52
EN8	Total water withdrawal	☺	52-53
EN9	Water sources significantly affected by withdrawal of water	☺	52-53
EN10	Water recycled and reused	☺	52-53
EN11	Protected areas	☺	53
EN12	Impacts on biodiversity	☺	53
EN13	Habitats protected or restored	☺	53
EN14	Managing impacts on biodiversity	☺	53
EN15	Impacts on habitats of protected species	☺	53
EN16	Greenhouse gas emissions	☺	53
EN17	Other indirect greenhouse gas emissions	☺	53
EN18	Initiatives to reduce greenhouse gas emissions and results achieved	☺	53, 56-57
EN19	Emissions of ozone-depleting substances	☺	53, 56-57
EN20	NO _x , SO _x , and other significant air emissions	☺	53, 56-57
EN21	Total water discharge	☺	53-54, 56-57
EN22	Total weight of waste	☺	54-56-57
EN23	Significant spills	☺	53-54, 56-57
EN24	Hazardous wastes	☺	54-57
EN25	Significant impact on water bodies and related habitats	☺	52-53, 56-57
EN26	Initiatives and results to mitigate environmental impacts	☺	48-50, 56-57
EN27	Percentage of products sold and their packaging reclaimed	☺	54-56, 56-57
EN28	Significant environmental fines	☺	56-57
EN29	Significant environmental impacts of transport	☺	56-57
EN30	Environmental protection expenditures	☺	57-60
Labour Practices and Decent Work Performance Indicators			
LA1	Total workforce	☺	33
LA2	Employee turnover	☺	34
LA3	Benefits not provided for part-time employees	☺	34
LA4	Percentage of employees covered by collective bargaining agreement	☺	34
LA5	Minimum notice period regarding operational changes	☺	34
LA6	Percentage of workforce represented on health and safety committees	☺	34-36
LA7	Injuries, occupational diseases, accidents at work	☺	34-36
LA8	Training, education, counselling, prevention, risk control related to serious illnesses	☺	34-36
LA9	Agreements with trade unions on health and safety at work	☺	34-36
LA10	Average annual training hours per employee	☺	36-37
LA11	Programmes for skills management and lifelong learning	☺	36-37
LA12	Percentage of employees receiving performance reviews	☺	37-38
LA13	Composition of governing bodies and employees by gender, age group and being part of minority	☺	34
LA14	Ratio of basic salary of men to women	☺	34



Human Rights Performance Indicators			
HR1	Investments that include human rights clauses	😊	40
HR2	Percentage of suppliers and contractors that have undergone screening on human rights	😊	40
HR3	Human rights training for employees	😊	39-40
HR4	Discrimination	😊	39
HR5	Risk to the right to exercise freedom of association and collective bargaining agreement	😊	40
HR6	Elimination of child labour	😊	40
HR7	Elimination of forced labour	😊	40
HR8	Percentage of security personnel trained in human rights	😐	irrelevant
HR9	Rights of indigenous people	😐	irrelevant
Social Performance Indicators			
SO1	Impacts on local communities, including entering, operating and exiting	😊	44-45
SO2	Anti-corruption action	😐	no data
SO3	Percentage of employees trained in anti-corruption efforts	😐	no data
SO4	Actions taken in response to incidents of corruption	😐	no data
SO5	Participation in public policy development and lobbying	😊	45
SO6	Financial and in-kind contributions to political parties	😊	45
SO7	Legal actions for anticompetitive behaviour	😊	45-46
SO8	Fines and sanctions for non-compliance with the law	😊	46
Product Responsibility Performance Indicators			
PR1	Health and safety assessment of products and services	😊	27
PR2	Non-compliance with regulations and codes concerning health and safety impacts of products	😊	28
PR3	Product and service information	😊	28
PR4	Non-compliance with regulations and codes concerning product and service information	😊	28
PR5	Practices related to customer satisfaction	😊	28-29
PR6	Adherence to laws and standards on marketing communications	😊	29
PR7	Non-compliance with regulations and standards on marketing communications	😊	29
PR8	Abuses of customer data	😊	29
PR9	Fines for non-compliance with laws and regulations on the provision and use of products and services	😊	29

CONTENT

1. INTRODUCING MAGYAR POSTA	5
1.1. <i>The Company's profile</i>	6
1.2. <i>Corporate governance</i>	9
1.3. <i>Our mission, vision and values</i>	10
1.4. <i>Our commitments</i>	11
2. INTERACTION WITH THE SOCIAL, ECONOMIC AND NATURAL ENVIRONMENT	13
2.1. <i>Stakeholders</i>	14
2.2. <i>Key interactions, risks and opportunities</i>	15
2.2.1. <i>Impacts of the economic and social environment on Magyar Posta</i>	16
2.2.2. <i>Magyar Posta's impacts on the social, economic and natural environment</i>	17
3. OUR BUSINESS PERFORMANCE	18
3.1. <i>Market position of our services</i>	19
3.2. <i>Ozr strategy and our results</i>	21
3.3. <i>Quality</i>	23
3.4. <i>GRI performance indicators (economic)</i>	25
3.5. <i>GRI performance indicators (product liability)</i>	27
4. OUR SOCIAL PERFORMANCE	30
4.1. <i>Labour practices and decent working conditions</i>	31
4.2. <i>GRI performance indicators (labour)</i>	33
4.3. <i>Human rights</i>	38
4.4. <i>GRI performance indicators (human rights)</i>	39
4.5. <i>Social responsibility</i>	40
4.6. <i>GRI performance indicators (social responsibility)</i>	44
5. ENVIRONMENTAL PERFORMANCE	47
5.1. <i>Our environmental policy and results</i>	48
5.2. <i>Implementation status of our plans</i>	50
5.3. <i>GRI performance indicators (environmental awareness)</i>	51
5.4. <i>Environmental indicators</i>	58
6. GRI CONTENT INDEX	61