



SUSTAINABILITY REPORT

2014



EGYÜTT. VELED

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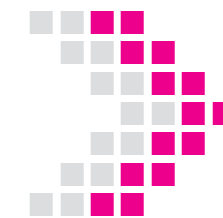
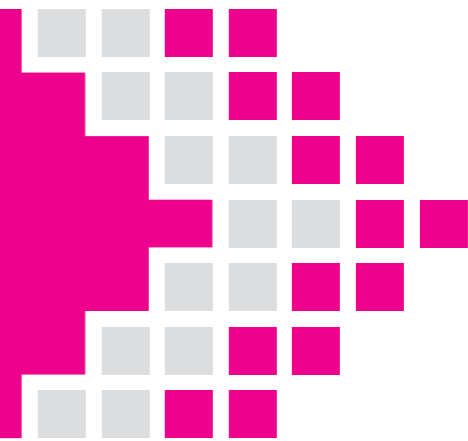


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LETTER FROM THE CEO



Under the partnership agreement we signed with the Hungarian government in February, our investment projects aim to ensure that high-speed broadband internet become accessible all over the country, as soon as possible.

Dear Reader,

As a result of our focused strategic efforts, Magyar Telekom successfully kept its leading positions on the Hungarian fixed-line, mobile, internet and ICT markets in 2014. Despite the uncertain macroeconomic and market conditions, our capability to retain customers strengthened, and we achieved major quantitative growth in this respect. We gradually improved our network and customer servicing potential, proactively exploiting different partnership models.

The changes of our external environment increasingly urge us to adopt new approaches in how we pursue our business and serve our customers. We continue our transformation along our strategic foci towards becoming a diversified service provider.

It is our mid-term strategic goal to establish a more efficient, agile organization, to simplify our product and service portfolio, as well as to

further rollout the automation of our processes. Anticipating the changes of customer demand, technological development and new business models, we deploy our new competences to obtain a leading role in providing digital services to homes for the benefit of both the consumer and our partners.

In addition to spearheading innovation, we are also a significant employer, as the Group employs more than 12 000 highly qualified employees in Hungary, and more than 100 000 people work for our vendors, including approximately 3000 Hungarian small and medium-sized businesses.

Intensive use of new technologies and ICT solutions contributes to the improvement of people's quality of life, efficiency of businesses and the international competitiveness of Hungary's economy. In that context, we feel responsible for ensuring digital literacy and safer internet use among as many people as possible.

Accessibility of high-speed broadband internet is an important, but in itself not a sufficient precondition to achieving digital equality, which is one of the main goals defined by the partnership agreement. Most internet users in Hungary use only basic features and have reservations about online shopping, electronic transactions and other modern, but less known services. I find it to be of key importance that we increase awareness among consumers and cooperate with our partners with the aim to achieve that the number of users of such modern services in Hungary reach and then exceed the average in the European Union.

The spread of digitalization is the goal of Telekom Okosdigitális Program (Telekom Smartdigital Program), in the framework of which our employees volunteer to put to use their expertise to actively promote digital maturity, digital literacy, as well as safe and conscious internet use by children.

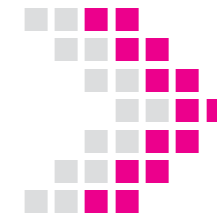
Volunteer work is not unfamiliar to employees of Magyar Telekom. As part of the Digital Bridge initiative, which had already been in place for 10 years in 2014, Telekom Okosdigitális Program and other similar activities, 961 employees put in 8518 hours of voluntary work in 2014, which translates into a theoretical contribution of 39.4 million HUF.

By the development that we undertook, broadband internet can become accessible by all households by 2018, so that Hungary can achieve the objectives set forth by the Digital Agenda of the European Union earlier than the deadline, set by the document as the year 2020, and can thus be a role model to be followed by other member states.

Magyar Telekom employees are active and interested not only when it comes to volunteer work, but in other areas of sustainability, as well. As part of the hello holnap! point collecting plan attached to sustainability activities, 2146 employees collected a total of 5495 points through charitable team building exercises, internal knowledge sharing, use of TeleBike and attending hello holnap! club events.

We strove to bring our sustainability initiatives closer to the everyday lives of our customers, that is why we developed the hello holnap! mobile application. The app regularly gives sustainability-related tasks to the user and rewards him or her by points in return for the tasks' successful completion, which they can trade in for monetary donations to be made to NGOs on their behalf. By the application, we linked digitalization to social responsibility and donations. I am extremely proud that after close to half a year, more than 3000 people have downloaded the application.

By selecting T-Systems Hungary and its partner, Csepel as the winner of the BuBi tender, BKK chose the bike rental solutions used in our TeleBike system, which has been in place for years. In course of the project's implementation, T-Systems Hungary provided system integration, data communication, certain software and transportation services, while Csepel Ltd. Co. delivered the bikes fit to the system and did the installation work.



Last September, Magyar Telekom won the most prestigious international recognition, so far, for its sustainability performance. Based on the sustainability-relevant assessment of their operations, Magyar Telekom won the third place among 108 telecommunication companies of the world in the report compiled by Oekom Research. According to the document, which also contains the ranked list of the world's telecom companies, Magyar Telekom is on the third place from the aspect of sustainability, following its mother company, Deutsche Telekom and BT Group.

Regarding T-Systems, let me refer to another major success. In 2014, T-Systems Hungary was responsible for 14 285 tons of CO₂-emission, including the emission generated by the total energy consumption of the data parks. The number is enormous. It equals to the emission of close to 7000 cars or 1000 households in a year. T-Systems Hungary was the first in Hungary to set the goal of making the whole company carbon-neutral. T-Systems neutralized 14 285 tons of CO₂ by buying and eliminating the relevant amount of Kyoto units, thus becoming the first carbon-neutral leading ICT provider in Hungary.

I felt great, when I learned about the above ranking, as no Hungarian company has ever achieved such a success in the area of sustainability. We beat the largest global telecom players of the world. That is a worldwide success for Magyar Telekom and the country, and it confirms the validity of our conscious efforts having been made for many years with the aim to ensure that Magyar Telekom contribute to the development of the society, the economy and the environment to an extent that is proportionate to its size.

Let me take this opportunity to emphasize that Magyar Telekom remains committed to the 10 principles set forth by the Global Compact in the areas of human rights, environmental protection and anticorruption, the achievements related to which are also included in the report.

So, what does the future hold for us? In 2015, we embark upon a task that is totally new for us, but is closely related to sustainability. As the ultimate step made towards establishing closer cooperation among units working within the corporate Group, but so far at different geographical locations, we will move to a new headquarters building in 2018. In course of the related design and construction work, sustainability is always considered as an important aspect, whether we focus on the building, the spaces, usefulness of features or energy supply.

I trust that despite the changing circumstances and the continuously emerging challenges, my colleagues will not only keep the pace amidst the competition on the market, but will create permanent value that will stand the test of time. I will support them in that in the spirit that we lead today and we will lead tomorrow.

Christopher Mattheisen
Chief Executive Officer

Budapest, June 18, 2015

ABOUT THE REPORT

By publishing the 12th edition of its annual Sustainability Report, Magyar Telekom strives again to present its sustainability activities and the related achievements in an integrated format, while making the Group's environmental, social and business operations transparent for everyone.

In 2014, we continued to pursue our sustainability activities according to our third Sustainability Strategy, encompassing the period of 2011–2015. Therefore, the content of the document has not changed significantly compared to that of the previous years, as we continue to present our sustainability performance against key challenges. Due to some minor changes in the emphasis on and the interrelations among the topics addressed, the structure of the report and the grouping of the topics therein has been modified somewhat.

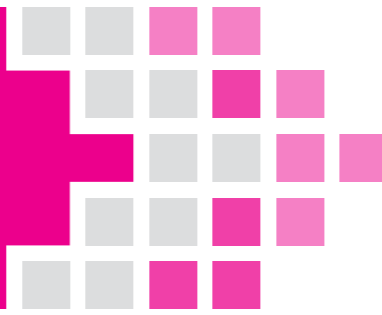
The report was compiled along the Fourth-generation Principles set forth by the Global Reporting Initiative (GRI G4) applied in accordance on Comprehensive level, and

includes more information than ever before to present the Group's sustainability performance.

When compiling the report, we focused on materiality, stakeholder inclusiveness, completeness, accuracy, comparability, timeliness, reliability, balance, and the interrelations of sustainability aspects.

The most important business data are included in the chapter titled 'About the Group', while details of our business performance can be found in Magyar Telekom's Annual Reports.

The report encompasses the calendar year 2014 and includes many data from the previous five years for the sake of transparency and comparability of the achievements addressed. In order to keep the report up-to-date, we also address changes that occurred in the period when the report was compiled, as well as enumerate several tasks set forth for the future, as they constitute an integral part of strategic goals defined for a multiple-year period.



ÉVA SOMORJAI
Chief HR Officer

The future translated into the present does not always spell pleasant actions. Getting ready for the future involves forecasting the economic environment therein and preparing to be ready to operate as part of it. In light of all that, we must adopt decisions that may incur reorganization and downsizing. Downsizing an average of 1700 people, as announced in 2014, is also part of the process of getting ready for the future, but maintaining employees' loyalty and motivation, as well as continuing the implementation of the People Strategy remain just as important as before.

We are building the future in the present. It involves, on one hand, the continued management of sustainability along the strategy prepared and approved for the 2011–2015 period, on the other hand its incorporation into the company's identity.

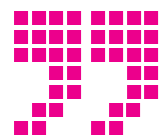
We also support the effort to build the future by more direct means, too. Through our internship program, we help following generations to gain experience they will have to be in possession of. From 2008 through 2014, we invited university and college students of active status to join our Telekom Internship Program. From January 01, 2015, it is the joint internship program of Magyar Telekom Plc. and T-Systems Hungary that offers the same opportunity to close to 500 active daytime students.

We also build the workplaces of the future, including the possibility of flexible, atypical ways to work. In 2014, 1481 colleagues have put in a total of 27 227 telework days, thus saving close to 1 million kilometers and 5 years of commuting, not to mention the related environmental effects.

The most important goal set for the Future Work project launched last year is to establish working methods and culture that can ensure employees' commitment and motivation in the long run.

As in the present, we remain committed to sustainability in the future, too, and our primary objective is to make it an integral part of the company's identity. For that, colleagues must be aware of the concept, which 72% of them were in 2014, while they also have to identify with the fact that Magyar Telekom is the most sustainable company, which close to 74% of them already do.

The future will not work without sustainability, just like it will not without our employees. In 2015, we focus on the last year of the existing strategy and the elaboration of the next one along with the efforts made to build the future for people, for the company and for the society.



The report covers Hungary, Macedonia and Montenegro, and encompasses the corporate group's every activity. We strive to provide a comprehensive view by covering foreign subsidiaries, too. As a result, many chapters cover an even greater part of the Group than before. There are even fewer gaps in the data provided by Hungarian and foreign subsidiaries, too. All affiliates of significant relevance from sustainability aspects were involved in the collection of data. The data published in the report are historically comparable along the structural changes of the Group, details of which are included in the section titled 'About the Group'.

In order to ensure credibility and transparency, we continued to rely upon the support of an experienced and respected, external, independent third party. The purpose of the assurance procedure 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. We also contributed data to Deutsche

Telekom's CR Report, in course of the auditing of which the German PricewaterhouseCoopers entity also checked the validity of the energy, waste and car fleet data provided.

Sources of the data included in the report:

- The business data are from the Group's year-2014 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.

Our Sustainability Report was compiled in a way to contain information mainly relevant for our shareholders, investors, especially respon-

Éva Somorjai
Chief HR Officer
Top executive in charge of sustainability

sible investors and sustainability analysts, however, we have also striven to involve all stakeholders and to help them obtaining the information they need. The Report is available in Hungarian and English languages. The full report is available exclusively on the internet.



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

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

Budapest, June 19, 2015.

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



KATALIN SZOMOLÁNYI
Head of Corporate Sustainability Center

We consider corporate sustainability a business approach that increases share price in the long run by exploiting opportunities and alleviates risks surrounding economic, environmental and social progress. In other words, by minimizing the negative environmental impact, we act responsibly towards employees and the society, while we seek innovative solutions beneficial for people and the environment alike, while offering business potential for us in the future. That is what we mean by the concept of present in the future.

Since 2005, we have achieved the objectives of sustainability along strategies which are approved by Magyar Telekom's Management Committee, which also monitors the implementation of the strategies and modifies them, if necessary.

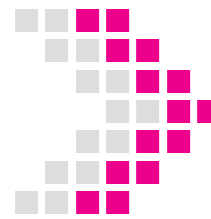
The greatest professional recognition of the relevant investments, in

addition to the performance of the strategic KPIs and increasingly good results, is the Oekom responsible investor assessment achieved in 2014, where out of 108 telecommunication companies audited around the world, Magyar Telekom came in third. To beat 105 telecoms of the world and be beaten only by two of them from the aspect of sustainability, we needed lots of hard work, a systematic approach and continuous control, not to mention the joint and continued enthusiasm of our colleagues.

This result is not only unparalleled, but it is also inspiring enough for us to perform even better in the last year of the strategy than we did in 2014 and to create a new five-year strategy, thus building the future in the present, as we have done from the beginning and, even after the 10 years that have passed, still striving to demonstrate professionalism, leadership and comprehensiveness.

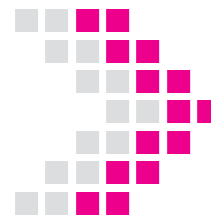


OUR APPROACH



VISION

Being Number 1, Staying Number 1 - Telekom.



MISSION

We make the digital world easy and place it at your fingertips. An easier, more diverse, more successful life for all.

CORPORATE STRATEGY

As a result of our focused strategic efforts, Magyar Telekom has maintained leading positions in its Hungarian fixed line, mobile, internet and ICT businesses in 2014, we successfully improved customer retention and delivered strong volume figures. We have also gradually extended our network and offered capabilities proactively leveraging on various partnering models as well.

We continue our transformation towards a diversified service company based on our strategic imperatives to innovate, grow and extend the core business—thus growing revenue while becoming a more agile organization. The strategic objective in the mid-term is to become more agile, enhance efficiency, simplify the product and services portfolio, increase process automation and online customer servicing. As an integrated provider we continue to deliver a unique customer experience, supported by our leading brand and best technology.

While anticipating new competencies required by the changing customer behavior, technological advances, and new business models, we aim to exploit our abilities to become a leader in all digital services around the home for both consumers and third parties. Our non-core areas, such as energy, e-health, finance and insurance services, support customer retention and new revenue streams.

Following our strategy enables us to exploit and develop our extended customer base, improve efficiency and capture growth opportunities in an extended market of information and communications technology and related industries, which secures stable cash generation in the long run.

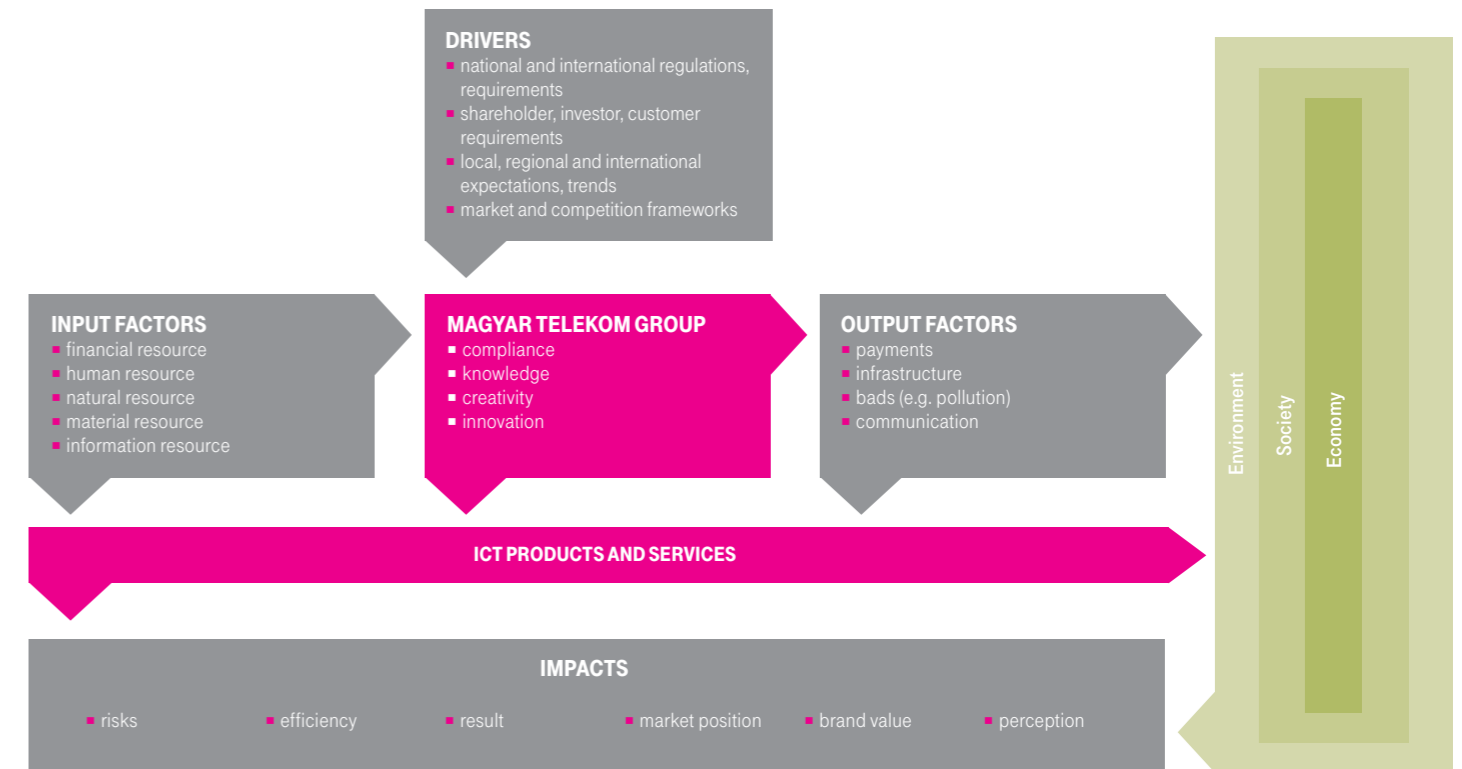
SUSTAINABILITY APPROACH

SUSTAINABILITY STRATEGY

Having realized the importance of sustainable development, as well as the fact that it is essential for future business activity, Magyar Telekom Group undertakes commitment,

responsibility that it will pursue its operation, corporate governance and activities in this spirit in Hungary, and in every other country where it has business presence or some form of cooperation. This is the key not only to the long-term success of the Group, but through its role in the region and through its services it also has positive impact on the society, environment and economy.

STRUCTURAL APPROACH OF SUSTAINABILITY



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

Sustainability values

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

Economic dimension

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

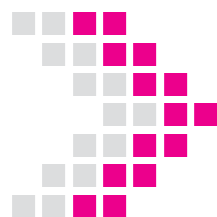
Social dimension

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

Environmental dimension

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

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



The key objective of our Sustainability strategy is to make sustainability part of the identity of Magyar Telekom so as to earn competitive edge for the company in the long term.

Sustainability strategy 2011-2015

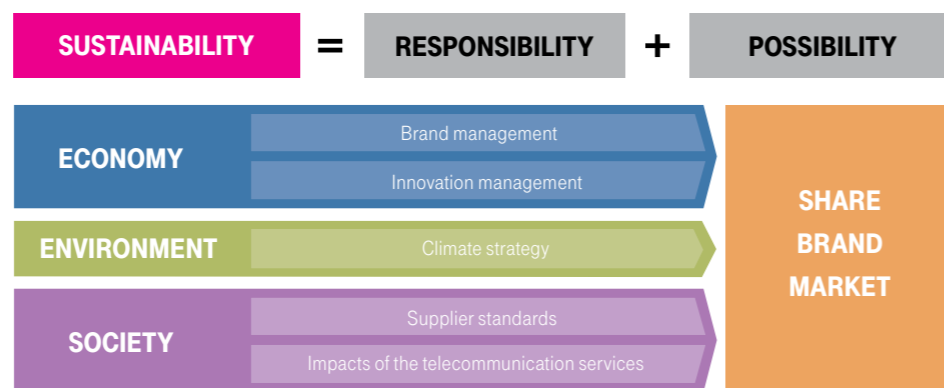
Key objective: To make sustainability part of the identity of Magyar Telekom so as to earn competitive edge for the company in the long term.

Vision: Magyar Telekom, as leading Central and East European infocommunication provider, enables also its partners to consciously participate in sustainable development, realized in the framework of hello holnap! initiative. In its everyday activities, the company takes committed, proactive and transparent actions to make sustainability part of its identity, and also to forge a competitive edge out of

it. With its forward-looking attitude, innovative and sustainable products and services, and with its responsible approach it creates possibility for the establishment of a renewed society and environment.

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

THEMES, KPI, TASKS, KEY AREAS OF SUSTAINABILITY



With the result of our Sustainability strategy, which will end in 2015, we'll start the development our new strategy. Basically we'll continue our current strategy but we'll update it with the international trends, main EU directives, stakeholder feedbacks and Magyar Telekom strategies.

- The key topics are:
- Climate strategy: ambitious emission reduction and energy efficiency
 - Simplified sustainable product portfolio, new generation sustainable products and services
 - Corporate diversity
 - Customer experience, community building
 - Digital inclusion
 - Sustainable procurement management process

KEY PRIORITY TASKS OF MAGYAR TELEKOM GROUP'S SUSTAINABILITY STRATEGY 2011-2015

Key priority KPIs till the end of 2015

- Brand management – focus: introduction, exploitation of the term of sustainability, category building
- Perception of the term of sustainability
KPI: population: 20%, employees: 80%
 - Magyar Telekom's sustainability perception
KPI: 10% of the population, 60% of the employees name Magyar Telekom as the most sustainable company

- Innovation management – focus: social and environmental innovations
- Social and environmental innovations
KPI: 10% of the R&D value

- Climate strategy – focus: gain reputation through meeting EU expectations, credibility and ICT applications
- Reduction of CO₂-emission
KPI: 25% by taking 2004 as base year
 - Broken down compared to 2010 together with the eco-efficiency objectives:
 - Electric energy consumption: -5%
 - Energy efficiency indicator: 48 Gbit/kWh
 - Green energy: 46 GWh
 - Gas consumption: -5%
 - Heating energy: -5%
 - Paper consumption: -30%
 - Fuel consumption of the fleet: -5%
 - Percentage of hybrid, electric cars among the vehicles of personal use: 6%

- Supplier standards – focus: sustainable supplier
- KPI: development of the process of a sustainable supplier chain

- Impact of telecommunications services – focus: sustainable competitive edge
- Increase revenue from sustainable services
KPI: 20% of the annual revenue
 - Sustainable products
KPI: their share in the portfolio: 25%

Status of the key priority tasks at the end of 2014

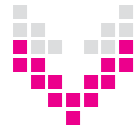
- Brand management:
- According to 2014 researches, the perception of the term 'sustainability' was 23.07% among the population and 71.7% among the employees.
 - Sustainability awareness of Magyar Telekom: population: 9.5%, employees: 73.8%.

- Innovation management:
- There was only one social and environmental innovation project in 2014, and we successfully completed it.
 - The T-City and the e-health projects continue to be important focus areas.

- Climate strategy:
- In 2014 our CO₂-emission was 86 528 tons, which is 36.1% down on the 2004 base year (139 691 tons).
 - As part of its overall energy consumption in 2014, Magyar Telekom purchased 34 GWh renewing energy. The Sustainability strategy targeted the use of 46 GWh green energy by the end of 2015.
 - In 2014 we have done carbon offset for the very first time, which we managed from the income of our bonus-malus system and we offset 2850 t CO₂. In 2014 T-System offset it's all emissions (14 285 t CO₂) and became carbon neutral.
 - We continued the Iszkahegy pilot project, which involved the installation of a vertical windmill and solar collector system on the transmission tower.
 - Percentage of hybrid, electric cars among the vehicles of personal use was 6.8% in 2014.

- Supplier standards :
- We implemented the sustainable supplier chain management process and introduced to the directive level. We'll start the process' pilot in 2015.

- Impact of telecommunications services:
- In 2014 Magyar Telekom generated 19.4% of its revenues in Hungary from sustainable products and services. (Last year the corresponding percentage was 15.9%.)
 - The product share is continuously changing thanks to the service simplification project, that is why we are focusing to enhance this ratio in 2014.



Crnogorski Telekom has been recognized as one of the leaders in the field of sustainability and Corporate Social Responsibility in the country. Corporate Communications and HR both have joined responsibilities, regarding strategy development and implementation of sustainability and CR initiatives and measures. Crnogorski Telekom believes it very important to have a structured approach towards sustainable development, and therefore we defined and adopted sustainability targets for 2014, related to 3 main strategy focuses: reduction of CO₂-emission, volunteering and selective waste collection.

To raise the awareness of the employees and motivate them to be engaged in the achieving sustainability targets and standards, two times per year, using local intranet pages, we communicate the following elements:

- The overall strategy including the action plan for 2014.
- Ongoing activities.
- Achievements in the previous period, related to 3 strategy focuses.

Reduction of CO₂-emission

Concerning energy saving, a lot was done in 2014, i.e. reduction of CO₂-emission by Technology area. Energy Savings Measures are constantly being improved and developed in order to further boost the subject activities. Crnogorski Telekom set the target to reduce CO₂-emission by 23% until 2020.

Volunteering

In 2014, Crnogorski Telekom supported the involvement of the employees in the following CSR activities:

- Blood Donation: third time in a row, the company organized a voluntary blood donation, in collaboration with the Center for Transfusion. During the last 3 years, around 100 colleagues were registered as voluntary blood donors in the company. Due to this, Crnogorski Telekom received the Award for the promotion of voluntary blood donation in 2014.
- Collection of redundant children's clothes and other charity actions for several groups.

- Guiding Principles Day in 2014 has been organized with the best participation rate ever. Over 600 employees took part in the organization of Food Fair and exposed their products at 8 exhibition places.
- 'Za svako dobro': brand new initiative which initiated a chain of personal and corporate responsibility for the well-being of the whole society and especially disabled and marginalized persons. On Crnogorski Telekom's call for proposals 70 various projects of this kind have been submitted. Crnogorski Telekom decided to provide a financial support for 5 submitted projects of a great social importance.

Selective waste collection

In 2014 we invested a lot of effort to further improve the achievements, and create the habits related to selective waste collection, by communicating international benchmarks and practices.

SUSTAINABILITY COORDINATION

The Group-level governance of sustainability activity in 2014 is shown in the table below. Group-level coordination continues to be implemented under the auspices of the Group Sustainability Coordination Council (GSCC). In the operation of the GSCC we discontinued the separation of strategy development and strategy management and returned to the earlier method of implementing sustainability activity on two levels:

1. Strategy development and management
Within the framework of the GSCC strategic concepts are developed, implementation of the strategy is managed, communications material is produced and the relevant contact with national and international organizations is managed.
2. Operative implementation level
Similarly to the earlier practice, the operative activities, tasks, data provision, etc are performed within the relevant organizations of the governance areas and business units.

The operation of GSCC follows corporate directives: Table of the rules regarding Magyar Telekom Group's sustainability activities, as well as the related scope of responsibility and authority of participants.

THE OPERATION OF THE GROUP SUSTAINABILITY COORDINATION COUNCIL

| Scope of authority | Responsible |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Definition of the activities' main direction, adopting decisions on major issues | Management Committee (MC) |
| Ensuring the conditions for and supervising the pursuance of the activities | Responsible top executive – Chief Human Resources Officer, Member of the MC (CHRO) |
| Adoption of decisions and resolutions necessary for operations, providing coordination forum for the completion of tasks | Group Sustainability Coordination Council (GSCC) |
| Professional control and management; harmonized fulfillment of tasks on Group-level; participation in professional activities in Hungary and abroad | Head of the GSCC – head of Corporate Sustainability Center |
| Fulfilling tasks of fields of responsibilities/units/affiliates, participation at meetings, reporting data, implementing the parts of operational tasks they are responsible for as defined in the annexes of the present directive | GSCC members |
| The top management of Magyar Telekom Group gave full power of responsibility for the implementation of the Sustainability strategy earlier approved by them to the Chief Human | Resources Officer. The Corporate Sustainability Center is responsible for the technical guidance of the implementation. |



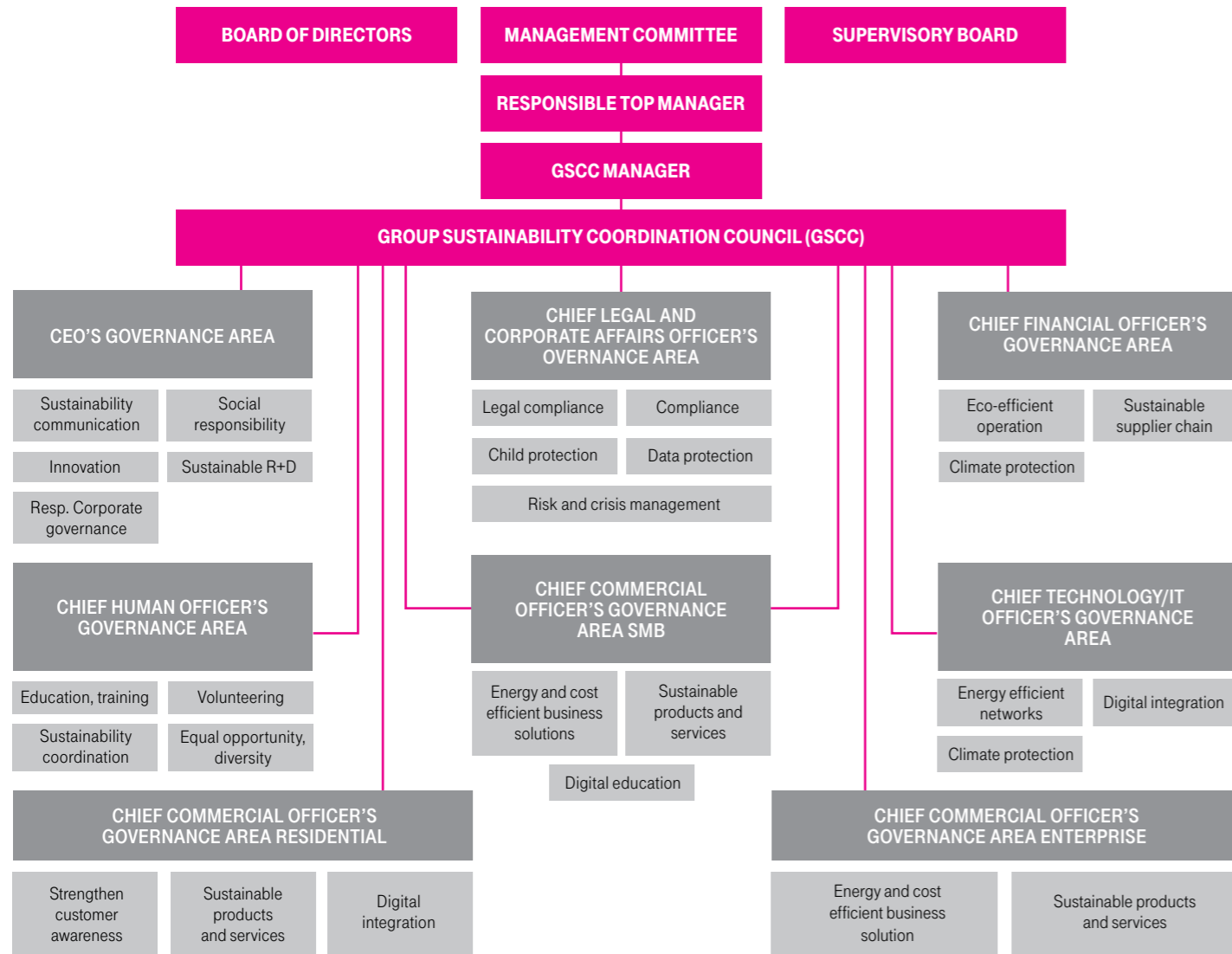
Magyar Telekom Group's top executives, the Management Committee (MC), receive a report at least once a year about the Group's Sustainability strategy fulfillment, and other current and significant sustainability activities, results, and upcoming risk and opportunities.

In the yearly report the MC has the possibility to get information about the sustainability trends in ICT and beyond, answer the feedback of the stakeholders and, based on these, modify the strategy (tasks, KPIs). The MC keeps contact with the stakeholders directly (e.g. General Assembly) or through the GSCC. Incoming requests arrive in the relevant areas, then critical enquiries about sustainability activities are forwarded directly by the GSCC members to the assigned directorates. According to the Group Directive the Sustainability strategy tasks are assigned to a Chief Officer, whose payable bonus is dependent on the achievement of 50% of the collective goals.

The GSCC is responsible for the yearly sustainability report, which is supervised by the responsible chief officer (CHRO). The professional management is lead by the Corporate Sustainability Center.

In 2014 the Chief Business Development Officer's governance area was discontinued and the Non-core business areas Directorate took over the role.

MANAGEMENT OF MAGYAR TELEKOM IN 2014 FROM THE ASPECT OF SUSTAINABILITY



Hierarchy of the sustainability activities

The hierarchy of the sustainability activities of Magyar Telekom Group has not changed recently, but the structure of the Group has, which can be followed in the annual sustainability reports. The Sustainability strategy, the regularly updated objectives and tasks derived from the Strategy are carried out after consideration of the Group's different policies, national and international trends (climate protection, electromagnetic fields, responsible content provision, etc) and the expectations set by our stakeholders (proposals made at round-table discussions and sustainability forums, e-mail comments, residential survey).

The GSCC has 4 meetings annually. Its responsibilities include:

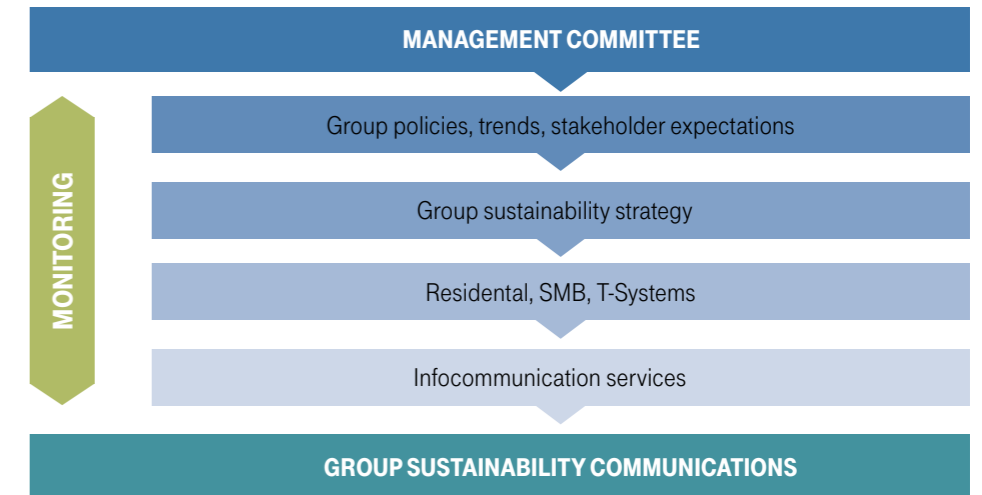
- regularly review and evaluate all proposals

- related to sustainability and send comments on them to the Board of Directors;
- monitor the development and implementation of the Sustainability strategy;
- supervise the progress in the strategic focus areas;
- review sustainability-related activities.

Based on the meetings, the Management Committee receives a yearly report on the Sustainability strategy and activities. The GSCC is responsible for solving sustainability incidents caused by our suppliers, and responsible for taking measures and reducing risks.

The Sustainable Supply Chain management process, developed to manage the risks affecting our business, covers all the sustainability (including environmental as well) activities related to suppliers.

HIERARCHY OF THE SUSTAINABILITY ACTIVITIES



All activities are supervised by the Management Committee on the basis of the regular reports provided to it. The Sustainable Supply Chain management process was developed to manage the risks affecting our business. The working group set up by GSCC manage the incidents arising and establish measures for the reduction of risks.

Regulation of sustainability activities, Group sustainability process, environmental coordination

The Sustainable management process covers the whole sustainability (including environmental as well) activities of Magyar Telekom Group.

GROUP SUSTAINABILITY PROCESSES, ENVIRONMENTAL COORDINATION



1. Operating framework of the sustainability process

- 1.1 Regulations
- 1.2 Determination of the guidelines, strategy
- 1.3 Work groups/expert teams

2. Process management

- 2.1 Development of group policies
- 2.2 Setting Group sustainability targets

3. Implementation of the tasks

- 3.1 Sustainability development tasks

4. Communication

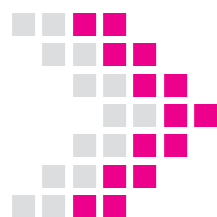
- 4.1 Sustainability communication roadmap preparation, communication
- 4.2 Sustainability report preparation
- 4.3 Sustainable products services related activity

- 1.4 Monitoring, feedback

STAKEHOLDERS

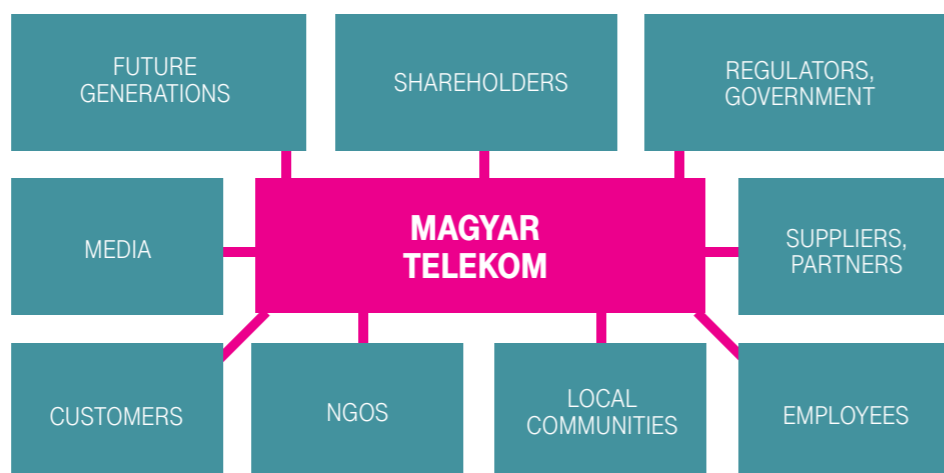
The stakeholders of Magyar Telekom Group include all those groups, which have an influence on, or hold an interest in the implementation of the objectives of the company. The company earlier identified its stakeholders through review of its management systems and benchmark studies, and keeps continuous contact with them to ensure that their

interests are taken into consideration in the course of its operations. Their opinion and critical observations about our sustainable activities are highly important to us. We had the opportunity to meet with them on several forums, surveys and personal meetings, and to demonstrate our sustainable activities and to discuss the upcoming tasks.



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

STAKEHOLDERS OF MAGYAR TELEKOM GROUP



In 2014, we organized the 15th Sustainability Roundtable, which aimed to hold an open dialogue to learn the expectations from Magyar Telekom Group and to discuss the problems raised, and also to provide an appropriate background for joint thinking and for cooperation in the building of a sustainable future, and also to present our sustainable results and targets. The 15th Roundtable meeting was held on September 3, 2014, where several topics were discussed – employment of disabled people, sustainable products, sustainability integrating into Magyar Telekom's identity, operation of Sustainability Media Club – by the participants.

The most important issues discussed with the stakeholder are contained in the memorandums of previous Sustainability Roundtables:

https://www.telekom.hu/about_us/society_and_environment/events

In the Sustainability report we generally refer to the available surveys and research but this time we also requested the stakeholders to express their opinion on two matters via filling in a survey sheet. On the one hand we wanted to know how much they find it important that Magyar Telekom works on the given topics of the Sustainability report and on the other hand we also wanted to know how much the information disclosed in the Report is interesting and useful for the stakeholders. Based on the answers we may conclude that in a scale of

1-5 the stakeholders think that the most important topics are climate protection, energy consumption, biological diversity, emission and the protection of children. According to the stakeholders the most interesting and useful topics are climate protection and energy consumption. Although the Sustainability report is primarily prepared for investors, taking into account the results of the survey, we pay increased attention to the topic of climate protection and energy consumption.

Stakeholder engagement

To have strong relations with the stakeholders is essential for the successful operation of the company. Some of the more important activities related to our key stakeholders, on which detailed information can be found in related chapters of the report:

- Shareholders**
Investor (and responsible investor) assessments
- Customers**
Sustainable products and services
- Employees**
hello holnap! club and points
- Regulators**
Legislative compliance, regulatory connections
- Local communities**
Digital Bridge, volunteering
- NGOs**
Sustainability roundtable discussions
- Suppliers**
Sustainable Supply Chain
- Media**
Sustainability Media Club
- Future generations**
Mobile School, sustainable innovations, hello holnap! mobile app

Stakeholder engagement frequency and highlights in 2014



Shareholders

Four times during the year 2014 the Chief Financial Officer presented quarterly results to the representatives of investors and professional financial journalists (27 February: Release of fourth quarter 2013 results; 8 May: Release of first quarter 2014 results; 7 August: Release of first half 2014 results; 6 November: Release of third quarter 2014 results).

On 15 April 2015 the Annual General Meeting was held, convened by the Board of Directors of Magyar Telekom Telecommunications Public Limited Company, at which 11 agenda points were discussed between the parties.

In 2014 we participated in six investor conferences and roadshows around the world (19-20 March: Citi European and Emerging Markets Telecoms Conference, London; 31 March – 1 April: UBS Roadshow, Paris;

9 April: Concorde Conference, Budapest; 10 September: HSBC EEMEA Investor Forum and Roadshow (analyst dinner), London; 8-9 October: Erste Conference, Stegersbach; 16-17 October: USA Roadshow). Magyar Telekom's top management and staff from the Investor Relations department spend 20–25 days abroad every year at various roadshows and conferences in the main centers of the financial world, where the vast majority of fund managers and investors are active. Around 150–200 meetings take place annually with investors and analysts.

Magyar Telekom also gives space on its website to satisfy the information needs of interested parties. Up-to-date information can be found in the 'For Investors' section about the corporation's strategy, financial situation (quarterly financial reports), general meetings, and dividend payments. The current listing of Magyar Telekom's

shares and all the information necessary to get in touch with the corporation are also available. The e-mail address and telephone number of the Investor Relations department can be found on the website, and members of the department respond to questions sent via e-mail as quickly as possible.

In addition to the above, the corporation assesses investor needs each year with the help of a questionnaire. An independent specialist firm is commissioned to prepare a so-called perception study, which assesses investors' opinions, needs and expectations with the help of a series of detailed questions asked to a representative sample. The summary presentation of the final results of the survey is prepared by the Investor Relations department, and presented at the meeting of the Management Committee.



Customers

On 12 November 2014 T-Systems Hungary organized a Symposium in the Budapest Congress Center for the third year in a row. It attracted a record attendance of almost 1800 participants. As the biggest whole-day event in the industry, the Symposium gives a full picture of the primarily infocommunication-driven challenges that have an impact on companies' present and future operations.

A representative survey was made in January and February 2014. Telephone interviews were conducted with people who are decision-

makers concerning the procurement and operation of IT tools in Hungarian SMEs that use at least 3 IT tools (computer or laptop). The interviewed 202 companies are representative of the Hungarian SMEs employing 10–50 staff in terms of company size, scope of activity and geographical region.

The Omnibus survey is conducted four times a year, in which Magyar Telekom clients and non-Magyar Telekom clients are asked about core telecommunication-related and non-core-related consumption patterns.

Two times a year there are questions regarding sustainability. The number of participants is 1430.

Several times a year Magyar Telekom conducts a TRI*M research which decodes relationships with customers and stakeholders. Feedback on their experiences is collected from 14 400 residential clients four times a year and business clients two times a year via a series of 4200 interviews.



Employees

8891 employees were asked to fill in DT Group's group-wide survey called Pulse. The survey focused on what makes Magyar Telekom a leading telecommunications company and in which areas it could improve its performance. The survey also asked for employees' feedback about how they saw the company's operation, strategy and cooperation.

Group-wide 2798 employees took part in the kick-off event of Magyar Telekom. At the kick-off the CEO of the Group summarized the results of 2013 and shared the goals and expectations for 2014.

The importance of sports and a healthy lifestyle were the focus of the event series Move Telekom!, in which more than 1000 employees took part. Lifestyle competitions were held, running ambassadors were appointed, and the popular and well-known fitness champion Attila Katus visited Magyar Telekom offices and coached employees.

3500 employees visited the Telekom strategic roadshow that toured eight cities in five weeks. At the roadshow all MC members took part and presented the Deutsche Telekom Group's Europe-level strategy and the aspects that affect Hungary.

All together 303 employees were involved in the Adni jó! Sütiakció (It's good to give! Cookie Campaign). Most of the employees donated money in exchange for the cookies that some of them had made, and others helped out as volunteers during the event.



Regulators

Magyar Telekom regularly discusses the following matters with Ministries (in particular with the Ministry for Internal Affairs, the Ministry for Justice, the Prime Minister's Office, the Ministry for National Economy, and the Ministry for National Development) and authorities (in particular with the National Media and Infocommunications Authority and the Hungarian Energy and Public Utility Regulatory Authority):

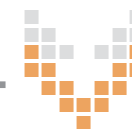
- comments on draft legislation circulated by the lawmaker for public discussion;

- further discussions initiated by the lawmaker in relation to the above-mentioned comments;
- elaboration of the lawmaker's standpoint in matters of legal interpretation to ensure full compliance with the intentions of the lawmaker;
- matters related to the practical interpretation of the law to obtain the authority's standpoint to ensure full compliance with the intentions of the lawmaker.

Besides the above, Magyar Telekom keeps contact with market players and competitors too. The above-mentioned discussions

are conducted at interest representation forums (in particular at the Communications Reconciliation Council and IVSZ: Alliance for the Digital Economy) where the company's key objective is to establish a joint legal opinion on the legislative process.

Magyar Telekom's regulatory department organizes the so-named Regulatory Forum event every six months, in which in-house stakeholders are informed about the most important regulatory changes and processes.



Local communities

Magyar Telekom presents its new products and services across the country within a series of regional roadshows. In 2014 several hundred events were organized to show the company's new products to the residents of 5 of the 7 regions: Northern Hungary, Northern Great Plain, Southern Great Plain, Central Hungary and Southern Transdanubia.

The T-City project was launched in 2009 in Szolnok. The 78 000 inhabitants of the city can benefit from the possibilities offered by the T-City project, experience the impact of the latest ICT technologies on their quality of life, and learn about Magyar Telekom's community services.

The purpose of Magyar Telekom's Digital Bridge for Small Settlements Program, launched in 2004, is to tackle digital

differences and to increase awareness of the achievements and the opportunities offered by information and communication technologies in regions where the digital divide is present. The main focus points of the program are small settlements, where the improvement of information and communication skills may enhance local and regional development. The training is provided by Magyar Telekom volunteers. In 2014 our colleagues organized 18 Digital Bridge events.

Magyar Telekom was the first to offer comprehensive customized services for people with disabilities in Hungary. In order to access hello holnap! tariff packages applicants only have to be members of the interest representation organizations involved (MEOSZ, SINOSZ, MVGYOSZ, ÉFOÉSZ). The services are offered at

competitive prices and at lower tariffs than our own fee packages for both pre-paid and post-paid plans. The packages, that were created jointly with the interest representation organizations, have been available since 1 November 2013 and are currently being used by approximately 3000 customers.

T-Systems Hungary ensured system integration, data communication services and certain software for the operation of the first community bike-sharing system in Budapest. A total of 1150 bikes are available at 91 docking stations. Since the beginning of the project 400 000 bike rentals have been registered.



NGOs

Everyone has the opportunity to exchange ideas and experiences with NGOs at the annual Sustainability Roundtable discussions. In 2014 the panel discussion was organized on 3 September.

The Sustainability Day has been organized for seven years on the last Saturday of September. In 2014 there were 50 exhibitors at the event, including non-profit organizations. The exhibition attracted more than 4000 visitors.

As part of the preparation for the 2014 Sustainability report we distributed a survey among non-profit organizations to try to find out which topics in the report are the most useful and important for them. The survey was sent to all non-profit organizations that had been granted donations from Magyar Telekom in the past three years, as well as to the partners and beneficiaries of the hello holnap! mobile app, the organi-

zations that took part in the creation of the hello holnap! tariff package, organizations representing people with disabilities, the organizations participating in the 7th Sustainability Day, and the winners of the CivilNet Application for Funds.

During the preparation process of the hello holnap! mobile app, Magyar Telekom had three non-profit organizations as cooperation partners: the Szatyor and 30km.hu consumer communities, and the Oszkár car-sharing service. The beneficiaries of donations included the Foundation for Democratic Youth, the Eco Service, the Hungarian Green Roots Association, the Civil College Foundation and the Contemporary Architecture Center.

Among Crnogorski Telekom's many CR projects in 2014, the highlight of the year was the donation contest called 'Za svako dobro' ('For every good'), which raised

23 thousand EUR for a long-term project that finances social responsibility projects of special importance in Montenegro. From among the 70 NGOs that applied for grants, four projects were selected and awarded with funds for implementation.

Since 2002 the Foundation T-Mobile for Macedonia has initiated the opening of humanitarian charity donations telephone lines, with the goal of encouraging citizens to donate to help people or organizations involved in humanitarian work. In 2014 the numbers were used 55 times, specifically 51 times for individual citizens and 4 times for legal entities.

Magyar Telekom launched its Civil Tariff Package service in March 2004. In 2014 the company invited applications and provided discount schemes to 27 NGOs to the overall value of 2.4 million HUF.



Suppliers

We invited 30 key suppliers to fill out the EcoVadis assessment, which evaluates companies in terms of economic, environmental, social and responsible procurement aspects, and we received 20 responses from our direct and indirect suppliers.

Key suppliers were invited to the Suppliers' Conference, which was an interactive discussion with suppliers about topics such as the variety of business relationships, compliance and how the OneERP

project affects them. Almost 100 suppliers participated.

T-Systems Hungary organizes every year the T-Systems Symposium infocommunications conference, where we present in cooperation with our partners the innovations and trends in the ICT world, as well as a vision of the future.

Deutsche Telekom conducts worldwide audits of selected suppliers. The uniform

auditing system promotes and ensures compliance with the minimum social and environmental standards. As part of the system, in 2014 a total of 14 indirect Magyar Telekom suppliers were audited.

Deutsche Telekom's cross-border initiative 'Together for Sustainability' was created in 2014. This is a supplier development program, and three key ICT product suppliers cooperated in it.



Media

The Corporate Sustainability department and Press Relations department organized two operative meetings for Sustainability Media Club members in 2014. All nine club members were represented in the meetings: Magyar Telekom, CEMP group, TV2, RTL Klub, Class FM, Ringier AxelSpringer, Metropol, Origo group and Central Média csoport.

A total of 53 entries were submitted to Magyar Telekom's Sustainability Press Award. Journalists could enter their work in three categories ('View from the bottom', 'Panoramic view' and 'e-world') related to social, environmental or economic topics.

An inspiring and educational media course was organized for Sustainable Media Club members by Magyar Telekom. The goal of the course was to process basic topics from the point of view of the most vulnerable target group: children. Our cooperating partner was Szilvia Gyurkó, UNICEF Hungarian Committee's director for children's rights, who specializes in media sensitization.



Future generations

On the 7th Sustainability day in 2014 – where the target group was young, educated city-dwellers within the age group of 18-35 – as many as 4701 persons participated in and listened to the four panel discussions.

In the Telekom Smart Digital Program employees of the company (mostly volunteers) give presentations on the use of the internet and the digital world around the country. They work to transfer and share the knowledge that they use in their daily work. In 2014 there were 346 volunteers who gave 2128 presentations to 58 129 children and 1327 teachers on the safe use of mobile phones and the internet.

Music is among Magyar Telekom's main sponsoring areas. The company has been supporting music festivals like VOLT, Balaton Sound, EFOTT and Campus for many years.

Sponsorship offers opportunities for brand display and other activities. Through supporting festivals Magyar Telekom communicated with more than 400 000 young adults in 2014: 110 000 partied at VOLT, 145 000 at Balaton Sound, 71 000 at Campus, and 92 000 at EFOTT.

Within the T-City program an RFID-based (radio frequency identification) student ID system was implemented in Szandaszőlősi Primary School. All the students involved in the system test received a School Card, which

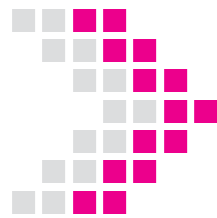
is a plastic ID card operated with RFID technology. Access to and exit from the building of the school is controlled by the admission card when students pass through a turnstile installed at the entrance. This significantly reduces the possibility of unauthorized entry into the premises and enhances the security of students and school property.

The hello holnap! mobile app is very popular among young people, who are committed users of smart devices. The app gives sustainability assignments to its users and then gives points for the successful completion of each task. The points can be exchanged into HUF and can be donated to NGOs. By the end of 2014 the application had been downloaded more than 3000 times.

MATERIALITY

Magyar Telekom has been addressing the sustainability implications of its operations for close to twenty years, and in 2000 it was one of the first Hungarian companies to establish a sustainability unit that managed environmental issues in the beginning and coordinates

sustainability processes now. Its sustainability activities are characterized by comprehensive, long-term plans, and the company is now implementing its third five-year Sustainability strategy.



Magyar Telekom's sustainability activities and achievements are comprehensively discussed in the annual Sustainability reports, making the Group's environmental, social and economic activities transparent to everyone.

The scope and the content of the Sustainability report was defined on the basis of Magyar Telekom's materiality assessment, and as an external resource we also used the questions of responsible investor analysts (RobecoSAM, Oekom Research, Sustainalytics), as well as the materiality assessment and manual of the Global e-Sustainability Initiative (GeSI) prepared for the ICT sector (<http://gesi.org/portfolio/report/79>).

Magyar Telekom's materiality assessment helps to define all sustainability topics that are important and current for the company and its stakeholders, and supports the implementation of the stakeholders' interests into business processes and strategic objectives.

The topics are defined, prioritized and grouped during the preparation of Magyar Telekom Group's Sustainability strategy in the first place, then the topics are verified (and, if necessary, revised and amended) upon their annual submission to the Management Committee. The development of the materiality process is also supported by continuous harmonization with other strategies of the company.

The materiality assessment was primarily prepared for our third Sustainability strategy for the period between 2011 and 2015.

The objective of the analysis is to analyze future value-creation trends, explore possibilities for the development of new products and services, and prioritize the company's resources to focus on the most important topics.

Trends influencing the Sustainability strategy adopted in 2011:

- Professional evaluation of the previous strategic period (mainly based on Dow Jones Sustainability Index results)
- The European Union's Europe 2020 strategy
- The EU's 3 × 20 climate package that lasts until 2020
- EU recommendation for the ICT sector: 20% CO₂-reduction by 2015
- Corporate trends (e.g. Climate Groups' 30% initiative)
- Deutsche Telekom sustainability requirements
- Responsible investments and increase of their value
- Changing customer requirements

Based on the materiality assessment and taking into account the activities' direct and indirect impact and severity, their positive or negative effect, and mainly our stakeholders' expectations (primarily from the view of responsible investor analysts), sustainability topics were prioritized and grouped as follows:

SUSTAINABILITY STRATEGY PRIORITY

HIGH PRIORITY TOPICS

- Telecommunication Services
- Sustainable Innovation
- Supply Chain Management
- Climate Strategy
- Sustainable Brand Management

MEDIUM PRIORITY TOPICS

- Corporate Citizenship
- Customer Relationship Management
- Digital Inclusion
- Talent Attraction & Retention
- Human Capital Development
- Service Development
- Labor Practices
- Sustainability report
- Stakeholder Engagement
- Corporate Governance
- Environmental Management
- Health & Safety
- Brand Management
- Codes of Ethics & Conduct/ Compliance/Corruption & Bribery

LOW PRIORITY TOPICS

- Labor Practices
- Talent Attraction & Retention
- Risk and Crisis Management
- Privacy Protection

In our assessment all the topics that are judged to be material have major implications both inside and outside the company.

Based on the materiality assessment applied when designing the strategy, not only are the

key areas presented in the report in detail, but the less important ones too, because Magyar Telekom Group's Sustainability report is a tool for the reporting of each and every achievement and result related to all relevant topics.



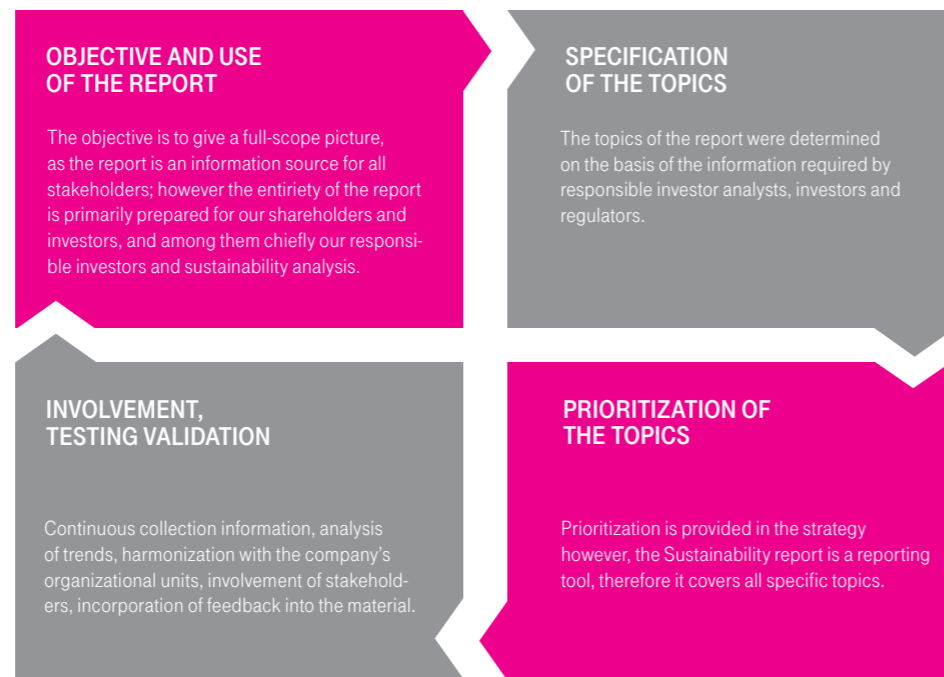
Our Sustainability report was compiled so that it contains information relevant mainly for our shareholders and investors, especially for responsible investors and sustainability analysts.

We provided full-scope information as required by responsible investor analysts, investors, and regulators, and we continuously expand the scope of the report on the basis of further incoming requirements to ensure that our stakeholders are informed in the most transparent way on corporate governance, environmental and social impacts, as well as exposures and opportunities. Our Sustainability strategy was defined on the basis of the Dow Jones Sustainability Index and RobecoSAM topics, therefore our Sustainability

report contains the corresponding discussion items. Although we set priorities in our strategy to ensure the effective use of resources, we do not want to narrow down the scope of the report only to these topics.

Naturally, our Sustainability report is prepared for all stakeholders, and in order to involve and inform all interested parties we also use various other information tools besides the report, like targeted communication, brief summaries, infographics, events, etc.

PROCESS FOR DETERMINING THE CONTENT OF THE REPORT



STRATEGIES AND POLICIES ACCORDING TO OUR SUSTAINABILITY APPROACH

HR-STRATEGY

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

Magyar Telekom's HR Strategy from the company's point of view

- Efficient company – continuous revenue-aligned optimization of the personnel costs
- Competitive company – competitive edge with human capital: in training-development, career management areas
- Energized company – an international, diverse, healthy community sharing successes

Magyar Telekom's HR Strategy from the point of view of the employees

The development of the employees will be implemented through enhancement of the employee experience, which is the key element of our strategy. In 2011, we identified the stations of a Magyar Telekom employee's employment life cycle, and assigned the necessary HR tools to the implementation of each HR station. In 2012, we started the realization of the objectives, in 2013 we updated the Human Strategy, in line with the company's Telekom 2017 strategic objectives whereas in 2014 we put the emphasis on the fulfillment of targets and the implementation of the best solutions:

- Employer brand building: We build a livable and lovable place of work with which our employees are satisfied and which is attractive in the labor market. We earned the second place in the Best Employer survey.
- Selection: We will create a place of work with diversity by maintaining a healthy level of internal recruitment and by increasing the weight of non-typical employment. The company boasts 70% internal replacement rate, and some 12% of the employees work in a non-typical form of employment.

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

SUPPORT AND SPONSOR STRATEGY

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

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

The company's sponsoring activities are mainly focused on sports and music and arch from the support of Hungarian top athletes, through donations to young students' and mass sport events to the support of pop music festivals and musical institutes. It is important for Magyar Telekom to harmonize its sponsoring activity with the other elements of its CSR activity. It is inevitable to sponsor cultural initiatives with other than financial forms of support, and seek to aid the realization of projects with the use of our core activity infocommunication solutions.

In view of the corporate social and economic responsibility also following from the size of the company, Magyar Telekom is trying to answer this challenge from all aspects. Magyar Telekom is trying to answer the challenge of making its CSR and support activities awareness-raising, so from the very start it pays distinguished attention to the communication of its CSR program and to the involvement and activation of its customers and employees. In the field of donations our support policy took a significant, forward-looking turn in 2013.

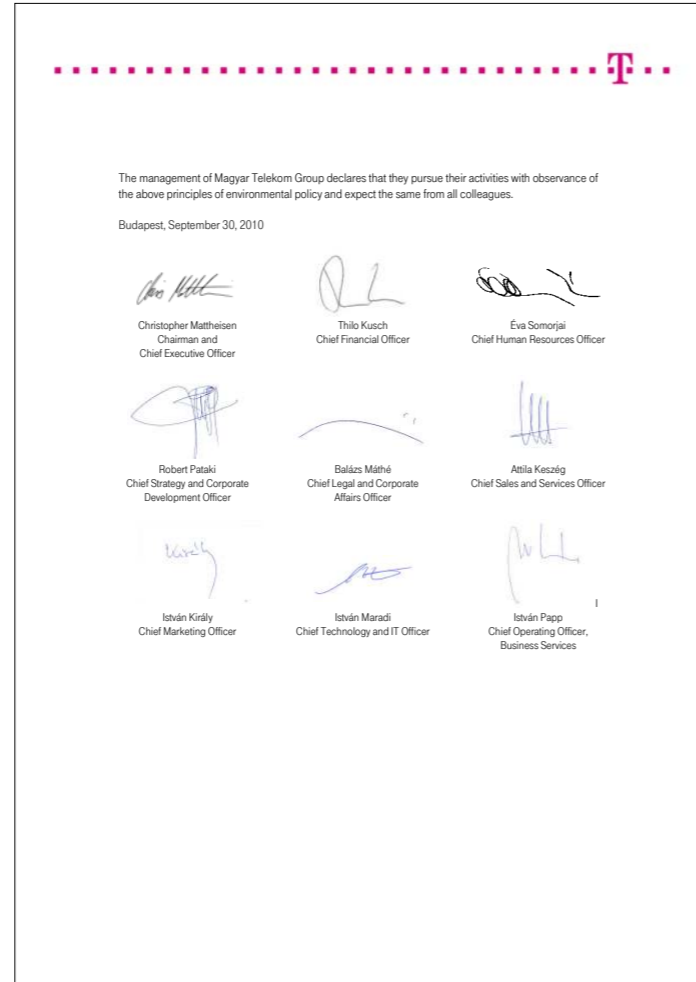
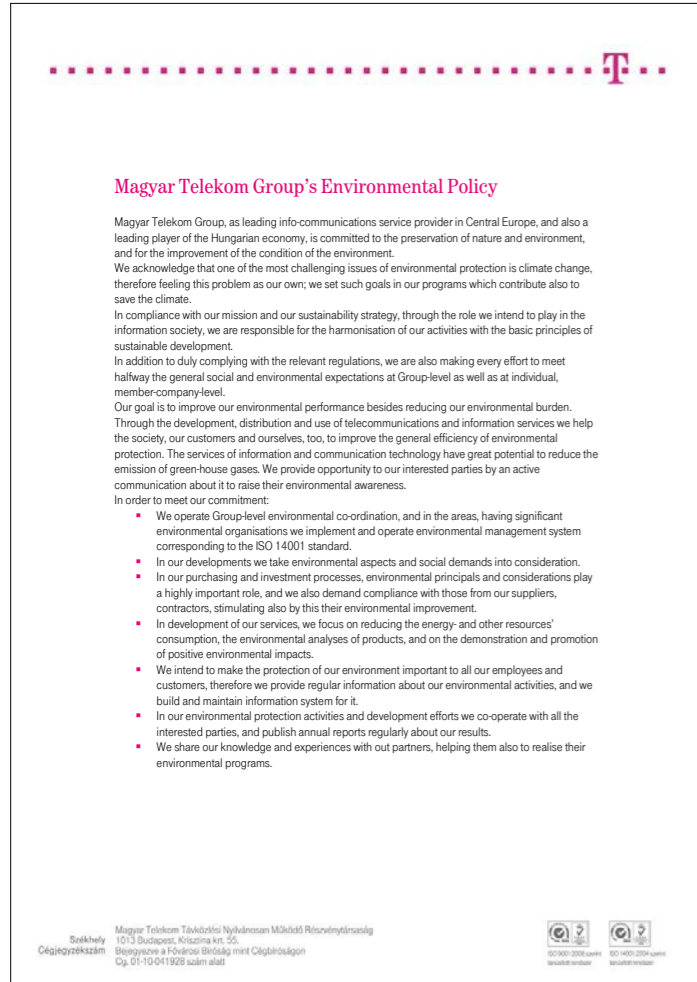


The company's management decided that in line with the corporate strategy we link our social responsibility practices to our core activity, i.e. we focus on digital education programs that develop the society's digital maturity in a way that we provide useful knowledge for everyday life. This led to the organizing Telekom Okosdigitális Program.

ENVIRONMENTAL POLICY

Magyar Telekom Group's commitment to the idea of sustainable development (within it to the environmental issues) and responsibilities assumed are published in Magyar Telekom

Group's Environmental Policy. The policy contains obligations for the Group members individually and for the Group all together:



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

QUALITY POLICY

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

MANAGEMENT SYSTEMS

Magyar Telekom Group's ISO14001, the ISO 9001, ISO14001, ISO 27001 management system certifications have been renewed in November 2014 without any remarkable observations, and Magyar Telekom Plc. became member of DT Group HSE certification (ISO14001, ISO18001). Magyar Telekom Plc.'s integrated management system was extended by a company health and security management system (MSZ 28001:2008 [BS OHSAS 18001:2007]).

MAGYAR TELEKOM GROUP ISO14001 CERTIFIED ORGANIZATIONS:

| Organization | Validation of certificate |
|-----------------------------|---------------------------|
| Magyar Telekom Plc. | December 8, 2017 |
| T-Systems Magyarország Zrt. | June 25, 2016 |
| Makedonski Telekom | March 29, 2017 |
| DT HSE certification | December 9, 2016 |

(http://www.telekom.hu/static/sw/download/Magyar_Telekom_Nyrt_ISO_14001.pdf)

T-Systems Hungary has a certified ISO 50 001 Energy management system.

In order to achieve Magyar Telekom's strategic objectives it is imperative to ensure the company's profitable operation, the continuity of its services, the protection of the employees' health and the company's tangible/intangible assets in all reasonably foreseeable extraordinary circumstances that are inside or outside the company's competence (e.g. extraordinary weather, flood). Because of this Magyar Telekom Plc. started the Business Continuity project in 2013, the result of which is the successful ISO 22301 certification in 2014, firstly in Hungary.

ABOUT THE GROUP

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

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

Its governance structure enables Magyar Telekom to respond flexibly and on time to the changes in customer demands and to the challenges of the market by tapping new, innovative service and business possibilities and providing high-level, modern and efficient service to its customers. Chief officers, reporting

to the CEO, run the functional units (financial, human resources, residential, small- and medium-sized business, enterprise, technology/IT, legal and corporate affairs).

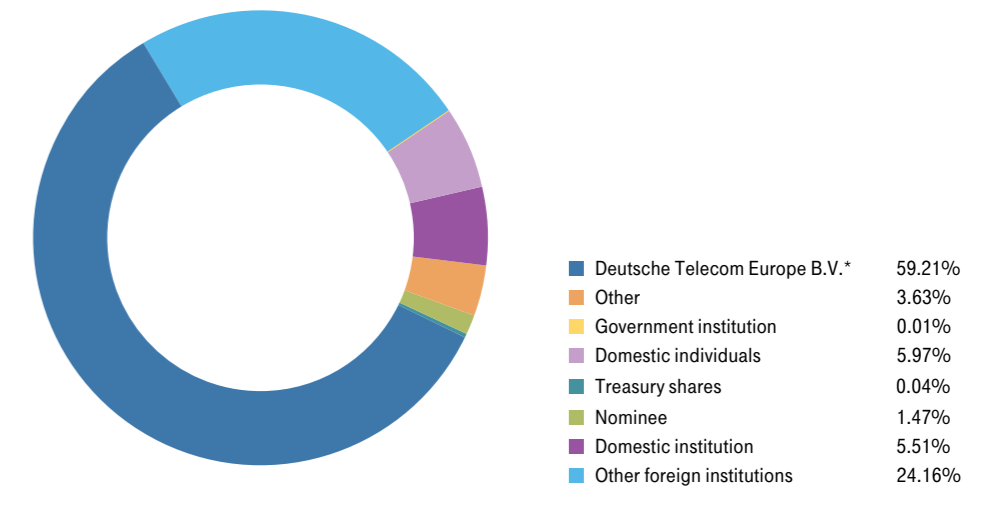
The national member companies of Magyar Telekom Group manage the content, media and other, non-access services provided under different brand names. The international member companies of the Group operate as integrated or alternative telecommunications providers in the markets of the Southeast European region. Magyar Telekom is majority owner of Makedonski Telekom, Macedonia's biggest fixed and mobile operator, and also holds majority share in Crnogorski Telekom, Montenegro's biggest telecom provider.

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

The activities of Magyar Telekom Group cover three main business areas:

- fixed-line and mobile telecommunication services to residential customers (under the Telekom brand),
- services to small- and medium-sized businesses (under the Telekom brand),
- and services to large businesses (under the T-Systems brand).

OWNERSHIP STRUCTURE OF MAGYAR TELEKOM ✓



Based on the company's share register as of March 31, 2015.
 *Deutsche Telekom Europe B.V. (formerly called CMobil B.V.) 100% owned by Deutsche Telekom Europe Holding B. V., whose 100% owner is Deutsche Telekom Europe Holding GmbH (formerly called T-Mobile Global Holding Nr. 2 GmbH) and Deutsche Telekom Europe Holding GmbH is 100% owned by Deutsche Telekom AG, as result Deutsche Telekom AG has 59.21% indirect ownership and voting rights in Magyar Telekom Nyrt.
https://www.telekom.hu/about_us/investor_relations/magyar_telekom_shares/ownership_structure

Number of employees of Magyar Telekom Group (as of 12.31.2014): 10 883.⁽¹⁾ ✓

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

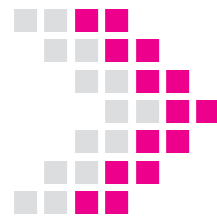
The registered company name of Magyar Telekom is Magyar Telekom Telecommunications Public Limited Company, and its short name Magyar Telekom Plc.

The Group's area of operation: Hungary, Macedonia, Montenegro, Romania, Bulgaria and Ukraine.

The headquarters of the Group are located in Budapest (I., Krisztina krt 55.).

You can find more information about the Group's products and services on the company's home page at: <http://www.t-mobile.hu/english/services>, or our partners can also inquire at our customer service offices.

(1) Closing FTE

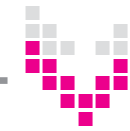


The following table shows the major changes in the composition of the Group over a six-year time horizon. The content of the table also gives guidance to the interpretation of the diagrams.

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

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------|--------------------------|-------------------------------------|---------------------------------|-------------------------------------|---------------------|
| Magyar Telekom Plc. | Magyar Telekom Plc. | Magyar Telekom Plc. | Magyar Telekom Plc. | Magyar Telekom Plc. | Magyar Telekom Plc. |
| IQSYS ⁽²⁾ | IQSYS | IQSYS | IQSYS ⁽³⁾ | | |
| KFKI | KFKI | KFKI ⁽⁴⁾ | T-Systems Hungary | T-Systems Hungary | T-Systems Hungary |
| T-Kábel ⁽⁵⁾ | - | - | - | - | - |
| EPT | EPT ⁽⁶⁾ | - | - | - | - |
| Pro-M ⁽⁷⁾ | Pro-M | Pro-M | Pro-M ⁽⁸⁾ | - | - |
| Dataplex ⁽⁹⁾ | Dataplex | Dataplex | Dataplex ⁽¹⁰⁾ | - | - |
| MFactory ⁽¹¹⁾ | MFactory ⁽¹²⁾ | - | - | - | - |
| Origo ⁽¹³⁾ | Origo | Origo | Origo | Origo | Origo |
| - | - | ISH Informatika ⁽¹⁴⁾ | ISH Informatika ⁽¹⁵⁾ | - | - |
| - | - | Daten-Kontor ⁽¹⁶⁾ | Daten-Kontor ⁽¹⁷⁾ | - | - |
| - | - | Budakalász Kábel TV ⁽¹⁸⁾ | Budakalász Kábel TV | Budakalász Kábel TV ⁽¹⁹⁾ | KalászNet |
| TCG ⁽²⁰⁾ | TCG | TCG | TCG | TCG | TCG |
| MakTel ⁽²¹⁾ | MakTel | MakTel | MakTel | MakTel | MakTel |

(2) In 2008 a new data provider appeared under the name of IQSYS as legal successor of the former INTEGRIS, IQSYS and T-Systems Hungary companies
 (3) From October 1, 2012 IQSYS continues to operate within T-Systems Magyarország Zrt.
 (4) From April 1, 2012 KFKI provides its services under the name of T-Systems Magyarország Zrt.
 (5) T-Kábel merged into Magyar Telekom (with effect 09.30.2009)
 (6) EPT merged into KFKI (with effect 09.30.2010)
 (7) In 2008 Pro-M appeared as a new data provider
 (8) In 2012 100% of Pro-M shares sold to the Nemzeti Infokommunikációs Szolgáltató Zártkörűen Működő Részvénytársaság
 (9) In 2008 Dataplex appeared as a new data provider
 (10) From October 1, 2012 Dataplex continues to operate within T-Systems Magyarország Zrt.
 (11) In 2008 MFactory appeared as a new data provider
 (12) MFactory merges into Origo (with effect July 31, 2010)
 (13) In 2008 Origo appeared as new data provider
 (14) In 2011 ISH Informatika appeared as new data provider
 (15) From October 1, 2012 ISH continues to operate within T-Systems Magyarország Zrt.
 (16) In 2011 Daten-Kontor appeared as new data provider
 (17) From April 1, 2013 Daten-Kontor continues to operate within T-Systems Magyarország Zrt.
 (18) In 2011 Budakalász Kábel TV appeared as new data provider
 (19) From March 27, 2013 Budakalász Kábel provides its services under the name of KalászNet
 (20) The data of Crnogorski Telekom is quoted under the name of TCG
 (21) The data of Makedonski Telekom AD and T-Mobile Macedonia AD are quoted under the name MakTel



Awards and recognitions achieved in 2014:

- Oekom responsible investor assessment: Prime category (recommended for responsible investors)
- CEERIUS sustainability index membership
- Biker-friendly Workplace 2013
- Family-friendly Company 2014 Special Award
- Energy-conscious Company-T-Systems Ltd. Co.
- Customer Service Excellence Award in the Electronic Channel category

A list of all the awards won since the strategy took effect is available through the link below:
http://www.telekom.hu/society_and_environment/prizes_ratings

SUBSTANTIAL FINANCIAL SUPPORT FROM THE STATE ⁽²²⁾

| | 2011 | 2012 | 2013 | 2014 |
|-----------------------------------------------------|------------------|--------------------|--------------------|--------------------|
| Tax credit utilization | 1628 million HUF | 4946 million HUF ✓ | 3011 million HUF ✓ | 3323 million HUF ✓ |
| Film- and sport subsidies | 285 million HUF | 723 million HUF ✓ | 409 million HUF ✓ | 584 million HUF ✓ |
| Tax benefit on wage cost of software developers | 20 million HUF | 20 million HUF ✓ | 20 million HUF ✓ | - |
| Tax impact of tax base decreasing item on donations | 4 million HUF | 8 million HUF ✓ | 8 million HUF ✓ | 0.4 million HUF ✓ |
| Tax impact of tax base decreasing item on R&D | 48 million HUF | 1 million HUF ✓ | 58 million HUF ✓ | - |

About economic performance of Magyar Telekom more details can be found in 2014 Annual Report:
http://www.telekom.hu/static/sw/download/HAR_2014_Eng_Eves_Jelentes.pdf; http://www.telekom.hu/static/sw/download/IFRS_Group_2014.pdf

(22) There is no significant state financial aid (donation, R+D or tax discount, etc.) in other countries above Hungary, that we report in Hungary

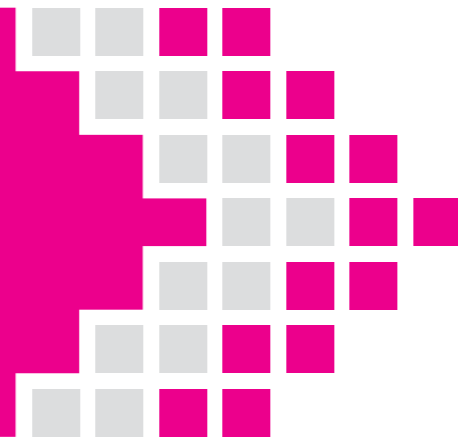
CREATING VALUE FOR OUR STAKEHOLDERS

| | | 2012 | 2013 | 2014 | 2014 | 2014 | 2014 | 2014 | 2014 |
|--------------------------------|----------------------------------------------------------------------------------------------------|-----------------------|-----------------------|------------------------------|-----------------------|----------------------|----------------------|---------------------|---------------------|
| | | Group | Group | Group | Hungary | Macedonia | Montenegro | Romania | Bulgaria |
| Produced economic value | | | | | | | | | |
| | Revenues (total revenue + share from the after-tax profit of the affiliates) | 607 128 million HUF ✓ | 637 521 million HUF ✓ | 626 447 million HUF ✓ | 532 885 million HUF ✓ | 55 733 million HUF ✓ | 32 256 million HUF ✓ | 3 868 million HUF ✓ | 1 705 million HUF ✓ |
| Stakeholder | Distributed economic value | | | | | | | | |
| Suppliers | Operating costs (total revenue-related payments + net other operating costs) | 318 226 million HUF ✓ | 361 368 million HUF ✓ | 350 473 million HUF ✓ | 306 578 million HUF ✓ | 26 104 million HUF ✓ | 13 943 million HUF ✓ | 2 617 million HUF ✓ | 1 231 million HUF ✓ |
| Employees | Employee wages and benefits (employee-related costs) | 94 084 million HUF ✓ | 96 691 million HUF ✓ | 94 750 million HUF ✓ | 82 565 million HUF ✓ | 6 158 million HUF ✓ | 5 536 million HUF ✓ | 275 million HUF ✓ | 216 million HUF ✓ |
| Investors | Payments to capital investors (dividend pay + net other operating costs) | 80 715 million HUF ✓ | 83 677 million HUF ✓ | 28 397 million HUF ✓ | 28 275 million HUF ✓ | 419 million HUF ✓ | -294 million HUF ✓ | -1 million HUF ✓ | -2 million HUF ✓ |
| State | Payments to the state budget (profit tax + crisis tax + telecom tax + utility tax) ⁽²³⁾ | 46 560 million HUF ✓ | 45 693 million HUF ✓ | 53 614 million HUF ✓ | 45 960 million HUF ✓ | 6 848 million HUF ✓ | 746 million HUF ✓ | 60 million HUF ✓ | 0 million HUF ✓ |
| Communities | Community investments (donations, institutional sponsorship, voluntary work, education) | 226 million HUF ✓ | 218 million HUF ✓ | 497 million HUF ✓ | 455 million HUF ✓ | 24 million HUF ✓ | 18 million HUF ✓ | n.a. | n.a. |
| Overall stakeholders in future | Retained earnings (after-tax profit + depreciation - dividend paid) | 100 635 million HUF ✓ | 81 479 million HUF ✓ | 132 674 million HUF ✓ | 102 968 million HUF ✓ | 16 204 million HUF ✓ | 12 325 million HUF ✓ | 917 million HUF ✓ | 260 million HUF ✓ |

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

(23) Value of 2012 contains profit tax, crisis tax and telecom tax, values of 2013 and 2014 contains profit tax, telecom tax and utility tax

KEY OPERATING STATISTICS OF MAGYAR TELEKOM GROUP



KPI INFORMATION ON MOBILE SERVICES IN HUNGARY, MACEDONIA AND MONTENEGRO ✓

| | 2013 | 2014 | 2014/2013 |
|---------------------------------------------------------------------------|-------------|-------------|------------|
| | December 31 | December 31 | (% change) |
| HUNGARY | | | |
| Penetration (%) | 117 | 116.8 | n.a. |
| Total number of subscribers | 5 402 406 | 5 478 340 | 1.4 |
| SIM-market share (%) | 46.3 | 46.3 | n.a. |
| Number of mobile broadband subscriptions | 1 845 544 | 2 151 042 | 16.6 |
| Mobile broadband market share, based on total number of subscriptions (%) | 45.2 | n.a. | n.a. |
| Population-based outdoor 3G coverage (%) | 82.9 | 83.0 | n.a. |
| Population-based outdoor 4G coverage (%) | 38.0 | 78.3 | n.a. |
| MACEDONIA | | | |
| Penetration (%) | 108.4 | 106.7 | n.a. |
| Total number of subscribers | 1 195 250 | 1 197 242 | 0.2 |
| SIM market share (%) | 47.5 | 46.8 | n.a. |
| MONTENEGRO | | | |
| Penetration (%) | 160.3 | 163.4 | n.a. |
| Total number of subscribers | 352 840 | 345 863 | (2.0) |
| SIM market share (%) | 35.5 | 34.1 | n.a. |

KEY OPERATING STATISTICAL FIGURES OF TELEKOM HUNGARY SEGMENT ✓

| | 2013 | 2014 | 2014/2013 |
|-----------------------------------------------------------------------|-------------|-------------|------------|
| | December 31 | December 31 | (% change) |
| MOBILE SERVICES | | | |
| Number of customers (RPC) | 4 886 705 | 4 964 255 | 1.6 |
| Post-paid share in the customer base (%) | 48,5 | 50 | n.a. |
| Monthly minutes of use (outgoing) | 161 | 171 | 6.2 |
| Post-paid average monthly revenue per user (HUF) | 5 518 | 5 760 | 4.4 |
| Pre-paid average monthly revenue per user (HUF) | 1 355 | 1 292 | (4.6) |
| Average monthly revenue per user (HUF) | 3 384 | 3 489 | 3.1 |
| Post-paid (%) | 13.2 | 11.2 | n.a. |
| Pre-paid (%) | 23.2 | 25.2 | n.a. |
| Overall churn rate (%) | 18.4 | 18.3 | n.a. |
| Ratio of non-voice revenues in average monthly revenue per user (HUF) | 25.4 | 26.8 | n.a. |
| Average acquisition cost (SAC) per gross add (HUF) | 6 407 | 5 722 | (10.7) |
| Number of mobile broadband subscriptions | 1 712 807 | 2 016 230 | 17.7 |

KEY OPERATING STATISTICAL FIGURES OF TELEKOM HUNGARY SEGMENT ✓

| | 2013 | 2014 | 2014/2013 |
|-------------------------------------------------------------------|-------------|-------------|------------|
| | December 31 | December 31 | (% change) |
| FIXED-LINE SERVICES | | | |
| VOICE SERVICES | | | |
| Total voice access | 1 430 280 | 1 418 207 | (0.8) |
| Total outgoing traffic (thousand minutes) | 3 118 192 | 2 781 810 | (10.8%) |
| Blended monthly minutes of use (outgoing) ⁽²⁴⁾ | 181 | 164 | (9.4) |
| Blended average monthly revenue per user (HUF) ⁽²⁴⁾ | 2 768 | 2 587 | (6.5) |
| INTERNET SERVICES | | | |
| Number of retail DSL customers | 518 217 | 548 656 | 5.9 |
| Number of cable broadband customers | 281 577 | 314 592 | 11.70% |
| Number of fiber optic connections | 50 953 | 58 561 | 14.9 |
| Total retail broadband customers | 850 747 | 921 809 | 8.4 |
| Broadband average monthly revenue per user (HUF) | 3 530 | 3 429 | (2.9) |
| Number of wholesale DSL access | 70 964 | 47 293 | (33.4) |
| TV SERVICES | | | |
| Number of IPTV customers | 389 700 | 445 044 | 14.2 |
| Number of satellite TV customers | 307 147 | 306 627 | (0.2) |
| Number of cable TV customers | 190 869 | 172 957 | (9.4) |
| Total TV customers | 887 716 | 924 628 | 4.2 |
| Blended TV average monthly revenue per user (HUF) ⁽²⁴⁾ | 3 110 | 3 111 | 0.0 |
| ENERGY SERVICES | | | |
| Electricity points of delivery | 106 287 | 104 831 | (1.4) |
| Gas points of delivery | 67 587 | 67 087 | (0.7) |

(24) Including PSTN, VoIP and VoCable

KEY OPERATING STATISTICAL FIGURES OF T-SYSTEMS HUNGARY SEGMENT ✓

| | 2013 | 2014 | 2014/2013 |
|-----------------------------------------------------------------------|-------------|-------------|------------|
| | December 31 | December 31 | (% change) |
| MOBILE SERVICES | | | |
| Number of customers (RPC) | 515 701 | 514 085 | (0.3) |
| Average monthly revenue per user (HUF) | 3 973 | 3 891 | (2.1%) |
| Overall churn rate (%) | 6.8 | 12.4 | n.a. |
| Ratio of non-voice revenues in average monthly revenue per user (HUF) | 39.2 | 40 | n.a. |
| Average acquisition cost (SAC) per gross add (HUF) | 3 398 | 1 681 | (50.5) |
| Number of mobile broadband internet subscriptions | 132 737 | 134 812 | 1.6 |
| FIXED-LINE SERVICES | | | |
| VOICE SERVICES | | | |
| Total voice access | 69 263 | 65 098 | (6.1) |
| Total outgoing traffic (thousand minutes) | 277 514 | 259 821 | (6.4) |
| Monthly minutes of use (outgoing) | 330 | 322 | (2.4) |
| Average monthly revenue per user (HUF) | 8 709 | 8 434 | (3.2) |

KEY OPERATING STATISTICAL FIGURES OF MACEDONIA SEGMENT ✓

| | 2013 | 2014 | 2014/2013 |
|-------------------------------------------|-------------|-------------|------------|
| | December 31 | December 31 | (% change) |
| MOBILE SERVICES | | | |
| Number of customers (RPC) | 1 195 250 | 1 197 242 | 0.2 |
| Post-paid share in the customer base (%) | 32.5 | 35 | n.a. |
| Monthly minutes of use (outgoing) | 191 | 205 | 7.3 |
| Average monthly revenue per user (HUF) | 2 163 | 1 855 | (14.2) |
| FIXED-LINE SERVICES | | | |
| MARKET DATA | | | |
| Fixed-line penetration (%) | 13.4 | 12 | n.a. |
| Retail DSL market share (estimated, %) | 83.5 | 82.4 | n.a. |
| VOICE SERVICES | | | |
| Total voice access | 249 385 | 236 912 | (5.0) |
| Total outgoing traffic (thousand minutes) | 381 198 | 293 487 | (23.0) |
| INTERNET SERVICES | | | |
| Number of retail DSL customers | 160 168 | 165 052 | 3.0 |
| Number of wholesale DSL access | 25 346 | 25 399 | 0.2 |
| Number of total DSL access | 185 514 | 190 451 | 2.7 |
| TV SERVICES | | | |
| Number of IPTV customers | 87 686 | 98 216 | 12.0 |

KEY OPERATING STATISTICAL FIGURES OF MONTENEGRO SEGMENT ✓

| | 2013 | 2014 | 2014/2013 |
|-------------------------------------------|-------------|-------------|------------|
| | December 31 | December 31 | (% change) |
| MOBILE SERVICES | | | |
| Number of customers (RPC) | 352 840 | 345 863 | (2.0) |
| Post-paid share in the customer base (%) | 38.4 | 43 | n.a. |
| Monthly minutes of use (outgoing) | 166 | 179 | 7.8 |
| Average monthly revenue per user (HUF) | 2 815 | 2 790 | (0.9) |
| FIXED-LINE SERVICES | | | |
| MARKET DATA | | | |
| Fixed-line penetration (%) | 25.4 | 23 | n.a. |
| Retail DSL market share (estimated, %) | 81.8 | 85.8 | n.a. |
| VOICE SERVICES | | | |
| Total voice access | 152 119 | 148 551 | (2.3) |
| Total outgoing traffic (thousand minutes) | 265 911 | 224 995 | (15.4) |
| INTERNET SERVICES | | | |
| Number of DSL access | 88 840 | 91 972 | 3.5 |
| TV SERVICES | | | |
| Number of IPTV customers | 59 188 | 61 127 | 3.3 |

1. CORPORATE GOVERNANCE AND RISK MANAGEMENT



| | |
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1.1. CORPORATE GOVERNANCE

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

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

Board of Directors

The Board of Directors is responsible for the management of the company, which acts on behalf of the company vis-à-vis third persons, and represent it in court. The competences of

the Board of Directors include decisions on all issues with regard to the management and business activities of the company that do not fall into the exclusive scope of authority of the General Meeting or any other corporate body pursuant to the Articles or the relevant laws.

The Board of Directors is responsible for comprehensive management of the group and for the approval of the company strategy, structure and the long-term objectives. It is the task of the Board of Directors to prepare a report to the General Meeting at the end of the financial year on the company's business activities, assets, financial standing and business policies, and a quarterly report to the Supervisory Board on the company's management, assets and business policies.

In the Articles of Association of the company the shareholders' meeting ruled that the Board of Directors has to be composed of minimum 6, maximum 11 members, whom the Annual General Meeting elects for a period of three years. The Board of Directors consisted of 10 members in 2014, with one executive and nine non-executive members. 3 members were considered independent and 7 members were not considered independent.

The Board of Directors meets at least four times a year. The Board of Directors meeting has quorum if at least the majority of the members of the Board of Directors are present. Each Board member has one vote, except if otherwise provided by applicable law. Any member of the Board of Directors may vote in favor, or against, or may abstain from voting. The Board adopts its resolutions by simple majority of votes, except if the law or the Articles of Association require majority vote.

The Board of Directors performs an annual comprehensive self-evaluation of its performance. This self-evaluation includes a review of the Board of Directors' contribution as a whole and also its individual members, and specifically review areas in which the Board of Directors believes a better contribution could be made. Its purpose is to increase the effectiveness of the Board of Directors.

The regular annual general meeting held on April 12, 2013 elected the new Board for a period of three years.

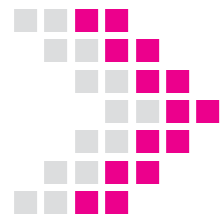
The current composition of the Board of Directors is also available on our website: https://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors

MEMBERS OF THE BOARD OF DIRECTORS ON DECEMBER 31, 2014

| Name | Main position |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------|
| Kerstin Günther | Chairperson of the Board of Directors; Senior Vice President, Technology Europe, Deutsche Telekom AG |
| Christopher Mattheisen | Chief Executive Officer, Magyar Telekom Plc. |
| Dr. Ferri Abolhassan ⁽²⁵⁾ | Director of the Delivery Unit , Member of the Executive Board, T-Systems International GmbH, Deutsche Telekom AG |
| Thilo Kusch | Chief Financial Officer, T-Systems International GmbH |
| Frank Odzuck | Chief Executive Officer, Zwack Unicum Plc. (independent) |
| Dr. Ralph Rentschler | Finance Europe, Financial Director Europe, Deutsche Telekom AG |
| Günter Mossal | Vice President for Area Management, Europe, Deutsche Telekom AG |
| György Mosonyi | Chairman of the Supervisory Board, MOL Plc. (independent) |
| Dr. Mihály Patai | Chairman-CEO, UniCredit Bank Hungary Zrt. (independent) |
| Branka Skaramuca ⁽²⁶⁾ | Senior Vice President, Human Resources Europe and Technology, Deutsche Telekom AG |

(25) Resigned from his position as of February 17, 2015

(26) Resigned from her position as of April 15, 2015



Management Committee

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

Magyar Telekom Plc.'s Management Committee was composed of 9 members in 2014, defined by the Board of Directors. Its members are:

- the Chief Executive Officer of the company
- the chief officers of the company

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

The MC meets regularly on Tuesdays. The MC has quorum if the majority of the members is present, but the presence of the chairman, or in his absence, of the deputy chairman, is also necessary for the MC to have quorum. The MC

takes its decisions by simple majority of vote. Each MC member has one vote. In case of tie votes the vote of the chairman (the chairman of the MC or his deputy) decides.

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

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

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

Supervisory Board

The Supervisory Board (SB) supervises the management of the company in order to protect its interests. In this role it supervises the governance, management of the company, its finances, and controls compliance with the regulations and the company's Articles of Association.

The Supervisory Board shall assess all motions brought before the SB and to present its findings at the General Meeting. The AGM may only take decision on the annual report prepared according to the accounting law and the distribution of the net income in possession of the written report of the Supervisory Board.

In compliance with the Articles of Association of the company, the Supervisory Board has minimum 3, maximum 15 members, who are elected by the AGM for a term of three years.

The Central Workers' Council nominates one third of the Supervisory Board members, who represent the employees.

The Supervisory Board meeting has a quorum if two thirds of the elected members, but at least 3 members are present. In accordance with the effective laws, the majority of SB members shall be independent. A member shall be considered independent if apart from his seat on the SB and apart from any transaction conducted within the company's usual activities, aiming to satisfy the SB member's personal needs he is not holding any other office.

The regular annual general meeting held on April 12, 2013 elected the new Supervisory Board for a period of three years.

The current composition of the Supervisory Board is available on our website: https://www.telekom.hu/about_us/investor_relations/corporate_governance/supervisory_board

MEMBERS OF THE MANAGEMENT COMMITTEE ON DECEMBER 31, 2014

| Name | Main position |
|------------------------------------------|----------------------------------------------------|
| Christopher Mattheisen | Chief Executive Officer |
| Unfilled position as of November 6, 2014 | Chief Business Development Officer ⁽²⁷⁾ |
| Éva Somorjai | Chief Human Resources Officer |
| Attila Keszég ⁽²⁸⁾ | Chief Commercial Officer Residential |
| Balázs Máthé | Chief Legal and Corporate Affairs Officer |
| Péter Lakatos | Chief Commercial Officer SMB |
| Walter Goldenits | Chief Technology and IT Officer |
| Tibor Rékasi | Chief Commercial Officer Enterprise |
| János Szabó | Chief Financial Officer |

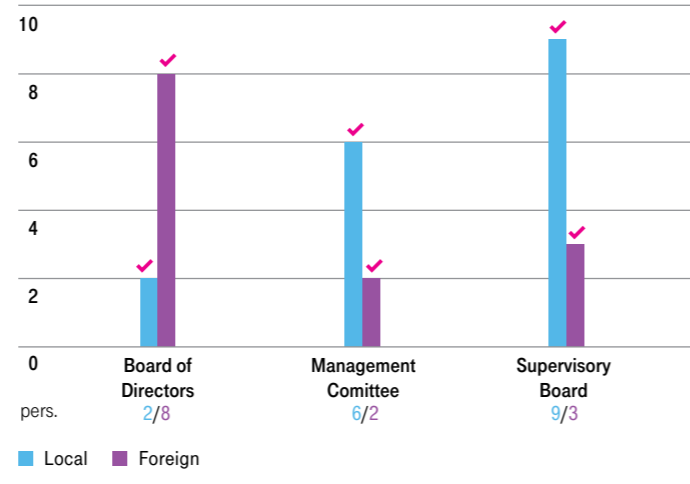
MEMBERS OF THE SUPERVISORY BOARD ON DECEMBER 31, 2014

| Name | Main position |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dr. László Pap | Chairman of the Supervisory Board, Budapest University of Technology and Economics, Professor (independent) |
| Dr. János Illéssy | Managing Director, Lebona Kft. (independent) |
| Dr. Sándor Kerekes | Director of Institute of Environmental Sciences, Corvinus University Budapest (independent) |
| Dr. Károly Salamon | Chairman-CEO, MKB Általános Biztosító Zrt. and MKB Életbiztosító Zrt. (independent) |
| Dr. János Bitó | Chairman of the Thesis and Final Examination Board at Pázmány Péter Catholic University, Information Technology Faculty (independent) |
| Konrad Kreuzer | Member of the Supervisory Board of E.ON Hungária Zrt. (independent) |
| Martin Meffert | Responsible for Corporate Governance issues of Magyar Telekom, Makedonski Telekom and Crnogorski Telekom at the Group Headquarters, Deutsche Telekom AG |
| Attila Bujdosó | President of the Telecommunications Trade Union, Magyar Telekom Plc. |
| Tamás Lichnovszky | Chairman of the Central Workers' Council, Magyar Telekom Plc. |
| Zsoltné Varga | Quality manager, Magyar Telekom Plc. |
| Dr. Konrad Wetzker | Chairman, Corvinus School of Management (independent) |
| Éva Őz | Controlling Manager of Controlling Directorate, Chairwoman of the Workers' Council of Central Functions, Magyar Telekom Plc. |

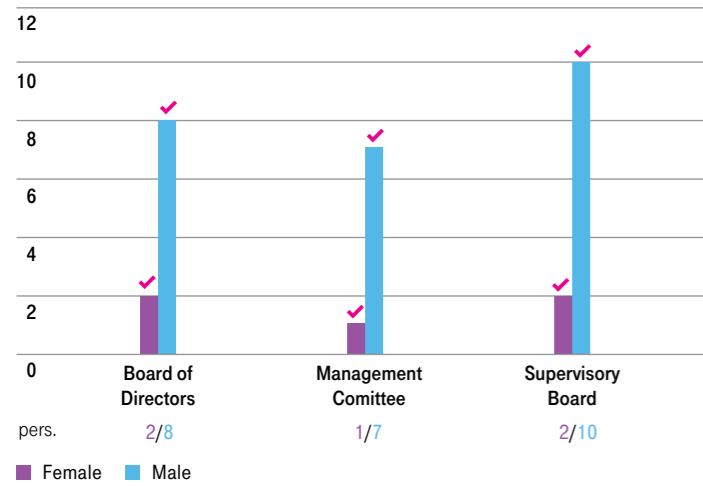
(27) Terminated as of January 1, 2015

(28) Until December 31, 2014. From January 1, 2015 he took over SVP Commercial Excellence Europe position at Deutsche Telekom Group's Headquarters

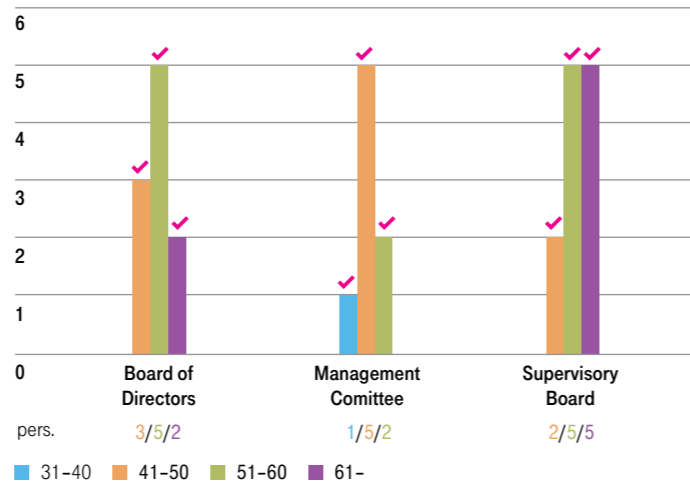
**GENDER MIX OF MAGYAR TELEKOM GROUP
MANAGEMENT BODIES BY ORIGIN IN 2014**



**GENDER MIX OF MAGYAR TELEKOM GROUP
MANAGEMENT BODIES IN 2014**



**AGE BREAKDOWN OF MAGYAR TELEKOM GROUP
MANAGEMENT BODIES IN 2014**



Audit Committee

The Audit Committee is a permanent committee, established by the General Meeting from the independent members of the Supervisory Board. The objective of the Committee is to assist the Supervisory Board (1) in supervising the financial report regime, (2) in selecting the statutory auditor, (3) in working with the statutory auditor. The Committee acts within its competence as defined in the Hungarian Civil Code, the Articles of Association and the Supervisory Board's Rules of Procedure.

The Audit Committee meets as necessary, but at least on four occasions a year. The members of the Committee are elected by the AGM of the company from the independent members of the Supervisory Board. The

Committee is composed of minimum 3, maximum 5 members. At least one member of the Committee must have a qualification in accountancy or be a qualified auditor.

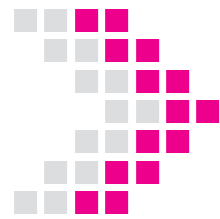
The Committee has quorum when at least 3 members are present. The Committee passes its resolutions by simple majority.

The Annual General Meeting, held on April 12, 2013, elected the new Audit Committee from the independent members of the Supervisory Board for the same period as their membership in the Supervisory Board.

The current composition of the Audit Committee is available on our website: https://www.telekom.hu/about_us/investor_relations/corporate_governance/audit_committee

MEMBERS OF THE AUDIT COMMITTEE ON DECEMBER 31, 2014

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



Remuneration and Nomination Committee

Magyar Telekom Telecommunications Public Limited company's Board of Directors established the Remuneration and Nomination Committee with the objective to support the company's Board of Directors in matters related to the remuneration of corporate bodies and top managers, as well as in certain nomination issues. The reason of merging remuneration and certain nomination tasks into a single committee was to make the Board's personnel decision making process more effective thus ensuring the complex management of the relevant matters.

The Committee meets according to its annual work schedule, but at least twice a year. The work schedule of the Committee has to be harmonized with the work schedule of the Board of Directors. The Remuneration and Nomination Committee of the company is composed of 3 members, elected by and from the members of the Board of Directors. The Committee has quorum if at least the majority of the members are present.

The current composition of the Remuneration and Nomination Committee is available on our website: https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation



Incentives and evaluation of the performance of top executives

Top management decisions have a direct impact on the entire Magyar Telekom Group's activity and future priorities. Top executives (Chief Executive Officer, Chief Officers) are paid variable pay (bonus) as performance incentive. In addition to the short-term incentives, the top management is motivated through a so-called long-term Variable II (VII) bonus program.

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, and monitors the performance of top executives throughout the year. 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. In general, 55% of top executives' salary is fixed, while 45% is variable pay. The annual bonus is payable prorated to the evaluated performance of the partly collective, partly individual targets set at the beginning of the year and derived from Magyar Telekom Group's strategic targets. No bonus is payable, if performance is below a certain minimum limit, defined in advance. In case of over-achieving the targets, additional bonus is paid, the extent of which cannot exceed 50% of the bonus payable upon 100% performance.

The framework of bonus target setting (bonus amount, structure and maximal amount of additional bonus) is defined by the strategic investor's compensation guidelines (Deutsche Telekom Global Compensation Guidelines). In addition to the annual target-setting, evaluation and bonus payment used as short term incentive, we also lay emphasis on long-term performance stimulation. The Variable II long-term incentive plan was introduced in 2011 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 we focus on the increase of sustainable performance. The fourth phase of the program was launched in 2014. The program is broadened and updated from 2015.

Besides, the CEO participates in a share based incentive program and is required to invest part of his annual bonus in Magyar Telekom shares. Upon the expiry of the 4-year term and if all conditions are met, another Magyar Telekom share is added to each share invested by the CEO. The program is broadened and updated from 2015.

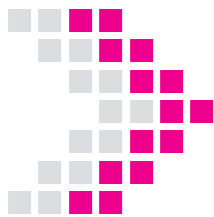
It is the competence of the General Meeting to approve the Remuneration Guidelines that sets forth the remuneration principles and components for the top management and the members of corporate bodies. Besides, as part of the Corporate Governance Report, we each year disclose the previous year's remuneration for the top management and corporate bodies in the Remuneration Statement.

Middle management and consultants responsible for the attainment of the sustainability targets receive direct incentives through the TM system.

The bonus regulation allows the withdrawal of bonus if the objectives of the Sustainability strategy are not met due to the negligence of the employee.

MEMBERS OF THE REMUNERATION AND NOMINATION COMMITTEE ON DECEMBER 31, 2014

| Name | Main position |
|----------------------|-----------------------------------------------------------------------------------|
| Frank Odzuck | CEO, Zwack Unicum Plc. |
| Dr. Ralph Rentschler | Finance Europe, Financial Director Europe, Deutsche Telekom AG |
| Branka Skaramuca | Senior Vice President, Human Resources Europe and Technology, Deutsche Telekom AG |



1.2. RISK MANAGEMENT

It is our policy that all disclosures made by us to our security holders and the investment community be accurate and complete, and fairly present our financial condition and results of operations in all material respects. Such disclosures should be made on a timely basis as required by applicable laws, rules and regulations. To achieve these objectives, we formed the Disclosure Committee, and developed and have continuously enhanced our risk management policies.

Our risk management includes identification, assessment and evaluation of risks, development of necessary action plans, as well as monitoring of performance and results. For risk management to be effective, we must ensure that management take business decisions with full understanding of all relevant risks.

In 1999, we established a formal risk management system. This system has been operating in an integrated way with the risk management system of Deutsche Telekom since 2002.

All risks related to material internal and external operations, financial and legal compliance and certain other risks are evaluated and managed by a well-defined internal mechanism. A risk management handbook and an internal regulation on risk management were issued. A risk management course was developed for employees responsible for risk management in all organizational areas. Risk items affecting

our operations are reviewed quarterly throughout the company. All of our subsidiaries, business units, divisions and entities are obliged to identify and report their operational risks on a quarterly basis. After evaluation of these risks, results are reported to our management, to the Board of Directors, to the Audit Committee and to the Disclosure Committee.

For the sake of prompt disclosure of all risk items influencing investors' decisions, we enhanced our risk management procedures with a new element, we complemented our quarterly risk reporting system with a continuous reporting procedure which requires all of our departments and subsidiaries to report on a real-time basis any new material fact, information or risk that comes to their knowledge. Information thus submitted is monitored by the risk management area, and the CFO is notified when a new material risk or information is identified.

An internal regulation has been issued to define responsibilities of each employee in risk monitoring and management.

We established the Disclosure Committee on July 31, 2003, which supports the CEO and the CFO in fulfilling their responsibility to oversee processes designed to ensure accuracy and timeliness of our disclosures.

The risk management directive is available on the following website: https://www.telekom.hu/static/sw/download/Risk_management_guidelines_of_Magyar_Telekom_Plc._ENG_20130920.pdf

1.3. CORPORATE COMPLIANCE

Magyar Telekom Group's Code of Conduct is a summary of the corporate compliance requirements; this document sets out the common values of the Group and it is also the token of the strong position, reputation and successful future of Magyar Telekom. Everyone at Magyar Telekom Group must comply with the Code of Conduct, from staff employees to the Board members. In addition to the employees, the contracted partners of Magyar Telekom Group are also required to learn and accept these values when registering on the company's procurement site.

Magyar Telekom Group's Corporate Compliance Program has been elaborated with the aim to ensure that Magyar Telekom Group conducts its business with maximum consciousness and commitment, in accordance with relevant laws and regulations, in harmony with the strictest possible business ethics standards. To this end we have issued directives addressing the potential compliance risks, operate the procedures contained by them and provide continuous training for our employees. Clear processes are in place for the whistle-blowing, investigation, monitoring and remedy of suspected cases of non-compliance.

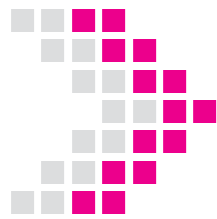
The Corporate Compliance Program is supervised by the Group Compliance Director. The Group Compliance Director reports directly to the Audit Committee, and is in direct cooperation with the Board of Directors, the Supervisory Board and the management. The centerpoint of the Compliance Program is the Code of Conduct.

Magyar Telekom Group takes the Code of Conduct and its detailed regulation seriously and consider its enforcement to be among our 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 comments related to issues and violations of regulations can be submitted to Magyar Telekom Group's Tell me! portal.

In 2014 MT Group Compliance received 72 incoming complaints of violation internal or external regulations. MT Group Compliance resolved 49 complaints during the year 2014, of which 25 was received before the reporting period. The complaints received and investigated are from 3 countries (Hungary, Macedonia, Montenegro).

In 2010, an external, independent party audited the Compliance program, and they issued a certificate on our compliance with the external expectations and the system itself. In 2013, we reviewed the program, involving other areas, like procurement, internal audit, HR, sales area. This audit did not only focus on the system at various areas, but also measured the operational effectiveness of the control system as well. We again met the requirements that are certified by Ernst&Young as an independent external auditor.

Throughout the registration and contracting process with suppliers Magyar Telekom operates due diligence and transparent procurement procedures, in order to ensure the integrity of the suppliers and to make responsible and economical decisions during the supplier selection. All suppliers of Magyar Telekom are required to accept the Supplier Code of Conduct of Magyar Telekom, and also an anti-corruption clause is a mandatory element of the contract.



In 2014, a total of 1597 employees were given remote training, and 91% successfully completed them. Since 2008, Magyar Telekom Group employees have completed a total of 59 495 remote-learning compliance courses.

In 2012, every employee of Magyar Telekom Group had to update his or her knowledge, and accept the Code of Conduct after an online training. In addition, the company launched online training courses at group-level on anti-corruption and employee conflict of interest for employee target groups selected through risk analysis. The company provides training, appropriate for their position for the new entrants on an ongoing basis.

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

In 2014, similarly to earlier years, the organizational units and the subsidiaries of Magyar Telekom Plc. took part in the process of risk analysis. On the basis of the result of the analysis, a comprehensive audit was conducted about the potential compliance and fraud related risks, the findings of which were submitted to the company's Audit Committee.

The company verified the cases of unethical conduct reported during the year, and launched appropriate investigations, if it was considered necessary. In the cases where the action of fraud was verified, the necessary remedial actions were duly taken. Magyar Telekom discloses corruption cases and response to those cases as required by the relevant laws and regulations.



PREVENTION OF CONFLICT OF INTEREST

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

Conflict of interests resulting from other employment

Other employment means the performance of work at a place other than the primary place of employment, in the course of which

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

Private investments

Deutsche Telekom Group and Magyar

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

Use of company property for private purposes

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

1.4. REGULATORY COMPLIANCE



We always use our best efforts to ensure Magyar Telekom's compliance with the effective laws and in order to avoid any further fines and proceedings. To avoid further fines and commitments we manage conflicts with continuous personal consultation, agreements concluded with the authorities and settlement plans set out in undertakings, made in the form of declarations.

No fines were imposed on the company for violation of environment protection statutes and policies, or non-compliance with statutes or other decrees addressing fiduciary duty and manner of use of products and services in 2014. No complaint was made and no relevant procedure or investigation was launched against the company by the Equal Opportunity Authority for discriminative practices in 2014.

At the beginning of 2014, Magyar Telekom had 20, whereas and at the end of the year 12 labor suits. Magyar Telekom was defendant in all cases. In 2014 seven new labor suits were filed. A small amount (under 200 thousand HUF) was paid in one labor case following a court decision; in out-of-court settlements Magyar Telekom paid a total of 7.5 million HUF to 2 employees in 2014.

Several proceedings were initiated by the National Media and Infocommunications Authority against our company, both private person complaints and general market surveillance cases were filed in 2014. A 65 million HUF fine was imposed in general National Media and Infocommunications Authority proceedings, however, the private person complaints resulted in fines in several cases, in the total amount of 91.1 million HUF.

The Hungarian Consumer Protection Authority completed several investigations against Magyar Telekom, in 2014 the total amount of fines were 45.6 million HUF.

No fines were imposed due to anti-competitive conduct or violation of anti-trust or anti-monopoly statutes in any case launched in 2014.

In 2014, one Competition Authority procedure was filed against the company for alleged violation of the marketing communication standards, rules, in which 90 million HUF fines was imposed.

1.5. POLITICAL PRESENCE

Magyar Telekom Group is involved in shaping public politics indirectly, through its representation organizations, in such a way that the representation organizations, in compliance with the effective regulation, get opportunity to comment the regulations.

The ministries pass the relevant regulations to the representation organizations, which synthesize the opinions received from the member companies and submit a summary to the relevant ministry. Such regulation commenting procedures are implemented through the Joint Venture Association, the American Chamber of Commerce (AmCham), the German-Hungarian Chamber of Industry and Trade, the Association of IT Enterprises, the Communication Interest Conciliation Council and the Hungarian Energy Traders' Association.

We have no knowledge of any financial support to political parties, politicians or any related entities provided by Magyar Telekom Group affiliates in 2014, which is in total compliance with the detailed stipulations set forth in the Code of Conduct [3.1.1. and 3.1.4.]. http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance http://www.telekom.hu/static/sw/download/MT_Code_of_Conduct_31March2011.pdf



2. SUPPLIERS

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2.1. SUPPLIERS' RELATIONS

Action against corruption and ethical conduct are important cornerstones for Magyar Telekom, consequently it requires its suppliers to adopt its Anti-corruption statement and the company's Code of Conduct, and to comply with the expectations specified as contract terms, too.

Besides, every supplier must learn and accept the Social Charter of the Group, which specifies the minimum social standards of the working relations and employment conditions.

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

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

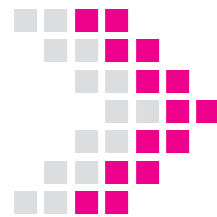
The suppliers are selected in compliance with the laws, in procurement procedures that ensure fair competition, transparency, and structured and documented processes, which is under continuous control by the Internal Control System (ICS), used together with Deutsche Telekom Group. Besides controlling purpose, the system encourages to develop our processes to be improved and quicker.

In its contracts the company seeks to develop mutually advantageous, value-creating partner relations. To ensure cost-efficient operation, the company is continuously rationalizing its processes by tapping the synergies of parent company and group-level procurement.

The basic tool of supplier contact is the interactive internet site of the Procurement Directorate at (https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm), where the suppliers—after registration—can directly reach the newsletter service, the supplier qualification system, and can make some of the official statements, required to the procurement procedures.

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

The company's enhanced vendor prequalification system enables registered suppliers to complete the sustainability-focused questionnaire and also its evaluation. The results ensure the identification of risks and the possibility of joint improvement with the suppliers. The qualification results are important factors in the supplier selection process. The company buys services and products predominantly from qualified (A and B category) suppliers. For mutual development, we give the registered suppliers monthly reports about their results in the vendor qualification. We procure more than 76% of the value of the orders from qualified external suppliers, through more than 1100 partners.



2.2. SUSTAINABILITY IN THE SUPPLY CHAIN

We would like to communicate our commitment to sustainability for our suppliers, who are involved in our everyday business. This cannot be achieved without new and ambitious goals, following the best practices and the involvement of all stakeholders. In response, we created the Magyar Telekom Sustainability questionnaire, which is a series of questions on environmental, social and business ethics topics. The final score is calculated with the weighting of the respective industry of the supplier. The analysis will be introduced in 2015.

In order to develop a sustainable supplier chain, in 2014 Magyar Telekom used the help of the detailed supplier self-evaluation questionnaire, developed by GeSI (Global e-Sustainability Initiative), which, in addition to environmental queries, also contains questions concerning compliance with human rights, occupational health, security and business ethics requirements. So far 38 supplier evaluations have been completed these suppliers accounted for 16.4% of the overall procurement value (this value was 31.5% in 2011, 39% in 2012 and it was 31.3% in 2013).

We have introduced for the sustainability evaluation of our active suppliers the internationally recognized and operated EcoVadis system, which is also supported by DT. We invite strategically important and high-risk suppliers to declare its operational practices based on the detailed EcoVadis criteria. Therefore there were directly 5, indirectly 15 suppliers evaluated by social, environmental, economic and sustainable procurement aspects. These suppliers accounted for 39.5% of the overall procurement value.

During the year we set to develop one of our key strategic objectives: the sustainable supplier chain management process, which aims that Magyar Telekom's commitment to sustainability would become a part of the suppliers' operation, and the company's sustainability principles and elements would appear also at the suppliers. As part of the process, we developed different areas, like compliance with law, corporate governance integration, EcoVadis system inclusion and Magyar Telekom Sustainability questionnaire development, by the guidance of our professional colleagues. As part of the sustainable supplier chain management pro-

cess and in order to support effective operation we created a working group the members of which are responsible for and take action in the case of incidents as well as environmental, working conditions, human rights or social problems arising in connection with suppliers. The permanent members of the working group are the employees of the Corporate sustainability center, the Procurement and logistics directorate and the Corporate governance and general legal affairs department in addition to the employees working for the ordering organization involved in the incident, as well as the experts on the given issue. In order to support these efforts we established an incident management process that defines the relevant actions in such cases. The incident management process analyzes the event that triggers the incident, the strategic importance of the supplier, the severity of the given case, the supplier's reaction and provides guidance on potential remedies. No such process has been launched yet and the analyses have not yet detected any significantly negative environmental, working condition, human rights or social impact. Therefore no sanctions were imposed and no contracts have been terminated within the frame of the sustainability process.

Deutsche Telekom provides significant support through initiatives within the sector to transform supplier relations into sustainable ones, thanks to that audits are conducted worldwide to the selected suppliers. The integrated criteria of audits are promoting and securing compliance with the minimum social and environmental principles of suppliers, also in the case of common suppliers of different subsidiaries. Proving the compliance with the common group standards, in 2013 a total of 14 indirect Magyar Telekom suppliers were involved in Deutsche Telekom audits, which is accounted for 20.10% of the overall procurement value (this value was 15.4% in 2011, 20% in 2012, and it was 16.4% in 2013).

Deutsche Telekom's cross-border initiative, 'Together for Sustainability' program, was created in 2014: it is a suppliers' development program. Thanks to this action, three key ICT producer suppliers were invited for co-operation. The goal is to find common solutions to various problems, whereas we create a win-win situation for everyone, which has positive results, such as employee loyalty, motivation, increase productivity and improve product quality. In 2015 another 5 suppliers will be joining the program.

SUPPLIER ASSESSMENTS' RISK CRITERIA USED BY OUR COMPANY WERE IDENTIFIED AS FOLLOWS:

| | EvoVadis | MT assessment | Audit | Pre-qualification | Supplier Score Card | GeSi |
|-----------------------------------------------------|----------|---------------|-------|-------------------|---------------------|------|
| Anti-corruption and bribery | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Conflict of interest | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Fraud | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Money laundering | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Anti-competitive practises | ✓ | ✓ | – | ✓ | ✓ | ✓ |
| Respect of intellectual property rights | ✓ | ✓ | ✓ | – | ✓ | ✓ |
| Truthfulness of marketing and advertising messages | ✓ | ✓ | ✓ | – | ✓ | ✓ |
| Consumer/client dataprotection and privacy | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Access to essential services or products | ✓ | ✓ | – | – | – | – |
| Partner/supplier data protection privacy | – | ✓ | – | ✓ | ✓ | ✓ |
| Associate/employee data protection and privacy | – | ✓ | ✓ | ✓ | ✓ | ✓ |
| Business Continuity Management | – | ✓ | – | – | – | – |
| Reduction of production-related environmental risks | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Energy Consumption and GHGs | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Water management | ✓ | ✓ | ✓ | – | ✓ | ✓ |
| Biodiversity | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Local pollutants | ✓ | ✓ | ✓ | – | ✓ | ✓ |
| Materials, chemicals management | ✓ | ✓ | ✓ | – | ✓ | ✓ |
| Waste management | ✓ | ✓ | ✓ | – | ✓ | ✓ |
| Product lifecycle management | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Property lifecycle management | ✓ | ✓ | ✓ | – | ✓ | ✓ |
| Promotion of sustainable consumption | ✓ | ✓ | – | ✓ | ✓ | ✓ |
| Sustainable forest/paper policy | – | ✓ | – | – | – | – |
| Customer health and safety | ✓ | – | ✓ | – | – | – |

SUPPLIER ASSESSMENTS' RISK CRITERIA USED BY OUR COMPANY WERE IDENTIFIED AS FOLLOWS:

| | EvoVadis | MT assessment | Audit | Pre-qualification | Supplier Score Card | GeSi |
|-------------------------------------------------------------|----------|---------------|-------|-------------------|---------------------|------|
| Society | | | | | | |
| Employees health and safety | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Working conditions | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Labor relations | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Career management | ✓ | ✓ | - | ✓ | - | - |
| Child and forced labor | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Discrimination | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Fundamental human rights | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Customer health and safety | - | ✓ | - | - | - | - |
| Procurement | | | | | | |
| Sustainable procurement management | ✓ | ✓ | - | - | - | - |
| Training of buyers on issues within the supply chain | ✓ | ✓ | - | - | - | - |
| Integration of social or environmental contract clauses | ✓ | ✓ | ✓ | - | ✓ | ✓ |
| Regular supplier assessment | ✓ | ✓ | - | - | - | - |
| Audit of suppliers | ✓ | ✓ | - | - | - | - |
| Corrective actions to facilitate supplier capacity building | ✓ | ✓ | - | - | - | - |
| Sustainable buyers performance appraisal | ✓ | ✓ | ✓ | ✓ | - | - |
| Pre-qualification of suppliers before evaluation | - | ✓ | - | - | - | - |
| Identified risks and impacts | ✓ | ✓ | ✓ | - | ✓ | ✓ |
| Conflict minerals | ✓ | ✓ | ✓ | - | - | - |

Independently from the sustainability process certain processes and remedial actions have been applied to legal and economic non-compliance cases detected by the procurement and compliance organization that resulted in recommendations for improvement or the termination of the contract with the given partner or the initiation of legal action. The number, nature and details of such measures are confidential business information and are not public.

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

tially reduce the processing time of the procurement processes and the e-mail based placement of orders further reduces the quantity of paper-based documents. In the past years direct electronic procurement transactions (CPEX) hit a steady high level, and in 2014 reached 66% of all items ordered (in 2012: 59%, in 2013: 64%). In 2014 we were in connection with 105 suppliers through electronic systems.

Further electronic catalogues, managed by the suppliers, have been incorporated in our

internal ordering system. In 2014 there were 22 electronic catalogs available. Orders thus placed are transferred to the supplier via fully electronic channels. The number of items ordered electronically further increased in 2014 and reached 46% (in 2011: 38%, in 2012: 40.5%, in 2013: 43%).

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



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

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

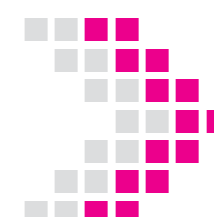
In early 2015, Crnogorski Telekom rolled out the Supplier Prequalification questionnaires with the intention of having all active suppliers pre-qualified as part of a mandatory process for registering all suppliers.

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

Makedonski Telekom's organizational units in the company initiate procurements of materials and products are responsible for the aspects of the environment when conducting procurements. Organizational units that initiate procurement of equipment need to pay attention in new investment projects to procure equipment that saves energy. In course of vendor management there is also checking of social responsibility and environment protection on supplier's side, which is intended to become one of the evaluation criteria's in future.

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

2.3. LOCAL PROCUREMENT



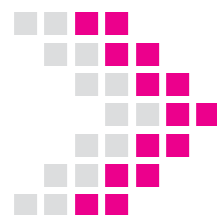
Despite the globalization of procurement, we continue to purchase a considerable amount of products and services from local⁽²⁹⁾ suppliers. Within that it is important to us that small and medium sized companies would receive appropriate role. In 2014 more than 80% of suppliers belonged to this category. By ordering products and services from the local suppliers we significantly contribute to the retention of jobs.

⁽²⁹⁾ Suppliers with headquarters in a given country

VALUE RATIO OF PRODUCTS AND SERVICES FROM LOCAL SUPPLIERS, MAGYAR TELEKOM GROUP

| Member companies ⁽³⁰⁾ | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------------|------|-------|-------|-------|-------|
| Magyar Telekom Plc. | 70% | 71% ✓ | 75% ✓ | 74% ✓ | 67% ✓ |
| KFKI | 58% | 56% ✓ | 74% ✓ | - | - |
| IQSYS | 95% | 95% ✓ | 86% ✓ | - | - |
| T-Systems Hungary | - | - | - | 75% ✓ | 80% ✓ |
| Pro-M | 53% | 47% ✓ | 53% ✓ | - | - |
| Makedonski Telekom | 67% | 73% ✓ | 86% ✓ | 79% ✓ | 84% ✓ |
| T-Mobile Macedonia | 55% | 47% ✓ | 46% ✓ | 56% ✓ | 46% ✓ |
| Crnogorski Telekom | 38% | 42% ✓ | 52% ✓ | 42% ✓ | 50% ✓ |

2.4. DELFIN AWARD TO RESPONSIBLE COMPANIES



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

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

Members of the professional jury:

- Bence György: TV2, program and news director
- Viktor Nagy: portfolio.hu, senior analyst
- Dr. György Pataki: Corvinus University of Budapest, associate professor

- Ernő Simon: independent journalist and communication expert
- Katalin Szomolányi: Magyar Telekom, Head of Corporate Sustainability Center

The sixth award ceremony was held on 3 September 2014, at the Sustainability Roundtable XV.

The application materials can be found at: http://www.telekom.hu/about_us/society_and_environment/events/Sustainability_Roundtable_Discussion



DELFIN Award ceremony, 2014

WINNERS OF THE DELFIN AWARD BY CATEGORY

| Category | Winning company |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Support of equal opportunities and non-discrimination within and outside the company | Hill and Knowlton PR agency |
| Education and awareness-raising of sustainability | STKH Sopron and Region Environmental and Waste Management Nonprofit Ltd. |
| Innovation realized for sustainability | Vasi FULL-TÁV Ltd., Csepel Plc. |



ANDREA ÉDER
STKH Sopron and Region Environmental and Waste Management Nonprofit Ltd.

Head of customer service and communication

STKH Sopron és Térsége Környezetvédelmi és Hulladékgazdálkodási Nonprofit Kft. (STKH Sopron and Region Environmental and Waste Management Nonprofit Ltd.) is responsible for the management of 39 settlements' 110 thousand residents' waste. The environmental responsibility and its conscious promotion is important part of our work for several reasons. In the short term, we can only increase our efficiency with the cooperation of our clients, which has instant measurable economic benefits. In the long term, the development of the good behavior not only manifests in the waste management fee, but also in the preservation of the environmental health and in the preserving of the harmony of the living and inanimate environment.

DELFIN Award is an important milestone for our company in the environmental awareness. It was a guidance for us to be weighted by an internationally known exemplary responsible company. Our endeavors taking their place in the jury's list strengthens us in our everyday life.

All of our awareness-raising activities are built on local communities. We are working with the 'I don't like' stuffs, but we can make experiences by our programs, which can help to strength the routine also in the work with waste. Many a little makes a mickle, and it's true in sustainability, too.

For me it's a huge acknowledgement to win the DELFIN Award, because I was working for the Magyar Telekom for 10 years, and I feel that the knowledge I had gained here helped me to create true value within another team.



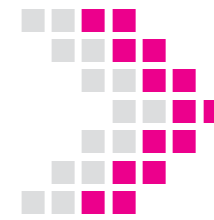
(30) Magyar Telekom Group member companies with significant procurement value



3. CUSTOMER RELATIONS



| | |
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| 3.1. Customer satisfaction | 64 |
| 3.2. Management of customer complaints | 71 |
| 3.3. Informing our customers | 73 |
| 3.4. Involvement of our customers | 74 |



3.1. CUSTOMER SATISFACTION

Magyar Telekom conducts complex customer satisfaction measurements on a quarterly basis that include ongoing, detailed monitoring of the overall satisfaction of customers (and at the same time the satisfaction of competitors' customers), as well as the perception of service elements that impact satisfaction (e.g. network quality, product choice, customer service).

The measurements can be related in terms of both their methodology and results separately to the fixed line and mobile customers of Magyar Telekom, and also can be broken down to residential and business customers. (They can even be broken down to further, more targeted customer segments, when requested.)

These surveys produce a composite index reflecting customer satisfaction that enables tracking and easy interpretation of the changes over time. Detailed analysis of service elements enables the detection of the current perception of factors impacting customer satisfaction, identifying the fields where Magyar Telekom delivers outstanding performance, according to the customers' opinions, and the fields where actions are needed to improve quality in line with our own earlier performance or even against the standard of competitors.

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

The surveys are conducted by eliciting answers via telephone and personally, in the form of standard interviews, encompassing samples of a justifiable size, composition and weighting. The content of the survey questions remains substantially the same from year to

year to enable the tracking of changes over time, but the methodology and the structure of the sample is reviewed and updated from time to time, due to the changing expectations of the company or group, as well as the changes in the product structure and the market.

Residential customers

The downward tendency that characterized the Hungarian residential mobile market in 2012 stopped in 2013, and in 2014 the results of both Magyar Telekom and its competitors improved. Compared to the European bench-

mark of the industry, the company's results in 2014 were slightly better than the average.

Customer satisfaction in the mobile market is generally very balanced, with no major differences. However, in 2014 – mainly in the second half of the year – Vodafone's results were slightly better, while Magyar Telekom's results stagnated and Telenor caught up. Thus Magyar Telekom lost its usual first place and it can be said that Vodafone took over the market-leading role in 2014.



ISTVÁN POLEFKÓ
Technical customer service support manager

Volunteer customer experience trainer

Customer experience training

There are more and more service providers in the market offering similar products and services. The prices can be different but what is really important is the quality of the service and together with that the quality of the provision of the service, because these are the factors that form a lasting impression on customers.

It is very important for me to provide services to our external or internal customers in a way that I would also expect as a customer. Demand for quality service has now shifted to basic requirements too, so we have to generate such a positive experience during the entire lifecycle of contracts – almost reading the thoughts of our customers – and give them something unexpected in order to create the 'Wow!' factor.

Not only do I believe in the success of the programme, I took it upon myself to do the customer experience trainer assignment as a volunteer, because earlier, as a participant, I experienced that the training has a significant view-shaping impact, which is very useful. As a trainer I got acquainted with colleagues from other professional areas, thus now I have a greater oversight of the operation of the entire company, while I expanded my boundaries by recognizing links and connection points. I think it is a success when I receive positive feedback on the above efforts, and that the participants of the programme undertake various commitments that they will pursue to enhance customer experience.



Looking at the individual elements of the service, you can see that the perception of Magyar Telekom's earlier main strengths (e.g. network elements and coverage) was worse than before and currently they are perceived to be the weakest in the market. Looking at network coverage, the difference between Magyar Telekom and Vodafone increased to the benefit of the latter.

Regarding the perception of prices Magyar Telekom's, results improved in comparison to 2013, but the company is still behind its competitors, in particular Vodafone.

Magyar Telekom's specific advantage over its competitors is the handset portfolio and handset upgrades. Similarly, Magyar Telekom also has a competitive edge in the field of new product offers. Perception of Magyar Telekom's customer experience, customer information and mobile internet also improved in comparison to 2013; however, in the latter case Vodafone is still ahead of Magyar Telekom.

The satisfaction index measured among Magyar Telekom's residential customers using the home service also reflects high standards in the field of fixed services that were similar and measurable to mobile services.

The satisfaction figures for the mobile and the fixed services harmonized and became equal in 2013/2014. In the long-term comparison the fixed-line market shows a slight growth.

Similarly to the mobile market, the operators' results are close to each other in this field. Looking at the annual average, Magyar Telekom is still on top with a slight advantage over its competitors. The figure registered in 2014 was in the Top 10% to Top 33% range of the European industry benchmark data.

Compared to 2013, in 2014 Magyar Telekom improved its results in all important areas. The principal strength was the entirety of the product and service portfolio and their continual renewal, as well as the wide network coverage. However, satisfaction with customer service at shops and call centres decreased, mainly due to lengthy waiting times, and as a result perception of Magyar Telekom is at the same level as that of its competitors and it is slightly worse than UPC's in the area of shops.

In summary, Magyar Telekom's fixed-line customers are more satisfied with prices and the value for price ratio than the customers of mobile services.



Business customers

The market of mobile services for businesses was stable in 2014. Regarding the satisfaction index there is no significant difference between Magyar Telekom and its competitors, the perception of their services being practically the same, although Magyar Telekom's index is slightly higher. In European comparison Magyar Telekom is slightly behind the European benchmark.

Magyar Telekom's main strength is the quality of the network for telephone calls, coverage and roaming. Magyar Telekom also excels in value for price and the perception of its existing and new product offers. The only area where Magyar Telekom performs weaker than its competitors is the area of telephone helpdesk service.

In 2014 Magyar Telekom maintained its lead over Invitel in the field of fixed-line services, but UPC reached the same level as Magyar Telekom. In European comparison the results are nearing the lower 10% in the case of SoHo and SMB customers.

Magyar Telekom is distinguished from its competitors mostly by the wide scope of its product and service portfolio. The company's strengths also include its reliability, the appre-

ciation of its loyal customers and that our customers feel safe at the operator. The areas for improvement include the speed of serving our customers in shops and shorter complaint management response times.

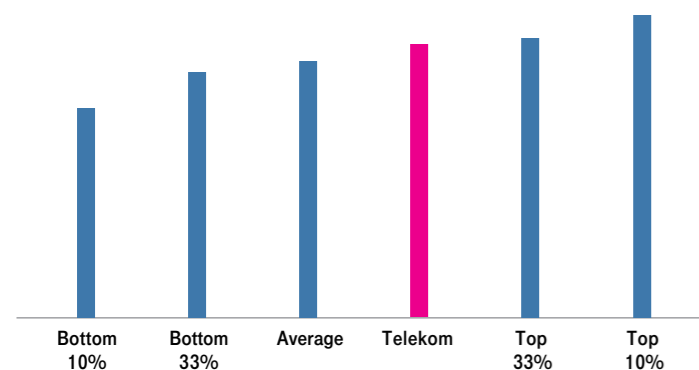
In addition to the traditional measurement of overall satisfaction, we also measure the satisfaction of our customers with given customer service cases throughout the year in the framework of the Next Generation International Customer Contact Analysis (NG ICCA) research. The purpose of the survey is to monitor the quality of our customer care service as experienced by our customers and collect information about their satisfaction and experience with our service.

The research is transaction-based: we poll our customers within 24–48 hours of their customer care event. The research extends across both the residential and business customer bases.

- Channels involved in the research:
- residential and business call center
 - automated telephone menu and self-service system (IVR)
 - shop network
 - installation and fault clearance of home services
 - business partner network

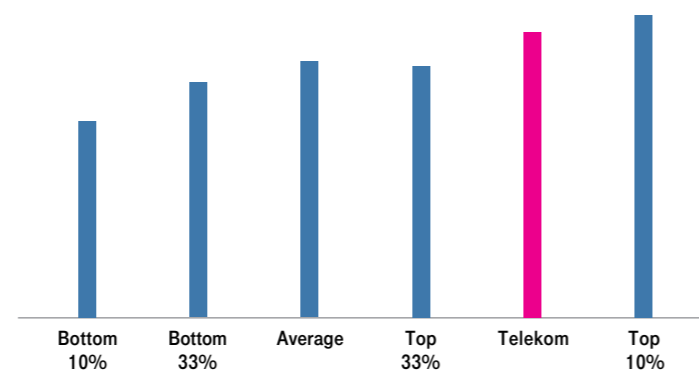
CUSTOMER SATISFACTION WITH MOBILE SERVICES (CONSUMER SEGMENT)

Results of Magyar Telekom's customer satisfaction survey in comparison with the European industry benchmark database, 2014



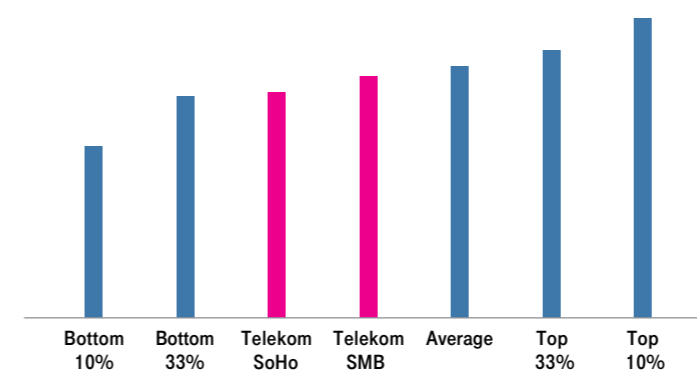
CUSTOMER SATISFACTION WITH FIXED-LINE SERVICES (CONSUMER SEGMENT)

Results of Magyar Telekom's customer satisfaction survey in comparison with the European industry benchmark database, 2014



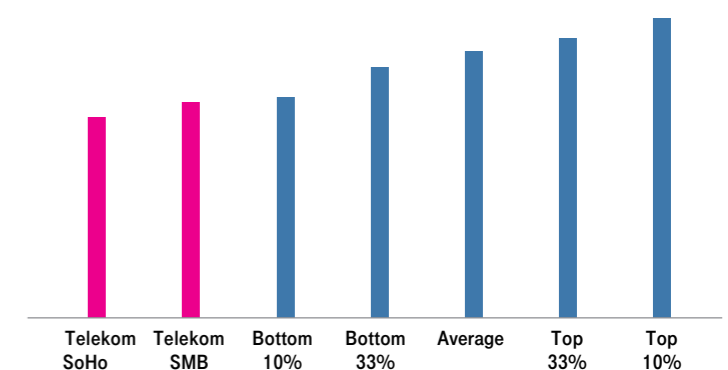
CUSTOMER SATISFACTION WITH MOBILE SERVICES (BUSINESS CUSTOMERS)

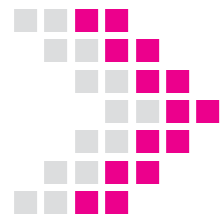
Results of Magyar Telekom's customer satisfaction survey in comparison with the European industry benchmark database, 2014



CUSTOMER SATISFACTION WITH FIXED-LINE SERVICES (BUSINESS CUSTOMERS)

Results of Magyar Telekom's customer satisfaction survey in comparison with the European industry benchmark database, 2014





Within the frame of a 'voice of the customer' survey, following the 'waterfall' model, we ask 4 closed questions – the first 2 are the same in each questionnaire and the second 2 are selected randomly to assess the anticipated quality of certain elements of our customer care efforts.

In addition to this, we give customers the opportunity to submit free text responses about our service by asking an open 5th question. One-fifth of the respondents do submit explanatory answers. Most of these responses are given in areas involving personal customer care activities.

The results of the answers are available to the relevant business areas and the employees of the Customer Experience department, too. Evaluation is performed on a daily/weekly basis at an operative level and the leaders of the involved channels elaborate and submit action plans and development needs if they detect results that stand out. The Customer Experience department prepares the quarterly channel-comparison analysis based on a uniform methodology. Based on the research one can see which colleague may need training, where one can reduce waiting times or what is working differently to how it should, etc.

The Customer Experience department's insight team manages our customers' pain points and requirements as well as their prioritization, and presents them to the management in a separate pain point report (+CEX DashBoard indicators and analysis results).

The direct manager of the business area where deficiencies are revealed takes action, sets up an action plan with the CEX team and makes a pledge to remedy the problems.

Customer satisfaction research has a long history at Magyar Telekom. In addition to the indicators presented in the area breakdown, one of its main indicators was for years the NPS (Net Promoter Score) that was replaced from the summer of 2013 with the CES (Customer Effort Score). This was due to the fact that we think the loyalty of the customer is most closely related to the personal effort they had to invest to solve their problem. The CES can be measured on a five-grade scale by a single question: 'How much effort did you have to make to solve the problem?' Both the overall satisfaction and the CES indicators are measured on a scale from -200 to +200. The overall customer satisfaction, the CES indicator and the free text responses are continuously analyzed in their context, thereby creating even more value for both our customers and the company.

Overall satisfaction results in 2014:

- Among the channels surveyed the customers of home services (installation, fault clearance and shop services) are the most satisfied with the services, although they find the fault clearance process a bit difficult.
- Transactions related to mobile services are generally evaluated better than those related to home services.
- The major strength of the call centre is its competent and helpful staff, but the majority

of customers found the menu system too complicated and complained about long waiting times.

- The IVR (telephone menu system and self-service customer service) proved to be the least favoured channel, because the customers considered the waiting time too long and often failed to get to an operator because of the complicated menu system.

T-Systems conducts customer-satisfaction surveys according to the 'M015. Customer Satisfaction Survey'.

T-Systems currently performs a 4-level customer satisfaction survey:

- Project-based survey: At the end of each month a web-based project satisfaction survey questionnaire is sent to the commercial and project implementation contact person of those projects where the final invoice issued in the given month exceeds the value of 5 million HUF.
- Satisfaction survey of small and medium service customers: At the closure of each quarter a web-based customer satisfaction survey, applicable to SMB services, is sent to 150 customers.
- Key customer service satisfaction survey: Every six months a web-based customer satisfaction survey questionnaire is sent to 50% of customers with a key service contract, in rotation.
- Fault repair related satisfaction survey: A brief web-based rating questionnaire is sent out after each closed trouble ticket with questions regarding the fault repair.

After statistical processing, data from the completed customer satisfaction survey questionnaires is received by the leaders of the areas involved in the survey concerned, and they incorporate the results and experiences into the work of their organisational unit.

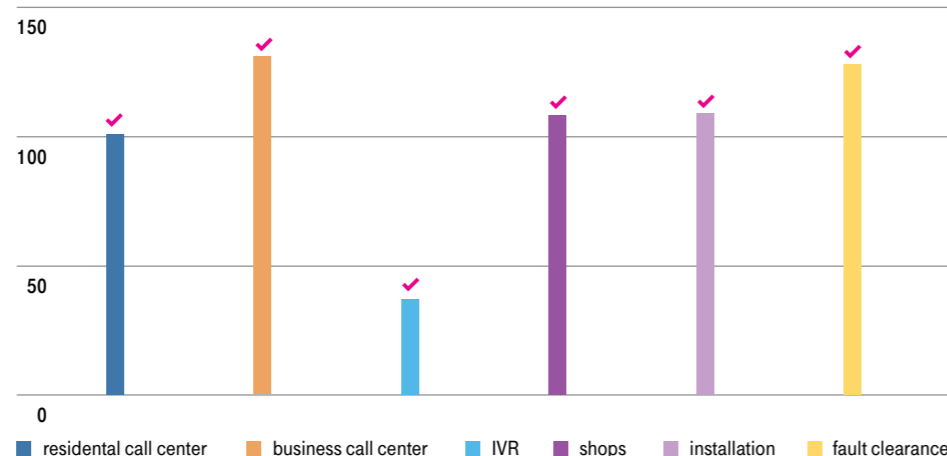
If a customer's response to a question is 3 or worse on a scale of 6, or a negative text remark is provided, a complaint ticket will be created automatically, and the case will be specifically investigated to find the reasons for the exceptionally low values and, if necessary, improve customer satisfaction.

Summarized results of the respective surveys (on a scale of 6):

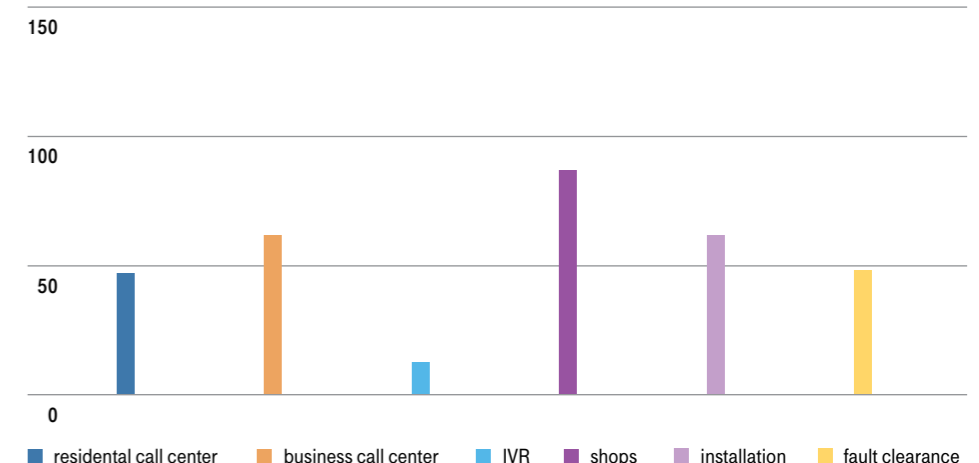
- project-based survey: 5.02
- satisfaction survey of small and medium service customers: 4.82
- key customer service satisfaction survey: 4.92
- fault repair related satisfaction survey: 5.45

T-Systems' Competitiveness Development department conducts a satisfaction survey at the end of each year among strategic customers, and commissions the market research firm Bell Research to analyze customer satisfaction related to T-Systems' services, TSM's image and whether they would recommend the company to others.

OVERALL SATISFACTION INDICATOR IN 2014 BY CHANNELS



CES INDICATOR IN 2014 BY CHANNELS



CUSTOMER SATISFACTION SURVEY OF THE DATA CENTRE BRANCH FOR 2014

| Contact with the Data Centre | Poor | Adequate | Fair | Excellent | Sample | Average 2014 | Average 2013 |
|------------------------------------------------------------------------------------------------------|------|----------|------|-----------|---------------|--------------|--------------|
| Accessibility of the Data Centre | 0 | 0 | 1 | 9 | 10 | 4.90 | 4.80 |
| Direct customer support activity | 0 | 0 | 3 | 7 | 10 | 4.70 | 4.80 |
| Customer focus | 0 | 0 | 2 | 8 | 10 | 4.80 | 4.80 |
| Technology environment | | | | | | | |
| Availability of electronic systems | 0 | 0 | 0 | 10 | 10 | 5.00 | 4.90 |
| Availability of engineering systems | 0 | 0 | 0 | 10 | 10 | 5.00 | 4.90 |
| Physical availability of the transmission systems built into the framework of the colocation service | 0 | 0 | 1 | 9 | 10 | 4.90 | 4.90 |
| Availability of technology personnel | 0 | 0 | 2 | 8 | 10 | 4.80 | 4.60 |
| Readiness of technology personnel | 0 | 0 | 1 | 9 | 10 | 4.90 | 4.80 |
| Contact with technology personnel | 0 | 0 | 2 | 8 | 10 | 4.80 | 4.80 |
| Expertise of technology personnel | 0 | 0 | 2 | 8 | 10 | 4.80 | 4.90 |
| Security Service | | | | | | | |
| Availability of the Security Service | 0 | 0 | 1 | 9 | 10 | 4.90 | 4.90 |
| Readiness of the Security Service | 0 | 0 | 2 | 8 | 10 | 4.80 | 4.90 |
| Expertise of the Security Service | 0 | 0 | 4 | 6 | 10 | 4.60 | 4.90 |
| General | | | | | | | |
| Quality of the colocation environment | 0 | 0 | 1 | 9 | 10 | 4.90 | 4.80 |
| Handling of problems connected directly to the colocation environment | 0 | 0 | 2 | 8 | 10 | 4.80 | 4.80 |
| | | | | | Total | 72.60 | 72.50 |
| | | | | | Sample number | 15.00 | 15.00 |
| | | | | | Average | 4.84 | 4.83 |

ICCA SURVEY OF CORPORATE CUSTOMER SUPPORT BRANCH:

ICCA target value in 2014

ICCA scores in 2014

CC: 115 points

CC: 119.7 points

Dedicated pilot: 135 points

Dedicated pilot: 156.5 points

Field staff: 165 points

Field staff: 184.1 points

The survey approaches decision-making customers using web-based questionnaires (around 600) and personal deep interviews as well (around 100). The results of the survey are also shared with leaders of the organisation to enable them to take measures to address any shortcomings revealed in the course of the survey.

The Corporate Customer Support Branch (VÜK) conducts the ICCA survey and involves an external partner. The essence of the method is that the external firm (Szociográf) uses a telephone interview to ask the customer to rate the administration. Survey results are analyzed in detail monthly by the leaders and managers of the Direct and Dedicated Competence Centre. This element is part of the monthly performance review. Employees are regularly trained with a view to customer satisfaction improvement. Internal training sessions are organized with the help of training firms.

The customer satisfaction survey of the Data Centre Branch for 2014 was completed in January 2015. The results were determined on the basis of the questionnaires sent to customers.

Crnogorski Telekom uses two values for its customer satisfaction measures: TRI*M and NG ICCA.

- TRI*M T-Com and TRI*M T-Mobile are measured quarterly, through phone interviews.

Method: fieldwork agency (interview method), data processing (short, medium, long waves)

Residential segment (fixed and mobile):

- Increased on a yearly basis (from 68.7 to 70.0)
- The main drivers of the improvement are Prices and Tariffs.

Business segment:

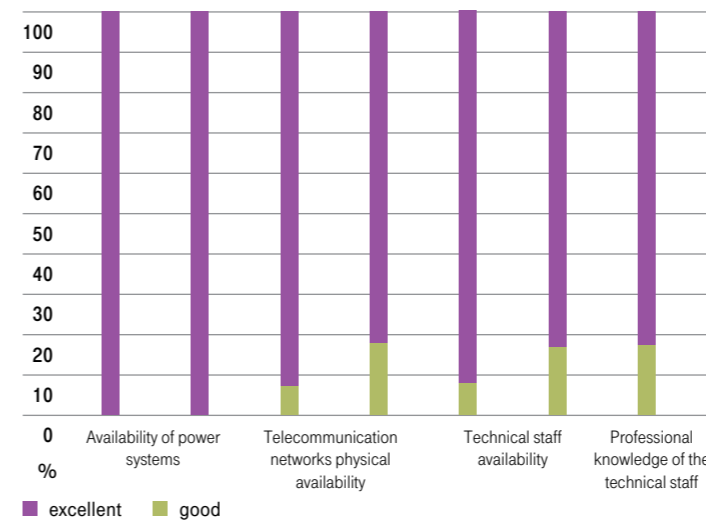
- Increased on a yearly basis (from 60.4 to 61.5)
- The main drivers of the improvement are Prices, Tariffs and Customer service.

- The Next Generation ICCA program is being implemented across DT subsidiaries with the goal of obtaining a more accurate and timely assessment of the customer experience and customer satisfaction with the specific subsidiary's touchpoints (CS, Sales, TCS, Self Service). Customers are surveyed once every 90 days. Surveys used are SMS and IVR.

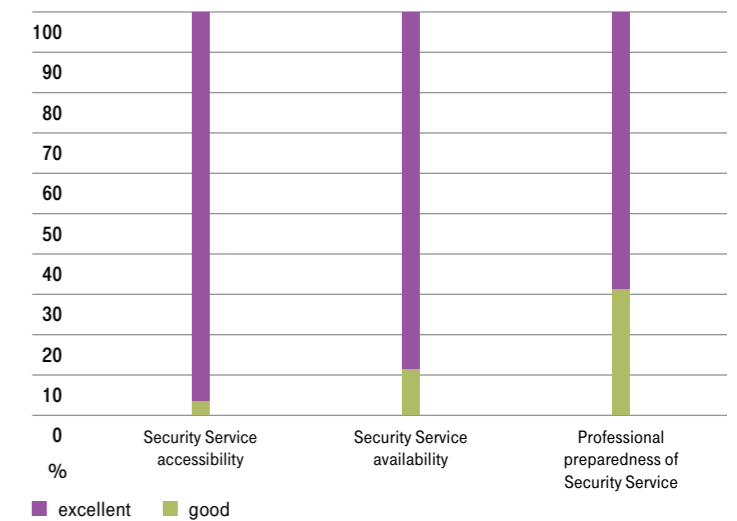
All channels showed an increase or a stable score on a yearly basis:

- CS stable on 92.6 ICCA points
- TCS increased by 2.7 ICCA points
- Shops increased by 10.3 ICCA points
- Self Service increased by 14.1 ICCA points

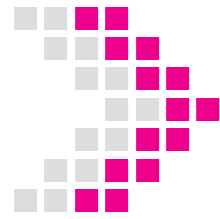
TECHNOLOGY



SECURITY SERVICE



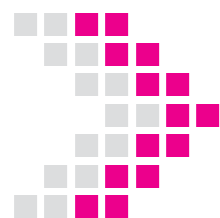
3.2. MANAGEMENT OF CUSTOMER COMPLAINTS



We do believe that the adjustments that we make on the basis of our customers' feedback and requirements will make us more successful than our competitors and enable us to provide seamless services.

Our approach is that complaints are useful signals from our customers, which help us identify potential process and other deficiencies. Based on recent years' experience we find it important to listen to our customers' voice, complaints, comments, and pinpoint areas where we have to improve our customers satisfaction with Magyar Telekom's services.

Based on the experience of the Customer Feedback Management program, launched in Q3, 2013, we further developed our operation, and from October 2014 we manage the CFM as a separate business area. The most important objective of the CFM is the deep analysis of all feedback and complaints coming from our customers in order to find root causes of problems. Based on the results we may elaborate short- and long-term experience based development and training plans and implement process improvements.



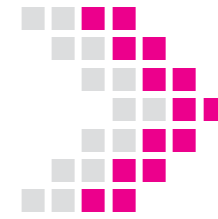
To be able to offer prompt solution, we have enhanced the knowledge and competence of our sales point and call center staff, determined the scope of those complaints which we can address immediately, so as to save our customers the inconvenience of waiting.

From the autumn of 2014 our colleagues working in customer fronts have been granted broader competences and authority so that they can promptly serve a wider scope of customers. Besides expanding competences

It is of key importance to us that our customers are satisfied with the products, services and the administrative work of our colleagues, as in recent years we experienced an increasing demand to enhance customer experience. That is why we strive to apply complaint management solutions that resolve all problems of our customers and by way of providing a customized, high quality and comforting solution we turn the complaint into customer experience.

In 2014 our most important expectation continues to be to manage complaints received through the different channels as fast as possible, and to solve the problem or answer the questions of the customer already in the very first contact.

of the customer front areas swift and effective complaint management is further enhanced by close cooperation with peer organizations thereby preventing—instead of retrospectively managing—questions and complains.



As a result of our efforts in 2014 the average complaint response and complaint management time has been further improved. We think that besides fulfilling our objectives it is also very important to provide customer experience that is unparalleled by other operators.

Typical complaint causes:

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

In 2014 we performed our activities in strict compliance with the provisions of NMHH Decree 13/2011. 27.) on 'The requirements of the quality of electronic communication service and the protection of the subscribers and users, and the integrity of rating', always keeping the rules specified by the authorities for the protection of the consumers. Our complaint management process was certified and we published the relevant quality target values on the following sites:

http://www.telekom.hu/about_us/about_magyar_telekom/principles/quality_guarantees
http://www.telekom.hu/static/sw/download/2014_evi_Telekom_szolgaltatasminosegi_mutatok.pdf

T-Systems received in 2014 a total of 57 customer complaints. All of them were analysed individually (even involving staff of the professional areas concerned). The results of the investigation and the measures taken are described in the Fault Management Annex of the Service Activity Review Report (in a quarterly breakdown).

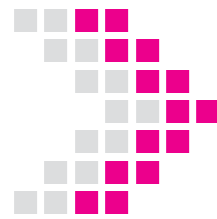
In case of the Corporate Customer Support Branch (VÜK) the number of customer complaints recorded in ICCM system in 2014: 19 817 (contains billing complaints: 12 701).

In 2014 we handled 157 911 processes, so the ratio of billing complaints to the total of complaints are 8.04%, ratio of other complaints to the total of complaints are 4.51%, total complaints ratio altogether are 12.55%.

Initiatives in 2014:

- Cashflow conscious operation: education for VÜK and T-Systems, with about 150 participants.
- Actions aiming at decreasing billing failures eg. Magyar Honvédség workers, process handling description for shops.
- Symposium: participation in preliminary works: forcing registrations, sending invites, customer information were our tasks.
- Creativity and innovation: education and innovation application at VÜK.
- Start moving, VÜK: to increase performance and care the health of our colleagues, we introduced weekly gymnastics.

Any customer complaint arriving directly to the Data Center first meets the customer support manager, who defines the area concerned. When the complaint affects a colocation situation, examination starts immediately, let it be any physical element of the colocation services, the related administrative, invoicing, customer handling processes, or the communication of these areas. In case of physical elements of the colocation services the problem is delegated toward the head of the competence center and the colleagues managing the operation of the services. In case of an invoicing, accounting, contract management complaint, the relevant department is immediately informed, together with appropriate proposals based on the revealed information. In case of a communication problem, following a thorough identification the necessary steps are taken to solve the problem.



At Makedonski Telekom the total number of complaints received from customers with fixed services are 14 122 ✓ in 2014, which number compared to 2013 is decreased 25% ✓, primarily due to lower number of service faults. Number of complaints per 1000 customers for different types of services in 2014 is as follows: fixed lines: 30 ✓, for internet services: 32.5 ✓ and for bundled services is 21.4 ✓. The number of customers at the end of 2014 was: customers with voice services: 236 420; customers with internet services: 152 379 and customers with IPTV services: 98 690.

From customers with mobile services we received 25 080 ✓ complaints, which number compared to 2013 is increased by 11% ✓, primarily due to mobile data packages and penalties for premature terminations. 85% of received complaints are from post-paid customers, 15% are from pre-paid customers. Number of complaints per 1000 customers for mobile services in 2014 was the following: pre-paid customers: 4.7 ✓, post-paid customers: 50.5 ✓. Number of mobile customers at the end of 2014: pre-paid: 773 305 and post-paid: 423 937 customers.

3.3. INFORMING OUR CUSTOMERS

Magyar Telekom Group consistently strives to make its offers as self-explanatory and widely accessible as possible.

The following addresses provide information regarding the services and tariff packages of the various lines of business, operated by Magyar Telekom Plc.:

<http://www.telekom.hu/otthoni/english>
<http://www.telekom.hu/mobil/english>
<http://www.telekom.hu/uzleti/main>

Information about the services of our other major affiliate companies is provided at the following addresses:

- T-Systems: <http://www.t-systems.hu/home-page>
- Origo: <http://www.corp.origo.hu/portfolio.html>
- Kitchen Budapest: <http://www.kitchenbudapest.hu/en/kibu/projects/>
- KalászNet: <http://www.kalasznet.hu/>
- Makedonski Telekom: <http://www.telekom.com.mk/en/>

In 2014 we continued with the process of unification of complaints handling processes for mobile and fixed services. Due to new organizational setup (consumer/business), the process for approvals based on complaints was changed. For this year we also have increased number of visits (more or less daily visits) from government regulatory body for telecommunication market compared to previous years.

At Crnogorski Telekom the number of complaints per 1000 customers by different services (fix/ mobile telephone, internet etc.). Methodology: for all complaints (written and verbal), comparing with no. of customers EOY 2014 (non-cumulative):

- 57 ✓ for fix line
- 76 ✓ for post-paid
- 13 ✓ for pre-paid

In 2014 we took several steps, concerning customer complaints:

- Company Directive on resolving claims and complaints was adopted on August 7, 2014.
- 'One billing and CRM' project: Active role in One billing project and Improvement of customer complaint resolution process.
- Continuously improve of complaints and claims handling process.

- T-Mobile Macedonia: <https://www.t-mobile.mk/public/personal-customers.nspj>
- Crnogorski Telekom: <http://www.telekom.me/private-users.nspj>

Detailed information and, respectively, modification if necessary, can be sought 24-hours-a-day through the telephone customer service for residential customers, which can be called free of charge on Telekom's domestic mobile network and, for subscribers of top-up services, by dialing 1777 (Domino exchange). In connection with residential and energy services of Telekom, we provide information on the 1412 number, which can be called from the Telekom mobile and fixed network as a toll-free call.

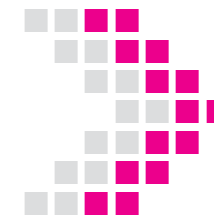
We have rendered Magyar Telekom's website more accessible, by, among other actions, highlighting the buzzwords established for online search, and developing web services, all of which enables customers to make purchases quickly and simply. Services are available at the following web site: <http://www.telekom.hu/mobil/english/services>.

Integrated customer service of T-Systems customers is provided in the form of handling cases issued through telephone number 1400 and written e-mail to TS_ugyfelkapcsolat@t-systems.hu.

It is especially important for Magyar Telekom to inform existing and future customers in compliance with the valid legal regulations. We do everything to have our advertisements depict our current offers precisely and clearly and to exclude the possibility of deception. For this reason an important step in our work processes

related to creating our advertisements is to have them aligned with consumer protection aspects and the guidelines of the Competition Authority (GVH), as well as to making sure of their legal compliance. We render our current offers accessible to all using the highest possible number of communication tools, and exploiting, as far as possible, the possibilities of the advertising medium concerned. In this manner we can ensure the possibility to acquire the broadest available information and, thereby, to take responsible decisions.

3.4. INVOLVEMENT OF OUR CUSTOMERS



hello holnap! tariff package offers people living with various disabilities special discounts and optional modes of use that can be aligned with their particular situations.

The tariff package Magyar Telekom has created for people living with disabilities was a key talking point during the roundtable discussion at the European Day of People with Disabilities.

Magyar Telekom has specially designed, in cooperation with experts from the non-governmental organisations concerned, the hello holnap! tariff package, targeted at people living with disabilities. Taking part in its development have been the Hungarian Association for the Deaf and Hard of Hearing (SINOSZ), National Federation of Disabled Persons (MEOSZ),

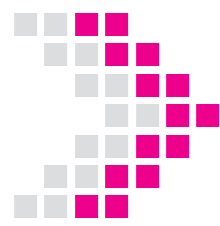
Hungarian Federation for the Blind and Partially Sighted (MVGYOSZ), and the Hungarian Association for Persons with Intellectual Disability (ÉFOÉSZ), whose professional cooperation is a guarantee that the service has been adapted to the needs of the total pool of people living with disabilities.

The offer can be adapted to those living with impaired vision and hearing by selecting from the differently-sized packages of calls, SMS and data, depending on their individual needs. Each of the various arrangements is accompanied by some kind of special tariff discount.

ESÉLYEGYENLŐSÉGI NAP
2014. MÁJUS 5.



EGYÜTT. VELED



Mobile devices are the most immediate and easy tools to open the gates to the internet, without which we seem to be almost unable to live, but how readily available are government services, media, information and communication channels to a vision-impaired, deaf or disabled person?



Roundtable discussion during the European Day of People with Disabilities

This was the subject of the round-table discussion Magyar Telekom organized on the European Day of People with Disabilities.

One of the most popular sport events of spring was held on 13 April 2014: the 29th Viviccittá City Supporter Run. As usual, charity was part of the activity, with donations being gathered by the organizers and the participants. UNICEF Hungary and Gézengúz Foundation were the non-profit organizations supported by the runners. Each organization put forward their case for support to the runners.

A joyous moment occurred when Kinga Albert, after recovering from cancer, also took part in the race. Kinga applied to Life.hu's 'Begin your new life!' programme and her mission was to complete the race as an example and motivation to others who are also planning to change their lives by being more active and living more healthily.



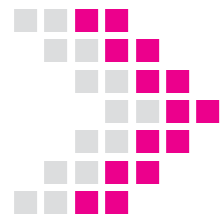
Many journalists from the Sustainable Media Club also joined the event in order to promote a healthy lifestyle and running, as well as to support Kinga and her fellow sufferers.



Running the Viviccittá



Globe at Viviccittá

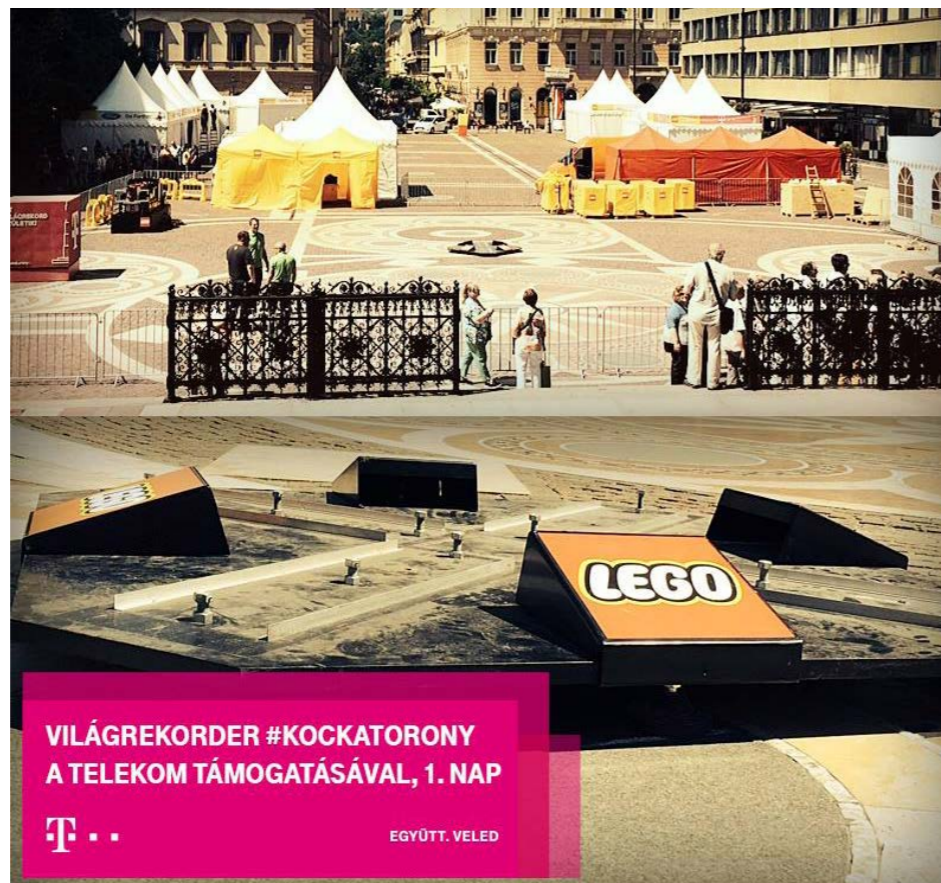


Such digital tools support the work of teachers in providing assistance for children to stay in touch with their schools, schoolmates and friends, and to make schoolwork a bit more interesting.

A giant LEGO tower was put up in front of Saint Stephen's Basilica for Children's Day. The construction was organized by LEGO Store Budapest and sponsored by Magyar Telekom. The tower was built in five days by primary school students and tourists visiting the Basilica, but some official LEGO constructors came from Denmark to also take part in the creation.

Unfortunately, some children were unable to be there at the Children's Day weekend events because of their serious illnesses. Magyar Telekom showed it cares by donating laptops

to the Hospital Teachers' Association, which helps children continue their studies while they are ill and enjoy some computer games to have a more complete childhood. The donation ceremony was held in Gottsegen György Cardiological Institute's Pediatrics Department, where approximately 500-600 heart operations are carried out each year.



The LEGO tower building site in front of the Bazilika



This was the third year that Magyar Telekom and Sustainability Media Club announced the winners of the sustainability press award.

Materials published after 2013 could apply in one of three categories: 'View from the bottom' category for content about private experiences or smaller communities; 'Panoramic view' category for insights into the country's social, environmental and business worlds with relevance to green topics, innovation and education; and the 'e-world' category for blogs by responsible thinkers that was introduced for the first time this year.

Applications for the sustainability press award arrived in a similar proportion to the two different approaches. In-depth articles and stories about individuals or small communities were published primarily in magazines or featured in lifestyle programmes on television channels; whereas 'Panoramic view' content is more typical on media platforms and news portals focusing on economics and politics.

The number of sustainability-themed blogs is increasing year on year, not only those run by NGOs but also those operated by engaged individuals.

The winner of the 'View from the bottom' category was Zita Kempf, journalist for Nők Lapja Café, who gave a thorough and natural picture of everyday life of people living with disabilities. Richárd Hegyeshalmi of index.hu won the 'Panoramic view' category for his shocking status report on climate change. The award for each of these categories was 500 000 HUF, while 300 000 HUF was given in the 'e-world' category to Nóra Hagari-Nagy, blogger of Propolisz: metropolis green feeling.



The three winners of the sustainability press award

4. RESPONSIBLE SERVICE

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4.1. CLOSING THE DIGITAL DIVIDE



With its digital competence program Magyar Telekom tries to overcome the digital divide and support the positive effects of the spreading of information and communication technologies.

The digital divide is the name given to the phenomenon of different groups of society having differing chances to access information technologies (due to geographical location, social or other reasons).

For economic development in this day and age, it is crucial to access information and communication technologies. The transformation of social relations and communication makes it important for us to get familiar with new technologies and the opportunities offered by them.

Supporting people living with disabilities

Magyar Telekom set an objective to offer comprehensive services for the disabled. Together with the relevant disability organizations, we jointly created the hello holnap! tariff packages that are available to the hearing-, sight- and otherwise-impaired in the form of pre- and post-paid tariff packages (people with mental health issues or autism are offered only pre-paid packages).

For further details on the tariff packages, please visit: <http://www.telekom.hu/mobil/lakossagi/tarifak/havidijas/helloholnap> <http://www.telekom.hu/mobil/lakossagi/tarifak/domino/helloholnap>

Internet for Equal Opportunities (Egálnet) program

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

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

By the end of 2010, more than 200 organizations had registered to participate in the project. In 2011 we checked how many of these organizations actually use the site actively, and deleted those websites where there had been no activity for a long time (the organization that created it discontinued its operations, uses other websites, or has no time to manage its site). So by the end of 2014 we had 50 active sites remaining; for these Egálnet offers help in their daily operation.

Further information is available on the following website: <http://egalnet.hu/object.5ED601BC-C574-4C66-9A66-13C4B0A26730.ivy>



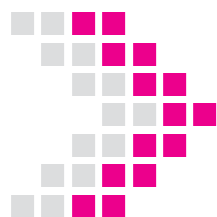
hello holnap! tariff packages

We recognized that access to and use of telecommunication services make disabled people's lives easier as everyday electronic solutions become available and these people's homes become more livable and accessible. Magyar Telekom is the first to offer specific, comprehensive services to the disabled in Hungary. In order to use

hello holnap! tariff packages one only has to be a member of the relevant disability organization (MEOSZ, SINOSZ, MGVYOSZ, ÉFOÉSZ). The services are offered at competitive prices – more favorable than our own tariff packages – in the form of monthly plans and pre-paid packages. The hello holnap! Voice and Data package contains 100 hours of voice traffic, while the hello holnap! SMS and Data package

contains 1000 SMS messages. Both packages contain 1 GB of internet traffic, and video telephone services are also offered at a discount price. The packages, presented as a joint effort with the disability organizations, have been available since 1 November, 2013. From 2014 members of the National Autism Association may subscribe to the hello holnap! packages.

Partnership for Digital Hungary



The aim of the Partnership for Digital Hungary is to make high-speed broadband internet available to every home by 2018.

The Government and Magyar Telekom, a subsidiary of the Deutsche Telekom Group, have entered into a partnership of cooperation to enhance Hungary's digital development. As outlined in the official document, Magyar Telekom intends to make further investments so as to foster the provision of high-speed broadband internet in Hungary. The intense use of innovative technologies and information and communications technology (ICT) solutions contributes to improving the quality of life for people in Hungary, the efficiency of businesses and the international competitiveness of the country's economy. Furthermore, the company aims to promote digital literacy and the widespread adoption of safer internet use. (Digital Bridge, Telekom Smart digital Program: Telekom Okosdigitális Program)

As a result, Hungary could achieve the objectives specified for 2020 in the Digital Agenda for Europe before the deadline, and could serve as an example for other member countries.

Magyar Telekom is strongly committed to innovation, and keeps developing its newest and most advanced services. Besides the full implementation of a high-speed broadband internet network, future plans include a number of other developments that could elevate the domestic digital infrastructure and the associated services to be among the best in the world by 2018. Magyar Telekom's subsidiary, T-Systems Hungary serves business and public administration customers and therefore actively contributes to enhancing the digital economy and utilizing EU funds spent on ICT projects that could increase the competitiveness of Hungary's economy.

Plans include improving the safety of homes and residential areas with intelligent and user-friendly solutions; providing devices that ensure simple management of energy needs for the population and businesses; introducing convenient and secure mobile payment solutions; and making business and public administration processes simpler, more transparent and faster with the help of the most up-to-date internet-based services. In addition, Magyar Telekom significantly supports the acceleration of digitalization processes at enterprises and SMBs alike by means of the latest ICT technologies ranging from IT infrastructure to application solutions.

Access to broadband internet is an important, but in itself by no means sufficient pre-condition to creating equal opportunities digitally, which is one of the general objectives of this strategic partnership. Most internet users in Hungary still only use the basic services and many of them abstain from online shopping, electronic transactions and other advanced solutions. Magyar Telekom focuses on increasing consumer awareness and cooperates with its partners to ensure that the number of citizens using the modern services in Hungary may reach the EU average and then exceed it. Furthermore, Magyar Telekom plays a pioneering role in facilitating digital literacy.



Viktor Orbán, PM of Hungary and Tim Höttinger, CEO of Deutsche Telekom

Supporting isolated, disadvantaged settlements and groups of society



Under the Digital Bridge for Small Settlements program (Digitális Híd Kistelepüléseken), the volunteer team of Magyar Telekom visits disadvantaged settlements of fewer than 3000 inhabitants to give them efficient, customized IT education.



Digital Bridge in Tarpa

The purpose of Magyar Telekom's Digital Bridge for Small Settlements Program is to increase awareness of the opportunities offered by information and communication technologies and what can be achieved with them in regions where a digital rift is present that over time may deepen into a divide. The course participants learn the many different uses of the internet and how it can make their lives easier. Digital Bridge activities also include the development of relations and ongoing communication with the students. In 2014 18 events were held, by the end of 2014 we had organized 185 events.

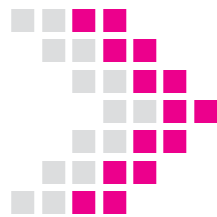


JÓZSEF BANA
former Magyar Telekom employee, retired volunteer

I joined the first 'Digital Bridge in Small Settlements' team ten years ago. I liked the program's objective and its fresh spirit, both as an employee and a private person. That was the time when I came across with Telekom's sustainability strategy, too. I am proud to represent Telekom through the program.

In the past years I experienced that Telekom and its customers can be brought closer to each other at personal meetings. Voluntary work within the program was another new phenomenon for all of us. Since then voluntary work has become very important to me. My work in the program has an impact on all members of my family. I experienced that my voluntary work presents values and guidance for my children and grandchildren. Now they think and act similarly about volunteering. I also like this work because it helped me to meet and understand many other people and their lives. I met people from very different social backgrounds, I heard their problems and it felt good to help them. I learned a lot from their stories, like understanding and appreciating differences. Digital Bridge gave me much joy and happiness over the years. The most remarkable event for me was when I helped a girl suffering from intellectual disability to get rid of a very unfortunate attitude to use computers and the internet caused by her teacher and other children. There was another case when I helped a student with her computer settings so that she can use the internet. Also, there was an immigrant who returned to Hungary from Australia, and he was very happy and grateful when I helped him to contact his family members in Australia through the internet. I have strong bonds to the Digital Bridge through its great team members and our common work.





Digital Bridge Fest (Digitális Híd Fest)

In 2009 the Digital Bridge for Small Settlements Program was supplemented by a new element, called Digital Bridge Fest. Volunteers from Magyar Telekom continue to educate the inhabitants to use the internet as part of this program. As a new program element, a talent contest is held among the local residents and the winners are offered the opportunity to present themselves and perform on the internet.

These events are usually coupled with some other community event (e.g. the village festival), but often we create such events ourselves. In 2014 two Digital Bridge Fests were organized – in the summer at Konyár and in December at Nyírlugos, Nyírbogát, Piricse and Encsencs.

Videos, pictures and further information about the Digital Bridge program:

https://www.telekom.hu/about_us/society_and_environment/society/digital_bridge
www.facebook.com/DigitalisHid



Digital Bridge Fest in Nyírbogát

Telekom Smartdigital Program (Telekom Okosdigitális Program)



Several educational programs add up to make the Telekom Smartdigital Program, in which volunteering trainers transfer their digital knowledge to children, adults, parents, grandparents and teachers all over Hungary. Our mission is to actively contribute to the development of Hungary's digital maturity, the development of digital literacy, and our children's safe and productive use of the internet.

We would like to help more people become digital citizens. We are working to bring the internet to everyone: in the cities and the villages, for youngsters and adults, too. We make this possible through a wide-ranging, multi-module, free training program.

At Gondolatbörze's social platform our existing and potential customers can chat, find information about our services and find information about how to use the internet, smart devices and online content. It is worth visiting the page as you can get answers to your questions from the most reliable experts: the users themselves. The page is moderated by Magyar Telekom experts.



Our Mobil-tudós experts ('Mobile Professors') in Telekom shops are there to help every visiting customer with tools and services. They provide information on how the internet can help to improve the customers' lives (administration, banking, online shopping). Our experts can also be found online: they share their knowledge about the latest technical improvements, products and curious facts. Their blog can be found on the Mobil-tudós blog and on Telekom's Facebook page.

Our Internet Academy lectures for the elderly are focused on primarily practical issues: administration, communication on the web, reading the news, recipe searches, etc. At the end of the presentations there is also the chance for a private consultation. All our participants receive printed material to help them understand the presentation and as an aid in their self-education.

In our 45-minute presentations to students our volunteering expert chats with them about important things to remember when using mobile phones. They speak about passwords, when to mute the phone, Facebook data protection and safe chatting. In our presentation for secondary school students, in addition to safe internet usage we talk about personal branding and the rules of the online world. In the personal development of students one of the most important factors is their teachers' knowledge: whether they know their students' digital lives and the various digital influences, and how they can affect their digital life to turn it in the right direction. We help them through 2 x 45-minutes or 2-day lectures for teachers.

Not only the children, but also their parents should know the rules of considerate and safe internet use. We have a presentation for them also on how they can help their children in the digital world (including safe internet, cyberbullying, etc).
<http://okosdigitalis.hu/>

Staff from **T-Systems** participated in the Telekom Smartdigital Program as volunteers, and gave presentations in several schools across the country on the correct and ethical use of mobile phones and the internet. 30 T-Systems colleagues joined the program, giving altogether 141 presentations.

Along with offering the most advanced technologies, as both services and products, **Crnogorski Telekom** continued to help the internet become a part of everyday life for the majority of Montenegrin citizens. Through the initiative 'Connecting the unconnected', as part of the company's CSR strategy, Crnogorski Telekom continued to provide free-of-charge services to selected beneficiaries in 2014 as well (preschool institutions, primary schools and secondary schools, as well as associations and organizations which support persons with disabilities). For the eighth year in a row, Crnogorski Telekom is enabling free internet access via ADSL to all primary and secondary schools in the country.



Trainers and students after a Smartdigital presentation

Makedonski Telekom took several steps in 2014 to help improve digital competence:

- 98% of households are covered by our fixed access network. In rural areas where we do not have coverage, any customer's request for voice service is considered with an FGSM solution.
- With 387 locations where ADSL equipment is installed, broadband access is provided over the whole territory of Macedonia with

92.8% of households reachable (with more than 3 Mbps).

- Current fiber optic rollout provides coverage of 18.5% of households.
- Mobile broadband access is provided using a 3G network with 93% coverage of the population and a 4G network with 46% coverage.
- Additionally, broadband access in rural areas will be improved with the implementation of UMTS 900 and LTE 800 MHz.

4.2. PROTECTION OF OUR CHILDREN IN THE DIGITAL AGE

Magyar Telekom is committed to assist children's, parents' and teachers' safe use of the internet, and uses its best endeavors to support it. On the child protection website, launched in 2013, the company supports this effort with controlled content, advise, education and events organized for children and their parents alike to be prepared for the exposures and dangers of the digital world.

In recent years children's internet and mobile telephone habits have changed dramatically. Today average European children start using the online world from the age of 7, and one out of three children connects to the internet via mobile telephone, game console or other mobile device. At the same time many young people feel that the online world offers only

few opportunities to use although the internet can be very useful in many areas if they can use it safely and responsibly.

For further details please visit http://www.telekom.hu/about_us/society_and_environment/society/protection_of_our_children_website.



NOÉMICSAPÓ
Regulatory senior manager

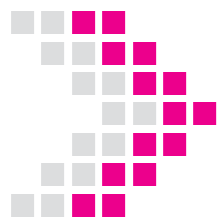
Though I am the member of the X generation and I was not born into the digital age, I fortunately can find my way in the world of the internet and new technologies. Thus I am aware how much opportunities, experience, knowledge and entertainment is available online, but I am also aware of potential risks and the way to manage them. Some years ago we thought that we primarily have to prepare our children for the safe use of mobile phones and surfing the internet without fear. Now the situation is more nuanced.

Older members of the Z generation were 'born' with the mouse, while younger children with a tablet in their hands. My seven-year-old son is already an experienced mobile phone, computer and tablet user, and I want to avoid the situation that by his age of 10-12 I do not have any idea how to use the gadgets that he will probably master by then. The question is not whether all children can properly use modern tools, but rather whether they know what they have to pay attention to and why.

In this respect the biggest responsibility lies with their parents and teachers. However, many of them do not know how to operate 21st century equipments and are not interested in the digital world, on top of which they do not have any idea on the underlying risks of using the internet. That is why Telekom decided last year that it will try to involve children, their parents and teachers into the digital world by way of showing its advantages and helping children to avoid its pitfalls.



Child protection efforts of the Telekom Okosdigitális Program (Telekom Smartdigital Program)



Our objective is to contribute to the digital maturity of Hungary and our children's safe and conscious use of the internet.

Magyar Telekom's Mobilsuli (Mobile School) program was launched in 2010 within the frame of which volunteers of the company teach children—in free lessons at schools—the smart and safe use of mobile telephones and the internet. In 2014 the Mobilsuli has become part of Magyar Telekom's newly created Telekom Okosdigitális Program which is operated in partnership with the Digitális Tudás Akadémia (Digital Knowledge Academy).

We would not like to leave our children alone in the digital world and would like them turn to their parents and teachers if they have any problems in this respect. That is why we extended the scope of our trainings and transfer the necessary knowledge not only to children but to adults—parents, grandparents, teachers—as well so that they can act as partners of our children in the digital world. We continuously develop a training material and include valuable feedback that we received during the trainings so that we can answer all potential questions.

An important part of our lectures is the presentation of dangerous situations on the internet and the elaboration and discussion of potential answers and responses to such dangers. We primarily discuss data protection, protection software, personality rights, cyberbullying, sexting issues and naturally answer any other questions, too. Our trainings are found useful which is proven by the numerous questions and a lot of positive feedback that we receive during the trainings.

Those who have not been contacted yet by the volunteers of the Okosdigitális Program may access our e-learning material on safe use of content and internet tools on the www.okosdigitalis.hu website. The program's Facebook-page provides updated news, information and advice to our potential inquirers: <https://www.facebook.com/Okosdigitalis?pnref=lhc>

WE HAVE ALREADY REACHED MANY CHILDREN AND ADULTS WITH OUR COURSES ALL OVER HUNGARY:



Expanding partner relations



Magyar Telekom, as a company listed in the stock exchange, complies with all elements of the Hungarian laws and actively participates in the industry's self regulation efforts and the work of the industry's NGOs.

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

The Child Protection Internet roundtable was established by the NMHH (National Media and Infocommunications Authority). The objective of the initiative is to encourage the protection of minors on the internet. To this end the project elaborates standpoints, recommendations to promote child-friendly internet use, including the use of content filtering software as well as the increased media awareness of parents and their children. The members of the roundtable are child protection professional organizations and the representatives of the Hungarian professional internet associations. Their work is supported by Magyar Telekom.

Magyar Telekom works closely with Nemzeti Média- és Hírközlési Hatóság (NMHH, National Media and Infocommunications Authority) in a number of other fields, too (protection against internet crime, blocking certain websites, Internet Hotline etc.).

Magyar Telekom, among governmental, corporate and NGO experts, actively participates in the National Cyber Security Office's Coordina-

tion Council's Child Protection Work Group's work. In 2014 our company actively participated in the elaboration of the work schedule of the group's two (electronic data removal and training) sub-workgroups.

Further partners include Matisz, GSMA and ETNO in the area of child protection.

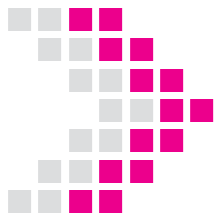
origo

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

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

Origo Media and Communications Services Co. Ltd.'s portfolio includes videa.hu and one of the most important developments of 2014 was the implementation of the cookie-based child lock which can be used without registration. This development allows to block videos in videa's entire content that belong to the adult category and the blocked content can not be displayed in any form. With this provide maximum protection for children and give 100% control to parents.

4.3. ICT FOR SUSTAINABILITY



One of the key priority tasks of the current sustainability strategy of Magyar Telekom Plc. is to increase the percentage of sustainable products in its portfolio.

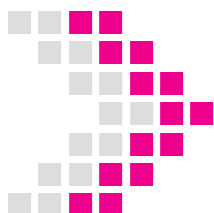
In line with this objective, in 2011 we incorporated the product sustainability assessment into the regulation of the sustainability coordination process; defined the process players as well as their tasks and their layers; then in 2012 the sustainability assessment of our handset portfolio was also made part of the regulations so that this information is accessible to our customers. The process players were identified again in the new organization structure, building daily contacts with them for the implementation of the objectives. In 2014 we reviewed our products and services. Within the frame of the revision the sustainable product database was updated, i.e. cancelled products were deleted whereas new products

– upon their assessment – were entered in the database of sustainable products and services. We expand the sustainability assessment for the T-Systems' portfolio, too. <http://www.telekom.hu/rolunk/fenntartathatosag/ugyfeleinknek> <http://www.t-systems.hu/portfolio>

List of the most important products and services groups with a sustainability impact in 2014:

- Technology for health
- Climate-friendly and cost-effective business
- Sustainable digital solutions
- Equal chances in a digital world
- Sustainable products

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



For years we have been using the same methodology for the sustainability assessment of our products and services, based on three pillars of sustainability:

- Social pillar: assessment of the contribution of the product/service to health, access to information, equal opportunities and personal growth.
- Economic pillar: assessment of the contribution of the product/service to sustainable consumption, competitiveness and actual needs.

- Environmental pillar: assessment of the contribution of the product/service to the preservation of resources, reduction of the environmental footprint and climate protection.

For further details please read the Sustainability Report of 2009: http://www.telekom.hu/static/sw/download/Sustainability_report_2009_eng.pdf

4.4. INNOVATION FOR SUSTAINABILITY

Research and development

At the end of 2013, Magyar Telekom launched the 'Realization of info-communication R+D+I umbrella projects at Magyar Telekom' tendering project with the goal of supporting the further development of its existing residential and business services with innovative solutions, and to identify new, non-core development areas and innovation directions. The project was realized with the support of the Hungarian Government, and was financed by the Research and Technology Innovation Fund.

Several development with a scope of sustainability, completed in the scope of the umbrella project, have been implemented in 2014, such as the extension of Távszámia service for mobile and tablet platform.

Healthcare Mobile

The grant project titled 'Magyar Telekom Plc.'s Healthcare Mobile Service R&D' (HCM project) was completed in 2014. Within the one-year project, the company worked on the development of an e-Health platform which connects various mobile-based health services designed for citizens. Due to the development, patients can sign up and prepare themselves for examinations using their mobile equipment. The solution has other various features helping everyday information-transfers and administration. The project was implemented with subsidy from the Hungarian Government and grants given from Research and Technology Innovation Fund.

Based on the results and experiences gained on HCM project, an intelligent patient flow monitoring and resource allocation solution has also been developed. This system – MediQue – is unique in real time patient flow monitoring, and supports health care procedure optimization in hospital environment. The solution is running in Szeged University Hospital ER department from June 2014 (Szent-Györgyi Albert Health Center)

One of Magyar Telekom's high priorities is to generate and implement R&D projects as an establishment for the company's product and service development roles. For this purpose Magyar Telekom's R&D activity is coordinated by the R&D committee consisting from the

company's responsible heads for innovation. As for planning the annual R&D projects, implementing sustainability purposed projects is one key aspect.

TeleBike

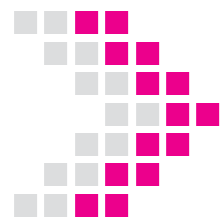


TeleBike, Magyar Telekom's bicycle rent service for employees, was launched on 24 May, 2013. The company's employees may rent bicycles free of charge from uniform design, well recognizable docking stations to commute between various office buildings more swiftly and with a smaller environmental footprint.

In 2014, TeleBike system worked with 53 bicycles. The bikes were used to travel between six Telekom and T-Systems Hungary sites.

With this exemplary initiative Magyar Telekom expressed its commitment to sustainable development and innovative solutions. TeleBike is not a profit-oriented project, and the development is not simply a convenience service for our employees, but also an environment-friendly solution to support sustainable growth.

Thanks to our TeleBike initiative, Magyar Telekom was again proudly wearing the Bike-friendly Workplace title in 2014.



TeleBike: In 2014 a total of 1633 registered users rented bikes on 17 333 occasions (average of 100 rents per day), mileage of more than 27 000 km and eliminated 5000 kg of CO₂-emission.



EMESE SZIKORA
leading project manager

Bubi – Sustainability

The public bike-sharing system in Budapest (Bubi) was designed and implemented by the consortium of T-Systems Hungary and Csepel company for the Centre for Budapest Transport (BKK). The project was launched in August, 2013 and went live in September, 2014.

BKK's main objective was to supplement the public transportation facilities and options in Budapest in an environment friendly way. In the first round of this effort the bike-sharing system was implemented mainly in downtown districts.

Bubi users may currently rent 1100 bicycles at 76 docking stations: with seasonal pass upon preliminary registration or with single tickets through simplified registration.

The implementation of the community bicycle system was a brand new professional area within the IT and transportation industry for TSM, and we learned a lot from the project. We successfully managed many expected and unexpected hardware and software development, logistics challenges during the project implementation phase and thereafter during the operation. It was a specialty of the project than right from the building of the docking stations all our work was in the center of the media's attention, therefore we had to pay increased attention to the operation of the project, both from the perspective of the work of our colleagues and their communication.

Bubi has been so successful since the launch of the project that the number of rents per day exceeded many Western European cities' benchmark (more than 5000 on sunny September days, and the figure seldom went under 4-500 per day in cold January and February days). More than 14 000 customers have used the service so far, and by the end of April the number of rents reached 400 000, while the average rent period was between 7-12 minutes, thus we can easily calculate that between September 2014 and May 2015 the Bubi service was used for approximately 57 000 hours, i.e. 2370 days in Budapest. This represents a significant reduction of CO₂-emission in the city. One should not forget that 14 000 customers use bicycles almost every day or several times a week instead of taking public transportation and exercise, which is good for their health in the long-term.



GÁBOR AUÉR
senior project manager



Mobile Wallet

Mobile Wallet service was launched by Magyar Telekom on 26 November, 2014. Mobile Wallet is an Android-platform based service, which enables its users to collect and virtually store the credit and loyalty cards, theater and concert tickets. Due to its NFC technology, collecting loyalty credits or entering to an event is all possible with just a tap of an enabled smartphone. It is the first wallet application amongst DT group that provides more than just payment solution. We believe that our

Mobile Wallet service will enable further cashless payment solution's penetration.

Today paying with Mobile Wallet is possible in more than 18,000 acceptance locations and on 38,000 terminals around Hungary. Collecting or exchanging loyalty points is available nearly in 600 stores, vending machines and in around the same number of taxi cabs, while 23 (primarily) Budapest-based venues ensure quick, queue-free entrance with your Mobile Wallet-stored NFC ticket.



M2M communication in Macedonia. Solutions for greater effectiveness.

The Smart Wine project is a collaboration between our subsidiary in the FYRO Macedonia and the Ss. Cyril & Methodius

University in Skopje to optimize wine cultivation processes. The technical basis for the project is a sensor-supported system that monitors grape development and controls all of the production processes. It helps winegrowers lower their consumption of energy, water, and

chemicals. Besides this, the system provides information on plant disease, weather problems, and optimal harvesting dates. The product has already been launched on the market. It can easily be adapted to other agricultural production sectors.

T-CITY, THE CITY OF THE FUTURE



The T-City project is a cooperation between Magyar Telekom and the municipality of Szolnok that enables inhabitants to get to know the latest and most innovative infocommunication technologies. Usage of these technologies not only makes their lives easier but also contributes to them shaping a more sustainable and conscious lifestyle.

The T-City project has been running in Szolnok since May 2009. The 78,000 inhabitants of the city can benefit from the possibilities offered by the pilot project,

experience the impact of the latest ICT technologies on the quality of life, and learn about the community services of Magyar Telekom.



The cooperation between the company and Szolnok is a long-term innovation program, focusing on the spread of digital literacy and on the development of transportation, public security, tourism and energy efficiency.

In 2014 the following services and tests were continued or introduced in the city:

School card

Since the start of the 2009 school year, one primary school in Szolnok has been equipped with an access control system using Radio Frequency Identification (RFID) technology, which registers the arrival and leaving of the students who have an access card. Parents can opt to receive an automated SMS message or track their children's entry/exit times via the internet. In 2011 the system was upgraded with turnstiles to further increase security and with an e-meal ticket solution to increase convenience, and a new school portal has also been introduced. Then we connected the system with the City Card system, which enables the use of two independent systems with a single card. In 2014 the registration of students and school employees was carried out successfully, and the production of new T-City-CityPass cards was started.

with the involvement of the Local Municipality of the city of Szolnok, Magyar Telekom, local bus company KMKK Zrt. and NetLock Kft. (the leader of the consortium that developed the CityPass system). In 2014 we further developed the Szolnok City Card. Now the Telekom Intelligent Card System includes School Card and City Card modules; Safe Party Zone and eVoting modules are also ready; plus, the system was successfully integrated into the Mobile Wallet app. In 2014 the e-Voting platform was finished, which allows verified and safe electronic televoting for users of the Intelligent Community Card. We launched N-Ticketing on one bus line of KMKK Zrt. Under this system, with the help of NFC tags at each bus stop, the ticketing is based on the kilometers travelled, giving a true usage-based pricing system for public transportation.

Since 2014 passengers can travel with their PayPass card instead of paper-based tickets on 10 bus lines in Szolnok. The electronic reader placed on these buses allows passengers to pay just by tapping their bank card against the readers without the need to print a ticket. The ticket inspectors can check whether payment with the bank card was successfully made.

City Card: Intelligent Community Card

In May 2011 the Szolnok City Card was introduced into the T-City program, with which citizens can use innovative services and get various discounts. The system was launched

City Guard

The eNOTO equipment that is being installed in Szolnok as part of development plans is a practice-proven technology to monitor the roads entering and leaving a settlement. It can play a key role in improving public security and also the subjective sense of security of the residents. The eNOTO can be quickly installed, and its management does not require in-depth technical knowledge or dedicated staff. The equipment is used particularly efficiently by the national and local authorities responsible for public security or the civic organizations authorized by them. In 2014 the system was updated so that 10 cameras are now installed to monitor the roads of the settlement, instead of the previously deployed 5, and an agreement was made to place 16 more cameras throughout the city.

Mobile City 3.0.

Mobile City is one of the latest apps developed by Magyar Telekom in the T-City program for Android and iOS platforms, and it is entirely customized to the conditions and requirements of Szolnok. The content is uploaded and managed by the city, which gives the content owner a great deal of independence in reaching the visitors and residents according to its own plans and city marketing, all through a completely new forum. The content service helps visitors access the tourist sight listings, event info and special offers from local tourism businesses, simply by holding their phone in their hands. In 2013 we further

developed the software: NFC-tag and QR-code reading functions were implemented. In 2014 interactive information boards that can be controlled using mobile phones were placed all around Szolnok to provide additional information about the tourist destinations. As an educational and promotional tool for NFC-tag and QR-code technology, we organized a promotional game, called T-City Codehunter (Kódvadász).

**Shape the City of the Future!
(Alakítsd a jövő városát!)**

In 2012 we released an app called Alakítsd a jövő városát! As part of the initiative we selected 20 families to be involved in Magyar Telekom's innovation processes. As a result of the project, these homes will be the first to receive for trial the latest services and products of Magyar Telekom, even ones still under development. We will consider their comments in the product development process. The project is especially important for Magyar Telekom because it may play a major role in the spread of digital competence. In 2014 these families took part in many tests, including Mobile Wallet, City Card Module and TV GO, and some families were able to try the Smart Home service, too.

Initiatives to raise ICT awareness

Magyar Telekom Plc. is strongly committed to closing the digital divide. In this spirit it has organized two series of programs that Szolnok citizens can visit free of charge.



Szolnok City Card

The T-City Kids courses bring closer the novelties of mobile phones and the internet to primary school students, and provide information to children about the dark side and dangers of the internet: how to prevent them and which tricks can be used for safe internet access.

Magyar Telekom launched the Internet Academy initiative for the elderly, retired residents of the city. The presentations introduced participants to internet usage, and got them familiar with the basics of internet security.

In 2014, continuing the tradition, we organized two T-City Kids courses for the primary school students of Szolnok and the surrounding villages and one Internet Academy with an updated curriculum.

KITCHEN BUDAPEST: INNOVATION, INCUBATION AND EDUCATION WITH MAGYAR TELEKOM'S SUPPORT

The success of the Hungary of the 21st century lies in its ideas. To reach it you need a workshop where ideas can roam and evolve freely. Kitchen Budapest (briefly KIBU) innovation and incubation lab was established back in 2007 with the support of Magyar Telekom. Our involvement guarantees the operation of this special lab for the 8th year now. Kitchen Budapest is an experimental innovation lab with a primer goal of helping young talents and supporting them with knowledge, network and infrastructure. They aim to provide solutions to global and mass-cultural issues. So ideas work not only in theory, at the level of concept, but also past the test in exemplary manner in the economic and social environment.

KIBU looks on the Startup Program launched in 2012 as an important success; it gives teams having a budding idea the possibility to make their dreams come true. Out of more than 500 contacts 5 teams successfully entered the incubation program. It is part of their mission to realize worthy ideas.

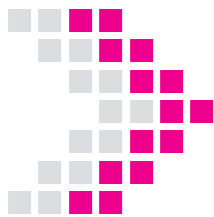
Upon launch of the Start Program it was clear that Hungarian young people need an even earlier phase idea-development program. Based on this need, they established the Talent Program at the end of 2013. In every semester 4-5 teams wins the opportunity to develop their idea with the mentorship of KIBU's experts to a prototype. So far, the special scholarship program had a couple of hundred applicants, from which 12 teams have already made it to the Demo Day. The objective is to elaborate design product and service ideas with business potential or cultural vision that may have good chances to successfully enter the Startup Program. The important thing is that these initiatives may hold out firm in the future—both from a business or innovation value perspective.

These investments and business opportunities help the Hungarian Telekom group in developing innovative products and partner cooperation. The ideas developed by KIBU also serve as an inspiration for those who work at the business development department of the company enabling them to get a better insight about the field we are targeting our products.

For more information, please visit the <http://www.kibu.hu> website.



Smart Home service



4.5. SERVICE AVAILABILITY

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

The General Conditions of Contract are available here:
<http://www.telekom.hu/szolgáltatások/aszf>

Service development:

- Following the change-over to another manufacturer regarding our core network switching centres used for the servicing of mobile internet, in addition to the public mobile internet services, in 2014 we successfully also migrated to the new platform the dedicated mobile internet services provided for businesses.
- This migration means moving from Huawei to Cisco platform of mobile internet services, provided for nearly 400 different companies. We apply several different technical solutions to implement these services, which made the successful migration more complicated. As a result of continuous contact with the customers, the pre-planned and agreed migration dates and the coordinated work of the technical teams involved in the implementation of the service, the platform migration caused only minimal customer irritation.
- The new platform was a pre-condition for the DPI-based unlimited data options that were successfully introduced in 2014.

- We have integrated a new Cisco GW (GW3) into the live network in order to expand the capacities. Currently, this gateway is servicing a part of the public mobile internet service.
- At the end of 2014 we put into operation the SDC centre. This centre was a prerequisite for our LTE roaming service, which started in January 2015, and has been successfully running since that time.

As part of the **network modernization project** the exchanging of the entire 2G and 3G radio network will be carried out with a completion date in April 2015. In parallel with this, the starting and the continuous extension of the 4th generation LTE network in the modernized locations took place and became available to improve customer experience. At these locations the quality of our existing services has also improved, like HSPA+. The deployment of

the new devices results in a more environmentally-conscious use of energy, since with their use the energy consumption of our network has reduced to nearly half of that in the previous period. In the course of the network modernization project, the number of our sites has more than halved and the consolidation of our IT and NT sites has begun, too, which will also result in better energy consumption.

Following the **successful** frequency tender in 2014 and with the starting of the LTE 800 base stations, almost at the touch of a button we have nearly doubled our LTE coverage in the country and have become market leaders.

Also on the technology side we have been getting closer to having a single, consolidated subscriber database; we are migrating the separate databases into an even more redundant subscriber database in the course of the project.



DR. JÁNOS TREMMEL
 Network Development Director

People of today and people of the future need swift and high quality access to internet content, whether they travel by car or train or using their high-speed fixed line network at home. Future networks do not only facilitate work and managing everyday administrative tasks but also offer an opportunity for recreation and to gain new experience. The Digital Hungary program, to be completed by the end of 2018, has four pillars with which 1 million fellow citizens may learn how to keep contact (1) with the government/municipality administrative bodies (2) through e-administration channels or use the services of (3) intelligent cities. In order to achieve this goal we need to rollout our network in a scale that has been never experienced before (4). Compared to the current number of 1.9 million households covered with high-speed internet (30 Mbps+), the future optical, cable TV and fixed line network developments will provide excellent quality internet access in a total of 3.3 million homes, even at remote corners of the country for everyone!

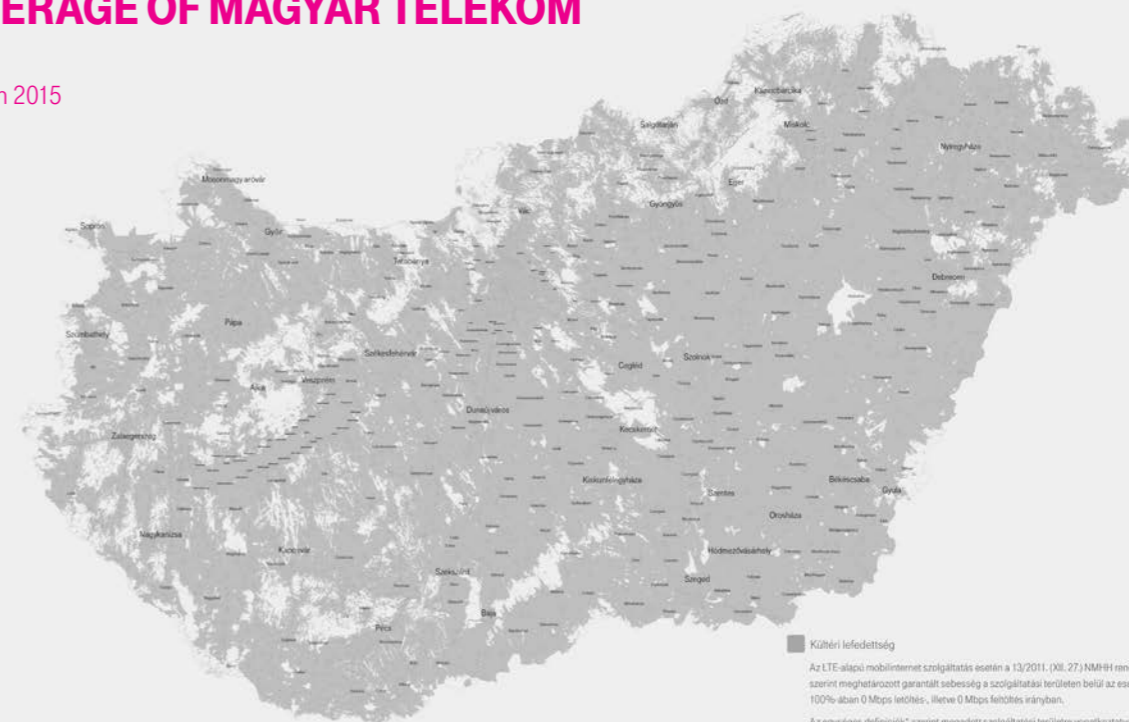
The tasks ahead of us could be compared to two revolutionary periods in our history: in the 19th century Hungary's industrial development required railways, whereas in the 20th century the development of the electricity network allowed a huge leap in our economic, social and cultural life.

So we pressed the turbo boost button of development both in the field of 'what' and 'how': we do not only build the network from our own resources or using EU funds but we also do it in a partnership/network leasing model. Besides the future technologies of fiber (GPON) and high-speed coaxial cable TV (ED3) solutions we also utilize the digital potentials of our existing copper network with the rollout of two new solutions. One of them doubles the so far available VDSL speed by way of using two twisted pairs of copper cables (bonding) while the other aggregates the speed of ADSL/VDSL and 4G networks (hybrid access) for customers. The latter innovation strongly relies on our commitments taken in the Y2014 frequency tender, i.e. extreme swift rollout of our mobile network. Thus by the end of 2015: 97%, while by the end of 2018: 99% of the population may enjoy the benefit of the new 4G technology.



LTE BASED MOBILE INTERNET SERVICE COVERAGE OF MAGYAR TELEKOM

31 March 2015



Külső lefedettség
 Az LTE-alapú mobilinternet szolgáltatás esetén a 13/2011. (XII. 27.) NMH/BI rendelet szerint meghatározott garancia sebesség a szolgáltatási területen belül az esetek 100%-ában 0 Mbps lehetőséggel, illetve 0 Mbps lehetőséggel irányban.
 Az egyéges definíciók¹ szerint megadott szolgáltatási területre vonatkoztatva az esetek 80%-ában az LTE-alapú mobilinternet szolgáltatással elérhető sebesség legalább 2,00 Mbps lehetőséggel, illetve 0,50 Mbps lehetőséggel. A megadott területen a mobilinternet szolgáltatás külsőben és bizonyos esetekben ezen területen belül az épületekben is igénybe vehető. A megadott területen LTE-HSPA+ HÁLÓZATOK és antennákkal az épületek belüli használata lehetővé tehető.
¹ Működési Feltételek 2014. évi 1. számú melléklet 6.1.4. (2014.12.11.) állapotban. (http://www.telekom.hu/infocentrum)



EGYÜTT. VELED

SERVICE AVAILABILITY

| Annual availability (%) | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------------------|-------------------|-------------------|-------------------------|-------------------------|----------------------------|
| CATV (analogue/digital) | 99.94/99.75 | 99.93/99.82 | 99.95 ✓/99.93 ✓ | 99.94 ✓/99.88 ✓ | 99.90 ✓/99.89 ✓ |
| SatTV | 99.90 | 99.87 | 99.86 ✓ | 99.84 ✓ | 99.94 ✓ |
| IPTV | 99.85 | 99.99 | 99.82 ✓ | 99.86 ✓ | 99.85 ✓ |
| Fixed internet (ADSL/GPON/KábelNet) | 99.90/99.96/99.72 | 99.92/99.95/99.78 | 99.93 ✓/99.99 ✓/99.90 ✓ | 99.89 ✓/99.96 ✓/99.87 ✓ | 99.89 ✓/99.90 ✓/99.86 ✓ |
| Mobile internet (2G/3G/4G) | 99.40/99.49 | 99.64/99.29 | 99.40/99.55 | 99.40/99.57/99.67 | 99.66 ✓/99.74 ✓/99.67 ✓ |
| Telephone/VoIP/VoCa | 99.95/99.94/99.91 | 99.95/99.96/99.92 | 99.95/99.93/99.84 | 99.93/99.90/99.87 | 99.94 ✓/99.88 ✓/99.90 ✓ |
| Mobile telephone (2G/3G/4G) | 99.93/99.88 | 99.94/99.89 | 99.93/99.88 | 99.91/99.88/99.84 | 99.907 ✓/99.883 ✓/99.849 ✓ |

4.6. DATA PROTECTION

Among the 2014 sustainability objectives, Magyar Telekom lays great emphasis on the protection of personal data.

Prior to developing new products and during provision of its services, Magyar Telekom considers the protection of its customers' and business partners' personal data as top priority. Magyar Telekom manages personal data in accordance with the Hungarian legislation, the guidelines of the National Authority for

Data Protection and Freedom of Information and the European Union directives, regarding personal data protection. Magyar Telekom ensures the highest standard of data security and technical and organizational measures, regarding personal data management/processing.



Magyar Telekom regularly issues employee trainings to introduce the up-to-date regulations and the internal Code of Conduct regarding personal data protection.

In case of contracting with third parties as data processors, Magyar Telekom requests from its contractors and subcontractors to process personal data according to the highest standard of data security and technical and organizational measures.

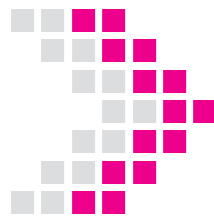
Based on the results of the investigation, we review our processes and make the necessary adjustments.

For further information, please visit the following website: http://www.telekom.hu/about_us/data_protection

Magyar Telekom provides multiple channels for its customers to request information and to send complaints regarding their personal data management. We treat our customers' personal data related complaints and inquires as matters of key importance, and provide factual responses within the relevant deadline.

In 2014, T-Systems Hungary Plc. was operating a certified data and information protection system (ISO/IEC 27001). Its objective is to ensure secrecy, unharmed operation and uninterrupted availability of our data and information. The data and information protection system manages the data files managed and produced by T-Systems Hungary, the company's business data, the data of its partners and employees, offices, commercial and developed software, buildings, offices, equipment and IT systems. The maintenance of the system is ensured through the application of new and continuously developing information and communication technology. We respond to information security exposures in a way that residual risks may not adversely impact our work and the company's operation.

In 2014, Magyar Telekom received requests and complaints either from Nemzeti Adatvédelmi és Információszabadság Hatóság (National Authority for Data Protection and Freedom of Information) or either directly from customers, which were duly investigated by the Data Protection Group of Magyar Telekom, and the findings were reported to the complaining customer and/or the authority. In 2014 we received 12 requests, to investigate personal data management complaints, and only 1 of these was found to have grounds.



Activities in the field of data protection in 2014 at Crnogorski Telekom:

- PPSA process: training for employees.
- ICS control is done.
- New UARM directive is adopted.
- During the public consultation process CT sent comments on bylaws refer to data retention and categories on retained data.
- Supporting One.ERP project and HR suit project.
- CT regularly sends reports to Group Privacy (quarterly).
- Intensive cooperation with National Data Privacy Agency.

Makedonski Telekom and T-Mobile Macedonia, as members of the Deutsche Telekom Group, pay great attention to protection of personal data of customers, employees and other individuals in all of its business processes, by implementing the standards stipulated with the personal data protection regulations in the Republic of Macedonia and the standards existing within the Group. MKT and TMMK are aware that the success of the companies is dependent not only on global networking of information flows, but also above all on trustworthy and safe handling of personal data.

The principles for personal data protection are more thoroughly elaborated in the Privacy Code of Conduct of Deutsche Telekom, implemented and valid for all the companies across the Group. The Privacy Code of Conduct is adopted by the both companies as a CEO Directive. The Privacy Code of Conduct conforms to the requirements by the Macedonian Law for Protection of Personal Data, as well as DT Group Privacy. Regarding the extent of implementation of the provisions of the Privacy Code of Conduct, Data Privacy Officers (DPOs) in both companies perform annual self-assessment and the employees are surveyed by DT Group Privacy. Data privacy issues are always considered in the early stage of development of the new products and services, as well as in development of new IT systems, providing high level of privacy for all users and customers.

In 2014 the initiative for implementation of new Group Directive, Binding Corporate Rules Privacy is raised and the process of synchronization and adaptation of the text by all companies through the Group is completed. The new Directive, Binding Corporate Rules Privacy is intended to provide more unified and standardized privacy for all the company

members, as very often Deutsche Telekom Group is perceived by its customers and the general public as a single entity. Data privacy shall make an important contribution to the joint success of the company and to support the claim of being a provider of high-quality products and innovative services by implementing new Binding Corporate Rules Privacy. MKT and TMMK shall initiate the process for adoption in the year to come.

A lot of projects and products in 2014, such as Loop, E-care, Mobi Wallet, Olive box, Cloud message, DoxBee, Cloud Media Storage and others, have been addressed by Data Protection for potential privacy implications in the design of the services, data protection requirements in the processing of personal data, as well as all necessary contractual obligations to the vendors or other third parties involved.

MKT and TMMK had active participation in process of creating standardized Commissioned Data Processing agreements through the companies of the Group, that are used for specification of the rights and obligations within the data processing by shared service centers of the group.

The level of privacy and data protection within MKT and TMMK is inspected on regular basis by different kind of revisions. Several privacy audits took place during 2014: audit by Directorate for Personal data Protection (DPDP) for Max TV Product, internal audit for MKT/TMMK customer documentation, and also Group Privacy audit were conducted. The identified measures and recommendations from all these audits are always used for improvement of some segments of the process for data protection.

4.7. ADDRESSING LEGAL AND ETHICAL ASPECTS OF CONTENT SERVICE PROVIDING

Today internet is the main forum for the exchange of knowledge, information and goods, as well as of amenities and recreation. Together with the continuous development and the accelerated world, customer needs have also changed: internet is used more intensively, frequently and to access more diverse contents.



Origo Media and Communication Services Private Limited Hungary (Origo Zrt.) operating origo.hu portal, as an affiliate company of Magyar Telekom Group and the founding member of the Association of Hungarian Content Providers (MTE) is committed to the Code of Ethics of Content Providers. The Code of Ethics can be accessed on MTE's web site: http://www.mte.hu/dokumentumok/mte_kodex_eng.doc. Apart from the commitments through MTE origo.hu avails of its own code of ethics, which is constantly revised and expanded.

For videa.hu, which belongs to the portfolio of Origo Media and Communication Services Private Limited Company, one of the most important development in 2014 is the cookie-based parental lock, which can be used without registration. With this development the adult videos can be filtered from the videa.hu contents, and grant 100% control for the parents to secure the young users.

Regarding data bases of Origo Zrt., all types of access rights for users is authorized by Origo's Media and Communication Services Private Limited Company. In the course of licensing and in compliance with the recommendations of the Ethical Code of Content Providing, the company pays attention to protect personality rights and intellectual property, as well as to be compliant with the Ethical Codes of Content Providers.

At clickshop.hu we reuse paper boxes used during delivery, and we try to minimize plastic packaging. In the past two years the amount of printed marketing material (e.g. flyers) was minimal. According to our legal obligations we collect electronic waste on demand from our costumers.

At Crnogorski Telekom several activities in 2014 resulted in savings and new group contracts for content acquisition across the DT group. In addition, group level approach is reducing risk. Most content providers are centralizing their sales activities, eliminating resellers, distributors and partners, which further reduce risk, and CT is benefiting from joint acquisition. Video on demand acquisition is also continuously handled on the group level, reducing legal and ethical risk.

All content provisioning related activities within Makedonski Telekom and T-Mobile Macedonia are in full compliance with all

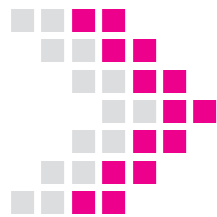
areas of all relevant regulations and legal framework, including but not limiting to copyright laws, but also all other relevant laws related to content acquisition, production and distribution. Special attention is dedicated to providing content and content related services via equal treatment to all customers, regardless of the ethnicity, nationality, sex and age, but the content nature as well, in order not to encourage or incite to military aggression or ethnic, racial, gender or religious hatred and intoleranc.

4.8. SAFE USE OF MOBILE PHONES, ELECTROMAGNETIC FIELDS

Beyond providing high-quality services to these customers through mobile telecom network, UMTS licenses were distributed for operators in Hungary in December 2004, for operators in Montenegro in June 2007, and for operators in Macedonia in June 2009. Furthermore in December 2011, Magyar Telekom obtained the license for launching LTE services, the commercial sale of which took place in 2012. At the end of 2014, with the newly acquired 800 MHz bsn, Magyar Telekom's LTE service was available for approximately 80% of the total population.

LTE-related network may heighten the interest of communities in the issue of electromagnetic fields, which will increase the importance of the company's strategy in addressing the issue.

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



As a part of the corporation's general training program and in the course of mandatory orientation training, every new employee is enabled to obtain information regarding issues related to electromagnetic fields.

Within Deutsche Telekom Group, issues related to electromagnetic fields (EMF) are regulated in the objectives related to EMF topics, the so called EMF policy recommendations, with special emphasis on transparency, providing information, support of and involvement in research. Deutsche Telekom's relevant recommendation has been applied as mandatory to it by Magyar Telekom since 2004, by T-Mobile Macedonia since March 2011. The Management Committee of Crnogorski Telekom adopted the company's EMF regulation aligned with DT's relevant regulation on October 27, 2011.

To support preventive measures, both Magyar Telekom and T-Mobile Macedonia set up dedicated work groups, which meet regularly each quarter, and continuously monitor EMF-related national and international research and developments, and furthermore respond to any arising queries by authorities, residents or employees. Further information about T-Mobile International's EMF Policy Recommendations adopted by Magyar Telekom is available in English on the website of T-Mobile International.⁽³¹⁾

Within this framework, Magyar Telekom and its subsidiaries address complaints and inquiries in an efficient manner.

The EMF policy was also endorsed by Crnogorski Telekom and T-Mobile Macedonia. The policy defines the core principles of responsible use of mobile communication technologies. In this document we assume commitment for greater transparency, information providing and involvement in the relevant processes.

Mobile network, network development

According to the practice applied at base stations, the antennas are always installed in such a manner that employees should not be able to be in the area facing the antenna, they should not and need not have to work in that zone, and passageways should not cross that particular area.

If in an extraordinary case they do need to pass by or work in the area facing the antennas – which occurs mainly with external contractors, for example when renovation work is carried out on the exterior of buildings – safety distance data is made available. If necessary, the possibility to carry out local measuring is also available and, in justified cases, antennas can be temporarily relocated or their transmission performance reduced to the desired extent.

When Magyar Telekom employees who perform work near the antennas come across some unidentified signal source, they determine the boundaries of the safe zone using their personal RADMAN radiation detector, thus avoiding any consequent health hazards.

Compliance with the value limits defined by law for Magyar Telekom's mobile network is, whenever necessary, audited and certified by independent measurement bodies. In 2014 the company had 17 local measurements performed for non-ionizing electromagnetic exposure, which in all cases demonstrated values well below the limit values related to electromagnetic fields.



As a result of cooperation between three mobile operators, an EMF portal was established in 2006 and continued to operate in 2014 as well for the purpose of information (<http://www.emf-portal.hu>). In this portal questions regarding EMF topics can be asked, the latest relevant news is made available along with the results of EMF-related measurements, and research is requested by operators from external organizations.

Prior to each and every base station construction or tower installation the company reaches agreements with and cooperates with all those concerned. Where a need for it is shown, citizens' forums are held in an effort to reach an agreement.

Communication

Despite the fact that Magyar Telekom in all cases remains far below the limit values identified by the ICNIRP guidelines regarding both handsets and base stations, the company considers it important to keep its employees as well as its customers⁽³²⁾ informed.

In the internal training programs conducted in 2014, 30 colleagues attended presentations delivered by an expert from the Frédéric Joliot-Curie National Research Institute for Radiobiology and Radio Hygiene (OSSKI). Furthermore, Magyar Telekom had high-level discussions with experts from the National Media and Infocommunications Authority (NMHH), also supporting them with mobile network data for their on-site measurements.

In addition to internal communications, Magyar Telekom continued to be open in 2014 to answering any enquiries related to safe mobile phone use.

Alongside the EMF portal, Magyar Telekom also runs its own website addressing the same topic (<http://www.bazisallomas.com>), which also provides answers to questions about the health, legal and technological aspects of mobile networks.

The SAR values⁽³³⁾ of each device are available in the user manuals in the mobile set boxes and in the Telekom shops. In addition, Magyar Telekom's web shop also provides the same data within the detailed descriptions of devices.

Research

The exposure of the world's population to non-ionizing electromagnetic radiation and electromagnetic fields has increased considerably during recent decades. As civilized society cannot go without using appliances emitting non-ionizing electromagnetic radiation—among others mobile telecommunication devices, satellite and terrestrial television and radio broadcasting devices, meteorological satellites, flight navigation, radio astronomy and space exploring devices—the exposure of the environment and the population is expected to increase further in the future. The World Health Organization (WHO) and several other international organizations and research groups analyze the impact of technological development on human health.

The assumed health impacts of mobile telecommunications have already been studied and analyzed for twenty-five years. Until today, scientific research has not been able to confirm any kind of negative health effects of mobile telecommunications on the human organism.

The largest research project of this kind conducted so far, the INTERPHONE project organized by WHO-IARC (International Agency for Research on Cancer) with the participation of

13 countries was closed in 2011. After closing the INTERPHONE project on May 31, 2011 WHO-IARC classified electro-magnetic fields in carcinogenic category 2B. According to the chairman of the WHO-IARC working group 'evidence is strong enough to confirm the 2B categorization and also the conclusion regarding the occurrence of some risk. In view of this the studies into the connection between mobile phones and the occurrence of cancer must be continued.' At present the agents classified to category 2B are among others, black coffee, petrol, exhaust fumes of petrol fuelled engines, nickel and alloys, talcum powder, network frequency magnetic fields and mobile telephone use.

Through its GSM Association membership, Magyar Telekom contributed directly to the promotion of independent research analyzing the health impacts of mobile networks.

Every national affiliate of Deutsche Telekom is committed to supporting independent research that expands our knowledge regarding the effects of electromagnetic fields. For this purpose T-Mobile International, in cooperation with operators in the UK and Germany, has been jointly supporting an international research program since 2002 in the value of over twenty million EUR, and additional six million EUR through the GSM Association. This makes Deutsche Telekom Group one of the world's largest supporters of research on this subject.

(32) https://www.telekom.hu/about_us/society_and_environment/society/health_and_safety
 (33) The SAR value (Specific Absorption Rate – specific absorption value) enables the measurement of the amount of energy absorbed by the body's tissues.



5. EMPLOYEES



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

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

▪ **Customer delight and simplicity drive our action**

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

▪ **Appreciation and honesty are basic values of our operations**

This means a value that goes beyond appreciation of each other in daily work: this principle is about the appreciation of our customers, partners, suppliers and shareholders, too. This requires open, honest

culture and fair business attitude without which we risk success.

▪ **One team – both jointly and individually**

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

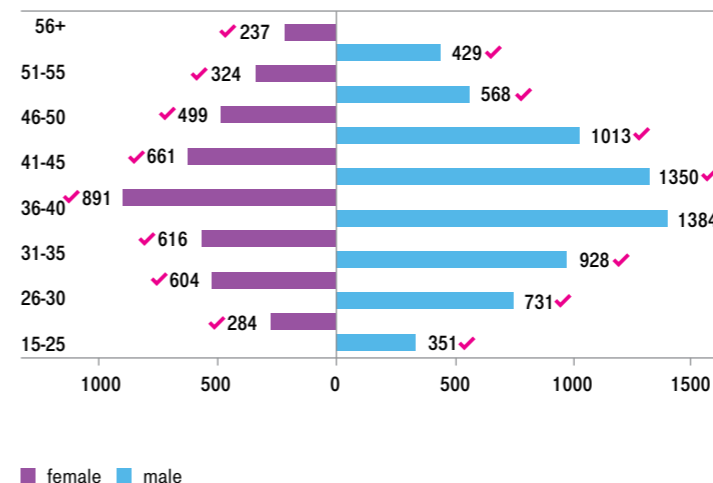
▪ **Best place to perform and grow**

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

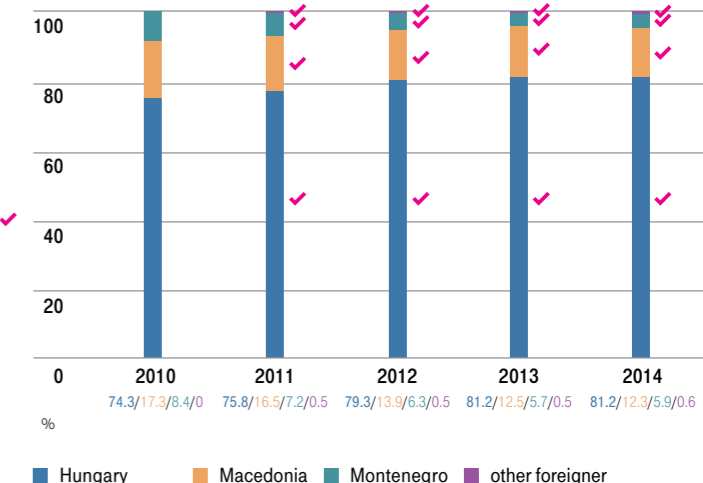
▪ **I am a Telekom employee, you can count on me**

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

AGE TREE OF MAGYAR TELEKOM GROUP, DECEMBER 31, 2014



DISTRIBUTION OF EMPLOYEES BY REGION



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

As a 'Best Workplace' award winner company the employee satisfaction surveys play an important role in these measurements. Focus group measurements help us to look behind the numbers so that we can concentrate on the results and initiate actions to improve the company's workplace atmosphere. The strat-

egy-driven changes are accompanied by culture development programs.

Further information:

Quality Policy: http://www.telekom.hu/static/sw/download/minosegpolitika_en.pdf

Social Charter: http://www.telekom.hu/static/sw/download/Social_Charter.pdf

Diversity Policy: http://www.telekom.hu/static/sw/download/Diversity_Policy.pdf

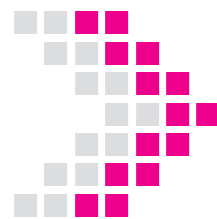
Equal Opportunities Plan 2011-2012: http://www.telekom.hu/static/sw/download/Magyar_Telekom_Eselyegyenlosegi_Terv_2011_2012_en.pdf

http://www.telekom.hu/static/sw/download/Magyar_Telekom_Eselyegyenlosegi_Terv_2013_2015_en.pdf

The 'Partnership for Safe Employment' document is accessible at: http://www.ommf.gov.hu/index.php?akt_menu=225

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5.1. TALENT MANAGEMENT



Magyar Telekom Group places great emphasis on constant training, developing its employees and supporting their use of the acquired knowledge.

Magyar Telekom Group is an important organization within Hungary's ICT (information and communication technology) sector. In this industry it is imperative to know and apply new trends, as well as research results at both employee and managerial levels. Development plans are based on the alignment of the company's strategic objectives and the individuals' development targets.

For many years the company's management has been supporting the objective that around 1.5-2% of the total personnel costs should be spent on the training of managers and employees. Also, several new elements have been implemented to strengthen the system of internal knowledge sharing (Knowledge Stock Exchange, Employee Academy). We believe that we can only remain successful if we explore and capture development possibilities that help us to acquire the necessary knowledge. Our new interactive online forum to share our professional knowledge is the Knowledge Stock Exchange, where our colleagues can share their knowledge in a targeted manner.

Already more than 800 colleagues have started to familiarize themselves with the new initiative and registered in the program.

All employees of Magyar Telekom Group receive training to acquire adequate knowledge for their work and ensure the necessary level of key competences in their activities. Training plans at business-unit level define the direction of development activities, professional training courses, skills and cooperation development programs, management development events and conferences during the given year.

Training is based on the modern methodologies and education forms currently applied in Hungary. The company places significant emphasis on individual development, both for managers and employees, and our colleagues are increasingly motivated and take more and more initiative in the field of self-education.

Middle, top and line managers have several opportunities for **development**, ranging from

individual training to courses designed for groups. In 2013 the managers participated in a leadership program aligned to several areas' requirements that were all linked to the corporate strategy. The development activities were not isolated initiatives, as several processes were connected: culture development, long-term change management and organization development processes were offered, together with manager development solutions.

In 2014 the focus was on customer experience and innovation, for which we ran a special management development process in a joint effort with the Museum of Fine Arts and the National Gallery, which both excel in the field of culture and social responsibility. The achievements of the program and the recommendations given by the managers of the company are continuously built into the Museum's operation and programs.

The 4V series (Manager in change, change in the manager) supports the development of managerial competences. In line with the corporate strategy the 4V series is built upon basic and optional modules. The wide variety of modules offered for managers helped the groups to get closer to each other and also supported our manager succession program.

Coaching is a key management development and culture-forming tool at Magyar Telekom, both for individuals and groups. In 2014 several organizations launched targeted group-coaching processes for the entire man-

agement team that support sustainable and balanced managerial work.

We created a corporate **mentoring** system with a focus on knowledge sharing and self-development. The program is supported by an online interface where future mentors and mentees can meet. Mentors are supported by practical background material and trainings.

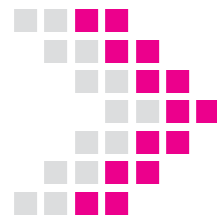
Magyar Telekom's human resources policy places special emphasis on both management succession and professional development in the fields of promotion and talent management. To achieve this goal Magyar Telekom created several corporate and organizational development programs that support the development of individuals and groups with outstanding performance and potential.

'**On the job**' types of development programs have become increasingly popular and important among employee groups. This method is the best to ensure the application of newly-acquired knowledge and the adaptation of new skills to work processes, while effectively using internal resources in the knowledge-transfer process.

Several areas primarily focus on the development of the personal effectiveness of key employees, the main objective of which is to retain knowledge within the company and to ensure a sound basis for the innovative operation of human resources. Almost all skill and



Management development within the Fine Arts project



The company also supports its employees in their studies pursued within the state education system by drawing up study contracts with them, providing financial subsidies and some reduction of working hours. In 2014, Magyar Telekom drew up a total of 171 study contracts. Out of these 21 covered school training, the others were related to training courses or agreements containing mutual commitments.

attitude development requirements included the requirement to prepare for change management.

The company considers it important that the knowledge and experience of an individual are transformed into organizational knowledge. For this purpose, in addition to the traditional training methods, the company provides a proactive and innovative development environment that inspires new ideas and their practical implementation, as well as their efficient application by the employees. The opportunity to share knowledge internally is a huge value for the company and this has been organized for the last 8 years.

In order to **involve talented young people and new knowledge**, from 1995 to 2008 our company ran an internship program called 'Starting Block', aiming to inject fresh knowledge into the organization. As part of the Telekom Trainee program between 2008 and 2014 we welcomed university and college students to acquire practical knowledge in their fields

of expertise for 5 months, with 20 hours per week of work. Besides acquiring professional experience, the students worked with the most innovative tools.

Our approach remains unchanged and from 1 January 2015 Magyar Telekom Plc. and T-Systems Hungary Plc. jointly offer similar opportunities for almost 500 students with even more flexible conditions than before. Traineeships can be started at any time during the year, whenever there is demand at the given organization, and students may work more than 20 hours per week if they wish to and can reconcile such work with their studies.

The Group offers the opportunity for mandatory work practice to 35-40 students on average per year, and some 40 students are provided consultation when writing their dissertations. In 2014 the Corporate Sustainability Centre offered professional training to 1 intern, and professional support to 9 dissertation writers. Training at the organizational units promotes employee development through work experience.

In 2014 approximately 220 trainees worked at T-Systems. In 2014, upon graduating from their universities, almost 50 former trainees continued their work at T-Systems in junior positions.

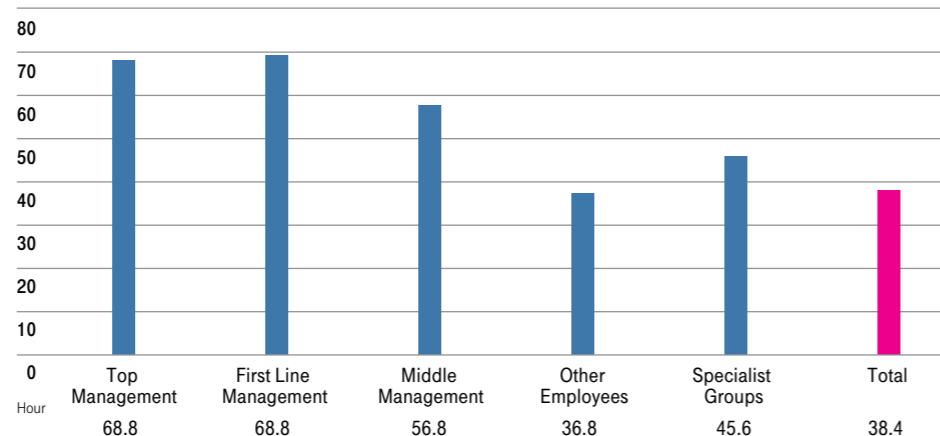
In 2014 T-Systems was twice among the exhibitors at job fairs at the Technical University of Budapest, and we also participated in the Monster Virtual Job Fair. Besides the trainee program, the T-Systems website's Career menu lists full-time positions for those who are interested. As part of the internal job recommendation program we encourage our staff to recommend T-Systems as a potential workplace to people they know.

The company's management strives to involve all employees, if possible, in some **career and performance management system**. The performance incentives and bonuses for all employees are based on organization- and individual-level performance indicators that are defined centrally. The specification of the indicators is based on the objectives and tasks of the relevant organizational unit. In 2014 almost 100% of Magyar Telekom Plc. employees participated in the centrally-operated performance management (TM) system. The majority of the member companies apply the same TM-KMR system as the parent company does, or run their own performance assessment system to assess the employees'

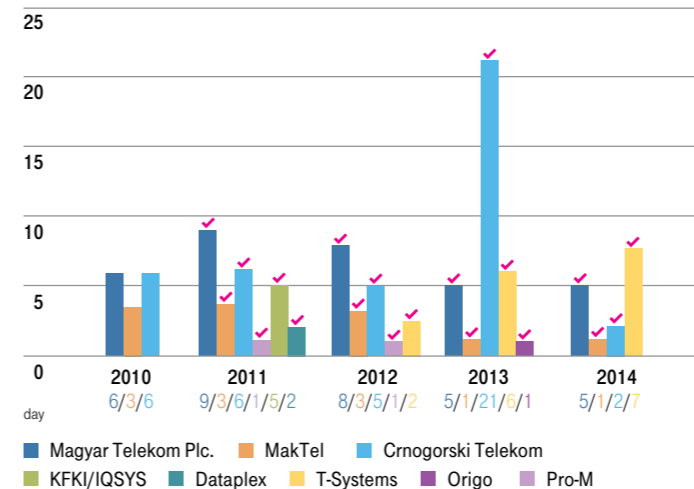


T-Systems' stand at the job fair of the Technical University of Budapest (BME)

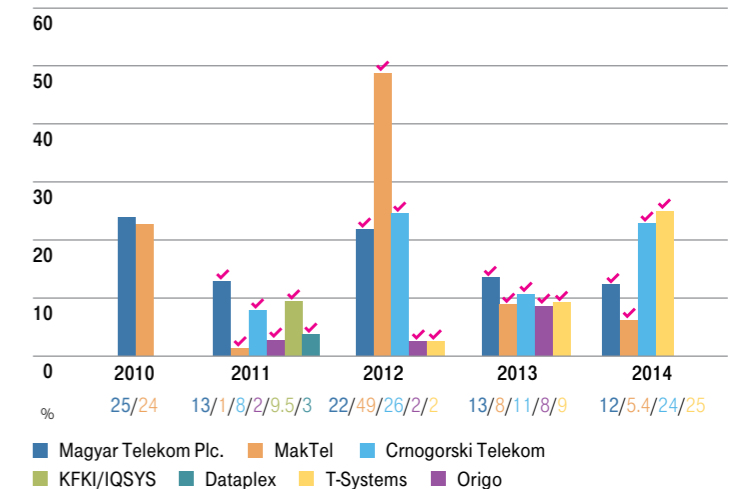
ANNUAL AVERAGE TRAINING HOURS PER CAPITA, BROKEN DOWN TO EMPLOYEE CATEGORIES AT MAGYAR TELEKOM PLC. IN 2014

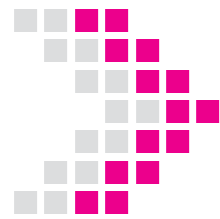


STUDENT DAYS PER CAPITA AT MAGYAR TELEKOM GROUP



RATIO OF DISTANCE LEARNING AT MAGYAR TELEKOM GROUP





performance and professional development. In the career management (KMR) system not only the employees' professional performance, but also their personal competences and performance potential are assessed and the areas for their future development are also planned.

Performance assessment practically involves all employees. The assessment of the top managers is carried out within the system provided by DT, while middle managers and subordinate employees are assessed in Magyar Telekom Plc.'s own performance management system (TM), which was specifically developed for this purpose. The performance assessment of employees who are employed on a commission basis is conducted continuously on the basis of KPI indicators. In 2014 the company assessed the performance of 4817 employees in the TM system.

Magyar Telekom Plc.'s management set the target of assessing all employees each year. The top managers' assessment is performed in the system provided by DT. Assessment of employees and the middle management is performed in the company's self-developed **career management system** (KMR). In 2014 the system stored 6473 employee and 89 middle management evaluations. The system does not store information on the gender of employees, therefore it is not possible to assess the male-female ratio of the evaluated staff.

As part of the performance acknowledgment system we run the Employee of the Year and Team of the Year contest, where the best-performing staff are nominated and selected by votes cast by their colleagues. Those who have been working for the company for many years are given awards as part of the Loyalty program.

As the winner of the prize 'Most Attractive Employer in Montenegro', **Crnogorski Telekom** invests appropriate efforts and attention to attract young graduates and trainees.

For already the fourth year in a row, Crnogorski Telekom has engaged a certain number of fresh graduates in a 9-month trainee program with the help of the Government's Program of Employment and the American Chamber in Montenegro. In 2014 we engaged overall 16 trainees through the Government's Program of Employment. After the 9-month period, 9 of them signed work contracts with the company.

Local talent initiatives and International Career Management rely fundamentally on PPR findings. So far the PPR methodology has covered directors, middle managers and experts, while the talents from non-managerial positions have the chance to grow using training and development offers from the so-named Employee Training Catalogue.



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

In general, due to its size and limited resources, Crnogorski Telekom mostly relies on DT talent-nurturing offers, specifically on International Talent Space and exchange programs.

Regarding International Career Management, Crnogorski Telekom overachieved the quota in 2013 (6 out, 7 in), while the achievement in 2014 was 3 out and 1 in. The outcome is a growing Montenegrin community in Bonn and responsible management of the remaining and sustainable capacities.

Initiatives for talent attraction and retention of **Makedonski Telekom** include:

- Employment of young graduates (with a special focus on IT-skilled graduates)
- Internship program
- Retention program (with a special focus on developing successors to identified key employees)
- Knowledge-sharing program
- New employees induction program

COMPETENCES, RESPONSIBILITY

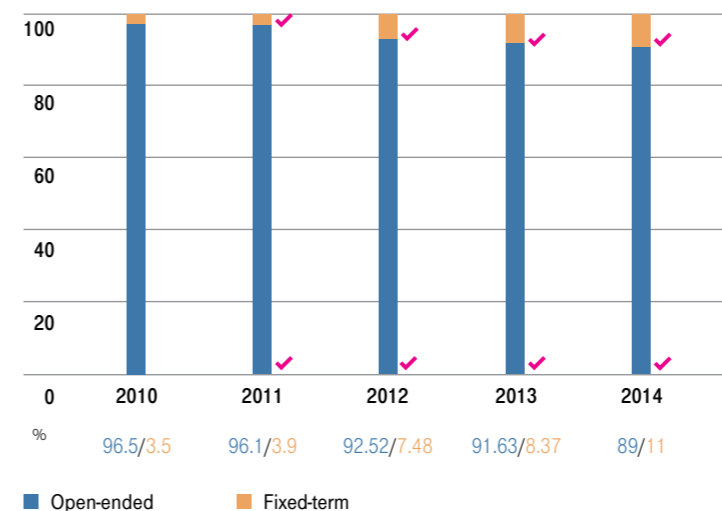
Two Group-wide systems are in place to ensure that the persons determining the economic, environmental and social strategy of the organization (and all employees, for that matter) have the appropriate qualifications and experience: these are the job-grading system and the competence system.

The current job-grading system is more transparent than the previous one, and the structure reflects the true value of job positions rather than hierarchy. Each employee is classified on the basis of the level of responsibility and professional knowledge that the given position requires. In this way individual positions become comparable, making the entire system transparent and clear. The entire system of job positions was reorganized at Magyar Telekom in the course of the system design, and certain elements of the remuneration policy were also adjusted in compliance with the new structure. Remuneration elements are basically determined by the

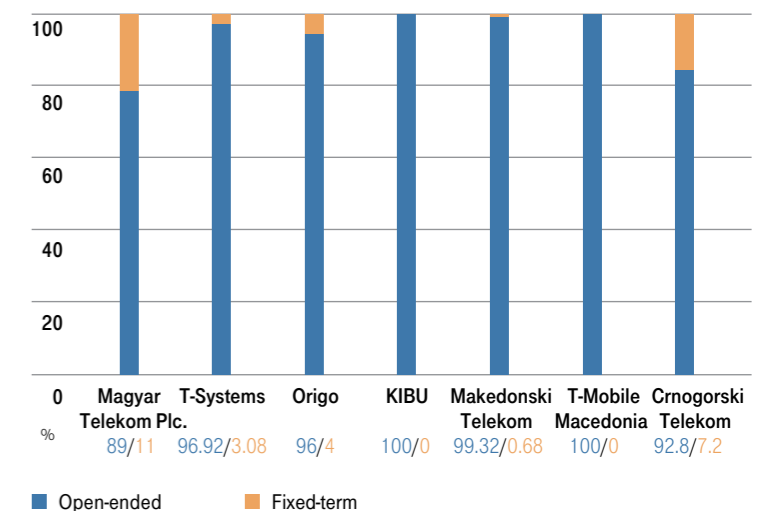


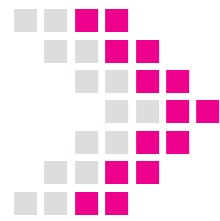
Team of the Year prize-giving in 2014

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



RATIO OF FIXED-TERM TO OPEN-ENDED EMPLOYMENT AT MAGYAR TELEKOM GROUP IN 2014





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

position classification level in which the given job is categorized. Most of the remuneration elements are determined by the job position level (basic wage, % bonus, cafeteria, etc).

On top of competitive compensation, Magyar Telekom remunerates its employees' performance by uniquely attractive and valuable fringe benefits. Besides a cafeteria system with flexible and colorful elements, there is life and personal accident insurance, plus several other optional allowances are available to employees. The allowance within the family holiday discount system can be used for active relaxation, holidays and entertainment in the resorts of Magyar Telekom. Our company supports its employees during difficult times, like with funeral expenses or housing assistance. We encourage employees to take care of themselves, for example by making employer contributions to their voluntary mutual funds. The system of telecommunications discounts is also popular, with a monthly allowance available.

In 2012 T-Systems also implemented the new job-grading system. In 2014 we focused on the maintenance and the preservation of the transparency of the system.

5.2. OCCUPATIONAL HEALTH AND SAFETY

Magyar Telekom views health and safety as a precondition of the success of the company that plays 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 operating the Workplace Healthcare and Occupational Safety Management System. Our achievements prove that the ideas and plans were correct.

Similarly to previous years, Magyar Telekom paid special attention to supporting healthy lifestyles and mitigating health risks. To this end we used the opportunity of employment aptitude tests to perform occupational safety and orthoptist screening examinations and we made available other types of examinations too, based on the preferences of our employees.

Occupational healthcare specialists performed 5241 aptitude tests as well as 1476 cardiovascular and musculoskeletal screening examinations.

It is also a success that we provide complex ophthalmologist examinations within the screening program. The ophthalmologists performed 4028 examinations and diagnosed 1738 employees with various illnesses, for example cataractogenesis and congenital glaucoma (6 and 8 persons respectively), high blood pressure (21 persons), diabetes (2 persons) and multiple sclerosis (2 persons).

In 2014 2426 employees took part in screening examinations that were performed independently of occupational healthcare examinations. Managerial screening examinations had 232 participants (54% of the managers) at three healthcare service providers, the cost of the examinations totaling 15 131 901 HUF. Dimenzió Mutual Insurance and Self-help Association also organized screening examinations, participated by 1410 persons, while during the Health Week 1419 examinations were performed at 11 locations for a total of 695 employees. We drew up contracts with 14 healthcare service providers for the Health Week to the amount of 7 009 000 HUF.

Magyar Telekom continues to provide glasses to its employees working with computer screens through several service providers. In 2014 there were 508 eye specialist recom-

mendations to use glasses at work, based on which 281 employees purchased eyeglasses. We provided financial support of 3 229 110 HUF to buy eyeglasses.

In 2014, based on the risk assessment results, the employees' vaccination history and vaccination protocol, it was necessary to procure 1500 ampoules of Encepur Adults (tick-encephalitis vaccine). However, it was very hard to procure the necessary quantity as there was a prolonged shortage in the market. Finally we managed to purchase the necessary amount of medicine and started the vaccination in September. The company purchased vaccinations to the value of 6 026 480 HUF.

Magyar Telekom further caters for its employees' needs through cooperation with Dimenzió Mutual Insurance and Self-help Association and the Dimenzió Health Fund. Any employee who joins the association may buy life, pension and health insurance and mutual assistance services through Dimenzió.

From the autumn of 2014 Magyar Telekom introduced the innovative 'smart home' solution to its residential customers. With the use of the new product a home's security can be monitored with a smartphone and one can automate everyday routine tasks in the home. Our colleagues provide technical assistance

and install movement and entry detectors, smoke sensors, IP cameras, electricity sockets, light intensity controllers as well as the central units connecting and controlling the equipment. In order to equip 'smart homes' it was necessary for our colleagues to obtain new professional and occupational safety knowledge because the installation of the equipment required high-voltage and system security expertise.

It was also a major challenge to adopt the 2014 changes to the legislation regarding working at height. The amendments had an impact on almost all occupational safety rules of working at height, including training, risk assessment methodology and documentation of the activities. Thus we had to update our internal policies and upgrade the protection equipment of our employees. The necessary modifications and proposals were worked on by an expert team and the new regulations do not only ensure compliance with the law but also have a positive effect on the safety of our employees.

Simultaneous to the launch of our 'Future Work' workplace environment, in 2014 we introduced part-time teleworking for almost 100 employees, as part of our Telekom 2017 strategy. An important part of this strategy is to introduce new working methods and culture,



Move Telekom!

The biggest healthcare program of the company, the 'Move Telekom!', was launched at the beginning of 2014. Anyone could join the four-month program for whom health is important

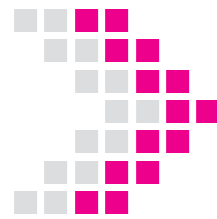
and would like to change his or her lifestyle without seeking to take part in professional competitions or if someone feels that he can help others who have just started the challenge, with his own experience.

The participants were getting into shape and reduced their body mass index in teams or individually while competing for valuable prizes to be given out to those contestants who went through the biggest change during the four months of exercise.



Participants of Move Telekom! healthcare program





including support for teleworking. Although teleworking is more and more common in Hungary, in the current legal environment it is complicated to build and manage teleworking workplaces from an occupational safety point of view. Teleworkers work from home on specific days of the week, but the regulations do not distinguish between company worksites and home offices. The IT background of teleworking can be provided easily via online tools, but ensuring properly ergonomic furniture as well as the supervision and documentation of the activities is a greater challenge. Due to the high number of our employees, the geographical distribution of our sites and customized methods, we had to find customized solutions. Our colleagues learned about the requirements for teleworking workplaces from information material published on the intranet, and the occupational safety compliance of such workplaces are ensured by a database containing electronic statements and photos of teleworking workplaces.

As part of the Future Work project we built a pilot area within the headquarters of the company where we set up a test office environment and implemented new working methods. Almost 90 colleagues took part in the pilot. As a basic concept we applied the principle of 'activity-based working'. It was an important factor that the physical environment supports the applied working methods (e.g. teleworking, project-based work), therefore there are no dedicated workstations and the colleagues share the available workspace. From an occupational safety point of view we put a lot of emphasis on the ergonomics and safety of the pilot workplaces, and another interesting chal-

lenge was to monitor the psychological effects of the project. The simultaneous change of the work environment and working methods (i.e. teleworking, customized work and meeting methodology, new office and IT environment) allows us to examine the impact of the individual elements not just one by one, but also as a whole, and helps us to further develop our activities on the basis of the experience of the pilot project.

There were no occupational illnesses or serious or fatal injuries in 2014. Altogether there were 29 occupational safety accidents (i.e. causing incapacity to work for more than 3 days), which is the same figure as in the previous year. Half of the accidents took place during travel – there were 4 accidents with vehicles and 11 while traveling on foot. Almost all the accidents of the latter type were dislocations of the ankle while using stairs or falling off the curb. Based on the statistical data we focused on the pedestrian traffic and we wish to invest more effort in this area.

The most common injuries are bruising and dislocation of extremities;
 Magyar Telekom Plc.: 65 accidents, 1,058 working days lost out of 1 565 765 working days.
 The distribution ratio of accidents: 50 in technical departments and 15 in offices.
 T-Systems: 4 accidents, 71 working days lost out of 336 918 working days.
 The distribution ratio of accidents: 1 in a technical department and 3 in offices.
 Suppliers are not registered.

As a responsible employer, **T-Systems** feels it important to support the preservation of the

health of its employees. Based on feedback we refreshed the system of annual health screening so that employees can access various screening possibilities. Our staff in Budapest can visit two places for health screening on three days of the working week. Staff outside Budapest can go in groups for screening four times a year.

We offer our managers one screening per year. In the T-Systems headquarters we organise blood donations 4 times per year.

By introducing the 'All you can move' sports card, T-Systems Hungary makes it possible for its staff to take advantage of various discounts at numerous sports facilities.

Support for cycling: due to positive feedback from employees, in 2014 two new stations were added to the TeleBike bike-rental network. We support staff using their own bicycles by providing bike storage in guarded car parks and two changing rooms with showers have been made available to staff.

In 2014 **Crnogorski Telekom** started to apply a more systematic approach regarding the development and implementation of regulations related to occupational health and safety. As part of the intensive work to meet the highest standards in this field, the following measures were implemented in 2014:

- New Company Directive on protection and health at work.

- Act of Risk Assessment.
- Online training on work safety for all employees.
- Training for all employees from CTIO areas on work safety.
- First tutorial in yoga for Customer Service employees, implemented by an internal certified yoga trainer.

In cooperation with the trade union, we have continued to provide and improve the large scale of employee benefits related to health protection and the promotion of healthy lifestyles:

- numerous sport and recreational offers for all employees,
- free-of-charge medical checkups for all children of the employees, up to the age of 14,
- medical checkups (preventative) for women,
- medical checkups (preventative) for men,
- annual checkups for all employees.

Both the quality and quantity of the extended offers supporting healthy lifestyles in 2014 have been highly appreciated by the employees.

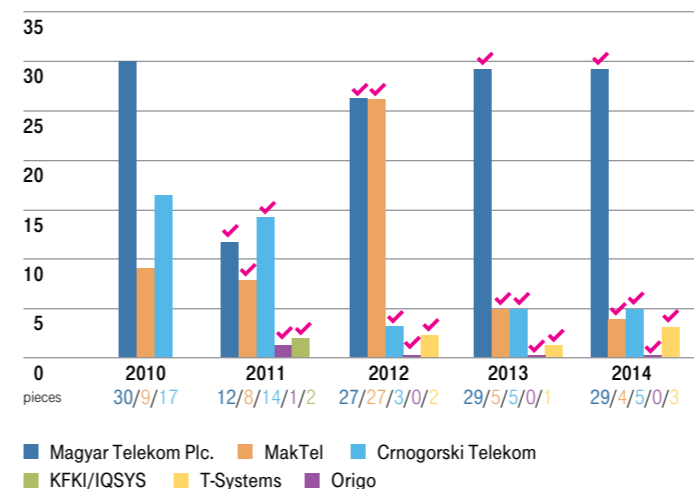
Makedonski Telekom also supported initiatives aimed at promoting healthy lifestyles in 2014:

- Initiative for preparing, equipping and furnishing an in-house training centre.
- Established practice for timely reporting and promotion of occupational safety at work, protection of employees, and health promotion in cooperation with the Red Cross and the Institute for Public Health.
- Special training sessions for employees who perform tasks and activities that include risk.

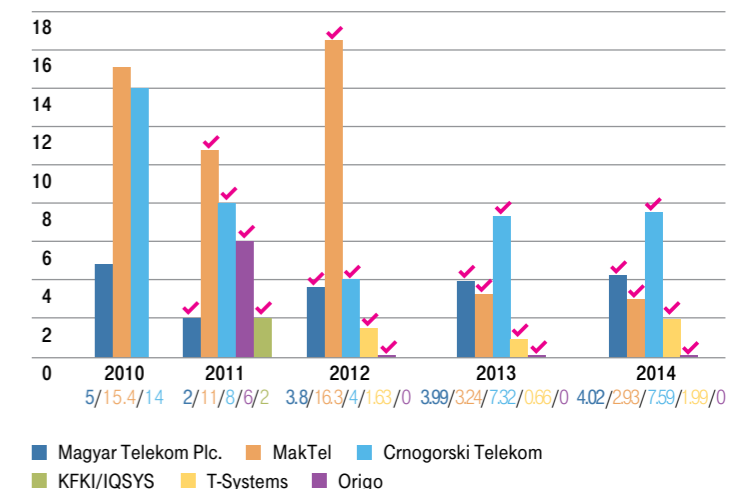


Future Work office in Magyar Telekom's HQ

WORKPLACE ACCIDENTS AT MAGYAR TELEKOM GROUP



ACCIDENT RATIO FOR ONE THOUSAND EMPLOYEES



5.3. HUMAN RIGHTS, EQUAL OPPORTUNITIES

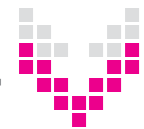
Magyar Telekom Group's Social Charter and the effective Equal Opportunities Plan define the principles that serve as the basis for the company in addressing human rights in general: http://www.telekom.hu/static/sw/download/Social_Charter.pdf, http://www.telekom.hu/static/sw/download/Magyar_Telekom_Eselyegyenlosegi_Terv_2013_2015_en.pdf

Non-discrimination and equal workplace opportunities are primary objectives of Magyar Telekom Group. The company is one of the first players in the business sector to adopt two-year Equal Opportunity Plans for three-year periods (in line with the Equal Opportunity Plan) since 2008 in cooperation with the collective bargaining partners.

Magyar Telekom Group provides the 'Tell me – ethics line' operated by the Compliance area, for discrimination experienced on behalf of the employer or for breach of human rights. The cases are investigated by the Group Compliance area. If the report is found to have a ground, the management takes the necessary actions to sort out the situation and prevent similar problems in the future.

The Equal Treatment Authority responsible for compliance matters and where employees may report the cases directly, did not initiate proceedings against Magyar Telekom Plc. in 2014 for the breach of equal treatment regulations in the area of employment.

In the course of the implementation of the equal opportunities plan for the years of 2013–2015 the employer has taken the following measures in 2014 to improve the situation of the following employee target groups:



Integrom program

Most Roma employment programs try to reach undereducated, permanently unemployed, unskilled people and find them low-paying jobs. As opposed to this, Integrom program's objective is to find quality jobs at big enterprises for young, educated Roma people. Recently more and more young Roma people learn skills or graduate from colleges and universities. However, they often have problems to find a job and in many cases they do not find any that would suit their skill or education. Within the program we support undergraduate or graduate students to find jobs at market-leading Hungarian big enterprises, mainly in administrative and professional positions.

We encourage and help young Roma people to be more and more successful during the recruitment process. We also regularly coordinate with companies so that they can offer proper jobs for applicants and if necessary they can flexibly manage their selection processes.

The program is operated jointly by the Autonomy Fund and the Boston Consulting Group.

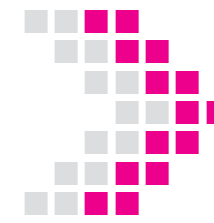
The program's target group is young, unemployed Roma people between the age of 18–35 with minimum college education or skills that would allow them

to take a higher level position than their current one.

Other companies also provide support in preparing the participants. Hays helps them to be successful in the recruitment process while Dramatix offers communication training.



Participants of Integrom program



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

To ensure equal opportunities for **employees with altered working ability or disability** (since 2010) applicants with disabilities using Magyar Telekom's electronic recruitment interface (karrier.telekom.hu) can, on a voluntary basis, register their disability and request relevant help in the selection process.

2014 saw the continuation of the highly successful 'Have you ever tried it ...?' experience-based sensitization program, organized for Magyar Telekom employees. The aim of the events, often held with the involvement of external NGOs, foundations, is sensitization to promote an attitude of understanding the problems of handicapped people. The series of programs were organized on the basis of two services purchased at the Non-Profit Auction: at the Telekom Olympics a show was given by the members of the Hungarian Special Olympics Association and in the

downtown of Budapest Telekom volunteers rode tandem bicycles with people with visual impairment.

In the Y2014 Telekom Health Week we organized a sensitization program for the customer service staff whereby visually impaired masseurs were giving massage to Magyar Telekom employees in the company's offices.

Besides these activities – following the tradition of past years – the company organized very successful thematic employee fairs (Christmas Fair, 'It Is Good To Give' cookie campaign) at various company sites. Magyar Telekom employees could give donations and buy items manufactured by disabled people – working at the Fruit of Care and in the Autist Farms organization – with the involvement of NGOs and the media to support the disabled persons' employment.



Award ceremony at Telekom Family Olympic Games

As member of the Hungarian Business Leaders Forum (HBLF) Diversity HR work group, Magyar Telekom took part in the realization of the 'Open School - You are also in' HBLF diversity video competition. The company also participated in the wheelchair basketball championship as a sponsor and competitor (2 teams).

In 2014, in order to support **employees on maternity leave** (young parents on child care allowance/child care benefit /maternity leave), the 'Young Mother' program supported the company and young parents (on long-term leave) to stay in contact with each other, among others with organizing club meetings and Mother Parties.

MagyarTelekom continuously informs inactive colleagues by way of newsletters, the Young Mother website, the Young Mother informative, dedicated email accessibility and a closed Magyar Telekom community site called 'I have family'.

In order to ensure a proper balance between work and private life it is necessary to share the workload within families. The 'Daddy, it begins!' program tries to raise awareness on the importance of the father's role within the family. The internal communication portal of the company has been publishing an informative for fathers since 2010 that summarizes some essential information for young fathers. Our colleagues who raise children are invited to the company's family programs – Telekom Children Day, the Telekom Olympic Games – together with all family members.

The organizers of the company's family sports event tried to help to find proper balance within the family and in parental roles with the 'My family is my team' sensitization program.

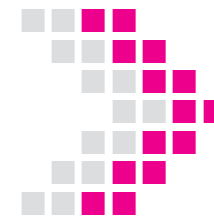
Magyar Telekom actively cooperated with the Central Hungarian 'Work with Small Children' (MuKi) project. As a result they provided mentoring assistance for participating parents with young children. With the involvement of the MuKi project advisor a decision making study was elaborated to assess the feasibility of Job Sharing at the company.

The company applied for and was awarded the Family Friendly Workplace 2013 award with its White box project plan that was realized in 2014.

In 2014 Magyar Telekom and T-Systems jointly and successfully applied for the Family Friendly Company 2014 award and the Three Princes and Three Princesses Movement gave a special award to the company as an acknowledgement of its family-friendly initiatives and efforts.

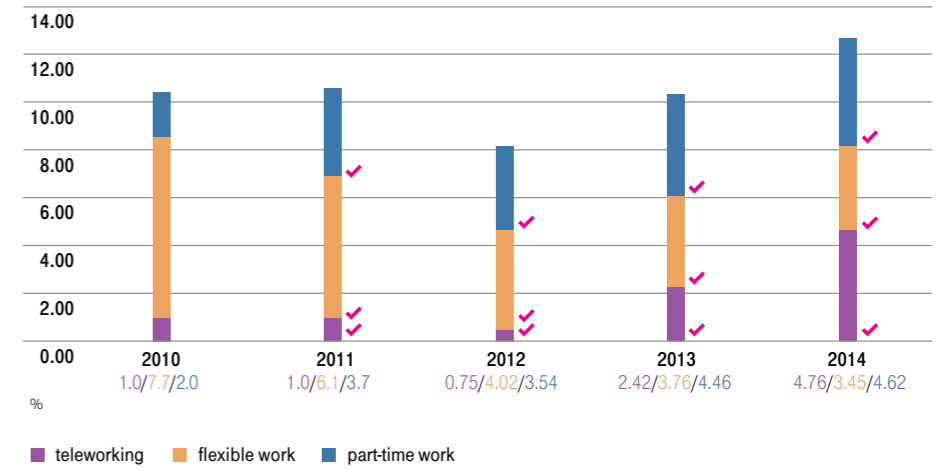
Dimenzió Mutual Insurance and Self-help Association's Family Support initiative helps **Magyar Telekom employees' families** with daycare services and school holiday programs. Parents may choose from daycare, kindergarten and school holiday camp options.

Through the support of **non-typical employment** the company helps families to find a healthy balance between their work and private life as parents/grandparents. Since 2012, as a response to the monthly announced 'Work from home' campaign there is a continuous increase in the number of employees who chose to work remotely on specific days. In the Future Work wing of the company's headquarters all employees work in part-time teleworking since 2014. Partly owing to this opportunity the number of teleworking contracts has dou-



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

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



In 2014 a total of 1481 colleagues worked from home 27 227 days, which is nearly 1 million kilometers and 5 years of travelling saving.

bled by the end of 2014 compared to 2013.

During 2014, 323 of our colleagues with teleworking contract worked from home on 19 844 days. 1158 colleagues without teleworking contract used the option and worked from home on 7383 days.

The number of child-friendly offices grew to six in 2014. These offices offer solutions in situations where the parent has to take care

of a child for a couple of hours or days during one of the short school holidays or when the child recuperates from an illness.

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PARENTAL LEAVE AND RETURN TO WORK

| | Male | Female | Total |
|--------------------------------------------------------------------------------------------------------------------------------------|------|--------|-------|
| Number of employees that took parental leave | 3 | 147 | 150 |
| Number of employees who returned to work after parental leave ended | 2 | 116 | 118 |
| Number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work | 1 | 95 | 96 |
| Retention rates of employees who took parental leave | 50% | 82% | 81% |



FUTURE WORK

The main objective of the Future of Work Project is to develop such work methods and culture of work, which can provide long-term employee commitment and motivation; so our task was to create the job of the future. For this reason, a pilot area was rebuilt in the center of Magyar Telekom, where a new office environment was developed on a test basis, and new working methods has been introduced.

During the pilot we focused on the following topics:

- motivating physical environment
- trust, cooperation and performance-based work culture
- modern work- and meeting methods
- IT environment for flexibility

WORK FROM HOME DAYS

The 'Work from home days' campaign was continued in 2014. This program offered the employees the opportunity to work from their home on the last Friday of each month, provided that they fulfill certain criteria:

- be in such job that allows teleworking,
- availability of the necessary IT tools/network/internet,
- availability of remote desktop application,
- the colleague may not have such duty on the given day that requires personal presence.

All employees are informed about this possibility on the intranet in a communication letter after which a reminder letter is also sent on a monthly basis. Since 2013 it is possible to work remotely on displaced workdays.

The anonymous internal company program, **Abigél**, running since 2008, helps to resolve private life issues. The person with problems may keep contact with Abigél via e-mails, who answers all questions. Abigél's identity is unknown and works under the effect of a non-disclosure agreement.

The simultaneous presence of **multiple generations** at the company helps employees to achieve personal fulfillment at work.

In the next step of the well-designed trainee program the group offers jobs to many young **people starting their career**.

The family-friendly atmosphere of the company helps **young employees** through various channels and ways to raise their families and to be parents. Teleworking is not just attractive for single persons but for those with young children as well so that they can organize their lives more freely and independently.

The majority of the mid-aged, experienced expert pool has a slightly narrower career path potential and may obtain marketable knowledge that is most useful in horizontal career paths. This is supported by the company's significant resources for external and internal trainings and in-house job advertisements. Magyar Telekom expresses its appreciation towards the experienced workforce with numerous acknowledgments, like the Loyalty Award and the Lifetime Achievement Award.

In certain cases those who approach retirement age may choose to enter the company's standby pool. With this MAgyar Telekom would like to take care of its employees and provide an interim solution for the period between work and retirement. The given employee can be reactivated from the standby pool if the continued employment creates mutual benefit for both parties.

We set up a project to ensure an effective and harmonious cooperation between various generations and to this end organized a workshop entitled 'Generations at the future workplace'.

Magyar Telekom supported **female employees in managerial positions** to enhance equal

opportunities with a training series, organized on the basis of the target group's actual needs. The focus of the program was to find a healthy balance between work and private life and to ease problems arising from these special roles.

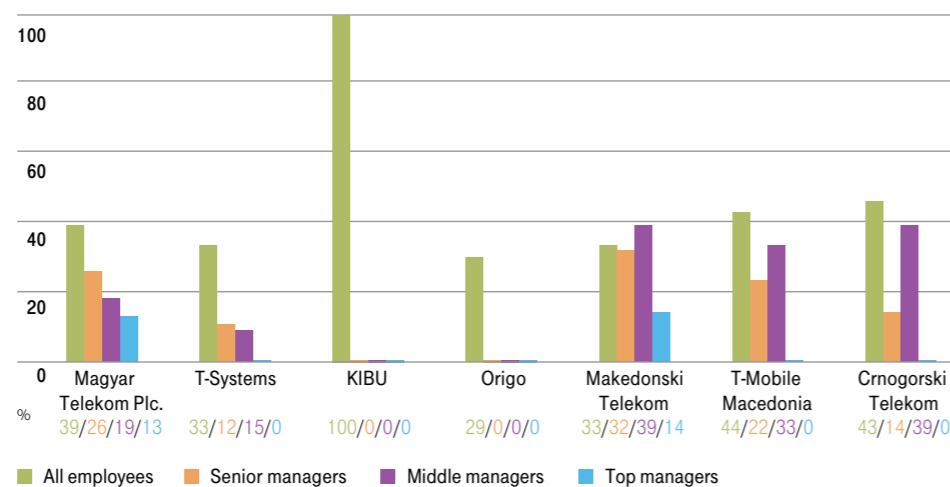
Mária Barra delivered a presentation and organized a workshop at our company for managers on the topics of balanced communication of women and men and crisis communication.

Several female managers from Magyar Telekom joined the IBM Windows Opening initiative and participated in the events.

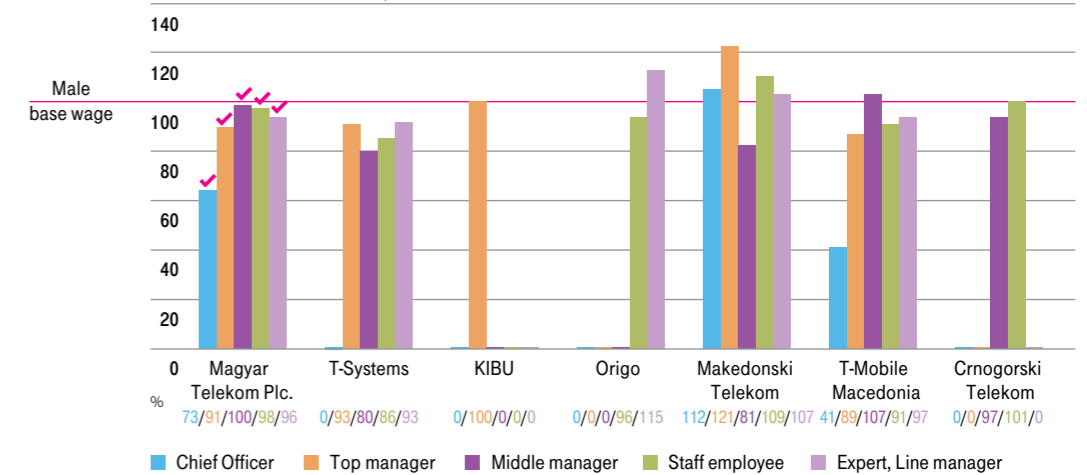
In 2014 Magyar Telekom continued its role in the 'Girls' Day' international initiative as a gold level supporter. Within the frame of the program various information programs were offered for girls from secondary schools at the Magyar Telekom and T-Systems headquarters.

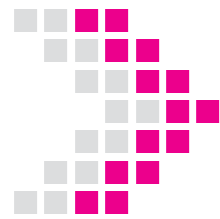
The 'Girls' Day' is an interactive, open day, organized on the same day within the EU, when girls interested in technical sciences can spend a day at a leading technical company or university laboratory. Participants may meet women who are successful in the field of research or engineering sciences.

PERCENTAGE OF WOMEN AT MEMBER COMPANIES IN 2014



PROPORTION OF BASE WAGES OF FEMALE EMPLOYEES COMPARED TO THE BASE WAGES OF MALE EMPLOYEES (100%) BROKEN DOWN BY JOB CATEGORIES, MAGYAR TELEKOM GROUP 2014





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

In 2014 again, the Group took part in supporting the ROMASTER talent management program, launched by HBLF in 2008. The program assists young talented Roma people, learning in secondary schools, to continue their studies in tertiary technical, business or legal education institutions. Magyar Telekom's mentor supported one of the mentees of the program so that he can complete his practical training.

Similarly to Magyar Telekom, **T-Systems Hungary** is also in contact with Forrás Consulting Ltd. that pursues its business activities with helping the employment and integration of disabled persons. Since the beginning of 2014 Magyar Telekom employs 1 person with disability as a project assistant. We concluded an agreement in principle with ROMASTER association that helps young Roma people to find employment.

The T-Systems office building is accessible for people with disabilities, several floors are equipped with accessible toilets and parking places in the garage.

T-Systems employs 206 persons above the age of 50, out of which 3 persons work for the company after retirement.

Crnogorski Telekom actively promotes equal opportunities and applies this principle in each and every phase of the employment life cycle. Equal opportunities are fully supported by the fol-

lowing company regulations: Company Directive on Recruitment and Selection, Code of Conduct, Company Directive on Employee Relation, etc. Visible examples of that approach can be seen at the public media (job advertisements) and company website, where we clearly emphasize Crnogorski Telekom as an equal opportunity employer. Having in mind that Crnogorski Telekom is perceived among the young population as the most attractive employer, we still have 18% of older population among our workforce, from the age structure above 50.

Official records about possible disabilities in case of existing or new employees are not required by company regulations, nor by local labor legislation.

In the benchmark research on best employers in Montenegro, conducted in 2013, one of the aspects measured in the research was equal opportunities provided by the employer. Crnogorski Telekom won two prizes valid for 2013-2014:

- Best Company to work for: first place (best rated company overall)
- Fair Play Award for best relationship between employer and employees

Starting from 2010, Crnogorski Telekom regularly (annually) updates and communicates Company Directive on Employee relations. Starting from 2014, 'Information for employees on prohibition of mobbing' becomes integral part of this Directive.

This Directive is also used as the tool for validation of the principles defined by Social Charter of Deutsche Telekom AG and valid for the entire Group. It has been justified in 2014 as well based on the annual compliance check, concerning Social Charter of Deutsche Telekom AG.

Initiatives to promote equal opportunities at **Makedonski Telekom:**

- Employment of people with disabilities.
- Employment of orphans.

Child labor

As a socially responsible company Magyar Telekom is committed to eliminate child labor. Since 2010 we regularly monitor the headcount under the age of 18. Based on our database Magyar Telekom Plc. did not employ any employee under the age of 18 in 2014.

Forced and compulsory labor

Employment at Magyar Telekom Group is compliant with the principles laid down in international treaties against forced and compulsory labor. Magyar Telekom Group member companies comply with the respective country's laws and other regulations on the prohibition of forced labor. Magyar Telekom Group member companies process and control the employees' identification documents—in line with the respective country's data protection laws—solely to the extent and duration necessary for the employment and determination of the employees' benefits. In 2014 no complaints were filed with the relevant authorities against Magyar Telekom Group's affiliates in the context of forced labour, and no proceedings or investigations were launched against the Company in this regard.

Freedom of association and collective bargaining

Magyar Telekom Group has acknowledged the freedom of association and the right for collective bargaining in its Social Charter. Magyar Telekom strives to maintain a dialogue and cooperation with employee representation bodies in the spirit of openness and trust. The Social Charter and the long-standing relationship between Magyar Telekom's management and the employee representation bodies are the guarantee that the relevant rights are observed. 100% of the Group's employees

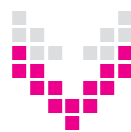
in Hungary, 93% in Macedonia and 100% in Montenegro come under the scope of collective bargaining agreement. Additionally, all employees in Macedonia are governed by a general collective agreement of the private sector, so with these employees the ratio of employees covered by collective agreement is 100% in Macedonia.

5.4. MANAGING CHANGES

Employee representation bodies

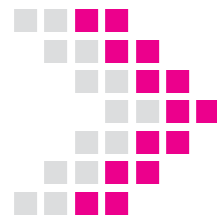
Magyar Telekom has long traditions of negotiation with employee representative bodies. Employee representation bodies are treated as partners in the operation of the company. At present two unions and workers council operate at Magyar Telekom, communication with them runs on two levels. Central decisions concerning the whole company, when the employee representation bodies need to be consulted, are deliberated with the Central Workers Council and the representatives delegated by the trade unions, either in the frame of joint consultation (Interest Reconciliation Council), or separately, depending on the nature of the matter discussed. Central communication is managed both verbally (negotiation) and in writing. The Chief HR Officer and the HR Management Director are responsible for central-level communication with the employee representation bodies. Interest enforcement issues concerning a given governance area are also discussed locally with the representatives of the trade unions and the local workers council. The HR partners of the given governance area are responsible for communication with the local employee representation bodies.

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



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

'Magyar Telekom firmly rejects all forms of illegal labor.' (Partnership, Article 1)
'Magyar Telekom Group emphatically declares that it opposes any form of forced labor.' (Social Charter, Section 3)



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

Organization restructuring

Trade union and the workers council (Central Workers Council) must be consulted and their opinion solicited on significant decisions resulting in organizational changes or changes affecting a large group of employees. In organization restructuring decisions the collective bargaining bodies have 7 days to submit their comments, in other cases 15 days. The measure in question may not be implemented during this 15-day period. Trade unions and workers councils (Central Workers Council) must be consulted with regard to draft resolutions, aiming at organizational changes without regard to the number of employees concerned.

If the significant organization restructuring measure does not impact any components of employees' job contracts (job, place of work, etc.), then a notice is to be sent under the general obligation to cooperate, but no specific deadline is defined by either the Labor Code or the Collective Bargaining Agreement. Individual notices are also provided to the employees before the changes take place.

Foreign affiliates inform their collective bargaining partners and employees in accordance with the relevant stipulations of the local statutes.

Results of the 2014 negotiations with the employee representations – Agreement with the Interest Reconciliation Council, amendment of the Collective Agreement

In October 2013 Magyar Telekom reached an agreement with the employee representation bodies about the 2014 wage and headcount issues. According to the agreement of the Interest Reconciliation Council in 2014, the company planned to terminate employment of 250 persons with the parent company. Most of

these employees left the company at the end of 2013. Also at the end of 2013 the remaining headcount of 240 employees were laid off to complete the downsizing plan for 2013.

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

In 2014 there was no salary increase at the company. Contribution to the deferred start pension insurance remained 3% which is the same as in 2014. The other elements of the fringe benefits system remained broadly unchanged.

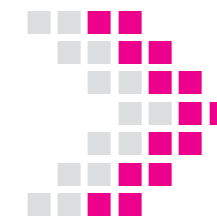
The January 1, 2013 amendment of the Collective Agreement was signed together with the Interest Reconciliation agreement. The higher wage supplements than specified in the Labor Code remained in force for yet another year, till December 31, 2014. These include the supplement for night shift and the supplement for extraordinary work on a working day, as well as the supplement for work in continuous shift. The more favorable calculation formula of the severance pay and the pay for the period of

release from work on dismissal stays in effect till October 1, 2014.

'Chance' program continues

'Chance' Program continued in 2014 by supporting employees dismissed through collective redundancy in finding new employment. Upon registration the employees involved in downsizing could use the so far successful services, like the 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. In line with the new labor market requirements the program was extended by the so-called JOB club meetings that offer opportunities to meet personally, to keep contact via Skype and to attend the Job Fair with more than 30 exhibitors.



The information package (Chance Package) set up for the program participants aims to provide targeted information, enhance their chance for a successful change and finding the right new job.

FLUCTUATION AT MAGYAR TELEKOM GROUP⁽³⁴⁾

| | 2010 (Plc./Group) | 2011 (Plc./Group) | 2012 (Plc./Group) | 2013 (Plc./Group) | 2014 (Plc./Group) |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total fluctuation | 10.0%/8.9% | 9.3% ✓/9.5% ✓ | 10.6% ✓/8.0% ✓ | 13.4% ✓/13.5% ✓ | 16.8% ✓/15.4% ✓ |
| Termination initiated by the employee | 1.5%/1.6% | 2.1% ✓/2.8% ✓ | 3.7% ✓/3.8% ✓ | 3.9% ✓/3.4% ✓ | 4.4% ✓/4.7% ✓ |

FLUCTUATION AT MAGYAR TELEKOM GROUP IN 2014⁽³⁵⁾

| | Magyar Telekom Group | Magyar Telekom Plc. | T-Systems | Origo | Makedonski Telekom | T-Mobile Macedonia | Crnogorski Telekom |
|---------------------------------------|----------------------|---------------------|-----------|--------|--------------------|--------------------|--------------------|
| Total fluctuation | 15.40% ✓ | 16.80% ✓ | 10.13% | 49.00% | 1.54% | 7.98% | 3.50% |
| Termination initiated by the employee | 4.70% ✓ | 4.40% ✓ | 6.34% | 32.00% | 0.00% | 0.00% | 1.31% |

NUMBER OF NEW HIRES AT MAGYAR TELEKOM GROUP IN 2014

| Member company | Magyar Telekom Plc. | T-Systems | KIBU | Origo | MakTel Group | Crnogorski Telekom | MT Group total |
|----------------|---------------------|-----------|------|-------|--------------|--------------------|----------------|
| head | 996 | 191 | 0 | 73 | 18 | 35 | 1313 |

(34) There are no data available broken down to age and other indicators.

The number of employment terminations, with the exception of the 2012 data, are compared to the previous year's closing headcount, due to the employment of the rented workforce, in 2012 we calculated with an annual average headcount. This change does not impact the comparability of the data.

(35) There are no data available broken down to age and other indicators.



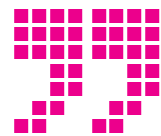
EDINA LUCZA
Human strategy
senior manager

Due to the developments of the external environment and strong competition characterizing the global and domestic telecommunication market and in order to further enhance, Magyar Telekom's competitiveness the company is forced to take radical cost reduction measures within the frame of which Telekom lays off approximately 1700 employees in 2014–2015.

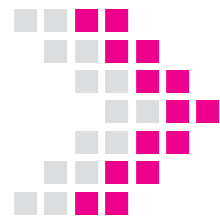
Telekom supports the employees who leave the company through the Esély ('Chance') program with active job seeking, labor market training and personal advisory services. Besides, in 2014 the company announced a voluntary exit program as well. Within the program the employees who voluntarily leave the company will receive a one-off extra allowance, based on the number of years they spent at work.

The initiative had a positive response among employees. To make a decision is always a responsibility but at the same time it gives freedom as well. Based on the survey among employees who leave Telekom the biggest motivation was the latter, i.e. they felt that they can decide on their own future. The majority of those who were contemplating to leave the company have already left, and we continue to build our company's future with the committed staff that stays with us.

Headcount reduction is not an easy challenge for any of the parties involved. The best that we, as HR, can do is to support our colleagues with fair processes and humane solutions. I think that with the announcement of the voluntary exit program we took another step in this direction.



5.5. INVOLVEMENT OF OUR EMPLOYEES



Magyar Telekom's main goal in corporate sustainability is that sustainable thinking should become part of the company's identity. This goal is facilitated mainly by the hello holnap! club, in which we share topics, activities and initiatives about sustainability that are relevant to everyday life. The club is held every month, except during the summer.

In 2014 employees could take part in the programs listed below:

In January we talked about volunteering programs and the attitude of Hungarians towards them. Our guests were Rita Galambos, strategic director of the Democratic Youth Foundation, and Zoltán Tóth, president of the Mobilisuli association.

February saw a presentation about the possibilities for using renewable energy in the home by Nándor Beleznai, general director of Wagner Solar Hungária Kft., and Gábor Pukler, Magyar Telekom's director of innovation.

Digital inclusion was on the table in March with Bence Ságvári, head of the Research Department for Social Relations and Network Analysis, and József Bana, who has been a volunteer on the Digital Bridge program for ten years.

In April we met Tibor Pollák, director of infrastructure at Magyar Telekom. We learned

about the innovative solutions implemented in the company's real estate portfolio.

In May, the European Day of Equal Opportunities was the inspiration for Mátyás Dobó's presentation on mobile applications that can help people living with disabilities.

Kristóf Horváth (aka Actor Bob) and his students were our guests in October. The topic was the challenges of Roma inclusion and we talked about Kristóf's initiative that promotes the importance of education among Roma youth.

TV personality Attila Till talked about using personal awareness in supporting socially important initiatives in November.

The club in December was substituted by the 'It's good to give!' Cookie Campaign (Adni jól Sütiakció).



PÉTER NOVÁK

hello holnap?

Sure, no later than that! Those who do not join will miss it...

With a little exaggeration—they will miss everything, because not only technology is on an exponential development orbit but as a result also the known and the unknown world, too. But what happens in the future? What is in the horizon? What will happen to us? Will it bring us good or suffering—is the most frequent question at philosophical tea parties. The theme—as I experienced it—gave new meaning to the seemingly old-fashioned genre classification, too! Because 'one needs a team' means that it is worth belonging to somewhere, to find company for self-education, beyond mandatory day release courses. To voice our difference of opinion, to find out that others think differently, to know that one can be sure and to know that there are doubts, not just a few... This is what keeps me on track, the everlasting update of a desired set of controls and norms—in the abnormal present. My telltale idealism is based on experience: I have never met so many volunteer organizations and valuable micro-communities before! Will to live is Immense Power—if we consciously desire to act. We will act, that's for sure. Whether on our own or we will be forced to... This is the classical question...

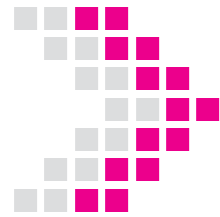
Now we can! Freely, among ourselves, together with familiar faces. I beg you let us not let ourselves down!



After the summer break we started our club in September with the promotion of the 7th Sustainability Day. Our guest was Györgyi Orosz, co-founder of the Hősök Tere (Heroes' Square) program, which aims to change the pessimistic attitude of Hungarian people. We welcomed Györgyi at our Sustainability Day, too.



Rita Galambos and Zoltan Tóth in the hello holnap! club



50 volunteer organizers, 13 locations, hundreds of cookies, thousands of buyers, 1479 hours of voluntary work and 1 974 030 forints raised: they are the amazing numbers for the event on 8 December.

Employees of Magyar Telekom and the Sustainability Media Club sold their home-made cakes to people with a sweet tooth and a good heart. Magyar Telekom added to the sum so that altogether 5.4 million HUF was donated to Tábittha House Children's Hospice, which provides help free of charge to the families of terminally ill children.

As a responsible company Magyar Telekom deems it important to take part in the Earth Hour events. We first participated in 2009 and since

then we do something in every year to remind ourselves and others to the link between overconsumption and climate change and the dangers of such unwanted developments. In 2014 we joined the worldwide initiative and switched off light in our shops and office buildings plus offered environment friendly products in our webshop at a discount price.

Between its launch in May 2013 and November 2014 the 1600 registered employees used TeleBike on 17 000 occasions, and according



Magyar Telekom volunteers at the It's good to give! (Adni jó!) Cookie Campaign



In 2014 six new electric bikes were added to the TeleBike fleet. TeleBike, Magyar Telekom's self-service, community bike rental system enables employees to rent city bikes free of charge for a short time. Bikes can be used for commuting between four Budapest company sites, enabling employees to get from one meeting to the other during working hours swiftly and without generating any load on the environment.

to GPS data (installed in the bikes for security reasons) the total distance they covered was almost 27 000 kilometres.

In the hello holnap! club of April we presented awards to the employees that had collected

the most hello holnap! points. In the employee survey on sustainability, employees had named a bicycle as the most wanted prize, so Margit Gacsályi, Ákos Mikola and Gábor Hugyecz were rewarded with bicycle vouchers to the value of 100 000, 70 000 and 50 000 HUF respectively.



Ákos Mikola



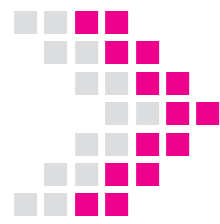
Gábor Hugyecz



Margit Gacsályiné Békési



The awards ceremony for the hello holnap! points collectors



In the field of internal knowledge sharing we continued the operation of the Employee Academy where employees may exchange knowledge and information that helps to enhance the efficiency of the individual; to improve presentation skills and to get to know each other and our work.

At the Academy there were lectures on 4G, the roaming regulations of the European Union and the actual developments of technology.

In September we organized the Telekom Family Olympic games. This year's novelty was that not only did employees compete in the competitions, but their family members could too. 964 people took part in one or more events, and 300 medals and certificates were handed out.

At the Family Friendly Workplace conference, organized by the Hungarian Academy of

Sciences, Magyar Telekom Group was awarded a special prize.

In the large enterprise category competition Magyar Telekom and its subsidiary T-Systems Hungary were awarded a special prize, which according to the jury was earned for the wide variety of actions applied by the company in different life situations to support employees with families.

The corporate voluntary program has become more popular year after year. Internet Academy,



Digital Bridge at Encs



The 'Family Friendly Workplace 2014' award is offered to companies which contribute to making society more family friendly, support families in raising children through their family-friendly operation, and promote the balance between work and private life.

Super Service training, Mobile Professors, Gondolatbörze, Digital Bridge, Mobilisuli: various forms of education for children and adults were integrated under the name of Telekom Smartdigital Program (Telekom Okosdigitális Program).

According to the employee survey on sustainability, 61% named Magyar Telekom as a leader company in sustainability in Hungary, but 20% did not name any company. The awareness of the definition of sustainability among the country's population is 25% according to a residential survey, but 74% among our employees.



961 employees ✓ worked 8518 hours ✓ on these projects in 2014. This means a 39.4 million HUF ✓ contribution to society.



SmartDigital education for primary school students



6. SOCIAL ENGAGEMENT



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6.1. SPONSORSHIP



Until 2016, Magyar Telekom, throwing in a broad array of its telecommunication services, promotes the attainment of the goals of the HOC and the preparation of future Hungarian athletes for the Rio de Janeiro Olympic Games as platinum sponsor.

The goals of the company's sponsoring activities are the creation of experience and value for the customers and partners.

The Group, as major sponsor of Hungarian culture as well as musical and social life, is devoted to support high profile events, performers and productions that represent top quality in their area or genre. In its sponsorship activity the company plays a role in the implementation of social initiatives in a manner and to an extent worthy of its economic significance.

Magyar Telekom has been the committed supporter of the Hungarian sport life for decades, and considers sport a cornerstone of its sponsoring strategy. The company is proud to have contributed to much prominent national and international sport success as sponsor. As a part of its support activities, Magyar Telekom supported the Hungarian team and the Hungarian Olympic Committee in the 1996 Olympic Games in Atlanta, later in Sydney, Athens, Beijing and London, too.



As an important part of its sports sponsorship, Magyar Telekom, as sponsor of FTC football club, has a main role in supporting adult and junior football and healthy lifestyle.



As the committed sponsor of the Hungarian Swimming Association, Magyar Telekom also contributed to winning the rights to organize the 2017 FINA World Aquatics Championship.

We support our athletes, also participating in the Olympic Games, with our telecommunication tools: we plan to offer technical background for the athletes, the organizers and the fans.

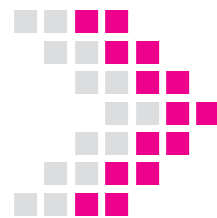
As the most loyal sponsor of the MKB-MVM Veszprém handball team, the company is committed to support the national handball sport. The team took part successfully in Champions League and SEHA league—and won the latter.



As not all fans can visit all matches, we offered them the possibility of watching the events together on big screens in front of the Aréna. These fan events also has programs for families.

One of the biggest mass sport events, 29th Vivicitá City Protecting Run was also supported by Magyar Telekom. Besides athletes and runners, families and physically disabled athletes also participated in the contest. Programs on healthy lifestyle were amongst the events of Vivicitá.

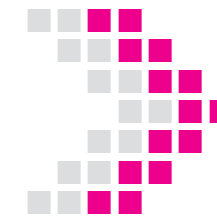
Magyar Telekom is present at the greatest Hungarian festivals – VOLT, Balaton Sound, Sziget, Campus, EFOTT – as a sponsor. Being a sponsor, we are mainly appear at the festivals with our telecommunications tools, considering viewpoints of sustainability, as well. We also point out to our partners that it is indispensable for them to act in an authentic way in all three aspects of sustainability.



We organized transports between several festival locations in the way to avoid unnecessary trips, to decrease CO₂-emission.

As we did with kilometers, we successfully decreased the amount of paper, used during festivals: we published most of our information online, instead of printing regulations and brochures. Festival furniture was mostly (80% of it) made of old pallets, while some decoration was made out of materials, used in Telekom shops before.

We produced some small gifts, related to the festivals: part of these—like the 270 molino bags—were made from reused materials. Re-cups, known from the previous year, also appeared at festivals in 2014.



As a committed sponsor of music, our company became the cooperating partner of Budapest Music center, as well as of the renovated Music Academy.

T-Systems Hungary sponsored some relevant initiatives:

- XIX. Carpathian Basin Hungarian secondary school computer competition (INFOPROG 2014): In the Hungarian-language schools of the Carpathian Basin this initiative is unique, because it promotes telecommunications and information and communication technologies to the younger generation. Our company believes it important to embrace young Hungarian talents, so we supported the event in 2014 as well.
- Euroskills 2014: The aim of the event was to find the most talented, best trained, most capable young IT specialists. We sponsored the program that is well-known and popular among young people.

Crnogorski Telekom's sponsoring platform focuses on sports, music and culture – which is perfect for underlining our brand promise 'Life is for sharing'. Within the company's sponsorship strategy, sports have a special place. The company is the golden sponsor of the Montenegrin national football team and general sponsor of the Telekom Montenegrin Football First League. Additionally, in 2014 Crnogorski Telekom supported and sponsored Budućnost Basketball Club.

Regarding music as one of the main areas within the sponsorship strategy, as every year, we sponsored numerous musical events and activities. We partnered with organizations across Montenegro, and supported the Asfaltiranje Hip-Hop Festival in Podgorica, the Southern Soul Festival in Ulcinj, Sea Dance in Budva, and After Beach Parties across Montenegrin coastline. In September 2014, with the support of Deutsche Telekom, Crnogorski Telekom organized Electronic Beats, festival of electronic music in Podgorica.

In 2014, the company was also the sponsor of the Telekom Underhill Fest, an international documentary film festival which featured a series of concerts, film projects and lectures in Podgorica. Telekom supported the International TV Festival in Bar,

as well as FIAT, festival of alternative theatre in Podgorica.

Sports, music and culture are the three principal pillars of the sponsorship strategy of **Makedonski Telekom and T-Mobile Macedonia.**

In 2014, we supported the Ohrid Swimming Marathon, one of the largest sporting events in Macedonia, the Shar Planina Ski Cup, as well as the humanitarian Mavrovo Giant Slalom, where company teams took part. This year, the funds were dedicated for the Center for support of persons with intellectual disability Poraka. This year, Makedonski Telekom and T-Mobile Macedonia made official the partnership with the most awarded sports club in Macedonia: Vardar.

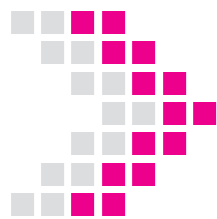
In the area of music sponsorships, this was another year where the international Skopje Jazz Festival carried our logo. The concerts of Balkan stars Bijelo Dugme, as well as the Macedonian and internationally renowned Vlatko Stefanovski, Esmá Redzepova and Tavitijan will be remembered by the sponsorships of Makedonski Telekom and T-Mobile Macedonia in 2014. The prominent Ohrid Summer Festival and the Struga Poetry Evenings, attended by internationally acclaimed artists, are just one part of the sponsorships in the field of culture.

6.2. DONATIONS

Development of communities, awareness-raising

Telekom Smartdigital Program (Telekom Okosdigitális Program): digital competence development for children and adults

Being a responsible company, we believe that besides offering services we also have the task of helping people use these services and closing the digital divide that exists between the different regions of the country.



As part of this, we organized an educational program: during its free lectures we share our knowledge of the digital world with children, parents, adults and teachers.

Our aim is to help the next generation use the internet in a clever and conscious way, maximizing its possibilities. We think children should be able to ask people around them

about the digital world –this is the reason why we give lectures to teachers and adults, too. These intentions led us to create the Telekom Smartdigital Program, with which we contribute to the improvement of Hungary’s digital maturity. The program has several modules; we operate most of them together with Digital Knowledge Academy as a partner.



- Smartdigital Program in primary schools: Magyar Telekom’s volunteers talk in schools about conscious, safe and ethical mobile and internet usage.
- Smartdigital Program for teachers: During the 2 × 45-minute lectures we show teachers how to be partners with their pupils in the digital world.
- Smartdigital Program in Telekom shops: In our shops, our experts (called Mobile Professors) help people with the technical aspects of our products and services.
- Smartdigital Program in secondary schools: During these lectures, our volunteers talk about smart and safe internet usage, as well as personal branding online.
- Digital Bridge for small settlements/Digital Bridge Fest: We visit villages, too, to talk about the possibilities offered by the internet. With this, we would like to help reduce – and eventually stop – the digital divide. The Digital Bridge Fest offers a talent contest that people can watch online, as well as conversations with our volunteer experts.
- Smartdigital Program in homes: After buying broadband internet service, customers can request a home visit by one of our experts to talk about the use and advantages of the internet.
- Smartdigital Program for parents: We show parents how to keep their children safe in the digital world. Besides basic knowledge about internet safety, we also talk about cyberbullying.

Beside these modules, in 2014 we started Gondolatbörze on the internet, a moderated forum where Magyar Telekom’s clients and

others who are interested can exchange ideas and experiences about our services and other related topics.



Okosdigitális education for schoolkids



Presenting the donation at Tábittha House



It’s good to give! Cookie Campaign (Adni jó! Sütiakció)

In 2014 we organized for the fourth time our Christmas charity programme, It’s good to give! Cookie Campaign, together with Sustainability Media Club. The beneficiary of the campaign was Tábittha House Children’s Hospice – they offer help and a homely environment to children with terminal illnesses and to their families. The campaign had several locations, where the selling of home-made cookies to colleagues and the sending of cookie Christmas e-cards raised almost 2 million HUF. Magyar Telekom added a further 3 million, which altogether meant a donation of 5.4 million HUF.

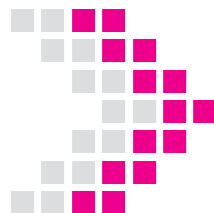
Home-made cookies were ‘shared’ with colleagues on 8 December in the various Magyar Telekom offices: 13 places altogether (Budapest, Nyíregyháza, Szeged, Győr, Pécs). We didn’t just make cookies, but bought them too; visitors were also welcome to help by buying cookies. Colleagues from the members of Sustainability Media Club (Fenntarthatósági Média Klub) – Origo, RTL Klub, CEMP, Class FM, Central Média csoport Zrt., TV2, Axel-Springer, Ringier, Metropol – also took part in

the campaign. Péter Novák and the alternative rock band Quimby joined us, too. Foodstylists took photos of the cookies and Christmas e-cards using these photos could be sent, each adding 100 HUF more to the donation. The cookies and cards added up to a donation of almost 2 million HUF; a further 3 million HUF was added by our company. In this way, the beneficiary for 2014, Tábittha House Children’s Hospice, received 5.4 million HUF.



Telekom volunteers at the It’s good to give! (Adni jó!) Cookie Campaign





In 2014 **T-Systems** continued to support Kastélyosdomó's social and development centre, operated by the Ecumenical Aid. The institute, opened in 2013, helps the reintegration of families in crisis into society with its special rehabilitation program.

Among the many projects of **Crnogorski Telekom** in 2014, the highlight of the year was the donation contest called 'Za svako dobro' ('For every good'), which raised 23 thousand EUR for a long-term project that finances socially responsible projects of special importance in Montenegro.

From among the 70 NGOs that applied for grants, four projects were selected and awarded with funds for implementation.

- 'No hate offline, no hate online': a project to prevent cyberbullying among teenagers.
- 'Free your creativity': showing how new technologies can empower women who are victims of domestic violence.
- 'Day care': specialist support for children with autism.
- An Android app promoting the botanical garden Dulovine near Kolašin.

The contest was open to all non-governmental organisations from Montenegro that could apply their projects in the fields of education, arts and culture, environmental protection and the creation of equal opportunities for networking and participation in digital society. The aims of the project include making people more aware of Crnogorski Telekom's social

responsibility activities, engaging important stakeholders and gaining their trust, and increasing transparency in the company's social engagement. In order to ensure transparency and the selection of the best projects, besides Crnogorski Telekom's employees, representatives from NGO 'Fund for active citizenship', Montenegrin TV station TV Vijesti and the local United Nations Development Program office participated in the selection of the winning projects.

Besides the contest for socially responsible ideas, the year 2014 was also marked by the cooperation with NGO Bicklo.me in order to promote cycling as a sustainable mode of transport. Thanks to a donation by Crnogorski Telekom, 18 bike racks have been installed in Podgorica, and a mass cycling event was organized to promote cycling.

The company also participated in disaster relief activities to support the victims of floods that hit several countries in the region in May 2014. Telekom gave a corporate donation of 10 000 EUR and in cooperation with Red Cross Montenegro the company opened a donation line in order to enable its customers to give their contribution and help those in need. By the end of June, the total number of SMSs was 104 156.

As part of **Makedonski Telekom's** charitable giving in 2014 there was a donation to the First Children's Embassy in the World Megjashi, as well as support for the now traditional walk against breast cancer.



T-Mobile for Macedonia Foundation

The T-Mobile Macedonia Foundation is one of the first foundations in Macedonia that was founded by a business entity. A pioneer in corporate responsibility since 2002, the foundation operates with a focus on children, especially those from vulnerable groups, with the goal of providing them with the highest quality of life possible.

- The first 5 are the most important years

In partnership with UNICEF, the T-Mobile Foundation for Macedonia is running a campaign about the importance of development in early childhood. The purpose of the partnership is to raise awareness about high-quality education in the first 5 years, but also to generate funds for opening centres for development in early childhood. These are alternatives to kindergartens in areas where it is not feasible to build kindergartens, mainly in rural and margi-

nalized areas. The donation of the T-Mobile Foundation for Macedonia has been used to open eight centres in Selce, Jargulica, Desovo, Zleovo, Debreše, Dolno Lisice, Ratavica and Centar Zupa, while at least five more will be opened in the course of 2015. T-Mobile donated part of the revenue from SMS messages on New Year's Eve specifically for this purpose.

- Charity donations telephone lines

Since 2002 the T-Mobile Foundation for Macedonia has initiated the opening of humanitarian charity donations telephone lines, with the goal of encouraging citizens to donate to help people or organisations involved in humanitarian work. In 2014 the numbers were used 55 times: 51 times for individual citizens and 4 times for legal entities. The foundation covers the personal income tax of the donated amount for each customer, so that the users of the funds can receive the entire amount donated.

- e-Macedonia Foundation

The e-Macedonia Foundation was established in 2004 by Makedonski Telekom for the expansion and support of benefits from the information society. The goal of the foundation is to enable vulnerable groups of citizens to use the new technologies and become part of the digital society.

In January 2014 the e-Macedonia Foundation started a partnership with the NGO 'Open the windows'. The aim of the partnership is equal inclusion of persons and children with special needs in the information society. Therefore, through the joint project 'The computer as the window to the world', the e-Macedonia Foundation and the NGO 'Open the windows' procured assistive smart computer equipment customized for persons with disabilities and organized courses to teach them how to use the equipment. The ultimate goal of the project is greater inclusion of these persons into society.

Civil and CivilNet Tariff Package

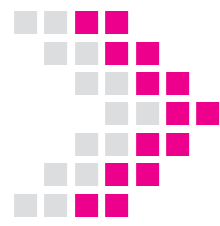
Magyar Telekom launched its Civil Tariff Package service in March, 2004. Civil Tariff Package provides 500 minutes of free calls without monthly fee and connection fee in the domestic fixed line network. The tariffs of usage exceeding 500 minutes contain an average of 30% discount on the call charge of the basic package. The organizations can use the money so saved for their socially useful programs.

In 2009—responding to the demands of the NGOs—Magyar Telekom extended its Civil

tariff package service to internet access, as well, by launching its CivilNet tariff package, which provides internet access service without connection fee and monthly fee to public benefit organizations selected through applications. Applications can be submitted for the CivilNet tariff package along with the Civil tariff package.

In 2014, the company provided discount schemes to 27 organizations in an overall value of 2.4 million HUF.

6.3. OUR EMPLOYEES AS CORPORATE CITIZENS



In hello holnap! Supplemented voluntary donations program we leverage the power of communities. We support the initiatives of the local communities so we encourage our colleagues to help some civil program in their own neighborhood by offering voluntary work.

The core element of the Supplemented Individual Donations program, renewed in 2012 and named as Supplementary volunteer donations, is that in addition to financial donation, employees are also expected to commit themselves to the supported NGO with voluntary work.

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

Voluntary work beyond working hours at the chosen NGO is a compulsory element of the program. The employee is requested to describe the voluntary work, being part of his voluntary donation, in the annex of the form provided under hello holnap! The voluntary work may be physical or intellectual contribution, but the request to do voluntary work must come from the supported NGO.

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

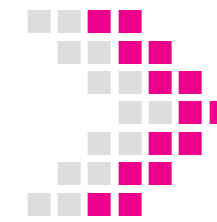
- The employee's own initiative: In this case the maximum amount of company support is 50 000 HUF. Supplementary support is provided as follows:
 - employee donations up to 15 000 HUF the company matches with twice this amount;
 - employee donations between 15 001 HUF and 50 000 HUF the company donates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



Volunteers of the 10 year-old Digital Bridge Program

- 50 000 HUF, the company supplement will be 200 000 HUF;
- in case of the collective initiative of employee groups, where fewer than 4 Magyar Telekom employees are involved

in the donation and the connected voluntary work, and the amount of the donation paid by the employees is minimum 25 000 HUF, the company supplement will be 100 000 HUF.



We increased the sense of social responsibility of our employees with the organization of volunteer programs; 8% of team building activities had charitable elements as well. In 2014 14 such programs were organized, where altogether 961 Magyar Telekom volunteers ✓ participated in 8518 hours ✓. With these programs we provided 39.4 million HUF ✓ worth of theoretical contribution to the society.

In December 2014, we organized a donation campaign for charitable purposes again, with the involvement of employees. We asked them to bring home-made cookies on that day: this is the traditional Adni jó! Sütiakció. The cookies were sold to each other based on the honor system: everybody paid an amount they wished to. The company supplemented these donations adding up to more than 2 million HUF, and donated another sum of 3 million HUF to Tábita children's hospice.

T-Systems employees could support social groups in a number of ways:

Telekom Okosdigitális Program

Our colleagues participated in Telekom Okosdigitális Program as volunteers, and gave presentations in several schools across the country on the correct and ethic use of mobile phones and the internet. 30 T-Systems colleagues joined the program, giving altogether 141 presentations.

Volunteer teams

T-Systems participated in three actions in 2014: 29 of our colleagues helped gardening HIA's courtyard at Soroksár, 13 volunteers supported HIA at Basilica, and 15 colleagues took part in Adni jó! Sütiakció by Magyar Telekom.

In 2014, **Crnogorski Telekom** continued to organize blood donation activities. In cooperation with Montenegrin Centre for Blood Transfusion, around 40 employees and managers donated blood and helped to raise awareness to this important social issue. In December 2014, the company was awarded with the Recognition

of contribution to blood donations in Montenegro, given by the Montenegrin Office for Blood Transfusions and the Montenegrin WHO Office.

At **Makedonski Telekom** there were several projects in the field of social responsibility:

Skopje Marathon – challenge for humanity

The employees were running for donations to persons with intellectual disability. A team of employees in Makedonski Telekom and T-Mobile Macedonia were running for humanitarian goals at the Skopje Marathon. For every kilometer run by the marathon runners, the company made donations to the day-care centre for persons with intellectual disabilities. Nineteen employees ran 21 kilometers each, while one employee ran 42 kilometers; thereby the total amount of the donations equalled 11 000 euros. The donation will be used to renovate and adapt the rooms of the day-care centre Poraka, thus drastically increasing the number of protégés attending the centre.

Humanitarian New Year's caravan of the employees

For the thirteenth year in a row, the Foundation T-Mobile for Macedonia organized the New Year caravan. Over 150 employees of T-Mobile and Makedonski Telekom volunteered in the organization and implementation of the caravan, which brought joy to more than 2000 children from vulnerable groups throughout Macedonia, via 50 organizations. Shows were organized and New Year packages were distributed to children without parental care, children with disabilities, children from socially vulnerable areas, etc.



7. CLIMATE AND ENVIRONMENTAL PROTECTION



| | |
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| 7.1. Climate protection and energy efficiency | 146 |
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The key strategic objective of the Group is to reduce its CO₂-emissions by 20% by 2015 compared to the 2004 benchmark level.

Magyar Telekom Group, although not directly responsible for significant environmental emissions, realizes its role and potential within the information society, and thus contributes to the decrease of negative environmental impacts in its region by performing activities in a regulated and controlled way, fulfilling environmental requirements and complying with international and local standards. In addition, the Group also allows its customers to decrease their environmental footprint and places an emphasis on environmental awareness. Through the provision of ICT (info-communications technology) services the Group can further contribute to savings on travel, energy and fuel, thus reducing CO₂-emissions.

Issues have been put into three categories based on an assessment of importance, considering the direct and indirect effects of the activity, the seriousness, their positive or negative nature, the expectations of stakeholders (including sustainability analysts), environmental policy, and climate strategy:

- The most important topics/effects: climate protection (CO₂-emissions) and energy efficiency, waste management, products and services, supplier management;

- According to our evaluation and from the point of view of our performance, areas of lesser importance: paper consumption, transportation;
- Aspects with low importance: biodiversity, water consumption, use of other materials.

The most important topics are described in more detail in the report. For those aspects that are not so essential, but are significant to Magyar Telekom Group we presented some examples.

Magyar Telekom Group's Sustainability Strategy will be implemented through tasks concerning 22 topics, based on 5 key priorities. The most important is in the area of environmental protection: climate strategy to reduce CO₂-emissions.

Further, highlighted environmental objectives: increasing the share of sustainable services and products; keeping our customers informed; increasing social and environmental R+D; and development of controlled and sustainable supply chain management. (Results in these areas are included in the relevant chapters of this report.)

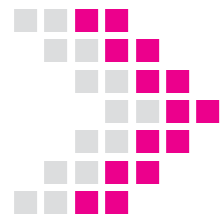
Based on the Business Continuity Management System (BCM) that was launched in 2013, we identified the critical climate risks (floods, heatwaves) and made plans for them. The yearly measure of the climate damage in the networks did not reach the level for taking action (monthly 50 million HUF).

The environmental and operational efficiency targets in our strategy:

- Energy consumption: saving energy (reduce consumption), increasing energy efficiency levels, using green energy.
- Resource management (in terms of company and customers): reduction of paper consumption (e-billing), increased use of recycled paper, popularization of solutions to replace travel, and dematerialization (mobile wallet, cloud VPN).
- Waste management: reduction of waste (increased recycling-rate).

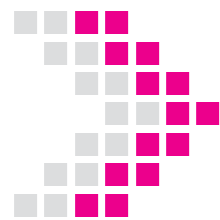


In connection with the above-mentioned objectives and environmental (positive/negative) impacts related to Magyar Telekom Plc., we would like to highlight the introduction of two dematerialization solutions (the m-wallet and the hello holnap! mobile app) as well as our winning of the Cycle Friendly Employer Award.



In 2014 the central theme of our sustainability initiatives was energy use.

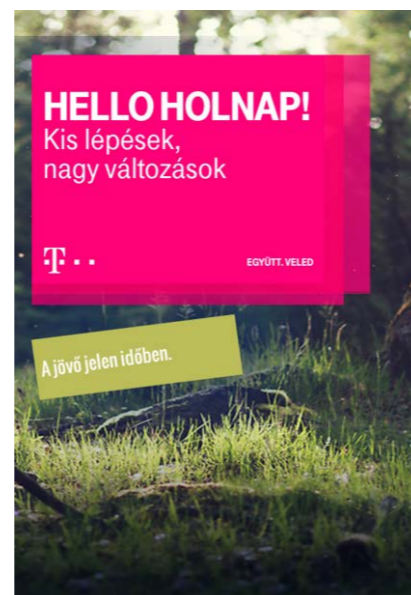
- During the 7th Sustainability Day event the environment section discussion was about energy dependence.
- Magyar Telekom organized the Sustainability Roundtable Discussion for the 15th time, the objective of which is to have an open dialogue with our stakeholders. We presented the DELFIN (the word for dolphin in Hungarian) Award to, among others, organizations and businesses promoting energy-efficient heating systems with less environmental impact and environment-friendly transportation (TeleBike program).
- In March 2014 Magyar Telekom and Crnogorski Telekom, as in previous years, participated in the Earth Hour and Earth Day global campaigns. The company invited customers to support the campaign and raise awareness of the importance of environmental protection.



T-Systems Hungary started the 'Green blog' in late March, which aims to personalize topics about the environment and sustainable development in order to show us what we can do individually to protect our environment (e.g. in the field of energy consumption).



We launched the hello holnap! mobile app on 27 September 2014, by which we draw attention to Magyar Telekom's sustainability efforts in particular and sustainable lifestyles in general. By using the app, users can collect hello holnap! points and donate them, converted into real money by Magyar Telekom, to non-governmental organizations of their choice. In the area of environmental protection, users can earn points by activities such as handing in used electronic equipment, shopping without bags or by using hello holnap! equipment, e-billing and carpooling, among others. The main results in numbers: 4000 users, 6000 collected points, 6 supported partners.



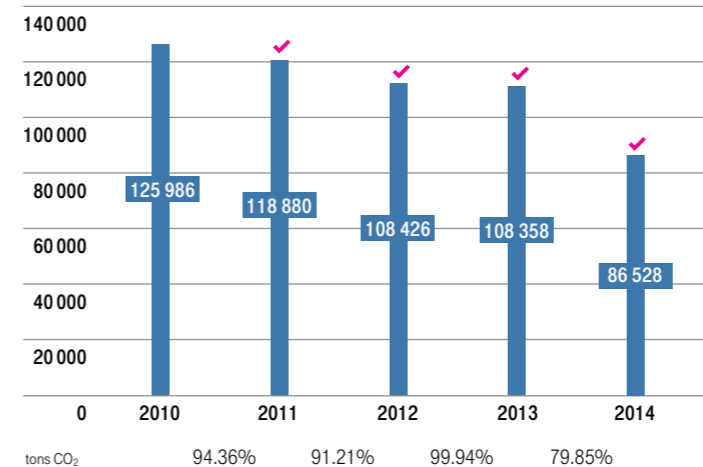
hello holnap! mobile application

7.1. CLIMATE PROTECTION AND ENERGY EFFICIENCY

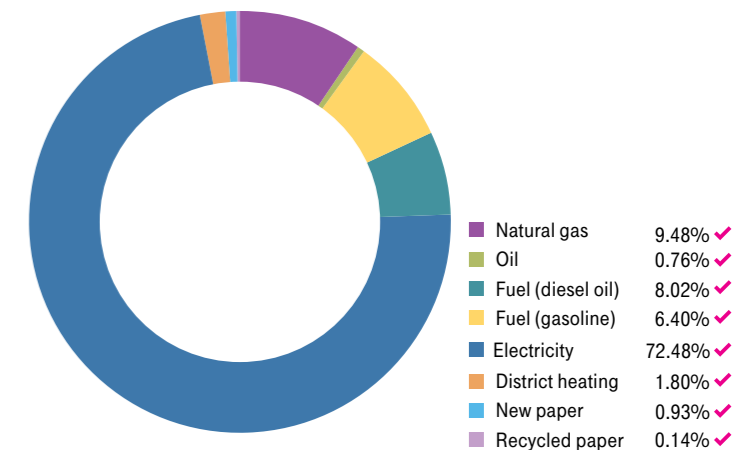
To present the quantitative greenhouse gas emissions of Magyar Telekom Group's activities we use a carbon dioxide index. (We do not measure greenhouse gases separately; we do not have biogenic CO₂-emissions.)

The details of Magyar Telekom Group's CO₂-emissions are given in the following table. The CO₂-conversion factors were determined on the basis of the 2007 recommendations of the International Energy Agency Data Services (electricity), the UNEP guidelines (heating oil, fuel oil, natural gas) and by the data provided by a prominent Hungarian paper factory.

AGGREGATED CO₂-IMPACT MAGYAR TELEKOM GROUP



SHARE OF CO₂-IMPACT, 2014



Magyar Telekom's installed equipment already does not contain SF6 and NF3 gas. More than 1600 cooling systems of telecommunications equipment have fluorine gas, with an average CO₂-equivalent of 1.94 tons. (Filling the air conditioners: R407C, R22, R410A, R437a, R417A; R22 substitution is pending.) A leakage of 1% would cause a leak of 300 tonnes of CO₂, which would be 0.3% of the total CO₂-emissions. Because of Inspections carried out in accordance with the regulations there was no leakage in 2014.

7.1.1. Climate protection results

Taking the purchase of green energy and carbon offset into account, Magyar Telekom Group's total CO₂-emissions decreased significantly, by 20.15% compared to the previous year.

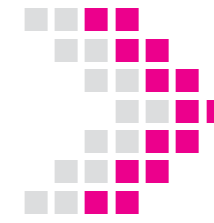
The result was achieved in large part due to the reduction of energy consumption, which makes up more than 75% of the total emissions. The CO₂-emissions from direct and indirect energy consumption decreased by 7.32% from paper consumption by nearly 10%.

Crnogorski Telekom was very effective in fighting climate change by, among other things, reducing carbon-dioxide-emissions in the operational area by saving 807.77 MWh of energy.

MAGYAR TELEKOM GROUP'S TOTAL CO₂-EMISSIONS

| CO ₂ -IMPACT (tCO ₂) | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------------------------------------------------------------------------------------------|----------------|------------------|------------------|------------------|------------------|
| Direct energy consumption | | | | | |
| Natural gas | 15 372 | 16 051 ✓ | 10 922 ✓ | 11 400 ✓ | 9 824 ✓ |
| Oil | 2 702 | 2 604 ✓ | 3 001 ✓ | 2 600 ✓ | 783 ✓ |
| Fuel (diesel oil) | 8 777 | 8 853 ✓ | 8 315 ✓ | 8 217 ✓ | 8 317 ✓ |
| Fuel (petrol) | 6 745 | 6 669 ✓ | 6 359 ✓ | 6 436 ✓ | 6 631 ✓ |
| Fuel (total) | 15 521 | 15 522 ✓ | 14 673 ✓ | 14 653 ✓ | 14 949 ✓ |
| CO₂-emissions from direct energy consumption | 33 596 | 34 177 ✓ | 28 596 ✓ | 28 653 ✓ | 25 556 ✓ |
| Indirect energy consumption | | | | | |
| Electricity | 99 849 | 98 517 ✓ | 94 483 ✓ | 91 361 ✓ | 86 655 ✓ |
| Electricity (adjusted for renewable energy consumption) | 87 995 | 81 136 ✓ | 76 255 ✓ | 79 845 ✓ | 75 139 ✓ |
| District heating | 2 475 | 2 367 ✓ | 1 957 ✓ | 2 156 ✓ | 1 863 ✓ |
| CO₂-emissions from indirect energy consumption (adjusted for renewable energy consumption) | 90 469 | 83 503 ✓ | 78 212 ✓ | 82 001 ✓ | 77 001 ✓ |
| Total energy consumption | | | | | |
| CO₂-emissions from total energy consumption (adjusted for renewable energy consumption) | 124 065 | 117 680 ✓ | 106 808 ✓ | 110 654 ✓ | 102 557 ✓ |
| CO₂-emissions from paper consumption | | | | | |
| New paper | 1 815 | 1 038 ✓ | 1 455 ✓ | 1 078 ✓ | 961 ✓ |
| Recycled paper | 106 | 162 ✓ | 162 ✓ | 146 ✓ | 144 ✓ |
| CO₂-emissions from total paper consumption | 1 920 | 1 200 ✓ | 1 618 ✓ | 1 223 ✓ | 1 106 ✓ |
| Cumulative CO₂-emissions | | | | | |
| CO ₂ -emissions from total energy consumption (adjusted for renewable energy consumption) | 124 065 | 117 680 ✓ | 106 808 ✓ | 110 654 ✓ | 102 557 ✓ |
| CO ₂ -emissions from total paper consumption | 1 920 | 1 200 ✓ | 1 618 ✓ | 1 223 ✓ | 1 106 ✓ |
| CO₂-emissions eliminated by Carbon offset project | | | | -3 520 ✓ | -17 135 ✓ |
| Cumulative CO₂-emissions (adjusted for renewable energy consumption and carbon offset) | 125 986 | 118 880 ✓ | 108 426 ✓ | 108 358 ✓ | 86 528 ✓ |

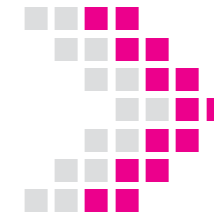
7.1.2. Energy efficiency



In 2014 Magyar Telekom Plc.'s energy efficiency indicator was 35.76 Gbit/kWh ✓, which means that the transfer of data and information was 20% ✓ more efficient than in the preceding year. Considering the results, the company's top management decided on a more ambitious objective: 48 Gbit/kWh for 2015

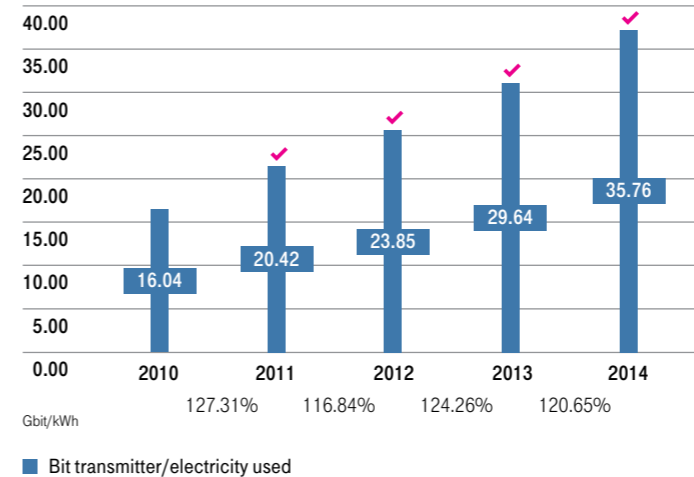
We apply energy intensity indicators to show the change in two factors that amount to the largest proportion of our CO₂-emissions: the network of electricity use and fuel consumption of motor vehicles. The effectiveness of the energy consumption of Magyar Telekom Plc.'s operation is characterized by the Gbit/kWh (forwarded bits/electricity consumption) energy

efficiency indicator. The indicator shows that as the quantity of forwarded information grows the energy consumption proportionally reduces (i.e. we transfer more information with less energy). The fuel consumption efficiency is characterized by car pool average CO₂-emissions in g/km. We would like to increase the first and reduce the second indicators.

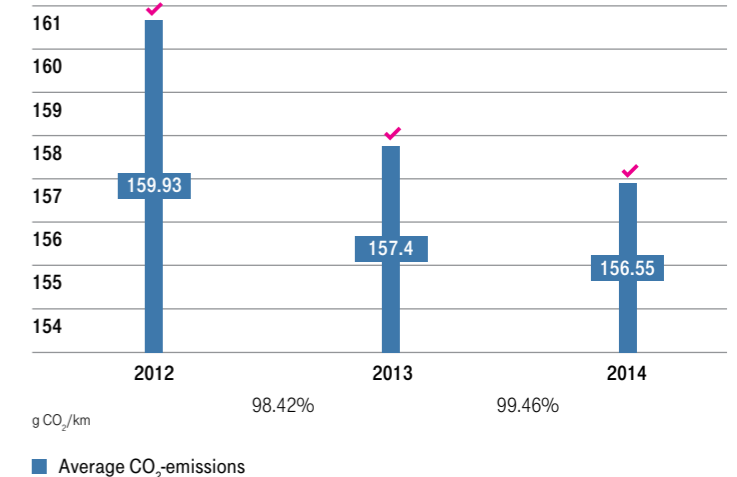


The average CO₂-emissions of Magyar Telekom's car pool decreased from 157.4 to 156.55 g CO₂/km ✓.

BIT TRANSMITTED /ELECTRICITY USED MAGYAR TELEKOM PLC.



THE AVERAGE CO₂-EMISSIONS OF CAR POOL MAGYAR TELEKOM PLC.



7.1.3. Use of renewable energy



In 2013 Magyar Telekom bought 34 GWh ✓ of electrical power generated by renewable energy sources, which is 16% ✓ of the company's total electricity consumption. The 5-year strategy sets forth the objective of sustaining a green energy consumption level of at least 46 GWh per year.

7.1.4. Carbon offset

We spent 50% of the amount collected as malus payment (20 479 470 HUF in 2014) by users of personal use cars with emissions above the reference values on decreasing our CO₂ footprint: in 2014 we offset 2850 tonnes of carbon-dioxide and planted nearly 100 trees

at 3 sites in Budapest with the help of Fökert. In 2014 T-Systems Hungary compensated for the total CO₂-emissions generated by the energy consumption of itself and its data park by purchasing Kyoto units, thus relieving the environment of 14 285 tons of CO₂.



Trees being planted at Szent Gellért rakpart



Carbon-neutral T-Systems Hungary
The annual CO₂-emissions, based on internationally accepted methodology, was neutralized by purchasing Kyoto units—announced T-Systems Hungary at Symposium. T-Systems Hungary has a total annual output of 14 285 tons of carbon-dioxide, including emissions from the company's total energy consumption

in data centres as well. This amount corresponds to nearly seven thousand cars, or the annual emissions of 1000 households. With the purchase of Kyoto units (CERs) the company has sponsored a climate protection project that actively contributes to the achievement of the overall objective of providing a greener and more sustainable future for us all.

7.1.5. Equipment in customers' premises

Our customers generate significant energy consumption by operating our CPEs, but they are essential for using our services. We identified three major areas where the energy consumption is significant: the use of mobile phones, TV services, internet services. Because we have no information about what kind of mobile phones they are using, we made our calculation based on an average smartphone's energy consumption (1 kWh/year); for TV services we used an average

TV modem (87 kWh/year); and we took an average router (58.2 kWh/year) for internet services. For the calculation we used the number of subscriptions, thus the CPEs' energy consumption worked out as 140.3 GWh, which is equivalent to 47 507 tons of CO₂.

Magyar Telekom-related emissions by suppliers have not been monitored. The monitoring of our suppliers' Magyar Telekom-related emissions will be included in the sustainable supply chain management process within their sustainability evaluation on energy use and emissions.

| | number of customers | consumption/year (kWh) | total consumption/year (kWh) | CO ₂ -emissions (tons) |
|----------------------------------|---------------------|------------------------|------------------------------|-----------------------------------|
| Magyar Telekom Plc. | | | | |
| Mobile subscriptions | 4 964 255 | 1 | 4 964 255 | 1 681 |
| Broadband subscriptions | 921 809 | 58,2 | 53 649 284 | 18 171 |
| TV subscriptions | 924 628 | 87 | 80 442 636 | 27 246 |
| T-Systems Hungary | | | | |
| Mobile subscriptions | 514 085 | 1 | 514 085 | 174 |
| Broadband subscriptions | 11 887 | 58,2 | 691 823 | 234 |
| Hungarian services total: | | | 140 262 083 | 47 507 |

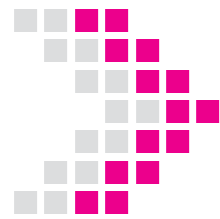
7.2. RESOURCES MANAGEMENT

7.2.1. Electricity consumption

Magyar Telekom continued its energy savings initiatives in 2014 too, including a cross-ventilation method used for cooling large technological rooms and remote facilities. This resulted in a decrease in the use of air-conditioning equipment and electricity consumption, leading to a massive saving (1 336 400 EUR). This cross-ventilation method was also implemented in the PSTN (public switched telephone network) replacement project, which started on 15 April 2014 with a 3-year time frame. In harmony with Magyar Telekom strategy, more than 1 million

customers with PSTN/ISDN will be switched onto the IP-based network. The use of modern, low-consumption devices will result in energy savings of 300 000 000 kWh in 10 years – this volume corresponds to the yearly energy consumption of 100 000 households – and through this we can achieve 100 000 tons less CO₂-emissions. In 2014 we switched off 14 exchanges.

Our strategic program aimed at the consolidation of IT equipment rooms has come to a conclusion: the IT equipment portfolio operating at 7 Budapest locations was consolidated to 3 sites. This means a significant cost reduction, while the machines have been transferred to a higher quality and more reliable environment.

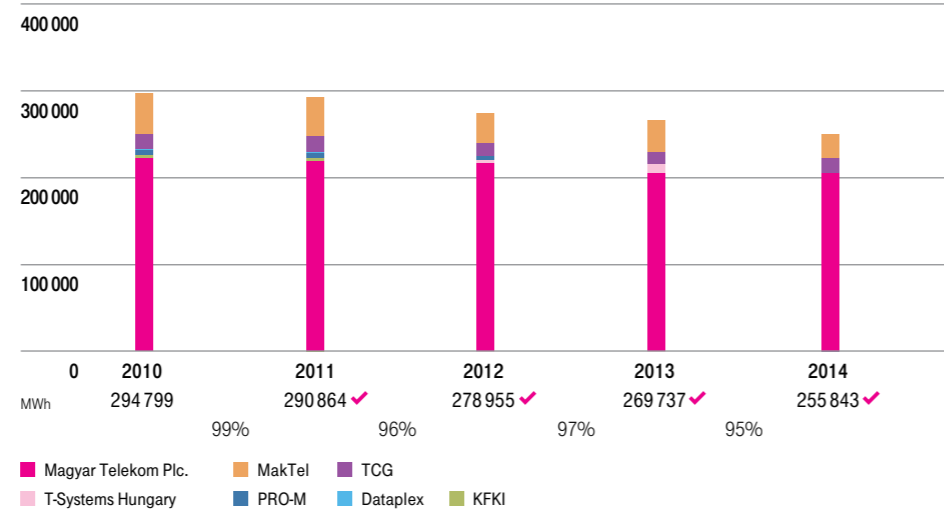


Within the framework of the network modernisation project the entire 2G and 3G radio network will be exchanged in 2015 too. The deployment of the new devices will result in a more environmentally-conscious use of energy, since with the use of these devices the consumption of our network is reduced to nearly half of the consumption in the previous period.

Crnogorski Telekom's energy efficiency improvement in 2014: optimisation of PSU rectifiers and technology spaces, modernisation of air conditioners, reduction of heaters in heating system, increasing the operating temperature in Data Center by 10C.

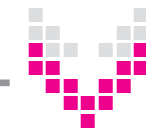
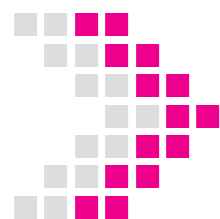
Magyar Telekom Plc. sells electricity produced by gas engines at its Krisztina krt site to the ELMŰ electricity network (the amount is approximately 40-50 thousand kWh per month). It annually produces about 600 MWh, which is 0.28% of the total energy consumption.

ELECTRICITY CONSUMPTION MAGYAR TELEKOM GROUP



Energy-use reduction and dematerialization solutions

By offering cloud services to customers the use of local resources has been reduced, which means we have achieved energy and equipment savings. Magyar Telekom's server virtualization caused hardware liquidation. The IT virtual desktop environment that was introduced in the call center has made the use of high-value computers unnecessary, thus saving energy.



In 2014 the Data Centre finished its investment cycle of 3 years, where in the final year the water cooler system was replaced. As a result of these development steps, the Data Centre was able to save 5.074 million kWh in 2014, which is approximately the consumption of 2400 households. Based on the operational efficiency of the Data Center, T-Systems

Hungary LLC continually received the prize of Energy Efficient Company in the Virtual Power Station Program in 2015.

<http://www.t-systems.hu/megoldasok/infrastruktura/adatkozpont-budapest/energiatudatos-vallalat>



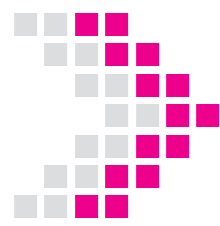
Nissan Leaf at the Sustainability Day

7.2.2. Fleet management, fuel consumption

On a group level the number of vehicles in the fleet was reduced by 3.28% ✓, with the balance of vehicles shifting further towards service vehicles. The fleet's combination did not change significantly regarding fuel type; the number of hybrid cars increased, the number of electric cars (3) did not change.

NUMBER OF VEHICLES BY FUEL AND USAGE TYPE AT MAGYAR TELEKOM GROUP

| | 2013 | 2014 | change |
|--------------------------|----------------|----------------|----------------|
| Total | 4 061 ✓ | 3 928 ✓ | -3.28% |
| Diesel | 2 369 ✓ | 2 261 ✓ | -4.56% |
| Petrol | 1 600 ✓ | 1 572 ✓ | -1.75% |
| Hybrid | 89 ✓ | 92 ✓ | +3.37% |
| Electric | 3 ✓ | 3 ✓ | 0.00% |
| Personal use | 1 636 ✓ | 1 428 ✓ | -12.71% |
| | 40.29% | 36.35% | -9.76% |
| Service operation | 2 425 ✓ | 2 500 ✓ | +3.09% |
| | 59.71% | 63.65% | +6.58% |



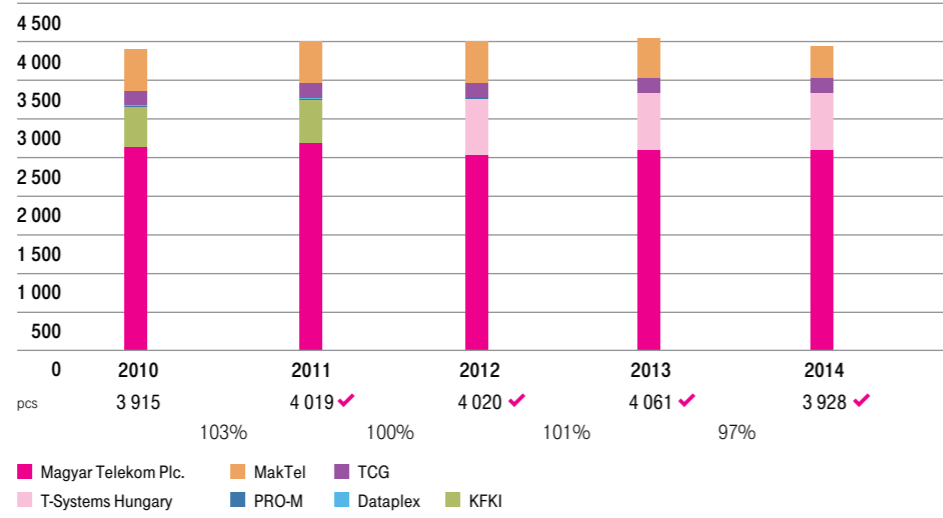
We are working on the implementation of a quality monitoring system, PPM (Proactive Performance Management) at Magyar Telekom Plc. This will allow us to reduce the number of on-site repair works with more targeted and centralized fault localization, thus reducing vehicle usage.

Fuel consumption increased by 2% ✓, but the average fuel consumption of vehicles decreased ✓ and returned to the 2011 level. The increased fuel consumption was caused by an increase in the mileage of the vehicles, including an increase of 6% for service operation vehicles (which are highly dependent on projects and services). Therefore, it is important

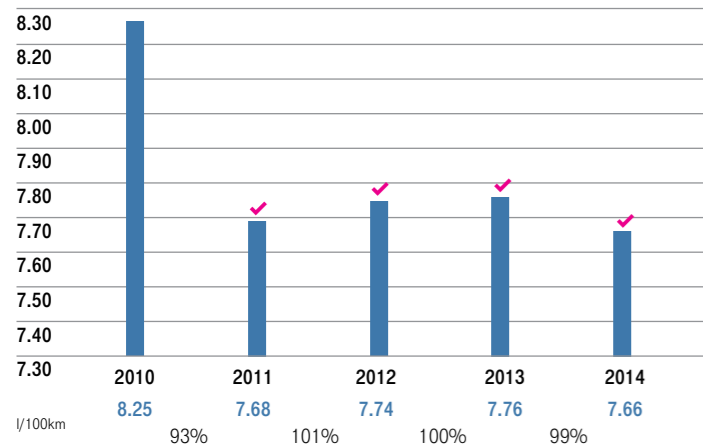
to develop all travel replacement solutions.

Electric car consumption increased from 1.19 MWh to 2.63 MWh was caused by an increase in the mileage of the vehicles from 8859 km to 15 459 km. (Personal use is more significant due to the fact that the nationwide refill station network is still incomplete.)

TOTAL NUMBER OF VEHICLES MAGYAR TELEKOM GROUP

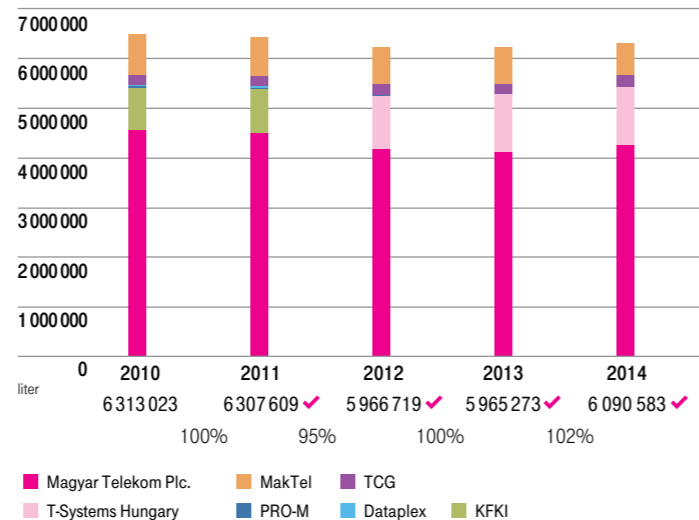


OVERALL AVERAGE FUEL CONSUMPTION MAGYAR TELEKOM GROUP



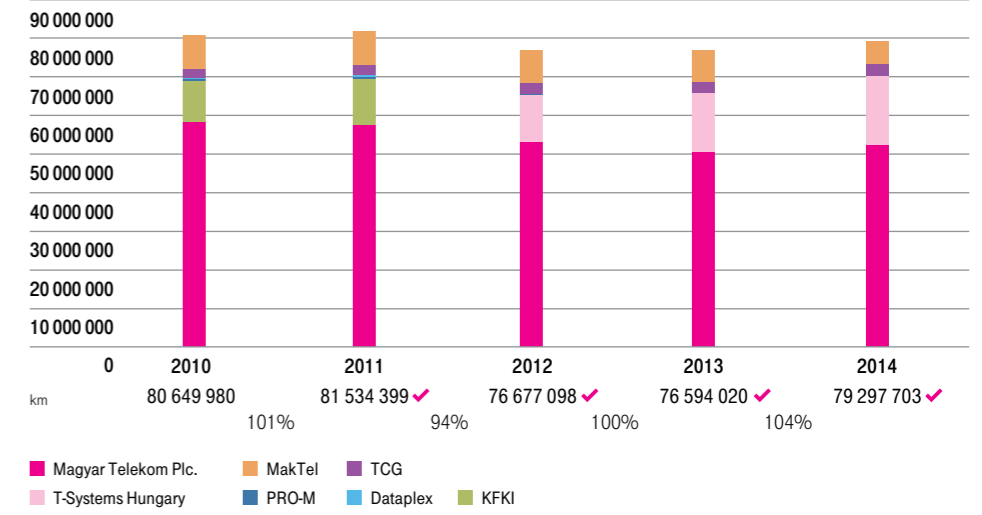
■ overall average fuel consumption of vehicles

TOTAL FUEL CONSUMPTION OF VEHICLES MAGYAR TELEKOM GROUP

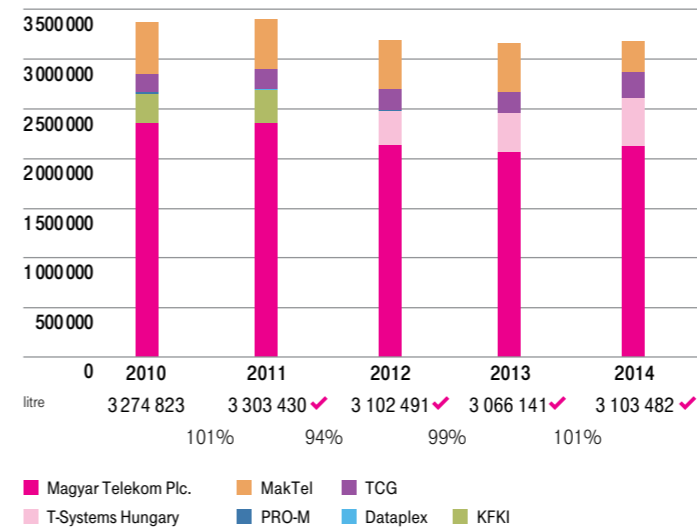


■ Magyar Telekom Plc. ■ MakTel ■ TCG
■ T-Systems Hungary ■ PRO-M ■ Dataplex ■ KFKI

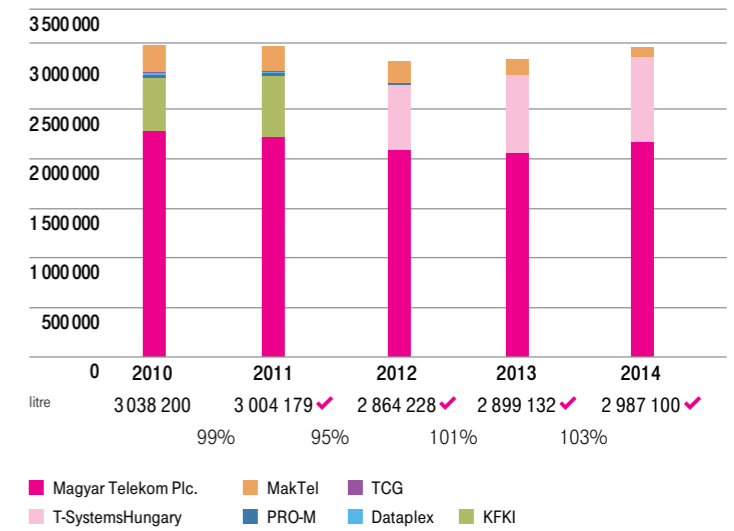
MILEAGE OF VEHICLES MAGYAR TELEKOM GROUP



FUEL CONSUMPTION OF VEHICLES (DIESEL) MAGYAR TELEKOM GROUP



FUEL CONSUMPTION OF VEHICLES (PETROL) MAGYAR TELEKOM GROUP



Solutions to replace travel

Regarding business trips, mileage decreased by 3% from 6 169 593 km to 5 982 689 km. The most significant change was with regard to flights.

TelePresence video conferences

Utilization in 2014 was at the same level as 2012, but it was still 60% higher than that in the base year (2010). Overall, a decrease was observed

compared to 2013: the number of video conferences decreased from 2560 ✓ to 1744 ✓. However, the saving of car road kilometres increased because more local travel was replaced by video conferences due to organizational changes.

Savings on fuel by replacement of car transport: diesel fuel: 45 995 ✓ liters, petrol: 36 302 ✓ liters.

In 2014 TeleBike offered 53 bikes, and 6 new electric bikes were also added to the fleet. Employees could commute between the offices of the company located within the Budapest city limits and the six T-Systems Hungary sites. Some figures for 2014: 1633 registered users; 17 333 rentals (daily average more than 100); 27 000 km; 5000 kg of CO₂-emissions prevented.

Teleworking

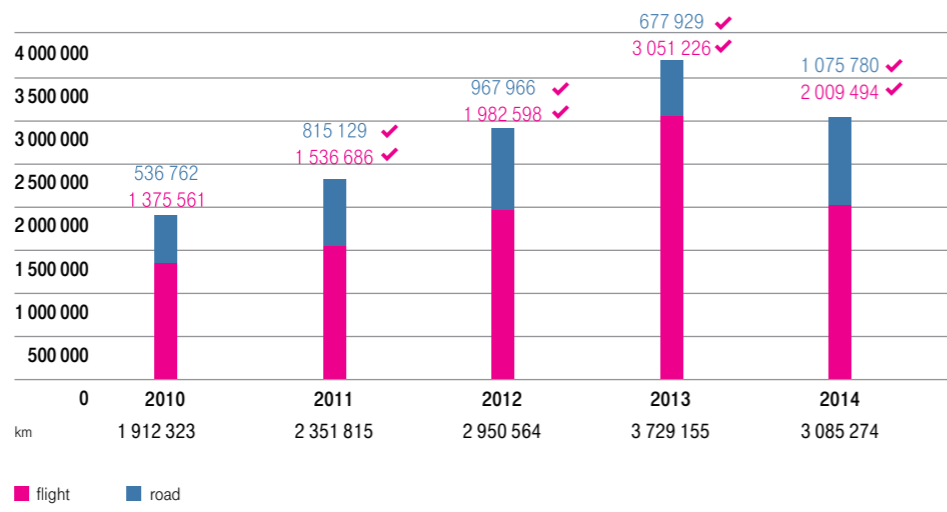
Magyar Telekom has supported teleworking for years as it is beneficial for both employee and employer. We started surveying our employees' commuting habits (based on a small sample, but for a large office building in a good location in terms of public transport): approximately 31% choose to come to work by car, with 84 kilometres the daily average. Considering this result, teleworking has a significant role to play in replacing travel.

which has been further extended compared to 2013. Magyar Telekom developed the concept, operated the registration system and developed the safety solution for the bikes, while also paying attention to the innovative, environmentally friendly nature of the installation: for example, the terminals used for rental are operated with solar cells.

Bicycle courier service

Since 2012 Magyar Telekom has been sending some of its consignments by bicycle courier service. Use has increased year on year and is now triple the 2012 level, with more than 3600 km of car transport replaced and 0.62 tons of CO₂-emissions prevented.

**TRAVEL REPLACED BY VIDEO CONFERENCES
MAGYAR TELEKOM GROUP**



Magyar Telekom Group emphasises the popularization of greener or replaced travel solutions, for both employees and customers.

T-Systems Hungary encourages commuting to work by bicycle and provides bicycle storage in a guarded car park.

Thanks to a donation from Crnogorski Telekom, 18 bike racks have been installed in Podgorica and a mass cycling event was organized to promote cycling.

7.2.3. Fossil fuel consumption

At Magyar Telekom initiatives aimed at replacing furnaces and modernizing heating systems, as well as using the residual heat generated in machine rooms for heating, also continued.

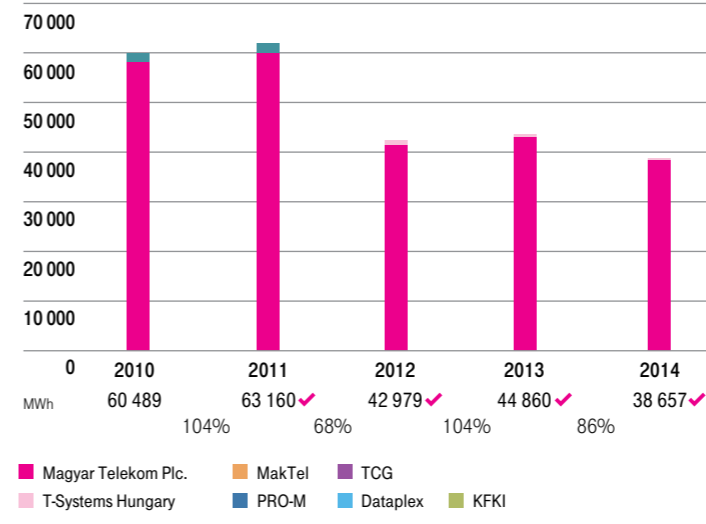
Diesel fuel consumption decreased due to the more stable electricity supply in 2014.

MakTel completely eliminated ✓ the use of fuel oil.

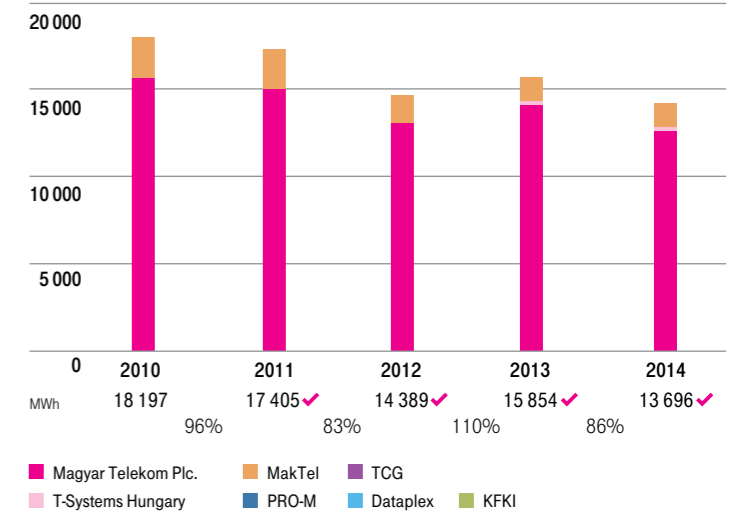
7.2.4. District heating

The consumption of MakTel decreased by 29% ✓ due to space optimisation and heating supply optimisation by the heating supplier, while at Magyar Telekom Plc. district heating decreased by 11.3% ✓ thanks to the reconstruction of the heating systems.

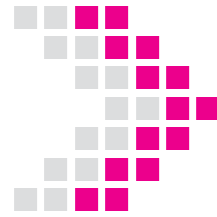
**GAS CONSUMPTION
MAGYAR TELEKOM GROUP**



**DISTRICT HEATING CONSUMPTION
MAGYAR TELEKOM GROUP**



7.2.5. Paper consumption

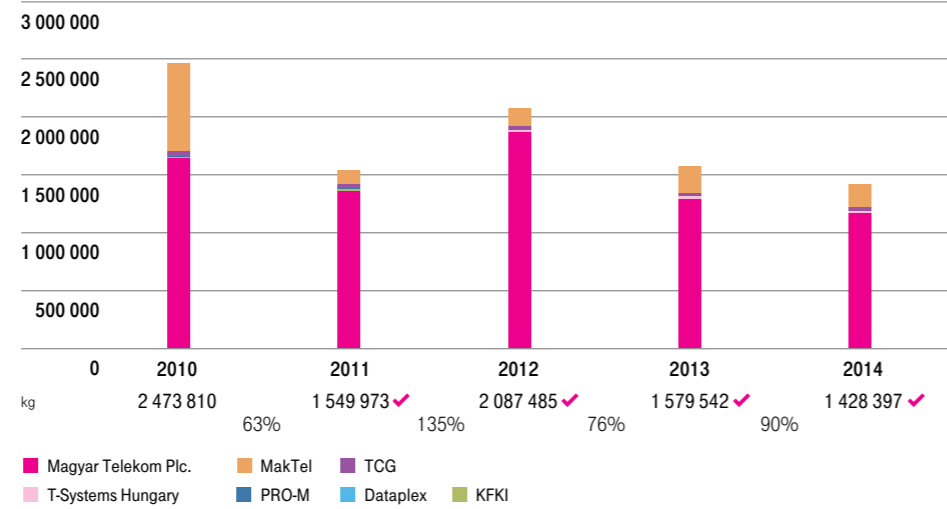


Magyar Telekom Group reduced paper consumption further by nearly 10% ✓, continuing the trend that has been observed for many years. The proportion of recycled paper increased by 1% ✓.

Due to improvements in the reduction of paper consumption, the proportion of PR and marketing material by weight ratio significantly decreased. The paper used for printing bills has the highest proportion and this slightly increased, but the e-billing ratio also increased (relative to the total number of invoices issued) from 11% to 16%.

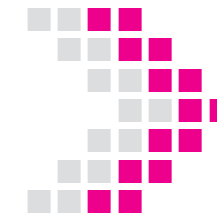
We report on paper usage not to reflect on its use, but rather to complete the determination of CO₂-emissions. We make an effort in accordance with DT expectations to more accurately calculate the carbon dioxide emissions resulting from the use of our products and services.

TOTAL PAPER CONSUMPTION MAGYAR TELEKOM GROUP



PAPER CONSUMPTION OF MAGYAR TELEKOM GROUP [KG]

| | 2013 | 2014 | change |
|----------------------------------------|-------------|-------------|---------|
| Total paper consumption | 1 579 542 ✓ | 1 428 397 ✓ | 9.57% |
| Packaging paper | 128 114 ✓ | 175 479 ✓ | 36.97% |
| Office paper | 544 134 ✓ | 481 009 ✓ | -11.60% |
| Paper used for bills | 653 966 ✓ | 662 409 ✓ | 1.29% |
| PR and marketing material | 253 328 ✓ | 109 500 ✓ | -56.78% |
| Recycled paper within the total | 194 056 ✓ | 192 456 ✓ | -0.82% |



The Group issued 27% ✓ more e-bills to its customers in 2014 than in 2013.

E-billing

At Crnogorski Telekom, at the end of 2014 total e-bill penetration (residential and business) was 34.5%, compared to 26.5% in 2013. In Q3 of 2014 a newly-created e-business unit (commercial division-consumer segment) took over the e-billing initiative. They continued with the previous actions for acquiring new e-bill customers (phonecalls, broadcasts), but also focused more on target groups and advertising.

At the end of 2014 the number of electronic bills issued for Makedonski Telekom was 17 089 e-bills (8.65 % of all the bills issued), and for T-Mobile Macedonia it was 38 103 e-bills (18.08% of all the bills issued). During 2014 Makedonski Telekom and T-Mobile Macedonia launched a new product from the mobile wallet service portfolio.

Thanks to various campaigns Hungarian companies also achieved outstanding growth.

Office paper consumption

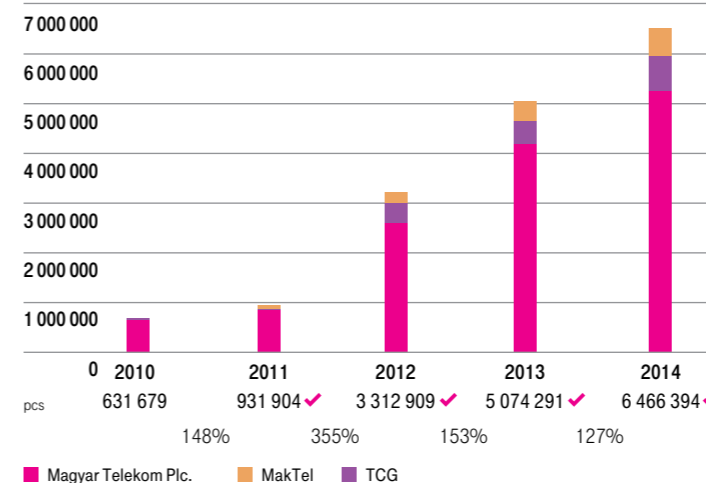
Group-wide use of office paper decreased by 12% because of automation, the expansion of the 'paperless' office and the printer consolidation process.

In 2014 MakTel automated 6 processes, while the refreshed trainee program of Magyar Telekom became completely paperless (electronic).

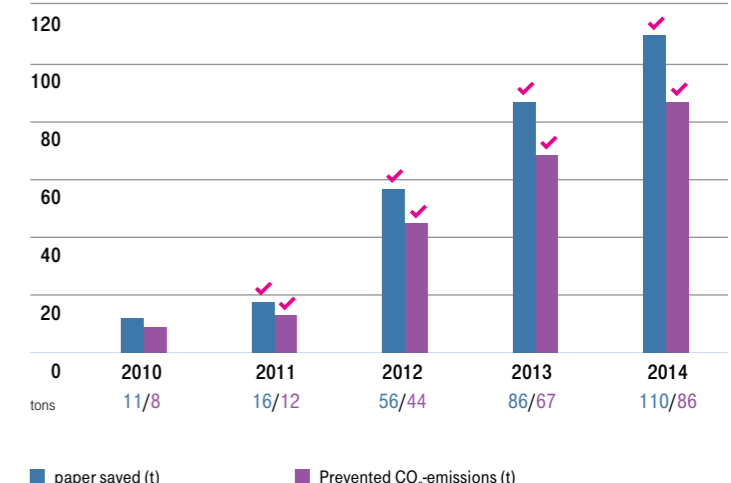
T-Systems Hungary sent invitations to events via e-mail instead of paper. During the events we minimized the amount of paper brochures and leaflets by using digital displays to show the expertise of our company, and we encouraged the participants to visit our webpage. E-reception was in place for the whole year in 2014, giving these figures:

- 9 685 online registered visitors – approximately 323 sheets of paper saved
- 10 179 online internal post records (logins) – approximately 340 sheets of paper saved

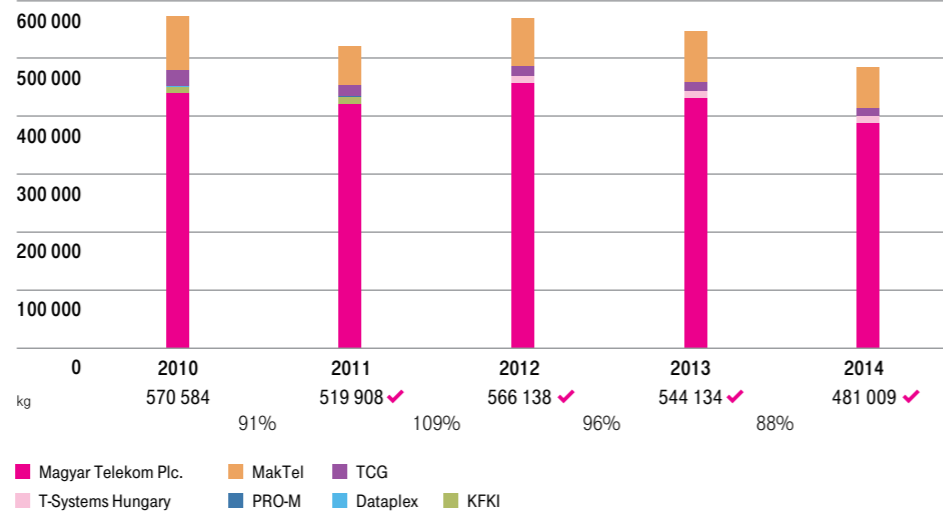
ELECTRONIC BILLS (PIECES) MAGYAR TELEKOM GROUP



PAPER SAVED AND CO₂-EMISSIONS PREVENTED BY ELECTRONIC BILLS MAGYAR TELEKOM GROUP



OFFICE PAPER USED BY EMPLOYEES MAGYAR TELEKOM GROUP



The paper used in offices has the EU Ecolabel, with PEFC and green range certification.

The amount of **paper used for packaging** continued to grow, but this is the area we can influence the least because it greatly depends on the projects and the sales portfolio.

7.2.6. Biodiversity

Magyar Telekom Plc.'s developments do not require such impact studies (EIA). Magyar Telekom strives to avoid development in nature reserves or Nature 2000 territories, as they make projects significantly lengthier (time of authorization procedure) and more costly. As the minimum requirement, the environmental authority's approval is needed to develop a network in a protected or Nature 2000 area or its surroundings.

In 2014 the company was not obliged to make environmental impact studies for its developments; in only four cases, mostly related to the development of the optical network, was there the need to ask for environmental approval.

Land use, visual impact

For the Group it is important that its projects are only undertaken on the land necessary for them, preserving the original biodiversity and making the buildings fit into the environment better.

The composition of the mobile network represents a slight change at group level: the number of base stations grew by 6% (2013: 5173; 2014: 5462). Towers shared with other operators decreased by 4% (2014: 1591). The number of sites in Hungary decreased by more than half in the course of a network modernisation project.

Noise and vibration protection

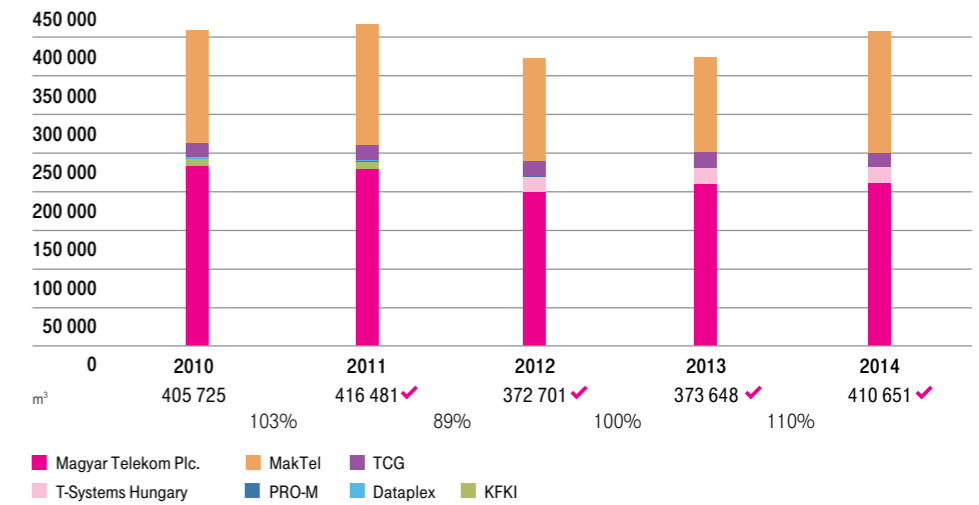
At Magyar Telekom Group sites we have to pay attention to two potential noise sources which may disturb the quality of life of people living nearby: the outdoor air-conditioning equipment and diesel generators used in emergencies. Last year Magyar Telekom received only one noise complaint, the resolution of which is currently in progress.

Water consumption

The water consumption at Magyar Telekom Group is exclusively for social purposes. Group-level water consumption increased by 10%✓, despite the fact that 24 Magyar Telekom sites have been installed with water-saving taps as part of a project which began in 2012.

Magyar Telekom Plc. has 2 drilled wells, from which 13 745 cubic metres of water was taken. This is 6.51% of total drinking water consumption.

WATER CONSUMPTION MAGYAR TELEKOM GROUP



We help local communities by creating community gardens and using uncultivated land, thereby increasing the diversity of the area: in 2014 Magyar Telekom Plc. began development of three community gardens, of which the first was opened near the company's site on Csárda street, where the local gardeners started their work on 28 plots. In 2014 we launched a tree-planting project in collaboration with Főkert, under which nearly 100 trees were planted around Budapest (Gellért-rakpart, Fogarasi út, Erzsébet királyné útja).



Community gardeners in the Csárdás garden



In 2014 T-Systems Hungary got together with a number of partners that fit Magyar Telekom Group's sustainability strategy; among other projects, they developed an

app to help bird ringing with the Foundation of the Hungarian Ornithological and Nature Conservation Society, and helped the adoption program of the Budapest Zoo

and Botanical Garden. The zoo donation will help to improve conditions for the animals.

7.3. EMISSIONS

7.3.1. Waste

In harmony with waste management principles (EU strategy, DT requirements, MT's sustainability strategy, suitability for re-use), Magyar Telekom follows the following rules for its used equipment:

- first try to re-use within the company, sell to employees or external partners, rent or lease or transfer without compensation (donation);
- as a final solution, handle as waste (to be disposed of through appropriately licensed contractors).

Within Magyar Telekom Group the largest proportion of generated waste (close to 70% ✓) – despite the development of recycling – is still the municipal waste. Second by volume is technological waste (e-waste), with a 16% ✓ share. In 2014 only 2.65% ✓ of waste was considered hazardous.

Compared to 2013 total waste dropped by 10% ✓, but the compositional ratio shifted in 2014 to less recyclable waste, so the recycling rate has continued to decrease.

To reduce the environmental impact of waste, more and more of our sites provide the opportunity for selective waste collection and we want to improve efficiency by reviewing the handling of contracts and collection points, inspections and communication.

In September 2013 Crnogorski Telekom implemented the selective collection of waste. From the date of implementation (until the end of March) more than 83% of employees had the opportunity to collect waste selectively.

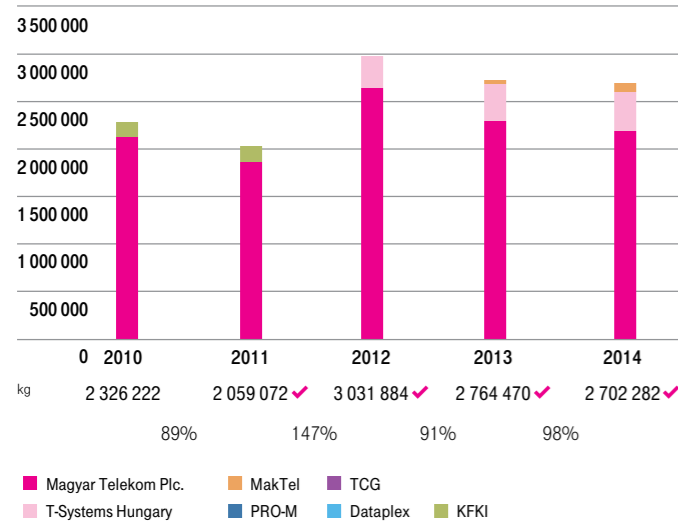
Hazardous waste

The quantity of hazardous waste decreased significantly, by 30% ✓: in the network fewer battery exchanges took place, meaning less waste was produced. (Due to this, however, the recycling rate decreased.)

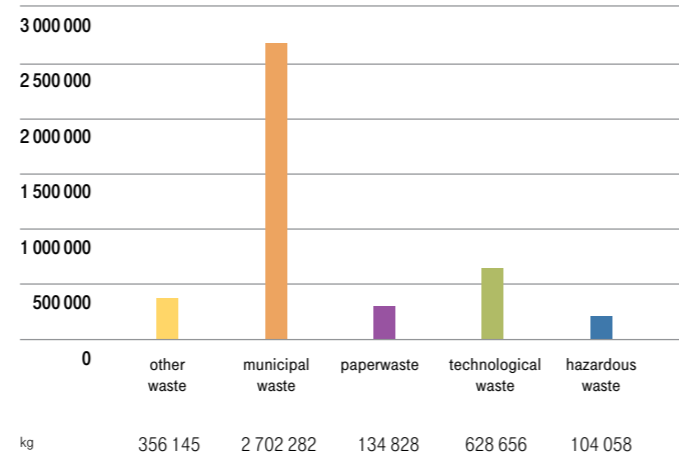
QUANTITY OF WASTE BY TYPE AND RECYCLING RATE AT MAGYAR TELEKOM GROUP, 2010–2014

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|-----------------------------------|------------------|------------------|------------------|------------------|--------------------|
| Hazardous waste total [kg] | 238 910 | 149 852 | 290 929 | 148 923 | 104 058 ✓ |
| recycled hazardous waste (kg) | 175 745 | 99 264 | 135 088 | 95 794 | 56 303 ✓ |
| Technological waste (kg) | 548 570 | 1 206 442 | 1 233 708 | 1 079 417 | 628 656 ✓ |
| recycled technological waste (kg) | 547 570 | 1 207 442 | 1 040 810 | 811 211 | 399 285 ✓ |
| Paper waste total (kg) | 263 860 | 251 780 | 292 832 | 149 894 | 134 828 ✓ |
| recycled paper waste(kg) | 257 480 | 251 780 | 269 443 | 143 874 | 125 248 ✓ |
| Municipal waste (kg) | 2 326 222 | 2 059 072 | 3 031 884 | 2 764 470 | 2 702 282 ✓ |
| recycled municipal waste (kg) | - | - | 7 000 | 2 916 | 1 140 ✓ |
| Other waste (kg) | 134 848 | 149 960 | 343 274 | 241 550 | 356 145 ✓ |
| recycled other waste (kg) | 65 231 | 23 000 | 35 000 | 24 768 | 28 394 ✓ |
| Total waste (kg) | 3 512 410 | 3 817 106 | 5 192 627 | 4 384 254 | 3 925 969 ✓ |
| recycled waste total (kg) | 1 046 026 | 1 581 486 | 1 487 341 | 1 078 563 | 610 370 ✓ |
| recycling rate (%) | 30% | 41% | 29% | 25% | 16% ✓ |

MUNICIPAL WASTE MAGYAR TELEKOM GROUP



QUANTITY OF WASTE BY TYPE, 2014 MAGYAR TELEKOM GROUP

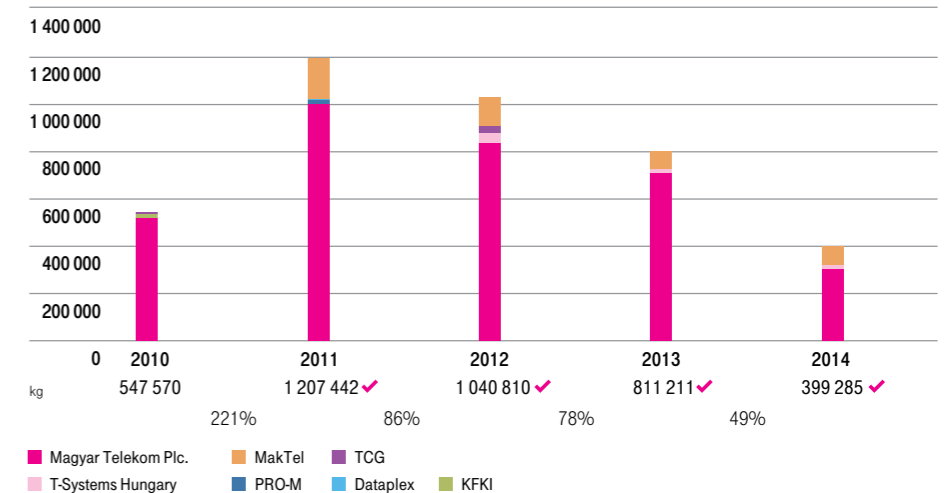


Technological waste

The quantity and quality of technological waste greatly depends on the telecommunication projects and developments currently being carried out, so from one year to the other large quantitative and qualitative changes may appear.

Last year's report described a copper mine project in Hungary (http://www.telekom.hu/static/sw/download/Sustainability_Report_2013.pdf, page 90). After the end of this project in 2013 the amount of waste cable decreased significantly; simultaneously, the recycling rate did too. The introduction of a group-wide procedure based on DT regulations for the management of cable waste is expected by the end of 2015.

RECYCLED TECHNOLOGICAL WASTE MAGYAR TELEKOM GROUP



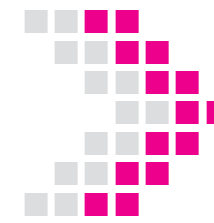
Paper waste

Despite the quantity of paper waste increasing at some individual subsidiary companies (partly as a result of document sorting), the total quantity of paper waste decreased group-wide, due to the 'paper use minimisation projects' detailed in the climate protection chapter.

Other waste

The quantitative increase of other waste at Magyar Telekom Plc. can be traced back, in part, to building renovations.

At Magyar Telekom Plc. the recycling rate is nearly 16% ✓. In the case of municipal waste, local public services must be used, so only estimated data is available; the waste is placed in licensed landfill sites. The company does not give its waste to be incinerated or composted. 14% of waste fits into other treatment categories; in these cases, the handling company carries out pre-treatment, selects the recyclable parts, and prepares the waste for its final recovery or disposal.



The company thinks it important to affect our environment only as necessary and with the least impact; we pay special attention to the reviewing, repair and re-use of the equipment in our network. The re-use rate of CPE devices increased from 66% to 71% over the last period.

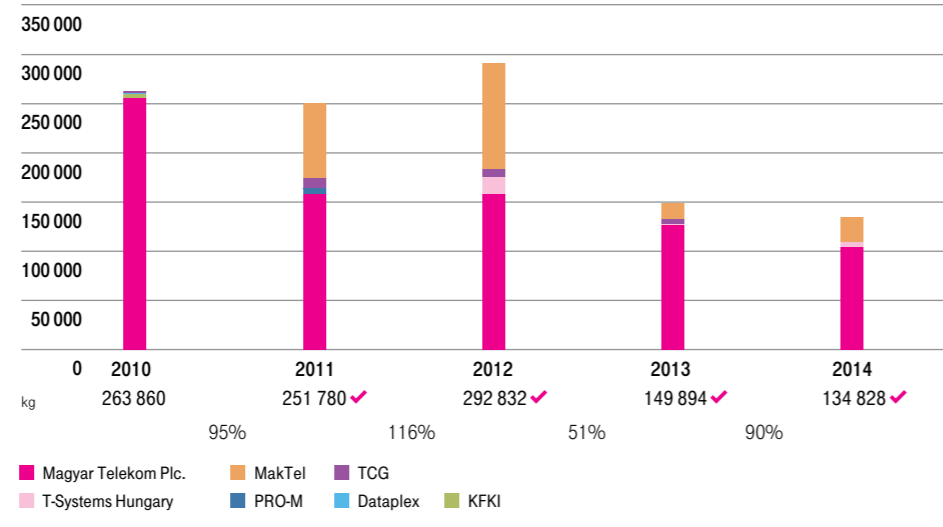
Hungarian companies comply with producer's responsibilities as follows:

- In the case of electronic equipment which falls under product fee regulations, companies choose the product fee payment and the national collection system. Magyar Telekom Plc. paid more than 59 million HUF in product fees for mobile phones in 2014. The national collection rate requirement was 45% in the IT sector; about 7 million kilograms of IT waste were collected in Hungary as reported by the National Collection and Treatment Plan; the national objective was achieved. (The national system does not report company-level data.)
- In the case of batteries, under the conditions provided by law, Magyar Telekom Plc. partly transferred the obligation to a special compliance scheme. The compliance scheme reached a collection rate of above 35%, with 1301kg of waste being collected and treated, with a 61.55% recycling rate.

We inform our clients on our websites about the handling possibilities for used equipment and batteries, and we ensure the receipt and disposal of them through appropriately licensed contractors. Last year, without running any specific campaigns, we collected 145 kg of used mobile phones. This volume is decreasing continuously, which is why we are bringing attention to take-back through initiatives such as the release of our hello holnap! mobile app.

In the chapter 'Products and services' we report in more detail about sustainable products and the mitigating properties (to reduce climate change) of our services. The impact of TelePresence is described separately.

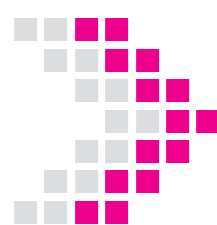
**PAPER WASTE
MAGYAR TELEKOM GROUP**



7.3.2. Producer's responsibility

In cooperation with equipment manufacturers, Magyar Telekom is committed to environmentally-friendly equipment manufacturing and

recycling processes. (For more details about the procurement requirements see the chapter 'Suppliers'.)



To offer more transparent information about environmentally-friendly equipment we label them in our catalogues, making it easier for customers to make a conscious choice when purchasing. Currently, 33% of our devices have sustainability features.



LÁSZLÓ MARUZS
after-sales colleague

The company has been pursuing asset recycling activities in various forms, including the repair and renewal of network equipment.

The reuse of these assets saved certain costs but the real breakthrough in cost-reduction was the CPE recycling process that resulted in significant CAPEX cost-reductions that are visible in the financial results as we managed to reduce our demand for new assets and give priority to used equipment.

Besides using high-value equipment multiple times at our customers, we also reduce the quantity of electronic waste thereby protect our environment.

It is really good to know that our activities are not only beneficial from a professional point of view but also from a sustainability perspective.

With this Telekom acts as an environment conscious company and proves that its sustainability efforts are real and not just words on paper.



7.3.3. Effects of transport and logistics

Currently the company keeps records of only the internal transport emissions (KPI: mileage, fuel consumption of vehicles). Magyar Telekom Plc.'s logistics partner, which supplies our sites, partner outlets and sales channels, travelled some 3 million kilometres for the fulfilment of this service in 2014. This represents less than 6% of the total mileage of vehicles.

To reduce the environmental impact of transport in Hungary:

- Procurement from local suppliers (if possible);
- Use of bicycle courier services for delivery of consignments;
- Collection of on-site generated materials using circular trips;
- We are working on the implementation of a quality monitoring system (Proactive Performance Management).

7.3.4. Emissions into the air

Magyar Telekom pays an air pollution fee in accordance with national legislation based on the pollutants coming from boilers, chimneys, diesel generators etc. The amount of pollutants emitted from Magyar Telekom Plc. sources and the fee paid: 951 269 HUF (NOx : 7927 kg, SOx: 3 kg)

7.4. ENVIRONMENTAL OBJECTIVES, COSTS AND COMPLIANCE

Electricity consumption showed a significant reduction of 13% Group-wide, which exceeded the 2015 target values. This was due to the implementation of energy-reduction solutions. We achieved a 36% reduction in **natural gas consumption** thanks to boiler modernisation and renewal. **Heating and diesel oil consumption** showed a decrease of approximately 89% compared to the base year. With the reduction of **district heating consumption** by 25%, we over-achieved the five-year strategic objective. The significant decrease is the result of optimisation and reconstruction.

Fuel consumption: In **diesel consumption** a slight increase was experienced, but we were able to reach the 5% reduction level. **Petrol consumption** also increased, but when evaluated pro rata the target was achieved (2% decrease compared to the base year.) **Total fuel consumption** decreased 3.5% compared to the base year. **The energy efficiency indicator** reached 35.76 Gbit/KWh, by which the pro-rata target value was achieved. **Paper consumption** was reduced by 42%, which represents the pro-rata achievement of the second-year objective of the strategy. This reduction is due to the automatisation of processes, the 'paperless office' and the printer consolidation project. **Proportion of office paper/recycled paper consumption: due to lower paper consumption** – and as a consequence the lower use of recycled paper – this objective was not fulfilled; the proportion increased, but only by 4.87 %.

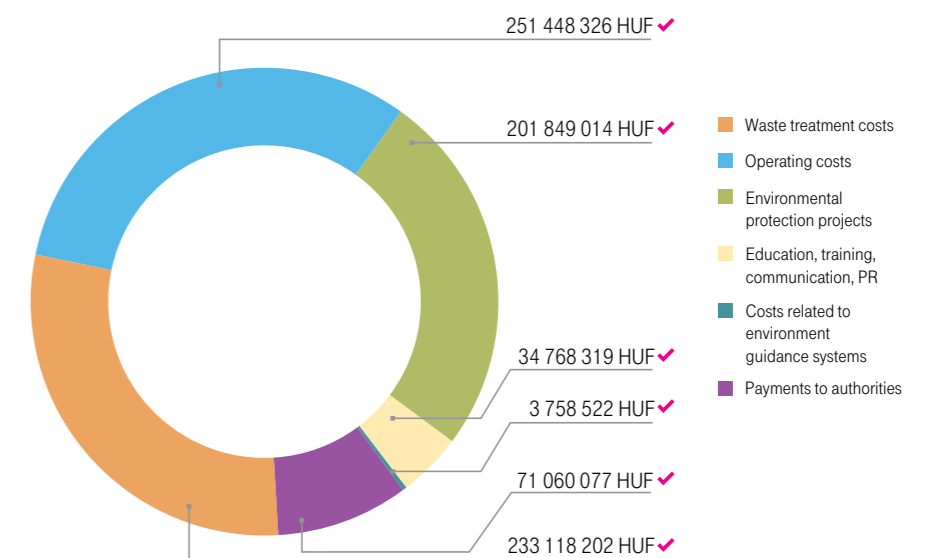
The Group's environmental manager's responsibility is the coordination and control of complaints related to the environment. For any request regarding the environment (external and internal) the Group's environmental manager should be consulted. Members of the public can send messages to: sustainability@telekom.hu. We strive to answer received proposals, complaints and enquiries as quickly as possible.

In 2014 Magyar Telekom Plc. received four enquiries regarding the environment and demanding action: 2 regarding electromagnetic radiation, 1 about noise and 1 about ragweed. The complaints did not lead to any findings of guilt as the emission levels were under the limits. The noise complaint is still in progress. (The complaint was not sent to our email addresses directly.)

It can be seen that, in general, the sensitivity of the population has strengthened in regards to electromagnetic radiation and noise issues. We aim to keep all interested parties satisfied with the solutions we offer.

| Target area | Group-wide target 2011–2015 | Pro-rata achievement in 2014 (base year: 2010) |
|--------------------------------------|-----------------------------|------------------------------------------------|
| Electricity consumption | -5% | achieved |
| Natural gas consumption | -5% | achieved |
| Heating energy consumption | -5% | achieved |
| Fuel consumption of vehicles | | |
| diesel | -5% | achieved |
| petrol | -5% | achieved |
| Energy efficiency indicator | 48 Gbit/kWh | achieved |
| Paper consumption | -30% | achieved |
| Ratio of office paper/recycled paper | 25% | not achieved |

ENVIRONMENTAL PROTECTION COSTS IN 2014 MAGYAR TELEKOM GROUP



8. INVESTOR RELATIONS



Magyar Telekom also puts emphasis on its home page to satisfy the information needs of those interested. Up-to-date information can be found in the 'For Investors' menu about the corporation's strategy, financial situation (quarterly financial reports), general meetings, dividend payment furthermore, current listing of Magyar Telekom's shares, and all the information necessary to get in touch with the corporation is also available. The e-mail address and telephone number of the Investor Relations department can be found on the web site, and members of the department respond to questions sent via e-mail as soon as possible.

Meeting in person seems to be the most important tool to maintain Investor Relations. There are two ways of meeting people in person: either the investor and/or analyst pays a visit in person in Budapest, where she/he can meet as required with the company's top management and/or staff of the Investor Relations department, or the possibility of meeting personally is taken when Magyar Telekom's representatives travel abroad in the framework of a road show or conference. Magyar Telekom's top management and staff of the Investor Relations department spend in the order of 20–25 days abroad on various

road shows and conferences in the main centers of the financial world where the vast majority of fund managers and investors are active. Around 150–200 meetings take place annually with investors and analysts.

In addition to the above, the corporation regularly assesses investor needs each year with the help of a questionnaire. An independent specialized firm is commissioned to prepare a so-called perception study, which assesses investors' opinion, needs and expectations with the help of a list of questions, elaborated in detail on a representative sample. The summary presentation

of the final results of the survey is prepared by the Investor Relations area, and presented at the meeting of the Management Committee.

Magyar Telekom continues to be the target of responsible investor evaluations. Responsible investors are investors who, in addition to traditional financial and risk analyses, also take the environmental and social performance of the corporations into consideration.

In 2014 Magyar Telekom won so far the most prominent acknowledgement for its sustainability results.



Magyar Telekom received a honorable third place in the international ranking of Oekom Research. The report focuses on the sustainability aspects of the world's 108 telecommunication companies' operation.

According to the report, that also contains the ranking of the world's telecommunications companies, from sustainability aspect, Magyar Telekom is the third in the world ranking, behind

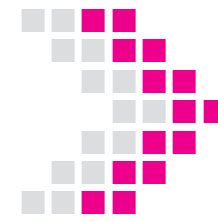
its parent company Deutsche Telekom and BT Group. According to the responsible investment rating review, Magyar Telekom has been rated prime, i.e. recommended for investment.



In 2014, Magyar Telekom was once again included in the CEERIUS (Central and Eastern European Responsible Investment Universe) index launched by the Vienna Stock Exchange among the companies performing the best in terms of sustainability in the Central and Eastern European region.

In 2014, Magyar Telekom participated in the Carbon Disclosure Project (CDP) again. In the framework of the worldwide initiative major companies report to the major investors about their climate protection approach, the related risks and

possibilities, as well as their CO₂-emission. In addition the FTSE4Good, the Sustainability and MSCI responsible investment, consulting organisations also assessed the sustainability performance of Magyar Telekom Group in 2014.



As an important player in Hungary's telecommunications market, Magyar Telekom carefully considers its relations with regions, standards organisations, innovation organisations and higher education institutions that are closely connected to the telecommunications industry.

9.1. PROFESSIONAL COOPERATION

We are active members of the Mobility and Multi-media Cluster, established in 2007 to coordinate Hungarian mobile and multimedia technology players and Hungarian research and development capacity, and, based on this capacity, to introduce Hungarian inventions to the domestic and global markets. MMCluster has now become one of the most important organisations in Hungary, with members ranging from large telecommunication and IT companies to small and medium-sized enterprises focusing on infocommunication innovation, as well as universities and research centres.

We take an active role in the work of Hungarian scientific organisations like HTE (Scientific Association for ICT Hungary), MISZ (Hungarian Association for Innovation) and IVSZ (ICT Association of Hungary).

Our relations with institutions of higher education are diverse. We contribute to the practice-oriented training of students by donating equipment and by presenting case studies, as well as by organizing series of lectures and local site visits. We nurture a close professional relationship with the Mobile Innovation Centre and regularly take part in and deliver lectures at their professional conferences.

In recent years, international cooperation among DT companies has also moved to the

forefront in order to exploit synergies within the group. We are playing an important role in the international programme that aims to transform our company's operational model. The main goal of this is to create a future-proof infrastructure and service palette, supporting future operations, contributing to the goal of making DT Group the leading service provider of Europe, and to achieve the optimization of network infrastructures and resources on the group level.

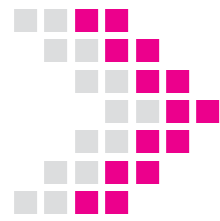
Besides that, we prioritize and work hard on the adaptation of development results to the Hungarian market, sharing product-rollout experiences and coordinating vendor relations and purchases (provided they are justified in business terms). Within the framework of the regularly-held domain meetings, we take part in joint projects, the results of which efficiently support the tasks of the technology area, promote the strengthening of our competitiveness in terms of technology, and help the improved exploitation of our financial capacities.

We continue to nurture close relations with our strategic vendors, which enable us to harmonize technology roadmaps, mutually join development phases and familiarize ourselves with market experiences in other countries. We are continuously striving for an improvement in quality, having regular bilateral meetings with our strategic vendors, where we jointly evaluate our experiences.

9. COOPERATION

9.1. Professional cooperation 170

9.2. Cooperation in the field of environmental protection and society 171



9.2. COOPERATION IN THE FIELD OF ENVIRONMENTAL PROTECTION AND SOCIETY

In addition to professional challenges, the company group is also looking for possibilities to cooperate in order to solve social and environmental issues.

The company group is a member of the Hungarian Business Leaders Forum (HBLF) in several areas:

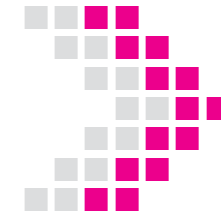
- Partnership and Volunteering Working Group
- HBLF for Diversity HR Working Group
- Equal Opportunities Working Group
- Health Working Group
- Environmental Protection and Sustainability Working Group
- Community Programmes Working Group
- Business Ethics and Transparency Working Group

The company group has been an active member of the Sustainability Working Group of ETNO (European Telecommunications

Network Operators) for many years. Members support each other in addressing the most divergent problems pertaining to sustainability. In addition to meetings, organized three times a year, an internet portal supports joint work and the sharing of best practices.

In relation to the hello holnap! tariff packages, we held a couple of forums with stakeholder organisations (SINOSZ, MGVYOSZ, MEOSZ, ÉFOÉSZ, AOSZ). The communication with them is active, and we have been able to improve our communications with people with disabilities and improve our services based on their recommendations.

We contributed to the scientific work of the Presidential Committee of Environmental Sciences of the Hungarian Academy of Sciences and the National Adaptation Centre with our expertise. Our colleagues keep contact with several institutions of higher education: acting as dissertation consultants, enhancing the awareness of students writing their dissertations, and delivering lectures about the industry.



In the increasingly complex system of modern civilization, there are an ever-growing number of dependencies. Living beings, communities, states, as well as organic and economic systems, depend on each other; and the more complex the system is, the more prone it will be to losing its balance and collapsing. The 7th Sustainability Day (FN7) on 27 September in Millenáris Park, Budapest was all about dependencies.

In 2014 we organized the 7th Sustainability Day. We have got used to a host of dependencies within the system we have created. Different dependent relationships offer amenities, security and gain in the present, but can lead to discomfort, exposure and helplessness in the more distant future. How then does this system come into being, what feeds it and keeps it alive, and is there

any way out of it? And should we even look for a way out? Energy politician and banker, sociologist and writer, comedian and psychologist, toxicologist and film director: they all probe into this for a whole day on the same stage, each of them in their own particular field, with their own particular skills, ideas and sense of humour.



Róbert Ormódi, Managing director of the Hungarian Association of the Deaf and Hard of Hearing and Ádám Kósa, elected Member of the European Parliament



Keynote speaker Dr. Gábor Zacher at the 7th Sustainability Day

As always, the host of the FN7 events was Péter Novák. The programme opened at noon with an inspiring lecture by Dr. Gábor Zaher, senior physician and toxicologist, then there was the usual interactive series of discussions in sections: in 2014 the topics were energy dependence, economic dependence and social dependency relationships. Attending the forums were Rita Galambos, strategic and development director of the Foundation

for Democratic Youth; Richárd Hegyeshalmi, journalist of the Index.hu website; Kristóf Horváth, alias Bob the Actor; Ágnes Kelemen, psychologist and associate of the Autonomy Foundation; Péter Küllői, one of the founders of the Smile Foundation and chairman of the Bátor Tábor (Camp for the Brave) after a successful banking career; József Péter Martin, the managing director in Hungary of Transparency International; Béla Munkácsy,



It was possible to listen and to ask questions, but also to send anonymous messages, just like in a conference. There were things to see and touch, it was possible to observe alone in the semi-dark and to make new friends, bombard the exhibitors with everyday questions and also taste this and that.

teacher, environmental manager and doctor of geographic sciences; Györgyi Orosz, journalist, community builder and leader of the Hősök Tere (Heroes' Square) project; cultural anthropologist Flóra Pócze, who became known for her book on the homeless people of Moszkva tér; Attila Prácser, one of the founders of Oszkár telekocsi (Oscar Car Pool); film director Gábor Rohonyi; colourist Csaba

Szegedi; and Annamária Tari, special clinical psychologist, psychotherapist, psychoanalyst. István Dombóvári's stand-up comedy provided a break from the serious content.

The +1 section meeting in the afternoon looked back at the past and into the mirror of the present, but most of all it was about the future, our common future, which is of interest to all of us.



Participants of the environment section at the 7th Sustainability Day



Kristóf Horváth aka Actor Bob slamming at the 7th Sustainability Day



BMWi3 at the Sustainability Day

ASSURANCE STATEMENT



INDEPENDENT ASSURANCE REPORT

To the Management of Magyar Telekom Nyrt.

This report is produced in accordance with the terms of our Contract dated 9th June 2015 for the purpose of reporting to Magyar Telekom Nyrt. (the "Company") in connection with the 2014 Sustainability Report.

Management's Responsibility

The Management of Magyar Telekom Nyrt. is responsible for the preparation of the Sustainability Report in accordance with the GRI guidelines – "Comprehensive" option – as set out in Sustainability Reporting Guidelines of Global Reporting Initiative G4 version ("GRI criteria").

This responsibility includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for individual Sustainability disclosures which are reasonable in the circumstances.

Description of the Subject Matter and Identification of the Criteria

The aim of this limited assurance engagement is to express a conclusion whether the selected information and data (marked with the check symbol ("✓") in the Sustainability Report) of the 2014 Sustainability Report is prepared by the Management of Magyar Telekom Nyrt. in line with the GRI criteria.

Our Responsibility

Our responsibility is to report on the selected information and data in the 2014 Sustainability Report based on our work performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Information" ("ISAE 3000"). This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether the selected information and data included in the 2014 Sustainability Report has been prepared, in all material respects, in accordance with the GRI criteria.

Summary of the work performed

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

- Inquiries of the management as well as personnel of the central unit responsible for the reporting of sustainability information and the preparation of the Sustainability Report to examine that the relevant processes for gathering and analyzing the information and data marked with the check symbol ("✓") in the Sustainability Report are in line with the GRI criteria;
- Examination whether the information and data marked with the check symbol ("✓") are disclosed in line with the GRI criteria, for example:

PricewaterhouseCoopers Könyvvizsgáló Kft., 1055 Budapest, Bajcsy-Zsilinszky út 78.
T: +36 1 461 9100, F: +36 1 461 9115, www.pwc.com/hu



- whether the indicators (profile indicators) of the company are fully included in the report;
- whether the management approach and principles are presented for each major topics;
- whether all of the material indicators required by GRI criteria are included in the report. If not, proper explanation should be included;
- whether the supplemental indicators specific to the telecommunications sector are also included in the report.
- Analytical review, which contains inquiry of management about certain changes or fluctuations in the information and data marked with the check symbol ("✓") compared to the previous period;
- Performing sample testing for the accuracy of the information and data marked with the check symbol ("✓"), for example by inspecting statistical reports, accounting records, documents from external service providers, conduction of site visits.


In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected information and data (marked with the check symbol ("✓") in the 2014 Sustainability Report) has not been prepared, in all material respects, in accordance with the GRI criteria.

Budapest, 13 July 2015


Árpád Balázs
Partner
PricewaterhouseCoopers Könyvvizsgáló Kft.

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

GRI CONTENT INDEX

GRI (Global Reporting Initiative) is an international organization the purpose of which is to provide a standard framework of guidelines and indicators for preparing sustainability reports, thus ensuring comparability and promoting transparency among companies.

The following table helps the reader to find the information included in the report attached to specific GRI indicators. You can read more about the guidelines and the indicators on the following website <https://www.globalreporting.org/standards/g4/Pages/default.aspx>

MAGYAR TELEKOM GROUP - SUSTAINABILITY REPORT 2014 - GRI G4 CONTENT INDEX - TELECOMMUNICATION SECTOR SPECIFIC DISCLOSURES

| DMA and Indicators | Disclosure Title | Chapter in Sustainability Report 2014 | Page Number | Website | Direct Answer | Omission(s) | External Assurance |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|--------------------|
| GENERAL STANDARD DISCLOSURES | | | | | | | |
| STRATEGY AND ANALYSIS | | | | | | | |
| G4-1 | Statement from the most senior decision-maker of the organization. | Letter from the CEO | 5-8 | | | | ✓ |
| G4-2 | Description of key impacts, risks, and opportunities. | Our approach (Sustainability strategy) | 12-15 | | | | ✓ |
| ORGANIZATIONAL PROFILE | | | | | | | |
| G4-3 | Name of the organization. | About the Group | 31-32 | http://www.telekom.hu/about_us/about_magyar_telekom | | | ✓ |
| G4-4 | Primary brands, products, and services. | About the Group | 31-32 | http://www.telekom.hu/mobil/english/services | | | ✓ |
| G4-5 | Location of the organization's headquarters. | About the Group | 31-32 | http://www.telekom.hu/about_us/about_magyar_telekom | | | ✓ |
| G4-6 | Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report. | About the Group | 31-32 | http://www.telekom.hu/static/sw/download/MagyarTelekom_internationalpresence_2013.pdf | | | ✓ |
| G4-7 | Nature of ownership and legal form. | About the Group | 31-32 | http://www.telekom.hu/about_us/investor_relations/magyar_telekom_shares/ownership_structure | | | ✓ |
| G4-8 | Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | About the Group | 31-32 | | | | ✓ |
| G4-9 | Scale of the organization. | About the Group | 31-36 | | | | ✓ |
| G4-10 | Total number of employees and total workforce. | About the Group 5. Employees | 32, 106, 112, 120, 121 | | | | ✓ |
| G4-11 | Total employees covered by collective bargaining agreements. | 5.3. Human rights, equal opportunities | 124 | | | | ✓ |
| G4-12 | The organization's supply chain. | 2. Suppliers | 55-62 | http://www.telekom.hu/about_us/about_magyar_telekom/procurement | | | ✓ |
| G4-13 | Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain. | About the Group, 2. Suppliers | 32-33, 56, 60-61 | | | | ✓ |
| G4-14 | Explanation whether and how the precautionary approach or principle is addressed by the organization. | Our approach (Sustainability strategy) 1.2. Risk management 2. Suppliers 7.1. Climate protection and energy efficiency | 12-15, 51, 55-62, 146-150 | http://www.telekom.hu/about_us/society_and_environment/approach_strategy_and_goals | | | ✓ |
| G4-15 | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | 9. Cooperation | 170-171 | | | | ✓ |
| G4-16 | Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; • Views membership as strategic. | 9. Cooperation | 170-171 | | | | ✓ |
| IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | | | | | | |
| G4-17 | All entities included in the organization's consolidated financial statements or equivalent documents. | About the Group | 31-36 | | | | ✓ |
| G4-18 | Process for defining the report content. | About the report Our approach (Materiality) | 9-10, 25-28 | | | | ✓ |
| G4-19 | All the material Aspects identified in the process for defining report content. | Our approach (Materiality) GRI content index | 25-28, 177-198 | | | | ✓ |
| G4-20 | Aspect Boundaries within the organization and their specific limitations. | About the report Our approach (Materiality) | 9-10, 25-28 | | | | ✓ |
| G4-21 | Aspect Boundaries outside the organization and their specific limitations. | About the report Our approach (Materiality) | 9-10, 25-28 | | | | ✓ |
| G4-22 | Explanation of the effect of any restatements of information provided in previous reports, and the reasons for such restatements. | About the report | 9-10 | | | | ✓ |
| G4-23 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries. | About the report | 9-10 | | | | ✓ |

| DMA and Indicators | Disclosure Title | Chapter in Sustainability Report 2014 | Page Number | Website | Direct Answer | Omission(s) | External Assurance |
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| STAKEHOLDER ENGAGEMENT | | | | | | | |
| G4-24 | List of stakeholder groups engaged by the organization. | Our approach (Stakeholders) | 19-24 | | | | ✓ |
| G4-25 | Basis for identification and selection of stakeholders with whom to engage. | Our approach (Stakeholders, Materiality) | 19-24, 25-28 | | | | ✓ |
| G4-26 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | Our approach (Stakeholders), 2. Suppliers 3.4. Involvement of our customers 4.1. Closing the digital divide 4.2. Protection of our children in the digital age 5.5. Involvement of our employees 6.3. Our employees as corporate citizens 8. Investor relations 9. Cooperation | 19-24, 55-62, 74-80, 82-88, 88-90, 127-132, 141-142, 167-168, 169-174 | | | | ✓ |
| G4-27 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Stakeholder groups that raised each of the key topics and concerns. | Our approach (Sustainability strategy, Stakeholders, Materiality) | 12-15, 19-24, 25-28 | | | | ✓ |
| REPORT PROFILE | | | | | | | |
| G4-28 | Reporting period (such as fiscal or calendar year) for information provided. | About the report | 9-10 | | | | ✓ |
| G4-29 | Date of most recent previous report (if any). | About the report | 9-10 | | | | ✓ |
| G4-30 | Reporting cycle (such as annual, biennial). | About the report | 9-10 | | | | ✓ |
| G4-31 | Provide the contact point for questions regarding the report or its contents. | About the report | 9-10 | | | | ✓ |
| G4-32 | The 'in accordance' option the organization has chosen, the GRI Content Index for the chosen option, the reference to the External Assurance Report. | About the report, GRI content index, Assurance statement | 9-10, 177-198, 175-176 | | | | ✓ |
| G4-33 | Policy and current practice with regard to seeking external assurance for the report. | About the report, Assurance statement | 9-10, 175-176 | | | | ✓ |
| GOVERNANCE | | | | | | | |
| G4-34 | Governance structure of the organization, including committees of the highest governance body and committees responsible for decision-making on economic, environmental and social impacts. | Our approach (Sustainability coordination) 1.1. Corporate governance | 15-18, 44-50 | http://www.telekom.hu/about_us/investor_relations/corporate_governance | | | ✓ |
| G4-35 | The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees. | Our approach (Sustainability coordination) | 15-18 | | | | ✓ |
| G4-36 | Executive-level position or positions with responsibility for economic, environmental and social topics. | Our approach (Sustainability coordination) | 15-18 | | | | ✓ |
| G4-37 | Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. | Our approach (Sustainability coordination) 2. Suppliers 3.4. Involvement of our customers 5.3. Human rights, equal opportunities 8. Investor relations 9.2. Cooperation in the field of environment protection and society | 15-18, 56-60, 73-74, 117-124, 168, 171-174 | | | | ✓ |
| G4-38 | The composition of the highest governance body and its committees. | 1.1. Corporate governance | 44-50 | Annual report 2014 (page nr. 66) : http://www.telekom.hu/static/sw/download/HAR_2014_Eng_Eves_Jelentes.pdf ; Board of Directors: http://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors , Management Committee: http://www.telekom.hu/about_us/investor_relations/corporate_governance/management_committee , Remuneration and Nomination Committee: http://www.telekom.hu/about_us/investor_relations/corporate_governance/remuneration_and_nomination_committee ; Self-assessment of the Board of Directors 2014 (page nr. 1,3,5 and 6): http://www.telekom.hu/static/sw/download/BoD_self_evaluation_2014_20150225_eng.pdf ; Articles of Association (chapter titled Matters within the Exclusive Scope of Authority of the General Meeting) : http://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents ; Election of members of the Board of Directors (AGM April 12, 2013) http://www.telekom.hu/static/sw/download/8_BoDmembers_21March2013_eng.pdf | The Board of Directors consisted of 10 members in 2014, with one executive and nine non-executive members. 3 members are considered independent and 7 members are not considered independent. | | ✓ |
| G4-39 | Explanation whether the Chair of the highest governance body is also an executive officer. | 1.1. Corporate governance | 44-50 | | The CEO is not holding the position of Chairman of the Board of Directors. | | ✓ |
| G4-40 | Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members. | 5.1. Talent management (Competences, responsibility) | 112-113 | Remuneration and Nomination Committee (chapter titled Powers of the Committee of the Rules of Procedure): http://www.telekom.hu/about_us/investor_relations/corporate_governance/remuneration_and_nomination_committee ; Articles of Association (chapter titled Matters within the Exclusive Scope of Authority of the General Meeting) : http://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents | | | ✓ |
| G4-41 | Processes for the highest governance body to ensure conflicts of interest are avoided and managed. | 1.3. Corporate compliance | 52-53 | Code of Conduct (chapter titled Preventing conflicts of interest) : http://www.telekom.hu/about_us/investor_relations/corporate_governance/corporate_governance_documents ; Self-assessment of the Board of Directors 2014 (page nr. 1): http://www.telekom.hu/static/sw/download/BoD_self_evaluation_2014_20150225_eng.pdf , Board of Directors (19.1 of chapter titled Miscellaneous of the Rules of Procedure): http://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors ; Corporate Governance and Management Report (Recommendation 2.6.1): http://www.telekom.hu/static/sw/download/20150415_Felelos_Tarsasagiranyitasi_Jelentes_2014_ENG.pdf | | | ✓ |

| DMA and Indicators | Disclosure Title | Chapter in Sustainability Report 2014 | Page Number | Website | Direct Answer | Omission(s) | External Assurance |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------|
| G4-42 | The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts. | Our approach (Sustainability coordination) | 15-18 | | | | ✓ |
| G4-43 | Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics. | Our approach (Sustainability coordination) | 15-18 | | | | ✓ |
| G4-44 | Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. | Our approach (Sustainability coordination) 1.1. Corporate governance | 15-18, 44-50 | | | | ✓ |
| G4-45 | The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. | Our approach (Sustainability coordination) | 15-18 | | | | ✓ |
| G4-46 | The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics. | Our approach (Sustainability coordination) 1.1. Corporate governance | 15-18, 44-50 | | | | ✓ |
| G4-47 | The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities. | Our approach (Sustainability coordination) | 15-18 | | | | ✓ |
| G4-48 | The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered. | Our approach (Sustainability coordination) | 15-18 | | | | ✓ |
| G4-49 | The process for communicating critical concerns to the highest governance body. | Our approach (Sustainability coordination) 5.3. Human rights, equal opportunities 8. Investor relations | 15-18, 117-124, 168 | | | | ✓ |
| G4-50 | The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them. | Our approach (Sustainability coordination) 7.4. Environmental objectives, costs and compliance | 15-18, 165-166 | | | | ✓ |
| G4-51 | The remuneration policies for the highest governance body and senior executives (fixed pay and variable pay, sign-on bonuses or recruitment incentive payments, termination payments, etc.) | 1.1. Corporate governance | 44-50 | Remuneration and Nomination Committee: http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation ; Annual report 2014 (page nr. 45 and 73) : http://www.telekom.hu/static/sw/download/HAR_2014_Eng_Eves_Jelentes.pdf ; Corporate Governance and Management Report (11. Remuneration statement): http://www.telekom.hu/static/sw/download/20150415_Felelos_Tarsasagiranyitasi_Jelentes_2014_ENG.pdf | | | ✓ |
| G4-52 | The process for determining remuneration. | - | - | Remuneration and Nomination Committee: http://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation ; Corporate Governance and Management Report (11. Remuneration statement): http://www.telekom.hu/static/sw/download/20150415_Felelos_Tarsasagiranyitasi_Jelentes_2014_ENG.pdf | | | ✓ |
| G4-53 | How stakeholders' views are sought and taken into account regarding remuneration. | - | - | Decision on the remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee (Annual General Meeting, April 11, 2014) : http://www.telekom.hu/static/sw/download/8_javadalmazas_19March2014_eng.pdf ; AGM resolutions (April 11, 2014): http://www.telekom.hu/static/sw/download/kozgyulesi_hatarozatok_2014AGM_14April2014_eng.pdf ; Amendment of the Remuneration Guidelines (Annual general meeting, April 16, 2012): http://www.telekom.hu/static/sw/download/20120323_8_javadalmazasi_iranyelvek_ENG.pdf , AGM resolutions (April 16, 2012): http://www.telekom.hu/static/sw/download/kozgyulesi_hatarozatok_2012AGM_ENG.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, where stakeholders could express their opinions. The Annual General Meeting, held on April 16, 2012 approved the amendments of the Remuneration Guidelines, where stakeholders could express their opinions. Remuneration guidelines adopted by 2012 AGM had been in force for 2014. | | ✓ |
| G4-54 | Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country. | - | - | Corporate Governance and Management Report (11. Remuneration statement): http://www.telekom.hu/static/sw/download/20150415_Felelos_Tarsasagiranyitasi_Jelentes_2014_ENG.pdf | Magyar Telekom considers that information about salaries is strictly confidential. Information disclosed on remuneration of Board of Directors, Supervisory Board, Audit Committee and Management (the members of the Management Committee of the company) 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]). | The information is confidential - Partial disclosure | ✓ |
| G4-55 | Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country. | - | - | Corporate Governance and Management Report (11. Remuneration statement): http://www.telekom.hu/static/sw/download/20150415_Felelos_Tarsasagiranyitasi_Jelentes_2014_ENG.pdf | Magyar Telekom considers that information about salaries is strictly confidential. Information disclosed on remuneration of Board of Directors, Supervisory Board, Audit Committee and Management (the members of the Management Committee of the Company) 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]). | The information is confidential - Partial disclosure | ✓ |
| ETHICS AND INTEGRITY | | | | | | | |
| G4-56 | The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics. | Our approach, 1.3. Corporate compliance 2. Suppliers 5.3. Human rights, equal opportunities | 11-30, 52-53, 55-62, 117-124 | http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance | | | ✓ |
| G4-57 | Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines. | 1.3. Corporate compliance 2. Suppliers 5.3. Human rights, equal opportunities | 52-53, 55-62, 117-124 | http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance | | | ✓ |
| G4-58 | Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines. | Our approach 1.3. Corporate compliance 2. Suppliers 5.3. Human rights, equal opportunities | 11-30, 52-53, 55-62, 117-124 | http://www.telekom.hu/about_us/about_magyar_telekom/principles/compliance | | | ✓ |

| DMA and Indicators | Disclosure Title | Chapter in Sustainability Report 2014 | Page Number | Website | Direct Answer | Omission(s) | External Assurance |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------|
| SPECIFIC STANDARD DISCLOSURES | | | | | | | |
| CATEGORY: ECONOMIC | | | | | | | |
| ASPECT: ECONOMIC PERFORMANCE | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Corporate strategy) | 11 | | | | ✓ |
| G4-EC1 | Direct economic value generated and distributed | About the Group | 35-36 | | | | ✓ |
| G4-EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | Our approach (Sustainability coordination, Management systems) 7. Climate and environmental protection | 15-18, 29-30, 144, 148 | | | | ✓ |
| G4-EC3 | Coverage of the organization's defined benefit plan obligations | About the Group 5.2. Occupational health and safety | 35-36, 114 | | | | ✓ |
| G4-EC4 | Financial assistance received from government | About the Group | 34 | | | | ✓ |
| ASPECT: MARKET PRESENCE | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Corporate strategy, Strategies and policies related to our sustainability approach) | 11, 27-30 | | | | ✓ |
| G4-EC5 | Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation | 5.1. Talent management (Competences, responsibility) 5.3. Human rights, equal opportunities | 112-113, 117-124 | | We always pay 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. The pay brackets are determined on the basis of the actual market benchmark. | | ✓ |
| G4-EC6 | Proportion of senior management hired from the local community at significant locations of operation | 1.1. Corporate governance 5.3. Human rights, equal opportunities | 44-50, 117-124 | | | | ✓ |
| ASPECT: INDIRECT ECONOMIC IMPACTS | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Corporate strategy) 4.1. Closing the digital divide | 11, 82-88 | | | | ✓ |
| G4-EC7 | Development and impact of infrastructure investments and services supported | 4.1. Closing the digital divide 6. Social engagement | 82-88, 133-142 | | | | ✓ |
| G4-EC8 | Significant indirect economic impacts, including the extent of impacts | 2. Suppliers 4.1. Closing the digital divide 4.4. Innovation for sustainability 6. Social engagement | 55-62, 82-88, 92-96, 133-142 | | | | ✓ |
| ASPECT: PROCUREMENT PRACTICES | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Sustainability strategy) 2. Suppliers | 12-15, 55-62 | | | | ✓ |
| G4-EC9 | Proportion of spending on local suppliers at significant locations of operation | 2.3. Local procurement | 60-61 | | | | ✓ |
| CATEGORY: ENVIRONMENTAL | | | | | | | |
| ASPECT: MATERIALS | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Sustainability strategy, Environmental policy) 7. Climate and environmental protection | 12-15, 29, 143-166 | http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/society_and_environment/environment http://www.telekom.hu/rolunk/fenntarthatosag/kornyezet/keszulekmenedzsment http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyartoi-tajekoztato | | | ✓ |
| G4-EN1 | Materials used by weight or volume | Our approach (Environmental Policy, Management systems) 7.2.5. Paper consumption 7.3.1. Waste 7.3.2. Producer responsibility | 29-30, 157-159, 161-163, 163-164 | http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/society_and_environment/environment http://www.telekom.hu/rolunk/fenntarthatosag/kornyezet/keszulekmenedzsment http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyartoi-tajekoztato | | | ✓ |
| G4-EN2 | Percentage of materials used that are recycled input materials | 7.2.5. Paper consumption 7.3.2. Producer responsibility 7.3.3. Effects of transport and logistics | 157-159, 163-164, 165 | http://www.telekom.hu/about_us/society_and_environment | | | ✓ |
| ASPECT: ENERGY | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Sustainability strategy, Environmental policy, Management systems) 7. Climate and environmental protection | 12-15, 29, 30, 143-166 | http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/about_magyar_telekom/principles | | | ✓ |
| G4-EN3 | Energy consumption within the organization | 7.1. Climate protection and energy efficiency 7.2. Resources management | 146-150, 150-159 | | | | ✓ |
| G4-EN4 | Energy consumption outside of the organization | 7.1.5. Equipment in customers' premises 7.2.2. Solutions to replace travel | 150, 155-156 | http://www.telekom.hu/about_us/society_and_environment/ict_for_sustainability | | | ✓ |
| G4-EN5 | Energy intensity | 7.1.2. Energy efficiency | 148 | | | | ✓ |
| G4-EN6 | Reduction of energy consumption | 7.1. Climate protection and energy efficiency 7.2. Resources management | 146-150, 150-160 | http://www.t-systems.hu/megoldasok/infrastruktura/adatkozpont-budapest/energiatudatos-vallalat | | | ✓ |
| G4-EN7 | Reductions in energy requirements of products and services | 7.1.2. Energy efficiency 7.2.1. Electricity consumption | 148, 150-152 | | | | ✓ |

| DMA and Indicators | Disclosure Title | Chapter in Sustainability Report 2014 | Page Number | Website | Direct Answer | Omission(s) | External Assurance |
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| ASPECT: WATER | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Environmental Policy, Management systems) 7. Climate and environmental protection | 29-30, 143-166 | http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/about_magyar_telekom/principles | | | ✓ |
| G4-EN8 | Total water withdrawal by source | 7.2.6. Biodiversity (Water consumption) | 159-160 | | | | ✓ |
| G4-EN9 | Water sources significantly affected by withdrawal of water | 7.2.6. Biodiversity (Water consumption) | 159-160 | | Comment: 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. | | ✓ |
| G4-EN10 | Percentage and total volume of water recycled and reused | 7.2.6. Biodiversity (Water consumption) | 159-160 | | We do not perform water recycling activities | | ✓ |
| ASPECT: BIODIVERSITY | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | The aspect is not material | | | | | |
| G4-EN11 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 7.2.6. Biodiversity | 159-160 | | | | |
| G4-EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas | - | - | | Whenever possible our company avoids construction projects in protected or Natura 2000 areas | | |
| G4-EN13 | Habitats protected or restored | - | - | | | | |
| G4-EN14 | Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk | - | - | | | | |
| ASPECT: EMISSIONS | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Sustainability strategy, Environmental policy) 7. Climate and environmental protection | 12-15, 29, 143-166 | http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/about_magyar_telekom/principles | | | ✓ |
| G4-EN15 | Direct greenhouse gas (GHG) emissions (Scope 1) | 7.1. Climate protection and energy efficiency 7.2. Resources management | 146-150, 150-160 | | | | ✓ |
| G4-EN16 | Energy indirect greenhouse gas (GHG) emissions (Scope 2) | 7.1. Climate protection and energy efficiency 7.2. Resources management | 146-150, 150-160 | | | | ✓ |
| G4-EN17 | Other indirect greenhouse gas (GHG) emissions (Scope 3) | 7.1. Climate protection and energy efficiency 7.1.5. Equipment in customers' premises 7.2.5. Paper consumption | 146-150, 150, 157-159 | | | | ✓ |
| G4-EN18 | Greenhouse gas (GHG) emissions intensity | 7.1.2. Energy efficiency | 148 | | | | ✓ |
| G4-EN19 | Reduction of greenhouse gas (GHG) emissions | 7.1. Climate protection and energy efficiency 7.2. Resources management | 146-150, 150-160 | | | | ✓ |
| G4-EN20 | Emissions of ozone-depleting substances (ODS) | - | - | | EN-200DS material 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 we do not report this item | | ✓ |
| G4-EN21 | NOX, SOX, and other significant air emissions | 7.3.4. Emissions into the air | 165 | | | | ✓ |
| ASPECT: EFFLUENTS AND WASTE | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Environmental policy) 7. Climate and environmental protection | 29, 143-166 | http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/about_magyar_telekom/principles | | | ✓ |
| G4-EN22 | Total water discharge by quality and destination | 7.2.6. Biodiversity (Water consumption) | 159-160 | | 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. There was one occasion when a water pipe broke within the building as a result we had to scrap documents. | | ✓ |
| G4-EN23 | Total weight of waste by type and disposal method | 7.3.1. Waste 7.3.2. Producer's responsibility | 161-163, 163-164 | | | | ✓ |
| G4-EN24 | Total number and volume of significant spills | - | - | | There was no significant leakage or unsupervised output. | | ✓ |
| G4-EN25 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally | - | - | | We do not import or export or manage hazardous waste. | | ✓ |
| G4-EN26 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff | - | - | | Not relevant | | ✓ |

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| ASPECT: PRODUCTS AND SERVICES | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Sustainability strategy, Environmental policy) 7. Climate and environmental protection | 12-15, 29, 143-166 | http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/society_and_environment/environment/management_systems http://www.telekom.hu/about_us/society_and_environment/ict_for_sustainability | | | ✓ |
| G4-EN27 | Extent of impact mitigation of environmental impacts of products and services | 4.3. ICT for sustainability 7. Climate and environmental protection 7.1. Climate protection and energy efficiency 7.2. Resources management 7.3.2. Producer's responsibility | 91, 144-145, 146-150, 150-160, 163-164 | http://www.telekom.hu/about_us/society_and_environment/ict_for_sustainability http://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek/fenntarthato_keszulekek http://www.telekom.hu/rolunk/fenntarthatosag/kornyezet/keszulekmenedzsment http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyartoi-tajekoztato https://beszerzes.telekom.hu/beszerzes/portal?appid=beszerzes&page=szallitoinknak/informaciok/fooldal.vm | | | ✓ |
| G4-EN28 | Percentage of products sold and their packaging materials that are reclaimed by category | 7.3.2. Producer's responsibility | 163-164 | http://www.telekom.hu/about_us/society_and_environment/ict_for_sustainability http://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek/fenntarthato_keszulekek http://www.telekom.hu/rolunk/fenntarthatosag/kornyezet/keszulekmenedzsment http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyartoi-tajekoztato https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/vendors/information/main.vm | Comment: Magyar Telekom Plc.'s intermediary partner for managing accumulators is ReLEM (http://www.relem.hu/). | | ✓ |
| ASPECT: COMPLIANCE | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Environmental Policy, Management systems) 7. Climate and environmental protection | 29-30, 143-166 | http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/society_and_environment/environment/management_systems http://www.telekom.hu/static/sw/download/Magyar_Telekom_environmental_policy.pdf | | | ✓ |
| G4-EN29 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | 1.4. Regulatory compliance 7.4. Environmental objectives, costs and compliance | 54, 165-166 | | No environment protection related sanction or fine by the authorities. | | ✓ |
| ASPECT: TRANSPORT | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Environmental Policy) 7. Climate and environmental protection | 29, 143-166 | http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/about_magyar_telekom/principles | | | ✓ |
| G4-EN30 | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce | 7.1. Climate protection and energy efficiency 7.2. Resources management 7.3.3. Effects of transport and logistics | 146-150, 150-160, 165 | | | | ✓ |
| ASPECT: OVERALL | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Sustainability strategy, Environmental policy) 7. Climate and environmental protection 7.4. Environmental objectives, costs and compliance | 12-15, 29, 143-164, 165-166 | | | | ✓ |
| G4-EN31 | Total environmental protection expenditures and investments by type | 7.4. Environmental objectives, costs and compliance | 165-166 | | | | ✓ |
| ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Sustainability strategy), 2. Suppliers | 12-15, 55-62 | | | | ✓ |
| G4-EN32 | Percentage of new suppliers that were screened using environmental criteria | 2. Suppliers | 56-60 | https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm | | | ✓ |
| G4-EN33 | Significant actual and potential negative environmental impacts in the supply chain and actions taken | 2. Suppliers | 56-60 | | We have not terminated any contract with our suppliers with reference to sustainability/environment protection reasons. | | ✓ |
| ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Environmental Policy) 7. Climate and environmental protection | 29, 143-166 | http://www.telekom.hu/about_us/society_and_environment http://www.telekom.hu/about_us/society_and_environment/environment/management_systems http://www.telekom.hu/static/sw/download/Magyar_Telekom_environmental_policy.pdf | | | ✓ |
| G4-EN34 | Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms | 7.4. Environmental objectives, costs and compliance | 165-166 | http://www.telekom.hu/about_us/society_and_environment | | | ✓ |

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| CATEGORY: SOCIAL | | | | | | | |
| SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK | | | | | | | |
| ASPECT: EMPLOYMENT | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (HR-strategy) 5. Employees | 27-28, 105-132 | | | | ✓ |
| G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region | 5.4. Managing changes | 126 | | | | ✓ |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | 5.1. Talent management (Competences, responsibility) 5.3. Human rights, equal opportunities | 112-113, 117-124 | | | | ✓ |
| G4-LA3 | Return to work and retention rates after parental leave, by gender | 5.3. Human rights, equal opportunities | 119 | | | | ✓ |
| ASPECT: LABOR/MANAGEMENT RELATIONS | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (HR-strategy) 5. Employees | 27-28, 105-132 | | | | ✓ |
| G4-LA4 | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements | 5.4. Managing changes | 124-127 | | | | ✓ |
| ASPECT: OCCUPATIONAL HEALTH AND SAFETY | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (HR-strategy) 5. Employees | 27-28, 105-132 | | | | ✓ |
| G4-LA5 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | 5.2. Occupational health and safety | 113-116 | | a. Depending of 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. b. 0,01 % (80 persons) | | ✓ |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | 5.2. Occupational health and safety | 116 | | Most frequent injuries are bruising and dislocation of limbs, Magyar Telekom Plc.: 65 injuries (13 female, 52 male), out of 1 565 765 the number of lost workdays was 1058. Injury types: 50 technical and 15 office. T-Systems: 4 injuries (1 female, 3 male), out of 336 918 the number of lost workdays was 71. Injury types: 1 technical and 3 office. We do not keep records on injuries at our suppliers. | | ✓ |
| G4-LA7 | Workers with high incidence or high risk of diseases related to their occupation | 5.2. Occupational health and safety | 113-116 | | Prevention and screening examinations are important part of Magyar Telekom's prevention system. Within the frame of the system we require the vaccination of employees who are exposed to thick bites. It is also important that within aptitude tests we perform hearing and eye examinations. The company pays special attention to locomotion screening examinations too. Independently from the activities performed we provide opportunities for heart and cardiovascular examinations as well. We elaborate technological processes to avoid electric shock accidents and to ensure the safety of work performed in heights. In the case of business trips abroad-if necessary-the relevant vaccination is determined. | | ✓ |
| G4-LA8 | Health and safety topics covered in formal agreements with trade unions | 5.2. Occupational health and safety | 113-116 | | Besides determining the tasks and responsibilities of occupational safety representatives in the Occupational Safety Rules and Regulations, the competences of the Central Works Council also includes participation in measures to provide healthy and safe workplaces and to avoid accidents and occupational diseases. 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 280001 MEBIR safety standards. | | ✓ |
| ASPECT: TRAINING AND EDUCATION | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (HR-strategy) 5. Employees | 27-28, 105-132 | | | | ✓ |
| G4-LA9 | Average hours of training per year per employee by gender, and by employee category | 5.1. Talent management | 109-110 | | | | ✓ |
| G4-L10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | 5.1. Talent management | 107-113 | | | | ✓ |
| G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | 5.1. Talent management | 110-112 | | | | ✓ |
| ASPECT: DIVERSITY AND EQUAL OPPORTUNITY | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (HR-strategy) 5. Employees | 27-28, 105-132 | | | | ✓ |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | 1.1. Corporate governance 5. Employees | 47, 106, 112 ,120, 121 | | | | ✓ |
| ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (HR-strategy) 5. Employees | 27-28, 105-132 | | | | ✓ |
| G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | 5.3. Human rights, equal opportunities | 122 | | | | ✓ |
| ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Sustainability strategy) 2. Suppliers | 12-15, 55-62 | | | | ✓ |
| G4-LA14 | Percentage of new suppliers that were screened using labor practices criteria | 2. Suppliers | 56-60 | https://beszerzes.telekom.hu/beszerzes/porta_en?appid=beszerzes&page=english/main.vm | | | ✓ |
| G4-LA15 | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken | 2. Suppliers | 56-60 | | | | ✓ |

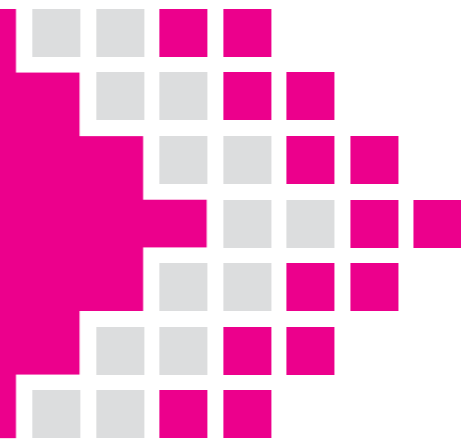
| DMA and Indicators | Disclosure Title | Chapter in Sustainability Report 2014 | Page Number | Website | Direct Answer | Omission(s) | External Assurance |
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| ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (HR-strategy) 1.3. Corporate compliance, 5. Employees | 27-28, 52-53, 105-132 | http://www.telekom.hu/static/sw/download/MT_Code_of_Conduct_31March2011.pdf | | | ✓ |
| G4-LA16 | Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms | 1.3. Corporate compliance 1.4. Regulatory compliance 5.3. Human rights, equal opportunities | 52-53, 54, 117-124 | | | | ✓ |
| SUB-CATEGORY: HUMAN RIGHTS | | | | | | | |
| ASPECT: INVESTMENT | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Sustainability strategy) 2. Suppliers | 12-15, 55-62 | | | | ✓ |
| G4-HR1 | Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | 2. Suppliers | 56-60 | https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm | | | ✓ |
| G4-HR2 | Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | 1.3. Corporate compliance 5.3. Human rights, equal opportunities | 56-60, 117-124 | | | | ✓ |
| ASPECT: NON-DISCRIMINATION | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (HR-strategy) 1.3. Corporate compliance, 5. Employees | 27-28, 52-53, 105-132 | http://www.telekom.hu/static/sw/download/MT_Code_of_Conduct_31March2011.pdf http://www.telekom.hu/static/sw/download/Social_Charter.pdf | | | ✓ |
| G4-HR3 | Total number of incidents of discrimination and corrective actions taken | 1.3. Corporate compliance | 52-53 | | | | ✓ |
| ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (HR-strategy) 2. Suppliers 5. Employees | 27-28, 55-62, 105-132 | http://www.telekom.hu/static/sw/download/Social_Charter.pdf | | | ✓ |
| G4-HR4 | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights | 1.3. Corporate compliance 2. Suppliers 5.4. Managing changes | 52-53, 56-60, 124-127 | | | | ✓ |
| ASPECT: CHILD LABOR | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 2. Suppliers 5.3. Human rights, equal opportunities | 55-62, 117-124 | http://www.telekom.hu/static/sw/download/Social_Charter.pdf | | | ✓ |
| G4-HR5 | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor | 2. Suppliers 5.3. Human rights, equal opportunities | 56-60, 124 | | | | ✓ |
| ASPECT: FORCED OR COMPULSORY LABOR | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 2. Suppliers 5.3. Human rights, equal opportunities | 55-62, 117-124 | http://www.telekom.hu/static/sw/download/Social_Charter.pdf | | | ✓ |
| G4-HR6 | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor | 2. Suppliers 5.3. Human rights, equal opportunities | 56-60, 124 | | | | ✓ |
| ASPECT: SECURITY PRACTICES | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | The aspect is not material | | | | | |
| G4-HR7 | Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations | - | - | | | | |
| ASPECT: INDIGENOUS RIGHTS | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | The aspect is not material | | | | | |
| G4-HR8 | Total number of incidents of violations involving rights of indigenous peoples and actions taken | - | - | | | | |
| ASPECT: ASSESSMENT | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 2. Suppliers 5.3. Human rights, equal opportunities | 55-62, 117-124 | | | | ✓ |
| G4-HR9 | Total number and percentage of operations that have been subject to human rights reviews or impact assessments | 2. Suppliers 3.4. Involvement of our customers 5.3. Human rights, equal opportunities | 56-60, 74-80, 117-124 | http://www.telekom.hu/static/sw/download/MT_Code_of_Conduct_31March2011.pdf http://www.telekom.hu/static/sw/download/Magyar_Telekom_Eselyegyenlosegi_Terv_2013_2015_en.pdf | The Group Code of Conduct is applicable to all member companies | | ✓ |
| ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Sustainability strategy) 2. Suppliers | 12-15, 55-62 | | | | ✓ |
| G4-HR10 | Percentage of new suppliers that were screened using human rights criteria | 2. Suppliers | 56-60 | https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm | | | ✓ |
| G4-HR11 | Significant actual and potential negative human rights impacts in the supply chain and actions taken | 2. Suppliers | 56-60 | | | | ✓ |
| ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 1.3. Corporate compliance 5.3. Human rights, equal opportunities | 52-53, 117-124 | http://www.telekom.hu/static/sw/download/MT_Code_of_Conduct_31March2011.pdf | | | ✓ |
| G4-HR12 | Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms | - | - | | One case was reported of human rights grievance, it was investigated and not substantiated. One case was filed before the reporting period but resolved as unsubstantiated in the reporting period. One case was filed before the reporting period and resolved in the reporting period as substantiated. | | ✓ |

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| SUB-CATEGORY: SOCIETY | | | | | | | |
| ASPECT: LOCAL COMMUNITIES | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 4.1. Closing the digital divide 5.5. Involvement of our employees | 82-88, 127-132 | | | | ✓ |
| G4-SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | 4.1. Closing the digital divide 4.2. Protection of our children in the digital age 4.3. ICT for sustainability 4.4. Innovation for sustainability 4.5. Service availability 5.5. Involvement of our employees | 82-88, 88-90, 91, 92-96, 97-99, 127-132 | http://www.telekom.hu/static/sw/download/Partnerseg_a_Digitalis_Magyarorszagert.pdf http://www.telekom.hu/about_us/press_room/press_releases/2014/february_21 facebook.com/okosdigitalis facebook.com/digitalishid | | | ✓ |
| G4-SO2 | Operations with significant actual and potential negative impacts on local communities | 4.1. Closing the digital divide 4.5. Service availability | 83, 97-99 | http://www.telekom.hu/static/sw/download/Partnerseg_a_Digitalis_Magyarorszagert.pdf http://www.telekom.hu/about_us/press_room/press_releases/2014/february_21 | In the case of network development efforts the physical construction of the network may cause inconvenience to the residents. | | ✓ |
| ASPECT: ANTI-CORRUPTION | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 1.3. Corporate compliance | 52-53 | http://www.telekom.hu/static/sw/download/MT_Code_of_Conduct_31March2011.pdf | | | ✓ |
| G4-SO3 | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified | 1.3. Corporate compliance | 52-53 | | Our yearly Compliance Risk Assessment (CRA) addresses active and passive corruption separately. It always includes Magyar Telekom, T-Systems, Makedonski Telekom and Crnogorski 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%). | | ✓ |
| G4-SO4 | Communication and training on anti-corruption policies and procedures | 1.3. Corporate compliance | 52-53 | | a. total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region: 100%, all regions, Magyar Telekom: 7 persons b. total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region: 100%, all regions c. total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region: 100%, Magyar Telekom's current business partners d. total number and percentage of governance body members that have received training on anti-corruption, broken down by region: 100%, all regions, Magyar Telekom: 7 persons e. total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region: Magyar Telekom Plc: 1492 person, 92% of newcomer employees in 2014 Crnogorski Telekom A.D., Novatel Bulgaria, Combridge, MKT Group: 105 person, 91% of newcomer employees in 2014 | | ✓ |
| G4-SO5 | Confirmed incidents of corruption and actions taken | - | - | | a. number of confirmed incidents of corruption: 1 b. number of confirmed incidents in which employees were dismissed or disciplined for corruption: 0 c. number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption: 1 d. public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases: 0 | | ✓ |
| ASPECT: PUBLIC POLICY | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 1.5. Political presence | 54 | | | | ✓ |
| G4-SO6 | Total value of political contributions by country and recipient/beneficiary | 1.5. Political presence | 54 | | | | ✓ |
| ASPECT: ANTI-COMPETITIVE BEHAVIOR | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 1.4. Regulatory compliance | 54 | | | | ✓ |
| G4-SO7 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | 1.4. Regulatory compliance | 54 | | | | ✓ |
| ASPECT: COMPLIANCE | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 1.4. Regulatory compliance | 54 | | | | ✓ |
| G4-SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | 1.4. Regulatory compliance | 54 | | | | ✓ |
| ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Sustainability strategy) 2. Suppliers | 12-15, 55-62 | | | | ✓ |
| G4-SO9 | Percentage of new suppliers that were screened using criteria for impacts on society | 2. Suppliers | 56-60 | https://beszerzes.telekom.hu/beszerzes/portal_en?appid=beszerzes&page=english/main.vm | | | ✓ |
| G4-SO10 | Significant actual and potential negative impacts on society in the supply chain and actions taken | 2. Suppliers | 56-60 | | | | ✓ |
| ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 1.3. Corporate compliance | 52-53 | | | | ✓ |
| G4-SO11 | Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms | 1.3. Corporate compliance | 52-53 | | | | ✓ |

| DMA and Indicators | Disclosure Title | Chapter in Sustainability Report 2014 | Page Number | Website | Direct Answer | Omission(s) | External Assurance |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------|
| SUB-CATEGORY: PRODUCT RESPONSIBILITY | | | | | | | |
| ASPECT: CUSTOMER HEALTH AND SAFETY | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 4.2. Protection of our children in the digital age 4.8. Safe use of mobile phones, electromagnetic fields | 88-90, 102-104 | | | | ✓ |
| G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | - | - | | We did not identify such impacts. | | ✓ |
| G4-PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes | - | - | | Number of incidents regarding health and security concerns of products and services, improper operation or internal regulation related incidents. • Fine or penalty resulted by improper operation: 0 • Notice resulted by improper operation: 2 • Internal notice resulted by improper operation: 0 | | ✓ |
| ASPECT: PRODUCT AND SERVICE LABELING | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach (Sustainability strategy) 3.3. Informing our customers 4.3. ICT for sustainability | 12-15, 73-74, 91 | http://www.telekom.hu/static/sw/download/MT_Code_of_Conduct_31March2011.pdf | | | ✓ |
| G4-PR3 | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements | 4.3. ICT for sustainability 4.8. Safe use of mobile phones, electromagnetic fields 7.3.1. Waste 7.3.2. Producer's responsibility | 91, 102-104, 160-163, 163-164 | | | | ✓ |
| G4-PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes | - | - | | We did not identify such incidents. | | ✓ |
| G4-PR5 | Results of surveys measuring customer satisfaction | 3.1. Customer satisfaction | 64-70 | | | | ✓ |
| ASPECT: MARKETING COMMUNICATIONS | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 3.3. Informing our customers | 73-74 | | | | ✓ |
| G4-PR6 | Sale of banned or disputed products | - | - | | Magyar Telekom Group does not sell banned or disputed products. | | ✓ |
| G4-PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes | 1.4. Regulatory compliance | 54 | | | | ✓ |
| ASPECT: CUSTOMER PRIVACY | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 4.6. Data protection | 99-101 | | | | ✓ |
| G4-PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | 4.6. Data protection | 99-101 | | | | ✓ |
| ASPECT: COMPLIANCE | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | 1.4. Regulatory compliance | 54 | | | | ✓ |
| G4-PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services | 1.4. Regulatory compliance | 54 | | | | ✓ |
| TELECOMMUNICATION SECTOR SPECIFIC INDICATORS | | | | | | | |
| CATEGORY: INTERNAL OPERATIONS | | | | | | | |
| ASPECT: INVESTMENT | | | | | | | |
| IO 1. | Capital investment in telecommunication network infrastructure broken down by country/region. | Letter from the CEO, About the Group 4.1. Closing the digital divide | 5-8, 35-36, 82-88 | | | | ✓ |
| 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. | - | - | | not relevant | | ✓ |
| ASPECT: HEALTH AND SAFETY | | | | | | | |
| IO 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. | 4.8. Safe use of mobile phones, electromagnetic fields 5.2. Occupational health and safety | 102-104, 113-116 | http://www.emf-portal.hu/portal/ | | | ✓ |
| IO 4. | Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to radiofrequency (RF) emissions from handsets | 4.8. Safe use of mobile phones, electromagnetic fields | 102-104 | http://www.emf-portal.hu/portal/ | | | ✓ |
| IO 5. | Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) guidelines on exposure to radiofrequency (RF) emissions from base stations. | 4.8. Safe use of mobile phones, electromagnetic fields | 102-104 | http://www.emf-portal.hu/portal/ | | | ✓ |
| IO 6. | Policies and practices with respect to Specific Absorption Rate (SAR) of handsets. | 4.8. Safe use of mobile phones, electromagnetic fields | 102-104 | http://www.emf-portal.hu/portal/ | | | ✓ |
| ASPECT: 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. | 4.8. Safe use of mobile phones, electromagnetic fields 7.2.6. Biodiversity | 102-104, 159-160 | | | | ✓ |
| IO 8. | Number and percentage of stand-alone sites, shared sites, and sites on existing structures. | 7.2.6. Biodiversity | 159-160 | | | | ✓ |

| DMA and Indicators | Disclosure Title | Chapter in Sustainability Report 2014 | Page Number | Website | Direct Answer | Omission(s) | External Assurance |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|--------------------|
| CATEGORY: PROVIDING ACCESS | | | | | | | |
| ASPECT: 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. | 4.1. Closing the digital divide 4.5. Service availability | 82-88, 97-99 | | | | ✓ |
| PA 2. | Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age. Include an explanation of business models applied. | 4.1. Closing the digital divide 4.2. Protection of our children in the digital age | 82-88, 88-90 | | | | ✓ |
| 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. | 4.5. Service availability | 97-99 | | | | ✓ |
| 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. | Key operating statistics of Magyar Telekom Group 4.5. Service availability | 37-42, 97-99 | | | | ✓ |
| 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. | 4.1. Closing the digital divide | 82-88 | http://www.telekom.hu/mobil/lakossagi/tarifak/havidijas/helloholnap http://www.telekom.hu/mobil/lakossagi/tarifak/domino/helloholnap | | | ✓ |
| PA 6. | Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief. | Our approach (Management systems), 4.3. ICT for sustainability, 4.5. Service availability | 30, 91, 97-99 | | | | ✓ |
| ASPECT: ACCESS TO CONTENT | | | | | | | |
| PA 7. | Policies and practices to manage human rights issues relating to access and use of telecommunications products and services. | 4.2. Protection of our children in the digital age 4.7. Addressing legal and ethical aspects of content service providing | 88-90, 101-102 | | | | ✓ |
| ASPECT: CUSTOMER RELATIONS | | | | | | | |
| PA 8. | Policies and practices to publicly communicate on EMF related issues. Include information provided at points of sales material. | 4.8. Safe use of mobile phones, electromagnetic fields | 102-104 | 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. | 4.8. Safe use of mobile phones, electromagnetic fields | 102-104 | http://www.telekom.hu/about_us/society_and_environment/society/health_and_safety | | | ✓ |
| PA 10. | Initiatives to ensure clarity of charges and tariffs. | 3.3. Informing our customers | 73-74 | | | | ✓ |
| PA 11. | Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use. | 4.3. ICT for sustainability 4.4. Innovation for sustainability 7.1. Climate protection and energy efficiency 7.3.2. Producer's responsibility 9. Cooperation | 91, 92-96, 146-150, 163-164, 169-174 | http://www.telekom.hu/about_us/society_and_environment/ict_for_sustainability http://www.telekom.hu/rolunk/fenntarthatosag/ugyfeleinknek/fenntarthato_keszulekek http://www.telekom.hu/rolunk/fenntarthatosag/kornyezeti/keszulekmenedzsment http://www.t-systems.hu/a-t-systemsrol/iranyelveink/gyartoi-tajekoztato | | | ✓ |
| CATEGORY: PROVIDING ACCESS | | | | | | | |
| ASPECT: RESOURCE EFFICIENCY | | | | | | | |
| TA 1. | Provide examples of the resource efficiency of telecommunication products and services delivered. | 4.3. ICT for sustainability 7.1. Climate protection and energy efficiency | 91, 146-150 | | | | ✓ |
| 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) | 4.3. ICT for sustainability, 4.4. Innovation for sustainability 7.1. Climate protection and energy efficiency 7.2.2. Solutions to replace travel 7.2.5. Paper consumption | 91, 92-96, 146-150, 155-156, 157-159 | http://www.telekom.hu/about_us/society_and_environment/ict_for_sustainability | | | ✓ |
| 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. | 4.3. ICT for sustainability 7.2.2. Solutions to replace travel | 91, 155-156 | http://www.telekom.hu/about_us/society_and_environment/ict_for_sustainability | | | ✓ |
| 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. | 4.3. ICT for sustainability 7.2.5. Paper consumption | 91, 157-159 | | | | ✓ |
| TA 5. | Description of practices relating to intellectual property rights and open source technologies. | 9.1. Professional cooperation 4.7. Addressing legal and ethical aspects of content service providing | 170, 101-102 | | | | ✓ |

COMPLIANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT



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

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

| GLOBAL COMPACT PRINCIPLES | CHAPTER |
|---------------------------------------------------------------------------------------------------|----------------------------------------------------|
| 1. Support and respect the protection of internationally proclaimed human rights | 1.3., 2., 4.6., 5.2., 5.3. |
| 2. Make sure that they are not complicit in human rights abuses | 1.3., 2., 5.3. |
| 3. The freedom of association and the effective recognition of the right to collective bargaining | 1.3., 2., 5.3. |
| 4. The elimination of all forms of forced and compulsory labour | 2., 5.3. |
| 5. The effective abolition of child labour | 2., 5.3. |
| 6. The elimination of discrimination in respect of employment and occupation | Our approach, 2., 5.3. |
| 7. Support a precautionary approach to environmental challenges | Our approach, 2, 7. |
| 8. Undertake initiatives to promote greater environmental responsibility | Our approach, 2., 3.4., 4.4., 6.2., 6.3., 7., 9.2. |
| 9. Encourage the development and diffusion of environmentally friendly technologies | Our approach, 4.3., 7. |
| 10. Work against corruption in all its forms, including extortion and bribery | Our approach, 1.3., 2. |



LIST OF ABBREVIATIONS

| Abbreviation | Full name |
|--------------|----------------------------------------------------------------|
| 4V | managers in change, change in managers program |
| AD | akcionarsko dioniárska (Plc.) |
| ADSL | asymmetric digital subscriber line |
| AG | Aktiengesellschaft (Company limited by shares) |
| AGM | annual general meeting |
| AmCham | American Chamber of Commerce |
| AOSZ | National Association of autism |
| ARPU | Average Revenue Per User |
| BBU-VÜK | Business Services Business Unit – business customer relations |
| BCM | Business Continuity Management System |
| BKK | Budapesti Közlekedési Központ (Centre for Budapest Transport) |
| BT | British Telecom |
| Bubi | Budapest community bikes |
| CAPEX | capital expenditure |
| CATV | Cable TV |
| CDP | Carbon Disclosure Project |
| CEERIUS | Central and Eastern European Responsible Investment Universe |
| CEMP | Central European Media & Publishing |
| CEO | chief executive officer |
| CER | Certified Emission Reduction |
| CES | customer effort score |
| CEX | Customer Experience |
| CFM | Customer Feedback Management |
| CFO | Chief Financial Officer |
| CHRO | Chief Human Resources Officer |

| Abbreviation | Full name |
|-----------------|-----------------------------------------------------------------|
| Co. | company |
| CO ₂ | carbon dioxide |
| CPE | Customer Premise Equipment |
| CPEx | direct electronic procurement transactions |
| CR | Corporate Responsibility |
| CRM | customer relationship management |
| CT | Crnogorski Telekom |
| CTIO | Chief Technology Innovation Officer |
| CSR | Corporate Social Responsibility |
| DELFIN Award | Award for a Committed, Sustainable, Innovative Generation |
| DMA | Disclosure on Management Approach |
| DPDP | Directorate for Personal Data Protection |
| DPO | Data Privacy Officer |
| DT | Deutsche Telekom |
| DTAG | Deutsche Telekom Aktiengesellschaft (company limited by shares) |
| EC | economic performance indicators |
| ÉFOÉSZ | Hungarian Association for Persons with Intellectual Disability |
| EFOTT | University and college students' national tourist meeting |
| EIA | Environmental Impact Assessment |
| EMF | electromagnetic fields |
| EN | environmental performance indicators |
| ESzCsM | Ministry of Health, Welfare and Family Affairs |
| ETNO | European Telecommunications Network Operators' Association |
| EU | European Union |
| FINA | International Swimming Federation |
| FN | Fenntarthatósági Nap (Sustainability Day) |
| FYRO | Former Yugoslavian Republic of |
| Gbit | gigabit (1000 000 000 bits) |
| GC | Global Compact |

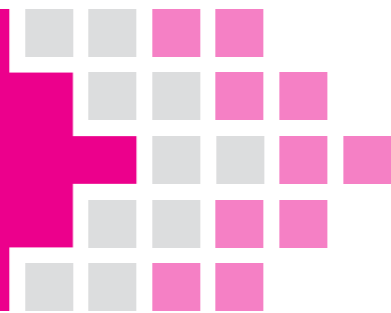
| Abbreviation | Full name |
|--------------|-----------------------------------------------------------------|
| GeSI | Global e-Sustainability Initiative |
| GmbH | Gesellschaft mit beschränkter Haftung |
| GPON | gigabit passive optical network |
| GPS | Global Positioning System |
| GRI | Global Reporting Initiative |
| GSCC | Group Sustainability Coordination Council |
| GSM | Global System for Mobile Communication |
| GSMA | GSM Association |
| GWh | gigawatt-hour |
| HBLF | Hungarian Business Leaders Forum |
| HCM | Health Care Mobile |
| HOC | Hungarian Olympic Committee |
| HR | Human Resources |
| HR | human rights performance indicators |
| HSE | Health and Safety Environment |
| HSPA | high speed packet access |
| HTE | Scientific Association for ICT Hungary |
| HUF | Hungarian forint |
| IARC | International Agency for Research on Cancer |
| ICCA | International Customer Contact Analysis |
| ICCM | integrated customer care modul |
| ICNIRP | International Commission on Non-Ionising Radiation Protection |
| ICT | information and communication technology |
| ICS | Internal Control System |
| IFRS | International Financial Reporting Standards |
| IO | Internal Operations |
| iOS | mobile operating system developed and distributed by Apple Inc. |
| IP | internet protocol |
| IPTV | internet protocol TV |

| Abbreviation | Full name |
|--------------|------------------------------------------------------------|
| ISAE3000 | Revised International Standard on Assurance Engagements |
| ISDN | integrated services digital network |
| ISO | International Organization for Standardization |
| IT | Information technology |
| IVR | interactive voice response |
| KFKI | Central Physical Research Institute |
| Kft. | limited liability company |
| KIBU | Kitchen Budapest |
| KMR | performance management system |
| KPI | key performance indicators |
| KTV | cableTV |
| kWh | kilowatt-hour |
| LA | labour practices and decent work performance indicators |
| LED | light emitting diode |
| LLC | limited liability company |
| Ltd. | private company limited by shares |
| LTE | long term evolution |
| M2M | machine to machine |
| MakTel | Makedonski Telekomunikacii |
| MATISZ | Hungarian Association of Content Industry |
| Mbps | mega bit per second |
| MC | Management Committee |
| MEOSZ | National Federation of Disabled Persons' Associations |
| MHz | Megahertz |
| MISZ | Hungarian Association for Innovation |
| MKB | Magyar Külkereskedelmi Bank (Hungarian Foreign Trade Bank) |
| MKT | Makedonski Telekom |
| MSCI | Morgan Stanley Capital International |
| MSZ | Hungarian Standard |

| Abbreviation | Full name |
|--------------|-------------------------------------------------------------------------------------|
| MT | Magyar Telekom |
| MTE | Association of Hungarian Content Providers |
| MuKi | Munka Kisgyermekkel (Work with children) project |
| MVGYOSZ | Hungarian Federation of the Blind and Partially Sighted |
| MWh | megawatt-hour |
| NFC | Near Field Communication |
| NG | next generation |
| NGO | non-governmental organization |
| NMHH | (NMTA) National Media and Infocommunication Authority |
| NOx | nitrogen oxides |
| Nyrt. | (Plc.) public limited company |
| OHSAS | Occupational Health and Safety Management System |
| OSSKI | Frédéric Joliot-Curie National Research Institute for Radiobiology and Radiohygiene |
| PA | providing access |
| Plc. | public limited company |
| PM | performance management |
| PPR | Potential and Performance Review |
| PR | product responsibility performance indicators |
| PSA | Probabilistic Safety Assessment |
| PSTN | public switched telephone network |
| QR | two-dimensional bar code |
| R&D | Research and Development |
| RFID | radio-frequency identification |
| RPC | number of subscriptions |
| SAC | subscriber acquisition cost |
| SAR | specific absorption rate |
| SatTV | satellite TV |
| SB | Supervisory Board |
| SEE | South-East Europe |

| Abbreviation | Full name |
|-------------------|---------------------------------------------------------------------------------------|
| SIM | subscriber identity module |
| SINOSZ | Hungarian Association of the Deaf and Hard of Hearing |
| SMB | small and medium-sized business |
| SMS | short message service |
| SO | social performance indicators |
| SOx | sulfur oxides |
| SoHo | Small Office Home Office |
| STKH | Sopron and Region Environmental and Waste Management Nonprofit Ltd. |
| TA | technology applications |
| TCG | Telekom Crne Gore/Crnogorski Telekom/Telekom Montenegro |
| TM | performance management system |
| TMMK | T-Mobile Macedonia |
| TRI*M Index | a standardized indicator system to explore customer satisfaction and customer loyalty |
| TSM | T-Systems |
| UMTS | universal mobile telecommunications system |
| UN | United Nations |
| UNEP | United Nations Environmental Programme |
| UNICEF | United Nations International Children's Emergency Fund |
| Variable II (VII) | Long-term incentive program |
| VDSL | Very high bit-rate Digital Subscriber Line |
| VoCa | voice over cable TV |
| VoIP | voice over internet protocol |
| VPN | virtual private network |
| VÜK | Corporate Customer Support Branch |
| WHO | World Health Organization |
| Zrt. | cPLC |

IMPRESSUM

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