



**SUSTAINABILITY
REPORT
2019**



EGYÜTT. VELED

GRI CONTENT INDEX

GRI Standards used:

GRI 101: Foundation 2016,

GRI 102: General Disclosures 2016,

GRI 103: Management Approach 2016,

GRI 200: Economic 2016,

GRI 300: Environmental 2016,

GRI 400: Social 2016;

GRI 303: Water and effluents 2018;

GRI 403: Occupational Health and Safety 2018

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance														
GRI 102: GENERAL DISCLOSURES 2016																					
1. ORGANIZATIONAL PROFILE																					
102-1	Name of the organization				The registered company name of Magyar Telekom is Magyar Telekom Telecommunications Public Limited Company, and its abbreviated name is Magyar Telekom Plc.		✓														
102-2	Activities, brands, products, and services			http://www.telekom.hu/lakossagi/english/plans http://www.telekom.hu/about_us/about_magyar_telekom http://www.telekom.hu/uzleti/main http://www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group	<p>The activities of Magyar Telekom Group cover three main business areas:</p> <ul style="list-style-type: none"> - fixed-line and mobile telecommunication services to residential customers (under the Telekom brand), - services to small- and medium-sized businesses (under the T-Systems brand)', - and services to large businesses (under the T-Systems brand). <p>Magyar Telekom's employer and HR activities, business and investor relations, legal and corporate affairs, sustainability and corporate social responsibility, non-core business development, technical and network development activities also go under the corporate Telekom brand.</p> <p>Magyar Telekom does not sell debated or prohibited products.</p>		✓														
102-3	Location of headquarters				The headquarters of the Group are located in Budapest (IX., Könyves Kálmán krt. 36.).		✓														
102-4	Location of operations				The Group's area of operation: Hungary, Macedonia, Bulgaria and Romania.		✓														
102-5	Ownership and legal form			http://www.telekom.hu/about_us/investor_relations/magyar_telekom_shares/ownership_structure	<table border="1"> <thead> <tr> <th>Shareholders</th> <th>Ownership %</th> </tr> </thead> <tbody> <tr> <td>Deutsche Telekom Europe B.V.</td> <td>59,21%</td> </tr> <tr> <td>Other foreign institutions</td> <td>19,51%</td> </tr> <tr> <td>Domestic individuals</td> <td>9,57%</td> </tr> <tr> <td>Domestic institutions</td> <td>4,44%</td> </tr> <tr> <td>Other</td> <td>7,27%</td> </tr> <tr> <td>Total</td> <td>100,00%</td> </tr> </tbody> </table> <p>Deutsche Telekom Europe B.V. (formerly called CMobil B.V.) is 100%-os owned by Deutsche Telekom Europe Holding B.V., whose 100%-os owner is Deutsche Telekom Europe Holding GmbH (formerly called T-Mobile Global Holding Nr. 2 GmbH) and Deutsche Telekom Europe Holding GmbH is 100% owned by Deutsche Telekom AG, as a result Deutsche Telekom AG has 59,21% indirect ownership and voting rights in Magyar Telekom Plc.</p>	Shareholders	Ownership %	Deutsche Telekom Europe B.V.	59,21%	Other foreign institutions	19,51%	Domestic individuals	9,57%	Domestic institutions	4,44%	Other	7,27%	Total	100,00%		✓
Shareholders	Ownership %																				
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102-6	Markets served			http://www.telekom.hu/about_us/about_magyar_telekom/magyar_telekom_group http://www.telekom.hu/lakossagi/english/plans http://www.telekom.hu/lakossagi/english http://www.telekom.hu/uzleti/main	The Magyar Telekom Group's member companies operating in Hungary are managing content, media and other, non-access services provided under various brands. The Group's international member companies are operating in the markets of the South-East European region as integrated and alternative telecommunications service providers.		✓														
102-7	Scale of the organization				Number of employees of Magyar Telekom Group: 8,246 persons (as of December 31, 2019)		✓														
102-8	Information on employees and other workers	Diversity and inclusion		https://www.telekom.hu/about_us/career/telekom_internship_program	<p>The company uses external workforce in all major areas of its operations. The decisions are made by the relevant directorates. Generally we rely on external workforce in special areas, rare skillsets and qualities contracting them to fill in temporary vacancies in different areas of our operations. The positions as well as the levels of expertise may vary and thus they are hard to specify. On December 31, 2019 Magyar Telekom had 234 interns, and T-Systems had 80 interns. Throughout our internship program these 314 interns were provided with opportunities to gain real workforce experience in various areas of our operations. The diverse team of our interns included students from the fields of IT, business, economy, architecture, horticultural sciences and many other areas. Admission to the internship program of the company is not limited to any scholarly areas, we are eager to find out more about the applicants main drives and personality as well. We believe that thinking together with a diverse set of great people can lead to great solutions.</p>		✓														
102-9	Supply chain	Stakeholders - Suppliers		http://www.telekom.hu/about_us/about_magyar_telekom/procurement https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm	<p>The total number of suppliers that Magyar Telekom Plc. contacted with procurement orders in 2019 was 1310. The table at GRI 102-10 lists the types of supplier by procurement areas. If suppliers are involved in the procurement processes of multiple areas than the above table lists them in all areas concerned. Therefore the sum of the above numbers does not reflect to the total number of suppliers engaged in our corporate procurement processes. The proportion of local suppliers 91,95%. There is a corporate intranet site providing internal information for employees on the Procurement and Logistics Directorate's areas of concern, representatives and the related rules and regulations.</p>		✓														

(1) With effect from January 01, 2020, the integrated Customer Facing Unit will serve the small and medium business segment along with the residential segment.

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance																														
102-10	Significant changes to the organization and its supply chain	Stakeholders – Suppliers			In 2019 there was no significant change in the composition of Magyar Telekom Group. The members of the Group: Magyar Telekom Plc., T-Systems Hungary, KalászNet, Makedonski Telekom, Novatel, Combridge, Stonebridge, Telekom New Media, Kitchen Budapest, Investel, ITGen, Pan-Inform, Pelsoft. ✓ NUMBER OF SUPPLIERS AT DIFFERENT PROCUREMENT AREAS		✓																														
					<table border="1"> <thead> <tr> <th>Procurement area</th> <th>Description</th> <th>Number of suppliers in 2016</th> <th>Number of suppliers in 2017</th> <th>Number of suppliers in 2018</th> <th>Number of suppliers in 2019</th> </tr> </thead> <tbody> <tr> <td>Network</td> <td>wire and wireless network, transmission technology, backbone network</td> <td>347</td> <td>333</td> <td>342</td> <td>319</td> </tr> <tr> <td>IT</td> <td>hardware, software procurement, IT Consulting & Contracting, IT-operations and desktop-services, OSS, BSS</td> <td>347</td> <td>346</td> <td>331</td> <td>287</td> </tr> <tr> <td>CPE & Noncore</td> <td>special projects and terminals, functional area</td> <td>80</td> <td>79</td> <td>86</td> <td>130</td> </tr> <tr> <td>Indirect</td> <td>marketing, low cost suppliers, fleet management, real estate management, related services, consultancy, labor force and HR services</td> <td>1035</td> <td>878</td> <td>783</td> <td>770</td> </tr> </tbody> </table>	Procurement area	Description	Number of suppliers in 2016	Number of suppliers in 2017	Number of suppliers in 2018	Number of suppliers in 2019	Network	wire and wireless network, transmission technology, backbone network	347	333	342	319	IT	hardware, software procurement, IT Consulting & Contracting, IT-operations and desktop-services, OSS, BSS	347	346	331	287	CPE & Noncore	special projects and terminals, functional area	80	79	86	130	Indirect	marketing, low cost suppliers, fleet management, real estate management, related services, consultancy, labor force and HR services	1035	878	783	770		
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Indirect	marketing, low cost suppliers, fleet management, real estate management, related services, consultancy, labor force and HR services	1035	878	783	770																																
102-11	Precautionary Principle or approach	Our Approach – Sustainability strategy Climate protection Stakeholders – Suppliers		http://www.telekom.hu/about_us/society_and_environment/approach_strategy_and_goals https://www.telekom.com/resource/blob/525950/75e73159e55aec7fd50199ffb9878ad7/dl-180528-umweltschutz-en-data.pdf	Magyar Telekom complies with the legal requirements in all geographies it operates in. Beyond legal requirements, Magyar Telekom employs a precautionary principle in existing and new ventures. We intend to prevent or alternatively minimize negative environmental impacts related to existing and new projects, products and services. Environmental Risk Assessments are an integral part of our due-diligence processes for mergers and acquisitions.		✓																														
102-12	External initiatives	Stakeholders					✓																														
102-13	Membership of associations	Stakeholders					✓																														
2. STRATEGY																																					
102-14	Statement from senior decision-maker	Letter from the CEO					✓																														
102-15	Key impacts, risks, and opportunities	Our Approach – Sustainability strategy		https://www.telekom.hu/about_us/society_and_environment https://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf https://www.telekom.hu/about_us/society_and_environment/approach_strategy_and_goals			✓																														
3. ETHICS AND INTEGRITY																																					
102-16	Values, principles, standards, and norms of behavior	Our Approach Diversity and inclusion Stakeholders		https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf			✓																														
102-17	Mechanisms for advice and concerns about ethics			http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	Magyar Telekom Group takes the Code of Conduct and its detailed regulation seriously and considers its enforcement to be among the highest priorities, but it is also acknowledged that it is sometimes difficult to know right from wrong. That's why the employees are encouraged to initiate open communication through an internally available Ask me! portal. Complaints and concerns about possible non-compliance with ethics are to be issued through the dedicated Tell Me! secure internal employee site.		✓																														
4. GOVERNANCE																																					
102-18	Governance structure	Corporate governance		http://www.telekom.hu/about_us/investor_relations/corporate_governance	Magyar Telekom's Board of Directors as the management body of the Company represents the Company with regard to third parties, in court and before other authorities. The Board of Directors exercise their rights and perform their obligations as independent body. The Board of Directors are responsible for all matters relating to the Company's management and course of business not otherwise reserved to the General Meeting or to other corporate bodies by the Articles of Association of the Company or by the law. The Board of Directors is not an operative management body, in other words, the Board of Directors is not involved in the Company's daily business. For the purpose of the operative control and effective day-to-day management of the Company the Board of Directors established the Management Committee the members of which are the CEO and the Chief Officers. The Management Committee acts within the scope of competences assigned to it by the Board of Directors. The Management Committee reports to the Board of Directors on the operation and status of Magyar Telekom Group at each meeting of the Board of Directors. The Supervisory Board (SB) oversees the management of the Company in order to protect its interests. Within the framework of this activity the Supervisory Board supervises the control, management and business activities of the Company as well as compliance of the Company's operation with the laws and the Articles of Association. The Audit Committee is a permanent committee composed – by selection of the Company's General Meeting – of independent members of the Company's Supervisory Board. The purpose of the Committee is to support the Supervisory Board (1) in supervising the financial reporting system, (2) in selecting the statutory Auditor and (3) in cooperating with the statutory Auditor. The Committee shall act within its scope of authority provided in the Civil Code, in the Capital Markets Act, in the Articles of Association and its Rules of Procedure approved by the Supervisory Board. The Board of Directors established the Remuneration and Nomination Committee to function as supporting body of the Board of Directors of the Company regarding the remuneration and certain nomination related issues of the members of the corporate bodies and the top executives of the Company in accordance with its Rules of Procedure. The reason for combining certain tasks regarding the remuneration and nomination is to make the decision making procedure of the Board of Directors more efficient in personnel matters, and to ensure the complex handling thereof.		✓																														

(1) The Management Committee, ceased to exist, as a decision-making body of the Company, with effect from January 01, 2020. The responsibilities and authorities of the Management Committee were reallocated partly to the Board of Directors, partly among the CEO and the other Chief Officers.

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
4. GOVERNANCE							
102-19	Delegating authority	Corporate governance					✓
102-20	Executive-level responsibility for economic, environmental and social topics	Corporate governance					✓
102-21	Consulting stakeholders on economic, environmental and social topics	Stakeholders					✓
102-22	Composition of the highest governance body and its committees			http://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors http://www.telekom.hu/about_us/investor_relations/corporate_governance/management_committee http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation https://www.telekom.hu/static-tr/sw/file/IFRS_Group_20191231_AGM.pdf https://www.telekom.hu/static-tr/sw/file/2020AGM_Corporate-Governance-Report-2019.pdf https://www.telekom.hu/static-tr/sw/file/BoD_self-assessment_2019_ENG_final.pdf	<p>As at December 31, 2019 the Board of Directors had 6 members, with one executive and five non-executive members. Two members are considered independent and four members are not considered independent. Members of the Board of Directors on December 31, 2019: Dr. Robert Hauber, Chairman of the Board of Directors, Senior Vice President Finance & Performance Management Europe, Deutsche Telekom AG; Tibor Rékasi, Chief Executive Officer, Magyar Telekom Plc.; Ralf Nejedl, Senior Vice President B2B Europe, Deutsche Telekom AG; Frank Odzuck, Chief Executive Officer, Zwack Unikum Plc. (independent); Péter Rátatics, Chief Operating Officer of MOL UniCredit Bank Hungary Zrt. (independent); Éva Somorjai-Tamássy, Chief Human Resources Officer of European Center, Deutsche Telekom AG.</p> <p>Members of the Management Committee on December 31, 2019: Tibor Rékasi Chief Executive Officer; Zsuzsanna Friedl, Chief Human Resources Officer; Melinda Szabó, Chief Commercial Officer Residential; Zoltán Kaszás, Chief Commercial Officer Enterprise; János Szabó, Chief Financial Officer; Zatkó Lubor, Chief Technology and IT Officer.</p> <p>Members of the Supervisory Board on December 31, 2019: Dr. László Pap, Chairman of the Supervisory Board, Professor emeritus, Budapest University of Technology and Economics, (independent); Dr. János Illéssy, Managing Director, Lebona Kft.; Chief Financial Officer, Ventil Kft. (independent); Dr. Sándor Kerekes, Professor Emeritus, Corvinus University Budapest, (independent); Dr. Károly Salamon, Managing Director, MIS Kft. (independent); Dr. Konrad Wetzker, Chairman of Corvinus School of Management (independent); Martin Meffert, Project Manager Asset Development Europe, Deutsche Telekom AG; Tamás Lichnovszky, Chairman of the Central Workers' Council, Magyar Telekom Plc.; Zsoltné Varga, Chairwoman of the Central Functions Workers Council; Magyar Telekom Plc.; Attila Bujdosó, President of the Telecommunications Trade Union, Magyar Telekom Plc.</p> <p>Members of the Audit Committee on December 31, 2019: Dr. László Pap, Chairman of the Supervisory Board, Professor emeritus, Budapest University of Technology and Economics; Dr. János Illéssy, Managing Director, Lebona Kft.; Chief Financial Officer, Ventil Kft.; Dr. Sándor Kerekes, Professor Emeritus, Corvinus University Budapest; Dr. Károly Salamon, Managing Director, MIS Kft.; Dr. Konrad Wetzker, Chairman of Corvinus School of Management.</p> <p>Members of the Remuneration and Nomination Committee on December 31, 2019: Dr. Robert Hauber, Chairman of the Remuneration and Nomination Committee, Senior Vice President Finance & Performance Management Europe, Deutsche Telekom AG; Frank Odzuck, Chief Executive Officer of Zwack Unicum Plc., Ralf Nejedl, Senior Vice President B2B Europe, Deutsche Telekom AG.</p>		✓
102-23	Chair of the highest governance body			https://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors/_members_of_the_board_of_directors https://www.telekom.hu/static-tr/sw/file/2020AGM_Corporate-Governance-Report-2019.pdf	The Chief Executive Officer does not fill the position of the Chairman of the Board of Directors.		✓
102-24	Nominating and selecting the highest governance body			http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation http://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents https://www.telekom.hu/static-tr/sw/file/AGM_submissions_18March2019_eng.pdf https://www.telekom.hu/static-tr/sw/file/20190409-AGM-resolutions-kozvetetelre.pdf	<p>The Annual General Meeting held on April 9, 2019 elected the new Board of Directors members. Shareholders shall have the right to participate at the General Meeting, and if holding shares with voting rights, to vote, in accordance with the Articles of Association.</p> <p>The current job grading system is transparent and the structure is reflecting the actual value of the particular positions rather than representing a hierarchical model. Each employee is placed in the respective job category on the basis of the responsibility, professional knowledge required by the given position which is taken by the employee. The individual positions are therefore comparable and the entire system is transparent and clear. The Remuneration and Nomination Committee on its meeting held on April 21, 2016, agreed on the acceptance and compliance with the following statement: „In the nomination process diversity and complementary competencies are taken into consideration.</p>		✓
102-25	Conflicts of interest			https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/2020AGM_Corporate-Governance-Report-2019.pdf	<p>Members of the Board of Directors shall inform the Board of Directors and the Supervisory Board if he/she (or any other person in a close relationship to him/her) has a significant, personal interest in a transaction of the Company (or of any of the Company's subsidiaries).</p> <p>Transactions between members of the Board of Directors (or persons in a close relationship to them) and the Company (or the Company's subsidiaries) shall be conducted according to the general rules of practice of the Company, but, with stricter transparency rules in place. In the case such a transaction is outside the normal course of the Company's business, the transaction and its terms should be approved by the Supervisory Board.</p> <p>In the event of accepting a new executive office, within fifteen days of accepting such executive office, the member of the Board of Directors shall notify about this fact in writing those companies, where he/she already serves as an executive officer or a supervisory board member. The member of the Board of Directors shall inform the Supervisory Board, if he/she receives an offer of Board of Directors or Supervisory Board membership or an offer of an executive management position in a company which is not part of the Company group and also if he/she accepted the offer.</p>		✓
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate governance					✓
102-27	Collective knowledge of highest governance body	Corporate governance					✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
102-28	Evaluating the highest governance body's performance				Top management decisions have a direct impact on the entire Magyar Telekom Group's activity and future priorities. The performance of the top management (Chief Executive Officer, Chief Officers) is incentivized through the Lead to Win motivation system. The incentive system has a short-term incentive (bonus), a long-term, cash-based incentive (LTI) and a long-term, share-based incentive (share benefit program - SBP) element. The Remuneration and Nomination Committee of Magyar Telekom Group's Board of Directors makes proposals both for the annual targets and the evaluation of their implementation. The Committee Member, independent from the majority owner, shall provide for the representation of the minority owners' interests. Upon consideration of the proposals made by the Remuneration Committee, the Board of Directors adopts decisions regarding the targets and evaluation of top executives' performance. The Board of Directors evaluates the performance of the previous year and finalizes the targets of the current year in the first meeting of the year. In general, 55% of top executives' salary is fixed, while 45% is variable pay (bonus). The annual bonus is payable prorated to the evaluated performance of the partly collective, partly individual targets set at the beginning of the year and derived from Magyar Telekom Group's strategic targets. In the case of the collective targets no bonus is payable, if performance is below a certain minimum limit, defined in advance. In case of over-achieving the targets, additional bonus is paid, the extent of which cannot exceed 50% of the bonus payable upon 100% performance. The framework of bonus target setting (bonus amount, structure and maximal amount of additional bonus) is defined by the strategic investor's compensation guidelines (Deutsche Telekom Global Compensation Guidelines). In addition to the annual target-setting, evaluation and bonus payment used as short term incentive, the Company also lays emphasis on long-term performance stimulation. The first package of the LTI-program - as part of the Lead to Win system - was introduced in 2015 so as to stimulate the contribution of the top management to the achievement of the strategic objectives even more effectively. With the 4 year term Telekom focuses on the increase of sustainable performance. It is the competence of the General Meeting to approve the "Remuneration Guidelines" that sets forth the remuneration principles and components for the top management and the members of corporate bodies. Besides, as part of the Corporate Governance Report, Telekom each year discloses the previous year's remuneration for the top management and corporate bodies in the Remuneration Statement. The conditions of selecting the members of Magyar Telekom's Board of Directors, Supervisory Board and Audit Committee were amended by the Remuneration and Nomination Committee in April 2016: as new elements diversity and the reciprocal supplementation of competences are also taken into account.		✓
102-29	Identifying and managing economic, environmental, and social impacts	Corporate governance					✓
102-30	Effectiveness of risk management processes	Corporate governance			The potential risk segments concerning the operations of Magyar Telekom are being revisioned on a quarterly basis. All of our subsidiaries, business segments and other corporate bodies are obliged to identify and report on the potential risks of their operations on a quarterly basis. The results of assessment and evaluation of these threats are being forwarded to the Board of Directors and the Audit Committee. In order to enable the immediate release of threats that might effect shareholder decisions we have introduced a supplementary element to the risk management process. Our quarterly risk reporting system has been supplemented by a continuous risk reporting obligation. Thus all subsidiaries and business segments of the company are obliged to immediately report on all relevant, news, facts, changes and threats. All transmitted information is being evaluated by the Risk management area, and in case of identifying new and relevant information and/or threat, the representative of the area immediately reports them to the Chief Financial Officer. There is an internal regulation in operation that secures and defines the levels of responsibility of employees in relation to risk management.		✓
102-31	Review of economic, environmental, and social topics	Corporate governance					✓
102-32	Highest governance body's role in sustainability reporting	Corporate governance					✓
102-33	Communicating critical concerns	Corporate governance					✓
102-34	Nature and total number of critical concerns	Stakeholders					✓
102-35	Remuneration policies	Diversity and inclusion		http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation https://www.telekom.hu/static-tr/sw/file/IFRS_Group_20191231_AGM.pdf https://www.telekom.hu/static-tr/sw/file/2020AGM_Corporate-Governance-Report-2019.pdf	Top management decisions have a direct impact on the entire Magyar Telekom Group's activity and future priorities. The performance of the top management (Chief Executive Officer, Chief Officers) is incentivized through the Lead to Win motivation system. The incentive system has a short-term incentive (bonus), a long-term, cash-based incentive (LTI) and a long-term, share-based incentive (share benefit program - SBP) element. The Remuneration and Nomination Committee of Magyar Telekom Group's Board of Directors makes proposals both for the annual targets and the evaluation of their implementation. The Committee Member, independent from the majority owner, shall provide for the representation of the minority owners' interests. Upon consideration of the proposals made by the Remuneration Committee, the Board of Directors adopts decisions regarding the targets and evaluation of top executives' performance. The Board of Directors evaluates the performance of the previous year and finalizes the targets of the current year in the first meeting of the year. In general, 55% of top executives' salary is fixed, while 45% is variable pay (bonus). The annual bonus is payable prorated to the evaluated performance of the partly collective, partly individual targets set at the beginning of the year and derived from Magyar Telekom Group's strategic targets. In the case of the collective targets no bonus is payable, if performance is below a certain minimum limit, defined in advance. In case of over-achieving the targets, additional bonus is paid, the extent of which cannot exceed 50% of the bonus payable upon 100% performance. The framework of bonus target setting (bonus amount, structure and maximal amount of additional bonus) is defined by the strategic investor's compensation guidelines (Deutsche Telekom Global Compensation Guidelines). In addition to the annual target-setting, evaluation and bonus payment used as short term incentive, the Company also lays emphasis on long-term performance stimulation. The first package of the LTI-program - as part of the Lead to Win system - was introduced in 2015 so as to stimulate the contribution of the top management to the achievement of the strategic objectives even more effectively. With the 4 year term Telekom focuses on the increase of sustainable performance. It is the competence of the General Meeting to approve the "Remuneration Guidelines" that sets forth the remuneration principles and components for the top management and the members of corporate bodies. Besides, as part of the Corporate Governance Report, Telekom each year discloses the previous year's remuneration for the top management and corporate bodies in the Remuneration Statement. The conditions of selecting the members of Magyar Telekom's Board of Directors, Supervisory Board and Audit Committee were amended by the Remuneration and Nomination Committee in April 2016: as new elements diversity and the reciprocal supplementation of competences are also taken into account.		✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
102-36	Process for determining remuneration			http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation https://www.telekom.hu/static-tr/sw/file/20190409_Remuneration_Guidelines_ENG.pdf https://www.telekom.hu/static-tr/sw/file/20200101_MT_RNC_RoP_ENG.pdf https://www.telekom.hu/static-tr/sw/file/20200101_MT_BoD_RoP_ENG.pdf	Members of the Committee may request presence of external invitees (e.g. experts) who can attend parts or the entire meeting related to the agenda item.		✓
102-37	Stakeholders' involvement in remuneration			http://www.telekom.hu/static-tr/sw/file/8_javadalmazas_19March2014_eng.pdf http://www.telekom.hu/static-tr/sw/file/kozgyulesi_hatarozatok_2014AGM_14April2014_eng.pdf https://www.telekom.hu/static-tr/sw/file/AGM_submissions_18March2019_eng.pdf https://www.telekom.hu/static-tr/sw/file/20190409-AGM-resolutions-kozvetelre.pdf	The Annual General Meeting, held on April 11, 2014, determined the remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee. The Annual General Meeting, held on April 9, 2019 approved the amendments of the Remuneration Guidelines.		✓
102-38	Annual total compensation ratio			https://www.telekom.hu/static-tr/sw/file/2020AGM_Corporate-Governance-Report-2019.pdf	Information disclosed on remuneration of Board of Directors, Supervisory Board, Audit Committee and Management is available in Corporate Governance and Management Report (prepared on the basis of the provisions of the Civil Code and the Corporate Governance Recommendations of the Budapest Stock Exchange (BSE)).	Partial disclosure	✓
102-39	Percentage increase in annual total compensation ratio			https://www.telekom.hu/static-tr/sw/file/2020AGM_Corporate-Governance-Report-2019.pdf	Information disclosed on remuneration of Board of Directors, Supervisory Board, Audit Committee and Management is available in Corporate Governance and Management Report (prepared on the basis of the provisions of the Civil Code and the Corporate Governance Recommendations of the Budapest Stock Exchange (BSE)).	Partial disclosure	✓
5. STAKEHOLDER ENGAGEMENT							
102-40	List of stakeholder groups	Stakeholders					✓
102-41	Collective bargaining agreements				100% of the employment contracts of Magyar Telekom Group employees operating in Hungary fall under collective bargaining agreements, the same ratio for Macedonian workers is 90.2%.		✓
102-42	Identifying and selecting stakeholders	Stakeholders					✓
102-43	Approach to stakeholder engagement	Stakeholders					✓
102-44	Key topics and concerns raised	Stakeholders					✓
6. REPORTING PRACTICE							
102-45	Entities included in the consolidated financial statements				The report covers Hungary and Macedonia and all activities of the Group are included. Telekom uses its best efforts to ensure completeness of the report therefore includes all member companies that are of key importance from a sustainability point of view. The data disclosed the report are comparable to the changes of the composition of the Group which is supported by the table in the direct answers to the 102-10 indicator.		✓
102-46	Defining report content and topic Boundaries	Stakeholders - Materiality					✓
102-47	List of material topics	Stakeholders - Materiality					✓
102-48	Restatements of information				The report does not contain any restatements.		✓
102-49	Changes in reporting				There is no any significant change in reporting.		✓
102-50	Reporting period				All data and information presented in this current report references the year 2019.		✓
102-51	Date of most recent report			https://www.telekom.hu/static-tr/sw/file/sustainability-report-2017.pdf	The most recent report was published in 2019 covering the year 2018.		✓
102-52	Reporting cycle			https://www.telekom.hu/about_us/society_and_environment/sustainability_reports/?token=1468592762386	Magyar Telekom releases its sustainability report on an annual basis.		✓
102-53	Contact point for questions regarding the report				Should you have any questions or queries on the report, please do not hesitate to write to the following e-mail address: fenntarthatosag@telekom.hu		✓
102-54	Claims of reporting in accordance with the GRI Standards				This report has been prepared in accordance with the GRI Standards: Comprehensive option		✓
102-55	GRI content index	GRI content index					✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance																																																																																																										
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102-56	External assurance	Assurance statement			<p>In order to ensure credibility and transparency, the Company continued to rely upon the support of an experienced and respected, external, independent third party. The purpose of the assurance procedure that they conducted is to determine the compliance, authenticity, comprehensiveness, structural integrity, justifiability and verifiability of the Sustainability Report. The report has been audited by PricewaterhouseCoopers Könyvvizsgáló Kft. and they assure the information contained therein to be reliable. The assurance process has been designed and conducted in accordance with the ISAE3000 standard, defined by the International Federation of Accountants. The respective limited assurance engagement report can be found in the 'Assurance Statement' chapter. Data and information audited are indicated by a ✓ symbol in the report and in the GRI content index.</p> <p>Sources of the data included in the report:</p> <ul style="list-style-type: none"> - The business data are from the Group's year-2019 Annual Report and Quarterly Reports and data collection conducted within the Group. - The data of social nature are collected within the Group partly with the support of an online reporting tool, while the rest was supplied by the affiliates and organizational units. - The environmental protection data are partly from a process-wise transparent, online data provision system, as well as data collection conducted within the Group. 		✓																																																																																																										
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103-1-2-3	Management approach	Letter from the CEO Our Approach					✓																																																																																																										
201-1	Direct economic value generated and distributed				<p>CREATING VALUE FOR OUR STAKEHOLDERS ✓</p> <table border="1"> <thead> <tr> <th></th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2019</th> <th>2019</th> <th>2019</th> <th>2019</th> </tr> <tr> <th></th> <th>Group</th> <th>Group</th> <th>Group</th> <th>Group</th> <th>Group</th> <th>Hungary</th> <th>Macedonia</th> <th>Romania</th> <th>Bulgaria</th> </tr> </thead> <tbody> <tr> <td>Revenues (total revenue + share from the after-tax profit of the affiliates)</td> <td>656 342 HUF million</td> <td>602 729 HUF million</td> <td>611 194 HUF million</td> <td>657 692 HUF million</td> <td>666 743 HUF million</td> <td>602 360 HUF million</td> <td>57 705 HUF million</td> <td>4 036 HUF million</td> <td>2 642 HUF million</td> </tr> <tr> <td>Stakeholder</td> <td colspan="9">Distributed economic value</td> </tr> <tr> <td>Suppliers</td> <td>Operating costs (total revenue-related payments + net other operating costs)</td> <td>377 409 HUF million</td> <td>311 72 HUF million</td> <td>345 245 HUF million</td> <td>374 470 HUF million</td> <td>333 893 HUF million</td> <td>301 647 HUF million</td> <td>28 172 HUF million</td> <td>2 293 HUF million</td> <td>1 781 HUF million</td> </tr> <tr> <td>Employees</td> <td>Employee wages and benefits (employee related costs)</td> <td>95 160 HUF million</td> <td>83 327 HUF million</td> <td>80 240 HUF million</td> <td>82 968 HUF million</td> <td>80 192 HUF million</td> <td>73 615 HUF million</td> <td>5 739 HUF million</td> <td>448 HUF million</td> <td>390 HUF million</td> </tr> <tr> <td>Investors</td> <td>Payment to capital investors dividend pay + net other operating costs)</td> <td>28 176 HUF million</td> <td>42 448 HUF million</td> <td>47 708 HUF million</td> <td>43 852 HUF million</td> <td>50 194 HUF million</td> <td>49 899 HUF million</td> <td>281 HUF million</td> <td>-4 HUF million</td> <td>18 HUF million</td> </tr> <tr> <td>State</td> <td>Payments to the state budget (profit tax + crisis tax + telecom tax + utility tax)</td> <td>46 666 HUF million</td> <td>27 128 HUF million</td> <td>48 461 HUF million</td> <td>45 979 HUF million</td> <td>46 639 HUF million</td> <td>45 454 HUF million</td> <td>1 111 HUF million</td> <td>90 HUF million</td> <td>-16 HUF million</td> </tr> <tr> <td>Communities</td> <td>Community investments (donations, institutional sponsorship, voluntary work, education)</td> <td>348 HUF million</td> <td>444 HUF million</td> <td>363 HUF million</td> <td>703 HUF million</td> <td>2 034 HUF million</td> <td>1 958 HUF million</td> <td>75 HUF million</td> <td>n.a</td> <td>n.a</td> </tr> <tr> <td>Overall stakeholders in the future</td> <td>Retailed earnings (after-tax profit + depreciation-dividend paid)</td> <td>145 331 HUF million</td> <td>159 066 HUF million</td> <td>122 353 HUF million</td> <td>135 910 HUF million</td> <td>155 825 HUF million</td> <td>131 745 HUF million</td> <td>22 402 HUF million</td> <td>1 209 HUF million</td> <td>469 HUF million</td> </tr> </tbody> </table>		2015	2016	2017	2018	2019	2019	2019	2019	2019		Group	Group	Group	Group	Group	Hungary	Macedonia	Romania	Bulgaria	Revenues (total revenue + share from the after-tax profit of the affiliates)	656 342 HUF million	602 729 HUF million	611 194 HUF million	657 692 HUF million	666 743 HUF million	602 360 HUF million	57 705 HUF million	4 036 HUF million	2 642 HUF million	Stakeholder	Distributed economic value									Suppliers	Operating costs (total revenue-related payments + net other operating costs)	377 409 HUF million	311 72 HUF million	345 245 HUF million	374 470 HUF million	333 893 HUF million	301 647 HUF million	28 172 HUF million	2 293 HUF million	1 781 HUF million	Employees	Employee wages and benefits (employee related costs)	95 160 HUF million	83 327 HUF million	80 240 HUF million	82 968 HUF million	80 192 HUF million	73 615 HUF million	5 739 HUF million	448 HUF million	390 HUF million	Investors	Payment to capital investors dividend pay + net other operating costs)	28 176 HUF million	42 448 HUF million	47 708 HUF million	43 852 HUF million	50 194 HUF million	49 899 HUF million	281 HUF million	-4 HUF million	18 HUF million	State	Payments to the state budget (profit tax + crisis tax + telecom tax + utility tax)	46 666 HUF million	27 128 HUF million	48 461 HUF million	45 979 HUF million	46 639 HUF million	45 454 HUF million	1 111 HUF million	90 HUF million	-16 HUF million	Communities	Community investments (donations, institutional sponsorship, voluntary work, education)	348 HUF million	444 HUF million	363 HUF million	703 HUF million	2 034 HUF million	1 958 HUF million	75 HUF million	n.a	n.a	Overall stakeholders in the future	Retailed earnings (after-tax profit + depreciation-dividend paid)	145 331 HUF million	159 066 HUF million	122 353 HUF million	135 910 HUF million	155 825 HUF million	131 745 HUF million	22 402 HUF million	1 209 HUF million	469 HUF million		✓
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201-2	Financial implications and other risks and opportunities due to climate change	Our approach – Sustainability strategy Climate protection									✓																																																																																																						
201-3	Defined benefit plan obligations and other retirement plans				As of 2019 the employer contribution the private healthcare, mutual funds and voluntary pension ceased, while we remain to contribute to the state owned healthcare, pension and unemployment support systems. Meanwhile we deduct voluntary pension and healthcare membership fees and transfer them to the cash funds on behalf of the employee. The membership fee may be a fixed amount or a percentage, which is to be stated in the employee declaration.						✓																																																																																																						
201-4	Financial assistance received from government				<p>SUBSTANTIAL FINANCIAL SUPPORT FROM STATE</p> <table border="1"> <thead> <tr> <th></th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>tax credit utilization</td> <td>5493 HUF million</td> <td>1914 HUF million</td> <td>3208 HUF million</td> <td>2484 HUF million</td> <td>3 862 HUF million</td> </tr> <tr> <td>film- and sport subsidies</td> <td>664 HUF million</td> <td>395 HUF million</td> <td>546 HUF million</td> <td>500 HUF million</td> <td>645 HUF million</td> </tr> <tr> <td>tax benefit on wage cost of softwer developers</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>tax impact of tax base decreasing item on donations</td> <td>300 HUF thousand</td> <td>114 HUF thousand</td> <td>189 HUF thousand</td> <td>0</td> <td>559 HUF thousand</td> </tr> <tr> <td>tax impact of tax base decreasing item on R&D</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table>		2015	2016	2017	2018	2019	tax credit utilization	5493 HUF million	1914 HUF million	3208 HUF million	2484 HUF million	3 862 HUF million	film- and sport subsidies	664 HUF million	395 HUF million	546 HUF million	500 HUF million	645 HUF million	tax benefit on wage cost of softwer developers	0	0	0	0	0	tax impact of tax base decreasing item on donations	300 HUF thousand	114 HUF thousand	189 HUF thousand	0	559 HUF thousand	tax impact of tax base decreasing item on R&D	0	0	0	0	0		✓																																																																						
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GRI 202: MARKET PRESENCE 2016							
103-1-2-3	Management approach	Our Approach Diversity and inclusion Stakeholders					✓
202-1	Ratios of standard entry level wage by gender compared to local minimum wage				Magyar Telekom Group always provides at least the minimum wage as required in the relevant legislation and the salary of new entrants is exclusively determined by the value of the advertised position. Magyar Telekom is an equal opportunity employer. The salary brackets are determined on the basis of the actual market benchmark regardless of the gender of the employees. The lowest base wage as stated in the Collective Agreement is 120% of the minimum wage.		✓
202-2	Proportion of senior management hired from the local community	Diversity and inclusion					✓
GRI 203: INDIRECT ECONOMIC IMPACTS 2016							
103 1-2-3-	Management Approach	Our Approach – Sustainability strategy					✓
203-1	Infrastructure investments and services supported	Digitally enabled sustainability Stakeholders					✓
203-2	Significant indirect economic impacts	Digitally enabled sustainability Stakeholders					✓
GRI 204: PROCUREMENT PRACTICES 2016							
103 1-2-3-	Management Approach	Stakeholders – Suppliers		https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm			✓
204-1	Proportion of spending on local suppliers	Stakeholders – Suppliers					✓
GRI 205: ANTI-CORRUPTION 2016							
103 1-2-3-	Management Approach			http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf http://www.telekom.hu/static-tr/sw/file/Anti_corruption_clause_en.pdf http://www.telekom.hu/static-tr/sw/file/corporate_governance_declarations_ICS_eng.pdf	Magyar Telekom does not tolerate intention or transaction on corruption; therefore several internal policies and procedures have been developed to prohibit and prevent bribery (including making facilitation payments). Magyar Telekom intention is to comply with the anti-corruption rules relevant to the Group and it expects its business partners that they will not use money or other consideration paid by Magyar Telekom Group for unlawful purposes, including purposes violating anti-corruption laws, such as make or cause to be made direct or indirect payments to any public official or private person in order to assist Magyar Telekom or anyone acting on its behalf in obtaining or retaining business with, or directing business to, any person, or securing any improper advantage. Telekom prohibits any form of corruption or bribery including but not limited to providing or accepting or promising personal advantage, kick-backs or facilitation payments. The Group also prohibits its employees to make decisions for the employees' benefit or that of the employees' family, friends, associates and acquaintances. No gift or invitation to events can be granted to a third-party where they could affect or be perceived to affect the outcome of a business transaction. The Magyar Telekom Group does not financially or morally support political parties, political organizations or their representatives. Its charitable contribution activities are disclosed on its internet site. Magyar Telekom does not intend to conduct any business with third parties who violate the anti-corruption regulations or the guiding principles of the Compliance Program.		✓
205-1	Operations assessed for risks related to corruption			https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	Our yearly Compliance Risk Assessment (CRA) addresses active and passive corruption separately. It always includes Magyar Telekom, T-Systems, Makedonski Telekom. Other subsidiaries may be included on an ad-hoc basis based on inputs coming from compliance investigations. The CRA covers the before mentioned companies entirely (100%). During the risk assessment we formulate remedial actions concerning the risks identified. We also monitor the fulfillment of these measures.		✓
205-2	Communication and training about anti-corruption policies and procedures			https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	a. number and proportion of the members of management bodies to which the organization's anticorruption policy and processes have been communicated, broken down to regions: 100%, all regions, Magyar Telekom: 6 persons (Management Committee) b. number and proportion of employees to whom the organization's anticorruption policy and processes have been communicated, broken down to employee categories and regions: 100%, all regions c. number and proportion of business partners to which the organization's anticorruption policy and processes have been communicated, broken down to business partner type and region: 100%, Magyar Telekom's current business partners. There was no external communication on this topic. d. number and proportion of management organizations that were trained on anticorruption, broken down to regions: 100%, all regions, Magyar Telekom: 6 persons e. number and proportion of employees who were trained on anticorruption, broken down to employee a category and region: Magyar Telekom Plc.: 422 persons, in 2019 97% of new entrants completed the course successfully."		✓
205-3	Confirmed incidents of corruption and actions taken				Number of confirmed incidents: 0		✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016							
103 1-2-3-	Management Approach			http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	Magyar Telekom uses its best efforts to fulfill its obligations in accordance with the effective laws. In order to prevent potential authority penalties and sanctions the Company always strive to ensure Magyar Telekom's compliance with the effective laws and manage conflicts - besides harmonizing our processes and IT systems with the amendment of laws - with continuous personal consultation, agreements concluded with the authorities and retroactive settlement plans set out in undertakings, made in the form of declarations. The antitrust policy covers: price fixing, bid rigging, market allocation scheme. The antitrust policy applies to: employees, contractors, suppliers. The company publicly report on breaches of its antitrust policy. Measures are taken to promote and ensure antitrust compliance.		✓
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices				In 2019 no fines were imposed due to anti-competitive conduct or violation of anti-trust statutes. Vj-56/2017 was closed without sanction upon Magyar Telekom's commitments.		✓
GRI 300: ENVIRONMENTAL STANDARDS 2016							
GRI 301: MATERIALS 2016							
103 1-2-3	Management Approach	Our Approach – Sustainability strategy Climate protection		http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf http://www.telekom.hu/about_us/society_and_environment/environment/management_systems	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group. Both Magyar Telekom and T-Systems has the certified Integrated Management Systems, included ISO 50001 energy management system and ISO 14001 environmental management system.		✓
301-1	Materials used by weight or volume	Our Approach – Sustainability strategy Climate protection		http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyarto-hajekoztato (only HU) http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf			✓
301-2	Recycled input materials used			http://www.telekom.hu/about_us/society_and_environment https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU)	Recycled paper used in 2019: 128 980 kg (bills, office use).		✓
301-3	Reclaimed products and their packaging materials	Climate protection		https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/vendors/information/main.vm http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyarto-hajekoztato (only HU) http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU)	Magyar Telekom Plc.'s intermediary partner for batteries is ReLEM. In 2019 32 kg electronical devices were taken back.		✓
GRI 302: ENERGY 2016							
103 1-2-3	Management Approach	Our Approach – Sustainability strategy Climate protection		http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group. Both Magyar Telekom and T-Systems has the certified Integrated Management Systems, included ISO 50001 energy management system and ISO 14001 environmental management system.		✓
302-1	Energy consumption within the organization	Climate protection					✓
302-2	Energy consumption outside of the organization	Climate protection		http://www.telekom.hu/about_us/society_and_environment/environment/equipment_management			✓
302-3	Energy intensity	Climate protection					✓
302-4	Reduction of energy consumption	Climate protection		http://www.telekom.hu/about_us/society_and_environment			✓
302-5	Reductions in energy requirements of products and services	Climate protection					✓

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GRI 303: WATER AND EFFLUENTS 2018							
303-1	Interactions with water as a shared resource	Climate protection		http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓
303-2	Management of water discharge-related impacts	Climate protection		http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf			✓
303-3	Water withdrawal	Climate protection			The usage of groundwater is only a minor part of the total water consumption, the wells are not located in protected areas therefore we only report quantitative data of consumption.		✓
303-4	Water discharge	Climate protection					✓
303-5	Water consumption	Climate protection					✓
GRI 304: BIODIVERSITY 2016							
103 1-2-3	Management Approach	Climate protection		http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/about_us/society_and_environment	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Climate protection		http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf			✓
304-2	Significant impacts of activities, products, and services on biodiversity				Our company avoids operations on protected and Natura 2000 areas.		✓
304-3	Habitats protected or restored				We do not conduct operations on protected or restored habitats.		✓
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations				Our operations do not affect habitats of endangered and/or IUCN Red List species.		✓
GRI 305: EMISSIONS 2016							
103 1-2-3	Management Approach	Our Approach– Sustainability strategy Climate protection		http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓
305-1	Direct (Scope 1) GHG emissions	Climate protection					✓
305-2	Energy indirect (Scope 2) GHG emissions	Climate protection			All emissions are location based. Electricity consumption is given as market based too.		✓
305-3	Other indirect (Scope 3) GHG emissions	Climate protection					✓
305-4	GHG emissions intensity	Climate protection			We have conducted the following measurements: Scope 1: g/CO2/km, Scope 2: Gbit/kWh, energy intensity: GJ/HUF M, Scope 3: we measure the emissions related to CPE energy consumption, paper use, emissions of business travel.		✓
305-5	Reduction of GHG emissions	Climate protection			The quoted emission data refer to Scope 1 and Scope 2 emissions.		✓
305-6	Emissions of ozone-depleting substances (ODS)				Magyar Telekom does not produce, export or import substances that damage the ozone layer. No leakage was detected from air-conditioning equipment. Due to the very low number of occurrences Telekom does not report this item.		✓
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Climate protection					✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance																																																																																										
GRI 306: EFFLUENTS AND WASTE 2016																																																																																																	
103 1-2-3	Management Approach	Our Approach – Sustainability strategy Climate protection		http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓																																																																																										
306-1	Water discharge by quality and destination	Climate protection			Magyar Telekom Group only uses potable water for social purposes (we do not use water for technology purposes) therefore the quantity of sewage water output is the same as the potable water consumption		✓																																																																																										
306-2	Waste by type and disposal method	Climate protection					✓																																																																																										
306-3	Significant spills				There was no significant leakage or unsupervised output.		✓																																																																																										
306-4	Transport of hazardous waste				Magyar Telekom does not import or export or manage hazardous waste.		✓																																																																																										
306-5	Water bodies affected by water discharges and/or runoff				Our operations do not directly affect water bodies, water discharges and/or freshwater habitat.		✓																																																																																										
GRI 307: ENVIRONMENTAL COMPLIANCE 2016																																																																																																	
103 1-2-3	Management Approach	Our Approach – Sustainability strategy Climate protection		http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_environmental_policy.pdf http://www.telekom.hu/about_us/society_and_environment/environment/management_systems	Magyar Telekom Group upholds its commitment to sustainable development and the environment protection in the Environmental policy. The policy contains obligations for the members of the Magyar Telekom Group both individually and as a Group.		✓																																																																																										
307-1	Non-compliance with environmental laws and regulations	Climate protection					✓																																																																																										
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016																																																																																																	
103 1-2-3	Management Approach	Stakeholders – Suppliers					✓																																																																																										
308-1	New suppliers that were screened using environmental criteria	Stakeholders – Suppliers					✓																																																																																										
308-2	Negative environmental impacts in the supply chain and actions taken	Stakeholders – Suppliers					✓																																																																																										
GRI 400: SOCIAL STANDARDS 2016																																																																																																	
GRI 401: EMPLOYMENT 2016																																																																																																	
103 1-2-3	Management Approach	Diversity and inclusion					✓																																																																																										
401-1	New employee hires and employee turnover						✓																																																																																										
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diversity and inclusion			Magyar Telekom provides a broad range of welfare and social benefits. Some of them are provided automatically whereas others can be obtained upon satisfying certain conditions while there are insurance types of benefits, too. The provision of certain benefits is subject to the employee's own contribution. The provision of social benefits and benefits that are not provided automatically is regulated in the Collective Agreement and the relevant policies. We also provide telecommunication discounts and other benefits. Contributions to public health, pension and unemployment benefit schemes are made by the employer to the required extent and until the statutory deadline. With respect to additional payments from 2019 the additional contribution to funds ceased. Meanwhile we deduct voluntary pension and healthcare membership fees and transfer them to the cash funds on behalf of the employee. The membership fee may be a fixed amount or a percentage, which is to be stated in the employee declaration.		✓
401-3	Parental leave	Diversity and inclusion					✓
GRI 402: LABOR/MANAGEMENT RELATIONS 2016							
1103 1-2-3	Management Approach				Magyar Telekom has long traditions of negotiation with employee representative bodies. Employee representation bodies are treated as partners in the operation of the company. At present two unions and workers council operate at Magyar Telekom, communication with them runs on two levels. Central decisions concerning the whole Company, when the employee representation bodies need to be consulted, are deliberated with the Central Workers Council and the representatives delegated by the trade unions, either in the frame of joint consultation (Interest Reconciliation Council), or separately, depending on the nature of the matter discussed. Central communication is managed both verbally (negotiation) and in writing. The Chief People Officer and the HR Business partner are managing central-level communication with the employee representation bodies. Interest enforcement issues concerning a given governance area are also discussed locally with the representatives of the trade unions and the local workers council. The HR Business Partners of the governance area are responsible for communication with the local employee representation bodies. In line with the provisions of Act V of 2013 on the Hungarian Civil Code one third of Supervisory Board members are employee representatives. The employee representatives of the Supervisory Board are nominated by the Central Works Council, in consideration of the opinion of trade unions operating at the Company. The General Meeting is obliged to elect persons nominated by the Central Works Council to the Supervisory Board unless there are underlying circumstances that serve as grounds for exclusion. On December 31, 2019 the Supervisory Board had three employee representatives: Tamás Lichnovszky, Zsoltné Varga and Bujdosó Attila. „		✓
402-1	Minimum notice periods regarding operational changes				Trade union and the workers council (Central Workers Council) must be consulted and their opinion solicited on significant decisions resulting in organizational changes or changes affecting a large group of employees. In organization restructuring decisions the collective bargaining bodies have 7 days to submit their comments, in other cases 15 days. The measure in question may not be implemented during this 15-day period. Trade unions and workers councils (Central Workers Council) must be consulted with regard to draft resolutions, aiming at organizational changes without regard to the number of employees concerned.		✓
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018							
403-1	Occupational health and safety management system	Stakeholders - Suppliers		http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees	Magyar Telekom looks at health and safety as a precondition of the success of the company that play an important role in the satisfaction of our employees as well as in the quality of work and corporate culture. That is the reason why the company is committed to operate the Workplace Healthcare and Occupational Safety Management System that ensures the successful fulfillment of the objectives. The results justify Telekom's work, i.e. as a result of the year 2018 audit the Company successfully renewed the MEBIR certification. Magyar Telekom together with all of its national and international subsidiaries have the DEKRA Certification ISO 45001:2018. The company also demands suppliers compliance with its health and safety regulations.		✓
403-2	Hazard identification, risk assessment, and incident investigation				Labor Safety identified threats, as well as reviewed and assessed the risks attached to telecommunications activities and jobs in 2019, too, providing a comprehensive view on the risks posed at any jobs of the company and concerning employees pursuing activities associated with different levels of hazard, as well as the extent of such risk, thus enabling the adoption of targeted and personalized protective measures.		✓
403-3	Occupational health services				As in previous years, we put extra emphasis on health, the support of different medical checkups in 2019, too. In order for that, we provided our employees family practitioner-type care in Budapest, and different medical checkups across the country in addition to their occupational health assessments. A total of 5387 people (MT: 4118 TSM: 1269) took part in the occupational health assessments. As part of the assessments, ophthalmology examinations took place in 5207 cases (MT: 3771, TSM: 1436). In case of 70% of the examinations, some medical condition (e.g. visual acuity issues, cataract, glaucoma, high blood pressure, diabetes etc.) was diagnosed. A total of 1115 employees (MT: 746, TSM: 369) showed up for the examinations independent of the occupational health assessment in 2019.		✓
403-4	Worker participation, consultation, and communication on occupational health and safety				In accordance with the occupational health and safety regulations there are health and safety committees formed by health and safety employee representatives in both T-Systems and Magyar Telekom. At Telekom 7 employee representatives, and at T-Systems 1 representative serves in the safety committees, depending on the risk category of the respective areas the occupational safety risks - and interests - are weighted. In general the technical areas have the highest representation rate in the weighted structure, but representatives cover all relevant company organizations. The safety committees and the employer have regular consultation forums where they work closely together on key health and safety issues, goals and perspectives.		✓
403-5	Worker training on occupational health and safety				All Magyar Telekom employees are required to complete their labor safety training at the time they are hired, and to take the course repeatedly every two years.		✓
403-6	Promotion of worker health				The regulatory function of the Central Works Council (Occupational Safety Rules and Regulations) guarantees that employees may work in a healthy and safe environment and the Council also has the right to express its opinion in such matters. The Occupational Safety Rules and Regulations determines the scope of personal protective equipment, the environment to provide healthy and safe workplaces that also ensures compliance with the effective legislation as well as the MSZ ISO 45001:2018 MEBIR (Occupational Health and Safety Management System) safety standards.		✓
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				The Company elaborates technological processes to avoid electric shock accidents and to ensure the safety of work performed in heights.		✓

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403-8	Workers covered by an occupational health and safety management system				Magyar Telekom together with all of its national and international subsidiaries have the DEKRA Certification ISO 45001:2018 (Occupational Health and Safety Management System). The company also demands suppliers compliance with its health and safety regulations.		✓																																																
403-9	Work-related injuries				<p>ACCIDENT RATIO FOR ONE THOUSAND EMPLOYEE AT MAGYAR TELEKOM GROUP ✓</p> <table border="1"> <caption>ACCIDENT RATIO FOR ONE THOUSAND EMPLOYEE AT MAGYAR TELEKOM GROUP</caption> <thead> <tr> <th>Year</th> <th>Magyar Telekom Plc.</th> <th>Makedonski Telekom</th> <th>T-Systems Hungary</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>3.5</td> <td>2.5</td> <td>1.5</td> </tr> <tr> <td>2016</td> <td>3.5</td> <td>6.5</td> <td>2.5</td> </tr> <tr> <td>2017</td> <td>4.5</td> <td>6.5</td> <td>2.5</td> </tr> <tr> <td>2018</td> <td>4.5</td> <td>9.5</td> <td>1.5</td> </tr> <tr> <td>2019</td> <td>7.5</td> <td>10.5</td> <td>1.5</td> </tr> </tbody> </table> <p>WORKPLACE ACCIDENTS AT MAGYAR TELEKOM GROUP ✓</p> <table border="1"> <caption>WORKPLACE ACCIDENTS AT MAGYAR TELEKOM GROUP</caption> <thead> <tr> <th>Year</th> <th>Magyar Telekom Plc.</th> <th>Makedonski Telekom</th> <th>T-Systems Hungary</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>22</td> <td>5</td> <td>1</td> </tr> <tr> <td>2016</td> <td>22</td> <td>11</td> <td>1</td> </tr> <tr> <td>2017</td> <td>26</td> <td>10</td> <td>2</td> </tr> <tr> <td>2018</td> <td>28</td> <td>12</td> <td>2</td> </tr> <tr> <td>2019</td> <td>43</td> <td>13</td> <td>2</td> </tr> </tbody> </table> <p>Magyar Telekom Plc.: There were no occupational fatal accidents in 2019. There were 77 registered injuries: 37 cases involved the loss of more than 3 workdays, 5 cases involved the loss of 1 to 3 workdays, 34 cases did not involve loss of workdays and there was 1 case of unsubstantiated accident, i.e. a total of 1202 lost workdays. Distribution of injury types: 60 technical and other type and 12 office injuries 4 injuries occurred during team building. Most frequent recorded injuries: 5 cases of dislocations of limbs, 6 cases of electric shock, 8 cases of cut injuries or open wounds, 8 cases of bruises due to animal attack, 24 cases of sprains, 20 cases of bruises, 5 cases of other types of accidents. There were no recorded injuries in T-Systems in 2019. Makedonski Telekom: 0 fatal accidents, 11 accidents at work subject to reporting obligations, i.e. a total of 133 lost workdays. Magyar Telekom does not keep records on injuries of its suppliers.</p>	Year	Magyar Telekom Plc.	Makedonski Telekom	T-Systems Hungary	2015	3.5	2.5	1.5	2016	3.5	6.5	2.5	2017	4.5	6.5	2.5	2018	4.5	9.5	1.5	2019	7.5	10.5	1.5	Year	Magyar Telekom Plc.	Makedonski Telekom	T-Systems Hungary	2015	22	5	1	2016	22	11	1	2017	26	10	2	2018	28	12	2	2019	43	13	2		✓
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403-10	Work-related ill health				At Magyar Telekom Group there were no occupational diseases or increased exposures in 2019.		✓																																																

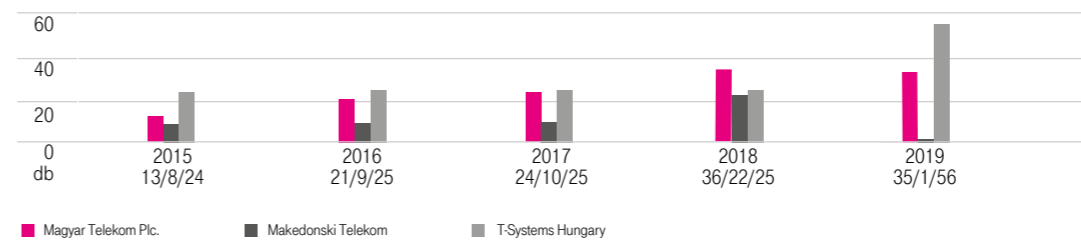
Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
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GRI 404: TRAINING AND EDUCATION 2016

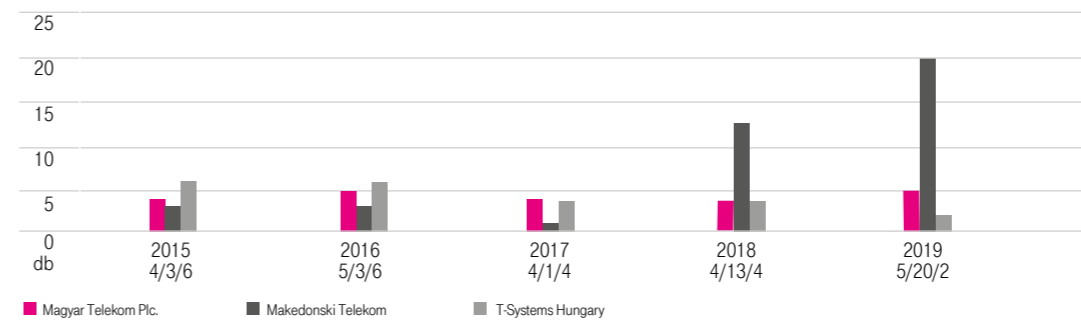
103 1-2-3	Management Approach				Magyar Telekom Group lays much emphasis on constant training, development of its employees and supports the use of the acquired knowledge. Magyar Telekom Group is a key organization of Hungary's ICT sector. In this industry it is imperative to know and apply new trends, research results both at employee and managerial levels. Our training-development strategy, in line with that of Deutsche Telekom, has been established in accordance with predefined business objectives. Upon definition of the training requirements for our business goals we also specify the most suitable training programs for the employee target groups. The Group Learning Synergies are those joint-focused training areas that are specified and made available at group level. At specific times of the year we monitor the success of these programs with a predefined methodology, and if necessary, we fine-tune them to more effectively fulfill our business and individual development objectives. After this trainings we perform satisfaction measurements and - where possible - we measure the ROI, too. A key effectiveness improvement component of our training strategy is the promotion of e-learning courses thus we strive to increase the overall proportion of digital training material. In order to support effective work we provide various online and classroom trainings in our training portfolio (e.g. time management, assertivity, conflict management, etc.). As a caring company Magyar Telekom offers activities for employees affected by downsizing within the frame of the outplacement program that supports their reintegration into the labor market.		✓
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404-1	Average hours of training per year per employee						✓
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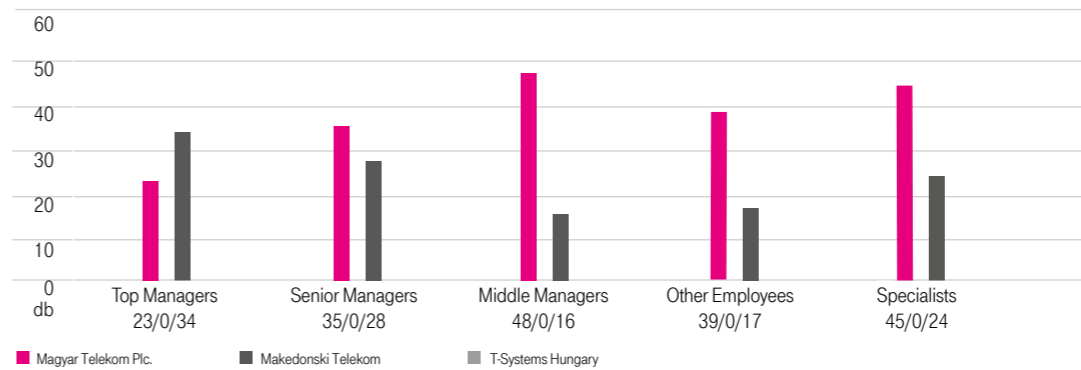
RATIO OF DISTANCE LEARNING AT MAGYAR TELEKOM GROUP ✓



TRAINING DAYS PER CAPITA AT MAGYAR TELEKOM GROUP ✓



ANNUAL AVERAGE TRAINING HOURS PER CAPITA, BROKEN DOWN TO EMPLOYEE GROUPS, MAGYAR TELEKOM GROUP 2019 ✓



Employment category breakdown is not available for T-Systems Hungary.

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
404-2	Programs for upgrading employee skills and transition assistance programs	Diversity and inclusion			The company's management has been using its best efforts to devote 1.5% of the personnel expenses to the training and development of managers and employees. Training plans at business unit level define the direction of development activities, professional training courses, skills and cooperation development programs, agile trainings, management development events and conferences of the given year. Coaching is a key management development and culture forming tool at Magyar Telekom both for individuals and groups. Telekom elaborated the corporate mentoring system with the focus on knowledge sharing and self-development. It was also to strengthen self-development that two internationally recognized digital development platforms were introduced in 2019, through which all employees of the company can access more than 19 000 books, 1 200 audio books and 2 000+ course materials in the areas of skills development, leadership development, agile and professional development. They can also freely choose the learning format that best support their development needs from a selection ranging from microlearning solutions to formal university courses providing certified qualifications. The company also supports its employees in their studies, pursued in the framework of the state education system by concluding study contracts with them, thus providing financial subsidy and some reduction of working hours. In 2019, Magyar Telekom concluded a total of 69 study contracts. Out of them 37 covered school training, the others were related to training courses or agreements containing mutual commitments. Upon registration the employees involved in downsizing could use the following services: two-day labor market training course in groups, support in active job search, financial support to training and retraining activities to meet labor market requirements, personal psychological and labor law consulting, as well as follow-up activities and monitoring participants' potential placement are also granted.		✓
404-3	Percentage of employees receiving regular performance and career development reviews				In 2018 Magyar Telekom has introduced FUTAM, a flexible framework in support of both personal and business success. It is the practical realisation of growth mindset that supports feedback culture. FUTAM is customizable to the relevant targets of personal development and business targets both on the level of the organisation and the employee. It provides a framework for employee development tracking and control, based on feedback and cooperation instead of evaluation. In 2019 along the agile transformation of our corporate working culture the new modules of FUTAM are being designed to support our value based feedback culture.		✓
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016							
103 1-2-3	Management Approach	Diversity and inclusion		https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/Diversity_Policy.pdf			✓
405-1	Diversity of governance bodies and employees	Diversity and inclusion					✓
405-2	Ratio of basic salary and remuneration of women to men	Diversity and inclusion					✓
GRI 406: NON-DISCRIMINATION 2016							
103 1-2-3	Management Approach	Diversity and inclusion		https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/Diversity_Policy.pdf	Magyar Telekom Group's Code of Conduct and the Code of Human Rights and Social Principles are a summary of the corporate compliance requirements; these documents set out the common values of the Group and it is also the token of the strong position, reputation and successful future of Telekom. Everyone at Magyar Telekom Group must comply with these Codes from staff employees to the Board members. In addition to the employees the contracted partners of Magyar Telekom Group are also required to learn and accept these values when registering on the Company's procurement site. In order to effectively develop Magyar Telekom's Diversity and Equal Opportunities efforts. An anonymous employee survey measuring the diversity and inclusion culture of the company was conducted in 2018 January. The results of the survey were used as the basis of the Diversity and Equal Opportunities Plan prepared at the beginning of 2018. ..		✓
406-1	Incidents of discrimination and corrective actions taken				In 2019 there were no complaints issued against the company by the Equal Opportunity Authority for Discriminative Practices (EBH).		✓
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016							
103 1-2-3	Management Approach	Stakeholders – Suppliers		https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf	Magyar Telekom Group has acknowledged the freedom of association and the right for collective bargaining in its Code of Human Rights and Social Principles. Magyar Telekom strives to maintain a dialogue and cooperation with employee representation bodies in the spirit of openness and trust. The Code of Human Rights and Social Principles and the long-standing relationship between Magyar Telekom's management and the employee representation bodies are the guarantee that the relevant rights are observed. The agreement, which can be terminated by either party with three months' notice, applies to all Magyar Telekom Plc. employees except the CEO, regardless of their union membership status. Wage terms in the collective bargaining agreement must be renegotiated annually. If the employment is terminated due to reasons related to the employer's operation, employees are entitled to a specific amount of severance pay surplus, which depends on the tenure of the employee. In addition to the collective bargaining agreement, employees of our Hungarian operations are generally covered by the Act I of 2012 on the Labor Code, which imposes various restrictions on the involuntary termination of employment. The Labor Code protects employee interests through two different labor organizations: the Trade Union and the Workers' Council. The Trade Union, as the official representative of employee interests in negotiations relating to the terms of employment, has the right to be informed of all corporate measures that may significantly affect the interests of employees and to commence legal action against the Company for employment-related conduct that infringes an employment rule. In addition, the Workers' Council directly represents employee interests in dealings with management and decides jointly with management on matters involving employee welfare funds and institutions. The Workers' Council must be informed semi-annually on issues affecting our economic performance and changes in wages, employment conditions and working hours. The Workers' Council must also be consulted on corporate measures affecting employees. We believe that our relations with our employees are good. We have not experienced any labor strikes or disruptions since our formation. The above rights, policies and practices are transparent to the employees, they are represented in relevant internal communication materials and intranet sites and the employee representation bodies also take part in their active promotion.		✓
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Stakeholders - Suppliers			100% of the employment contracts of Magyar Telekom Group employees operating in Hungary fall under collective bargaining agreements, the same ratio for Macedonian workers is 89.29%.		✓

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GRI 408: CHILD LABOR 2016							
103 1-2-3	Management Approach	Stakeholders – Suppliers		https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf	Magyar Telekom Group is an ICT company committed to respect and support human and social rights at all times in view of our tasks arising from technological development and digitalization. In line with the basic principles set out in the Code of Human Rights & Social Principles our company stands up for the protection of human rights as set forth in international human rights treaties, including the protection of freedom of speech and protection of the right for ones' own belief. Furthermore, the company rejects child labor, all types of forced or compulsory labor, and uses all measures to fight any kind of human trafficking and modern slavery. The definition of 'child labor' is defined in accordance with the ILO Minimum Age Convention, and the definition of 'forced labor' is defined in accordance with the ILO Forced Labor Convention (No. 29) and the Abolition of Forced Labor Convention. (No. 105)		✓
408-1	Operations and suppliers at significant risk for incidents of child labor	Stakeholders – Suppliers		https://www.telekom.com/en/corporate-responsibility/assume-responsibility/assume-responsibility/supply-chain-management-355304	Deutsche Telekom Group as our parent company is responsible for the maintenance and supervision of compliance of global suppliers through monitoring and audits. For further information of the method of classification of global suppliers and the relevant results, please visit the indicated website.		✓
GRI 409: FORCED OR COMPULSORY LABOR 2016							
103 1-2-3	Management Approach	Stakeholders - Suppliers		https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf	Magyar Telekom Group is an ICT company committed to respect and support human and social rights at all times in view of our tasks arising from technological development and digitalization. In line with the basic principles set out in the Code of Human Rights & Social Principles our company stands up for the protection of human rights as set forth in international human rights treaties, including the protection of freedom of speech and protection of the right for ones' own belief. Furthermore, the company rejects child labor, all types of forced or compulsory labor, and uses all measures to fight any kind of human trafficking and modern slavery.		✓
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Stakeholders - Suppliers		https://www.telekom.com/en/corporate-responsibility/assume-responsibility/assume-responsibility/supply-chain-management-355304	Deutsche Telekom Group as our parent company is responsible for the maintenance and supervision of compliance of global suppliers through monitoring and audits. For further information of the method of classification of global suppliers and the relevant results, please visit the indicated website.		✓
GRI 410: SECURITY PRACTICES 2016							
103 1-2-3	Management Approach			http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf			✓
410-1	Security personnel trained in human rights policies or procedures				Security personnel employed by the company also participated in the compulsory human rights e-Training of all Magyar Telekom Group employees in 2019. The training became an element of the compulsory employee training portfolio as of 2018. As partners of Magyar Telekom they are too obliged to thoroughly comprehend and comply with the contents of Magyar Telekom Group Code of Business Conduct and Ethics and the code of Human Rights and Social Principles.		✓
GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016							
1103 1-2-3	Management Approach				In Hungary there is no adequate denotation of the group 'Indigenous Peoples'.		✓
411-1	Incidents of violations involving rights of indigenous peoples				In Hungary there is no adequate denotation of the group 'Indigenous Peoples'.		✓
GRI 412: HUMAN RIGHTS ASSESSMENT 2016							
103 1-2-3	Management Approach	Diversity and inclusion Stakeholders – Suppliers		http://www.telekom.hu/static-tr/sw/file/Code_of_Ethics.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_Eselygyenlosegi_Terv_2016_2020_en.pdf https://www.telekom.hu/static-tr/sw/file/Employee-relations-policy.pdf			✓
412-1	Operations that have been subject to human rights reviews or impact assessments	Diversity and inclusion Stakeholders – Suppliers		http://www.telekom.hu/static-tr/sw/file/Magyar_Telekom_Eselygyenlosegi_Terv_2016_2020_en.pdf	As a member of Deutsche Telekom Group, Magyar Telekom Group fulfills its obligation to provide an annual Human Rights & Social Performance Report confirming its observance of the principles of the Code of Human Rights and Social Principles. Following the practice Magyar Telekom Group has declared its full conformity with the ten basic principles of Deutsche Telekom's Code of Human Rights and Social Principles for the year 2019 relevant to all its Hungarian operations.		✓
412-2	Employee training on human rights policies or procedures				As a tribute to the 70th anniversary of the Universal Declaration of Human Rights and in compliance with the Code of Human Rights and Social Principles renewed in 2017, all employees of Magyar Telekom Plc. and T-Systems together with their external workforce involved in brand representation participated in a compulsory human rights e-Learning training in 2018. The enrollment of the employees was conducted in four steps, in which the management of the company group took the training first. 85.3% of all people enrolled and 90% of the entire employee group have finished the course by September 18. The online training points to relevant human rights issues, regulations, complaint handling and whistleblowing options that might come up within the employment, sourcing, operational and distributional processes of the company group. The e-Learning material has become part of the compulsory employee e-Learning course portfolio of the company as of 2018 2018 and remained to be a mandatory course to all new entrants in 2019 as well.		✓
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Stakeholders – Suppliers		https://beszerzes.telekom.hu/beszerzes/portal/objects-beszerzes/doc/mukodesi_kodex_en.pdf https://www.telekom.hu/static-tr/sw/file/code-of-human-rights-social-principles-eng.pdf	The warranty statement is a compulsory element of the suppliers contracts (100%). Both the suppliers and sponsorship contract sample includes the relevant elements for the declaration of respecting of human rights, and these elements are also part of the Suppliers Code of Conduct.		✓

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GRI 413: LOCAL COMMUNITIES 2016							
103 1-2-3	Management Approach	Stakeholders					✓
413-1	Operations with local community engagement, impact assessments, and development programs	Stakeholders					✓
413-2	Operations with significant actual and potential negative impacts on local communities	Stakeholders		http://www.telekom.hu/about_us/company/telekom-for-digital-hungary	In some cases of network development processes the physical construction of the network might cause temporary inconvenience to residents.		✓
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016							
103 1-2-3	Management Approach	Stakeholders – Suppliers					✓
414-1	New suppliers that were screened using social criteria	Stakeholders – Suppliers					✓
414-2	Negative social impacts in the supply chain and actions taken	Stakeholders – Suppliers			Magyar Telekom has not terminated any contracts with any of its suppliers with reference to negative environmental impacts.		✓
GRI 415: PUBLIC POLICY 2016							
103 1-2-3	Management Approach				Magyar Telekom Group is involved in shaping public politics indirectly, through its representation organizations, in such a way that the representation organizations, in compliance with the effective regulation, are given the opportunity to comment draft laws and industry-specific strategies. The ministries and authorities supervising the industry pass the relevant regulations to the representation organizations, which synthesize the opinions received from the member companies and submit a summary to the relevant ministries. Such regulation commenting procedures are implemented through e.g. the Telecommunication Reconciliation Council, the Joint Venture Association, the American Chamber of Commerce (AmCham), the German-Hungarian Chamber of Industry and Trade, the Association of IT Enterprises, the Communication Interest Conciliation Council and the Hungarian Energy Traders' Association.		✓
415-1	Political contributions			https://www.telekom.hu/static-tr/sw/file/mt-code-of-conduct.pdf https://www.telekom.hu/about_us/about_magyar_telekom/principles https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance	The Company has no knowledge of any financial support to political parties, politicians or any related entities provided by Magyar Telekom Group affiliates in 2019, which is in full compliance with the detailed stipulations set forth in the Code of Conduct - Paragraph [2.10]. If it would have done so the operation would have been in full compliance with the relevant international bookkeeping regulations.		✓
GRI 416: CUSTOMER HEALTH AND SAFETY 2016							
103 1-2-3	Management Approach	Stakeholders		http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety https://www.telekom.hu/about_us/society_and_environment/society/protection_of_our_children			✓
416-1	Assessment of the health and safety impacts of product and service categories				Magyar Telekom did not identify such impacts.		✓
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services				The number of health and safety incidents regarding products and services, involving disorderly operating equipment or the breach of internal policies were as follows: - penalty or fine due to disorderly operation of equipment: 0 - warning due to disorderly operation of equipment: 0 - internal warning due to disorderly operation of equipment: 0*		✓
GRI 417: MARKETING AND LABELING 2016							
103 1-2-3	Management Approach	Our Approach – Sustainability strategy Climate protection Digitally enabled sustainability Stakeholders		http://www.telekom.hu/lakossagi/english http://www.telekom.hu/lakossagi/english/plans/mobile https://www.telekom.hu/lakossagi/english/plans/phone https://www.telekom.hu/uzleti/main http://www.t-systems.hu/home-page http://kibu.hu/ http://www.kalasznet.hu/ (only HU) https://www.telekom.mk/prepaid-en.nspk			✓
417-1	Requirements for product and service information and labeling	Climate protection Stakeholders					✓
417-2	Incidents of non-compliance concerning product and service information and labeling				The Company did not identify such incidents.		✓
417-3	Incidents of non-compliance concerning marketing communications				In 2019 one consumer protection - e.g. marketing communication - proceedings was closed against Telekom before the Hungarian Competition Authority (GVH) due to the alleged breach of the relevant regulations. Magyar Telekom was fined in a "phased" manner meaning the 100 M Ft of fine is to be paid within 30 days, while an additional 100+ 150 M is to be paid should Magyar Telekom not comply with its commitments in order to reduce the fine.		✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
GRI 418: CUSTOMER PRIVACY 2016							
103 1-2-3	Management Approach	Stakeholders		http://www.telekom.hu/about_us/data_protection			✓
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Stakeholders			Magyar Telekom received requests and complaints from the National Authority for Data Protection and Freedom of Information and also directly from customers in 2019, which were duly investigated by Magyar Telekom, and the findings were reported to the complaining customer or to the Authority respectively. Based on the results of the investigation, we review our processes and make adjustments, if necessary. In 2019, 7 new proceedings were initiated by the Data Protection Authority in connection with the processing of personal data and 8 cases were closed. The Authority concluded 2 cases that no violation of the data protection rules had been found.		✓
GRI 419: SOCIOECONOMIC COMPLIANCE 2016							
103 1-2-3	Management Approach			https://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm	The Management and Board of Magyar Telekom Group are unanimous in their commitment that the Magyar Telekom Group (hereinafter 'Magyar Telekom' or 'Group') will conduct all business activities in accordance with the highest legal and ethical standards. In support of this commitment the Magyar Telekom Corporate Compliance Program ('hereinafter 'Compliance Program') has been developed to create an internal culture where 'Respect and Integrity' is one of the most crucial values. The Compliance Program is enacted at all members companies of the Group where Magyar Telekom has effective control. The Compliance Program applies to all bodies, organizations, directors, officers and employees of the Magyar Telekom Group, as well as to consultants, agents, representatives, and all other persons or bodies who carry out work on behalf of any company within the Group. Additionally, we expect our business partners, suppliers and customers to aid us in this effort by acting in a similarly ethical manner. As such, certain aspects of the Compliance Program, apply not just to Magyar Telekom Group employees, but also to third parties with whom we do business. The Compliance Program has been designed to ensure that the Group conducts its business to the highest standards of awareness, transparency, accountability, commitment, and adherence to applicable laws and regulations. To do so requires the implementation of policies and procedures that address potential compliance risk areas together with identifiable mechanisms for reporting, investigating, monitoring, and correcting cases of suspected or actual non-compliance. The elements of Compliance Program is continuously tailored to the changes in the business sector, location of operation, business circumstances, culture and risks, international best practices. The Compliance Program is reflected in the Code of Conduct which is accepted internally by all employees, and by all suppliers through Magyar Telekom Procurement Intranet site . The Group Compliance Officer is responsible for operation and monitoring the Compliance Program. ,		✓
419-1	Non-compliance with laws and regulations in the social and economic area				Magyar Telekom uses its best efforts to fulfill its obligations in accordance with the effective laws. In order to prevent potential authority penalties and sanctions the Company always strives to ensure Magyar Telekom's compliance with the effective laws and manage conflicts – besides harmonizing processes and IT systems with the amendment of laws - with continuous personal consultation, agreements concluded with the authorities and retroactive settlement plans set out in undertakings, made in the form of declarations. In 2019 the National Media and Info-Communications Authority conducted several individual complaint and general/overall market supervision proceedings against the Company. Within the frame of general market supervision proceedings the authority imposed 216 million HUF whereas in the case of subscriber complaints a total of 49.66 million HUF penalty. The District Offices of Government Offices, as bodies responsible for consumer protection completed several investigations against Magyar Telekom, in 2019 the total amount of fines were HUF 11.71 million. Our clients have used the services of alternative dispute resolution fora, in relation to which there were a total of 56 cases handled with the assistance of the Media and Communicatios Commissioner, and 407 cases in which dispute resolution plenums provided assistance.		✓
TELECOMMUNICATION SECTOR SPECIFIC INDICATORS							
INTERNAL OPERATIONS							
INVESTMENT							
IO 1.	Capital investment in telecommunication network infrastructure broken down by country/region.	Letter from the CEO Our Approach					✓
IO 2.	Net costs for service providers under the Universal Service Obligation when extending service to geographic locations and low-income groups, which are not profitable. Describe relevant legislative and regulatory mechanisms.	Stakeholders					✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
HEALTH AND SAFETY							
IIO 3.	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant. Related health and safety issues include working at heights, electric shock, exposure to EMF and radio frequency fields, and exposure to hazardous chemicals.	Stakeholders					✓
IO 4.	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets.	Stakeholders		http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety http://www.emf-portal.hu/portal/ (only HU)			✓
IO 5.	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations.	Stakeholders		http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety http://www.emf-portal.hu/portal/ (only HU)			✓
IO 6.	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets.	Stakeholders		http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety http://www.emf-portal.hu/portal/ (only HU)			✓
INFRASTRUCTURE							
IO 7.	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing, and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible.	Climate protection			The company consults and cooperates with the relevant stakeholders in each and every case when building new base stations. If needed, citizens' forums are held with the participation of all concerned parties in order to reach satisfactory agreement to all concerned parties.		✓
IO 8.	Number and percentage of stand-alone sites, shared sites, and sites on existing structures.	Climate protection					✓
PROVIDING ACCESS							
ACCESS TO TELECOMMUNICATION PRODUCTS AND SERVICES: BRIDGING THE DIGITAL DIVIDE							
PA 1.	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas. Include an explanation of business models applied.	Stakeholders					✓
PA 2.	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, literacy, and lack of education, income, disabilities, and age. Include an explanation of business models applied.	Stakeholders					✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
PA 3.	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.			http://www.telekom.hu/rolunk/szolgalatasok/aszf (only HU)	Magyar Telekom Plc. guarantees its customers rights in connection with service availability and troubleshooting on the basis of the General Contract Terms and Conditions (GTC) available at the customer service points and also in the Internet. In this it declares to fulfill the published quality targets during providing services on the entire service territory, to check this via measurements and to publish the measurement methods. Here, the Company also defines the quality targets for the services provided, meeting of which is continuously measured and made available to everyone on an annual basis. The trouble management for customers is handled along a defined process - in accordance with their rights set out in the GTC, inter alia - after having detected the problem and having filed the trouble at the company. Magyar Telekom, by permanently developing technical solutions, security systems and backup tools, seeks to ensure continuity of the availability of the services, with setting the enhancement of customer experience as an objective.		✓
PA 4.	Quantify the level of availability of telecommunications products and services in areas where the organisation operates. Examples include: customer numbers/market share, addressable market, percentage of population covered, percentage of land covered.	Stakeholders Key operating statistics of Magyar Telekom Group					✓
PA 5.	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected. Include explanation of approach to pricing, illustrated with examples such as price per minute of dialogue/bit of data transfer in various remote, poor or low population density areas.	Stakeholders Key operating statistics of Magyar Telekom Group					✓
PA 6.	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief.	Climate protection					✓
ACCESS TO CONTENT							
PA 7.	Policies and practices to manage human rights issues relating to access and use of telecommunications products and services.	Stakeholders					✓
CUSTOMER RELATIONS							
PA 8.	Policies and practices to publicly communicate on EMF related issues. Include information provides at points of sales material.	Stakeholders		http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety			✓
PA 9.	Total amount invested in programmes and activities in electromagnetic field research. Include description of programmes currently contributed to and funded by the reporting organisation.	Stakeholders		http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety			✓

Disclosure Number	Disclosure Title	Chapter in Sustainability Report 2019	Page	Website	Direct answer	Omission	External Assurance
PA 10.	Initiatives to ensure clarity of charges and tariffs.			http://www.telekom.hu/lakossagi/english http://www.telekom.hu/lakossagi/english/plans/mobile https://www.telekom.hu/lakossagi/english/plans/phone https://www.telekom.hu/uzlet/main http://www.t-systems.hu/home-page http://kibu.hu/ http://www.kalasznet.hu/ (only HU) https://www.telekom.mk/prepaid-en.nspk	Magyar Telekom Group is making ongoing efforts to simplify its propositions as much as possible and to make them available to the widest possible scope of customers. We offer detailed information about the services and tariff packages of Magyar Telekom Plc.'s business units, and information about the services of our most important member companies on the listed websites. Customers can inquire about Telekom tariff packages and services or even request modifications 24 hours a day through the consumer customer service call center, which can be called toll free from Telekom's Hungarian mobile network at 1414 or the 1777 (Domino pre-paid center) number. We have made Telekom website more user-friendly, among others by highlighting search keywords and developing the webshop service to enable quick and simple purchase. Magyar Telekom considers it as high priority to communicate its advertisements to the existing and prospective consumers in compliance with the relevant regulations. We take all measures necessary to ensure that our advertisements deliver our proposals accurately and clearly, excluding any deception. In view of the above, compliance with the consumer protection and GVH (Competition Office) guidelines, and checking regulatory compliance are important requirements of the work processes of producing advertisements is a crucial part of our advertising operations. We convey our proposals to everyone by using the greatest number of communication tools possible and with maximum exploitation of the possibilities offered by the given media. In this way we allow our audience to receive thorough information to be able to make carefully contemplated and responsible decisions.		✓
PA 11.	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use.	Climate protection Digitally enabled sustainability		https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU) https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek/fenntarthato_keszulekek (only HU) http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyarto-i-tajekoztato (only HU)			✓
TECHNOLOGY APPLICATIONS							
RESOURCE EFFICIENCY							
TA 1.	Provide examples of the resource efficiency of telecommunication products and services delivered.	Climate protection Digitally enabled sustainability					✓
TA 2.	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects (e.g. a telephone book by a database on the web or travel by videoconferencing).	Climate protection		https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU)			✓
TA 3.	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indication of scale, market size, or potential savings.	Climate protection Digitally enabled sustainability		https://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek (only HU)			✓
TA 4.	Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development. This may include social consequences as well as environmental.	Climate protection Digitally enabled sustainability					✓
TA 5.	Description of practices relating to intellectual property rights and open source technologies.				Magyar Telekom respects intellectual property and observes the provisions of the relevant law. All software used by Magyar Telekom are procured from lawful sources and are used in accordance with the provisions of law.		✓