

A large, leafy tree in a grassy field with a person sitting on a branch.

# SUSTAINABILITY REPORT

# 2022



Együtt.  
Veled



# LETTER FROM THE CEO

## Dear Reader,

The best measure of a company's strength and stability is how it performs in difficult times. After 2020, many believed that a shock more drastic than the global health emergency could not come. We had already begun to put the challenges behind us when a generationally unprecedented war trauma occurred in our immediate neighborhood, and we are also facing an economic crisis not seen since the 2008 global crisis. So, 2022 was a year that shook not only Hungary, but Europe and perhaps it is not an exaggeration to say, also the world as a whole.

In this uncertain and ever-changing environment, Magyar Telekom must be a stable point of reference for its customers, investors and employees, its direct and indirect stakeholders, while remaining focused on its main operational objective, which has not changed despite the difficulties: the full-scale digitalization of Hungary.

We are proud that our sustainability approach has long been an important and well-known Magyar Telekom trademark. Sustainable development is essential for the future of our business. After completing our strategy in 2020, our company has set new long-term goals until 2030, with milestones for 2025. With digitalization for development, social accessibility and environmental protection in mind, Magyar Telekom aims to remain the country's leading sustainable company, listening to trends and adapting to them where appropriate. As a responsible company, there is only one way forward: to lead by example and set a course towards digitalization, environmental protection, and diversity.

We are determined to support the successful full-scale digital transformation of Hungary.

We will do this by providing our customers with the best services available, on the best network, in an ever-changing market environment, regardless of global influences.

Our focus is on innovation, network development and digital business development, which are essential elements of our country's digital evolution. Magyar Telekom has spent more than HUF 300 billion in the last 5 years to develop its mobile and fixed network infrastructure in Hungary, which resulted in 375,000 new fiber lines in 2022 alone, and nearly 77% of our fixed network is now gigabit-enabled. We now offer gigabit speeds to almost 3.5 million homes and businesses.

In 2022, we continued our network modernization program spanning several years. The modernization of our mobile network was essential to cope with the dramatic increase in data traffic. As part of this, we completely switched off our 3G network. Our 4G network, with almost nationwide coverage and a better customer experience than provided by previous technologies, remains available for both voice and data. Voice traffic for customers with 3G-enabled handsets or less has been taken over by the existing 2G network.

The environmental aspect of this move is not negligible: given the near nationwide coverage of 2G/4G, a redundant network, the decommissioning of the low-use 3G network will result in large energy savings.

Thanks to our climate strategy and energy saving measures, we are on track to meet our 2030 targets. As part of this, we have reduced our direct (scope 1) and indirect (scope 2) emissions by 39% compared to the base year (2015), and our other direct (scope 3) emissions (base year: 2017) by 15%. And for the eighth consecutive year, we have offset our known remaining emissions to zero.

We are also preparing for future needs: network modernization and 5G-enabled devices are important prerequisites for the geographic expansion of the 5G network in the medium term. As part of our sustainability strategy to 2030, we are committed to providing 67% 5G coverage to our customers by 2025.

Our long-term plan to 2030 is to reach digital maturity for 6 million people, 4 million of them by 2025. As a responsible service provider, we will play our part in creating digital equality in Hungarian society. We aim to make digital opportunities available to all ages. The "Legyéltejs! Generation NOW" program launched in November 2019 reached almost one million people by 2022. In addition to educating the elderly, we are paying distinguished attention to compliance with child protection guidelines.

In 2022, Magyar Telekom continued to pursue its policy on diversity, equal opportunities, and inclusion, which was renewed in December 2021. Our aim is to provide all our employees with a consistent working, learning and development experience, and to strengthen the sense of inclusion and involvement. As a committed employer, we place high priority on increasing the proportion of women in leadership, in fact we aim to have at least 40% women in our overall management team. In 2022 this proportion was 27.27% in the Group.

It cannot be stressed enough that perhaps never before has the world faced so many challenges. There is no doubt that the greatest treasures in these times are stability, continuity and uninterrupted progress. This is the path Magyar Telekom is on, and this is reiterated by reliable investor assessments and global ESG indices which, based on its operations, ranked Magyar Telekom in the top league in the telecom sector in 2022.

As part of our strive for sustainability, we continue to observe the UN Global Compact objectives and Sustainable Development Goals (SDG) as standards to follow. An important feedback about our efforts is how we are assessed by responsible investor analysts. In 2022, the company retained its position as member of the FTSE4Good index family, receiving a 'B' Prime rating in the ISS ESG Responsible Investor Assessment and achieving the best rating of AAA in the MSCI ESG Assessment. Also in 2022, Magyar Telekom was ranked in the top 8% of the CDP Supplier Engagement Rating (SER) and received an A- in the Climate Change Rating.

The difficulties that have increased doubts in many quarters in the past period have only made our company more determined to achieve and even improve on the goals it has set itself. As a stable, secure point in uncertain times. This is also supported by our sustainability strategy, through which we cherish the ambition to reduce environmental, social and economic risks, and to prove that we are not only capable of doing this, but also empower our customers to do so.

Budapest, April 14 2023



TIBOR RÉKASI  
Chief Executive Officer