

A photograph of two young women at an outdoor festival. The woman in the foreground is sitting and looking at a smartphone, wearing a yellow festival wristband with '2018' on it. The woman behind her is leaning in to look at the screen. They are both wearing colorful, patterned tops. The background is filled with green foliage and out-of-focus festival lights, creating a bokeh effect.

SUSTAINABILITY REPORT

2018



EGYÜTT. VELED



2.

RESPONSIBLE SERVICE

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2.1 CLOSING THE DIGITAL DIVIDE

Digital divide is the phenomenon when different groups of society have differing opportunities to access information technology (due to geographical location, social situatedness or other reasons).

Access to information and communication technologies is crucial for economic development in today's world. The transformation of social relations and communication makes it important for us to be familiar with new technologies and the opportunities offered by them.

With its digitally enabled sustainability program Magyar Telekom aims to overcome the digital divide and enable communities to access benefits of communication technologies and access to information.

DIGITAL WELFARE PROGRAM

The positive impact of infocommunication on economic growth, employment growth, quality of life, growth of business efficiency and equal opportunities is now indisputable. That is why it is of utmost importance for all to access the opportunities and benefits of the digital world. Within the framework of the Digital Welfare Program of Hungary in 2017, Magyar Telekom has launched its fixed and mobile Digital Welfare Program package providing quality internet service for users on a budget.

Where the fixed internet network is not yet available, the SZIP Mobile internet tariff package can be ordered for the addresses defined in the SuperFast Internet Program (SZIP).

Supporting people living with disabilities

Magyar Telekom set an objective to offer comprehensive services for people with disabilities. Working closely with support organizations, we created the hello holnap! fleet tariff packages that are available to people living with physical impairments, visual impairments, intellectual disabilities and autism.

For further details on the tariff packages, please visit [this website](#) (HU only).

hello holnap! tariff packages

We recognized that access to and use of telecommunication services make disabled people's lives easier as everyday electronic services become available to more and more people and their homes are more livable and accessible. Magyar Telekom was the first to offer specific, comprehensive services to people with disabilities in Hungary. In order to use hello holnap! tariff packages one only has to be a registered member of one of the support organizations (AOSZ, ÉFOÉSZ, MEOSZ, MVGYOSZ). The services are offered on a lower price, than our other residential tariff packages – in the form of prepaid and postpaid packages.



Supporting isolated, disadvantaged groups and small settlements

The Digital Bridge for Small Settlements program allowed the volunteer team of Magyar Telekom to visit disadvantaged settlements of less than 3000 residents to offer efficient and customized IT education.

The purpose of Magyar Telekom's Digital Bridge for Small Settlements Program (Digitális Híd Kistélepüléseken) is to increase awareness of the opportunities offered by information and communication technologies. It aims to enable disadvantage groups and regions to bridge their digital gap, which over time could deepen into a serious divide.

The local participants of the program gain an understanding of the multiple ways their lives could be made easier through

making use of the advantages of getting along in the online world. Another important task of the Digital Bridge activities is to develop, maintain and foster relationships with participants.

For videos, pictures and further information about the Digital Bridge program visit [this website](#) or the program's [Facebook page](#).

Telekom Forum

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

Mobile Experts

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

Let's become!

We have designed the Let's Become! vocational program for high-schoolers and their parents, providing them an easy, hands-on introduction to the world of IT, and to the range of career opportunities that are there for everyone who chooses this path as their profession. Teenagers who need to make choices about their higher education and their parents who support their children in finding a career both profit from the benefits of this program. We aim to discuss the opportunities and the future of this sector by erasing all the blocks, stereotypes, providing answers to concerns and supporting the career-planning process of individuals. Since its start in 2016 we reached approx. 28 000 students with the Program, for the detailed results and our plans for the future, please visit chapter **6.1. Social investments** of this report.



Teachtoday

We launched the **Teachtoday site** Hungarian version at the end of 2017. Teachtoday is an initiative for the promotion of safe and competent media use from Deutsche Telekom.

Hello Biznisz

The **Hello Biznisz** program was launched to guide SOHO/SMBs in the maze of management, workforce management, marketing, sales or finance. We help our SOHO/SMB partners to answer their questions with practical know-hows and information, both in written and video forms too.

2.2 ICT FOR SUSTAINABILITY

One of the key priorities of the sustainability strategy of Magyar Telekom is to increase revenue from sustainable products.

In line with this objective, 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 the sustainability assessment of our handset portfolio was also made part of the regulations so that this information is accessible to our customers.

Our revenue from sustainable products and services witnesses stable annual increase. By 2018, revenue from these products has reached a 35.6% ratio.

List of the most important products and service groups with a sustainability impact in 2018:

- 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.

The sustainability impact of products/services is measured in 3 dimensions, in 15 topics and through 42 questions. According to related regulation sustainability assessment covers all products and services of the company.

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 (fair prices, regional responsibility).
- Environmental pillar: assessment of the contribution of the product/service to the preservation of resources, reduction of the environmental footprint and climate protection (environmentally compatible products and proceedings).

Innovative sustainable products and services at Makedonski Telekom

Makedonski Telekom is one of the most prominent telco & ICT providers and system integrators in Macedonia, paying special attention on creating innovative products and services, while emphasizing the importance of sustainability and reliable technology.

Led by the superb technical infrastructure and market knowledge, the company tends to become partners, and not just vendors to its customers. Using the advantages of the infrastructure, Makedonski Telekom offers governments, businesses and individuals limitless possibilities to improve their effectiveness optimize operations and decrease costs, thus guarding the environment and contributing towards the local economy growth.

In spite of the strong technical expertise, the main objective of the company is not only implementing technology, but rather helping the businesses achieve digital transformation while operating in a more efficient and sustainable manner. ICT products and services do not just tend to provide sustainability and continuity for the businesses but are also focused on environmental protection.

In the past couple of years, Makedonski Telekom has been working successfully in the smart city segment, with the mission to implement new and innovative technologies that can help cities become smarter and more sustainable. The pilot smart city sustainable ICT solutions range from smart parking, smart waste, smart benches, up to smart lights and electric vehicle chargers.

Makedonski Telekom is extremely proud that, together with its partner, the company managed to win its first project for implementation of cloud GIS solution for municipal infrastructure, providing municipalities and public utility companies with contemporary integrated spatial infrastructure management, and therefore providing citizens, institutions and companies an insight of relevant data regarding water supply, sewerage, gas pipeline, heating, public lighting, waste collection, greenery, parking lots, traffic, urban equipment, telecommunications.

2.3 INNOVATION FOR SUSTAINABILITY

Research and Development

Tender Project

In 2018, within the scope of tender obligations, the research and development activities of Magyar Telekom were comprised of maintaining the R&D tender project funded and awarded by the National Research, Development, and Innovation Fund.

Own Risk based Research and Development

During 2018, in addition to the tender obligation, we have continued the development of several project related products and services that were based on the R&D activities of previous years.

In addition to the above, in 2018 we have continued our common R&D projects with the Hungarian Academy of Sciences in the fields Big Data. We have investigated the opportunities of modelling and forecasting mobility trends in city regions using mobile data.

R&D cooperation

In addition to innovative domestic SMEs, the research and development tasks are performed by the internal researchers as well as the product and services development staff of Magyar Telekom. In addition, the Company leverages the synergistic effect of an internal and external knowledge base and strives for partnership with well-known innovation centers and institutes of higher education too. Our main partners are renowned Hungarian universities and research institutes, such as the Budapest University of Technology and Economics, the Eötvös Loránd University, the Budapest Corvinus University, the Óbuda University, and the Hungarian Academy of Sciences.

Within the framework of cooperation launched in 2016, we have continued our work with the Technische Universität Berlin, the Department of Data Science and Data Technology operating at the Faculty of Informatics at the Eötvös Loránd University, the research and development department of Magyar Telekom and Deutsche Telekom, and the Telekom Innovation Laboratories (T-Labs) in Berlin.

As the partner of EIT Digital, Magyar Telekom promotes and supports even closer cooperation between higher education institutions and their industrial partners. Within this framework, the Budapest University of Technology and Economics and the Eötvös Loránd University provides professional support to students within the EIT Digital post gradual training system.

In addition to the above, Magyar Telekom also believes it important to support R&D type knowledge transfer projects. As a result, it has been an active participant of the EIT ICT Labs knowledge transfer program as a professional cooperating partner since 2012 and cooperates several international R&D tender initiatives.

In-house incubation program – Mission Telekom

In 2017 we launched the Mission T incubator program with the objective to find, support and realize talented Magyar Telekom and T-Systems employees' innovative project ideas that support Telekom group's strategic goals. The best applications, selected by the professional jury, will be implemented with the active participation of the inventors and the support of professional/technical mentors within the frame of an exciting expedition! The program is open to all employees of the group who have an innovative idea and would like to take part in the adventure either as an individual or as a member of a team.

The first round of the program was launched in March, 2017. Almost 150 applications were submitted by more than 100 colleagues. The second part of Mission T was launched in April 2018. More than 100 ideas were submitted by 80 colleagues.



Innovation projects

Agroninja

The innovative digital cattle weighting solution includes the Agroninja beefie hardware - which is a laser rangefinder - and the Beefie app available for Android smartphones. By this solution the cattle weighting can be done easily and stress-free for both the animals and workers. Weighting is stressful for the cattles and can lead to 1-2% weight loss which could have an economic impact too. Agroninja Beefie solution reduces time, workforce and administrative tasks, thereby reduces production costs. During the pilot project the solution is tested by Hungarian farmers in rotation for 2-3 months and aims to validate the economic utilities of the product.

Cow mow

Moonsyst's solution is a rumen Ph and temperature monitoring system, which was validated by the University of Veterinary Medicine Budapest. The bolus measures the Ph and temperature of the rumen, in the next phases the bolus will also be equipped with girosensor to monitor the activity of the cattle stock. The data is sent every 10 minutes to the central unit which transfers it to a cloud platform, where raw data is converted into automatic alerts, it also shows the necessary information to the users. Once the values reach a critical level, the farmer is alerted via a push message and gives him/her the ability to adjust the adequate treatment.

The solution helps farmers to realize higher yields and better performance while it reduces veterinary and forage costs, also helps to provide better health conditions and improved welfare for the cattle stock. Besides the technological test of the product the pilot also aims to validate the economic utilities and benefits brought by the solution.

T-Systems NBloT Partnerprogram

In 2018 Magyar Telekom Group was the first one in Hungary who provided the NBloT network to its partners. The narrow band IoT is a technology developed for the internet of things and is designed to fulfill the IoT requirements of the industrial, residential and public sector. The benefits of the technology can be utilized in many sectors such as in waste management, utility services, logistics and in tracking household appliances as well. Besides the above mentioned, other sectors can be also able to benefit from the narrow band network, therefore our current and future partners are essential to provide quality IoT solutions.

The NBloT partner programme aims to support the cooperation within the community of developers by offering unique proposals, a community surface, also professional meetings, events and workshops. By the community building programme the participants can access the dynamically developing online market, also enables them to provide a better service for their customers and by the cooperation they can also expand their field of activity.



Cloud Chatbot

The Cloud Chatbot helps for companies with a great many and returning customer base to book and manage appointments. The chatbot is suitable for companies which offers broadly standardizable services. Different services can be specified by each provider, but the length of each service has to be defined in advance, so the chatbot can automatically schedule the appointments into the calendar.

Digital transformation at Makedonski Telekom

Makedonski Telekom is the pioneer of the digital transformation in Macedonia, a process which brings novelties in the lives of the citizens, ensures higher efficiency and productivity of the companies, improves the economy and the environment we live in.

Being aware of the benefits and challenges brought by the digitalization, and in order to keep the status of leader in creating new electronic services and solutions for the customers, in March 2018, we have organized Digital Talents event in the premises of three large faculties in Skopje: Faculty of Electrical Engineering and IT (FEIT), Faculty of Computer Technology and Engineering (FCSE) and the Faculty of Economics. The idea of such event was to choose students prepared to be part of the digital transformation of Makedonski Telekom, who shall

develop their professional skills and jointly offer solutions for facilitating and improving the digital life of all around us.

Hence, we have brought young people, by including the students from FEIT, FCSE and the Faculty of Economics to our team, with fresh ideas for new and innovative solutions and services, in order to meet the increased needs and requirements of our customers, by improving the customer experience which we continuously strive to achieve.

In April, just one month after organizing the Digital Talents event, we have already opened the digital talent incubator, consisting of team of chosen students working on the development of digital transformation applications. Apart from Telekom process digitalization, the team works on other innovative applications as well, whose final purpose is digitalization of the society.

The applications developed by the students should primarily contribute to the simplification of the work processes in Telekom; however, as the time goes by, we expect not just to keep pace with the new technological trends, but also to create products and services for the customers by meeting their increased needs and habits, thus improving the customer experience that we continuously strive to achieve.

2.4 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. The Company's **child protection website** supports this effort with controlled content, advise, education and events organized for children and their parents alike to be prepared for risks of the digital world.

Teachtoday - Telekom for the conscious use of the internet

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

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

For parents

Sometimes it is hard for parents to understand the online world of children. On the Teachtoday platform parents may find useful information on the advantages and disadvantages of applications, for example they may learn why young people love Musical.ly so much, or how intriguing it is to learn effortlessly while playing a game on a digital device. The website offers tips for meaningful conversations with children on data security or cyberbullying. It gives advice and support if we do not know at what age should we give mobile phones to our children and with the help of a draft mobile usage agreement it helps to encourage children to observe certain basic rules. A dedicated subsite is about the issue of responsibility, where we can get an objective perspective on topics like personal data privacy, harassment, hate speech, net manners or online identities.

For teachers

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

For children

While browsing the Teachtoday website children may playfully acquire the skill of conscious use of devices. They may read about useful applications in the App Tips or may find ideas on how to make great videos. The site helps them navigate a world lead by opinion leaders, differentiate news from disinformation, and stresses the importance of formulating your own opinion.

In the context of changing consumer habits, it invites its young readers to go on a digital shopping round, revealing for them the opportunities and traps inherent in online purchases.

Smart watch for kids

Many people are reluctant to buy smart phones for their kids of 6-12 years old, as they might not be able to take care of the device, and parents cannot properly monitor what their children do online. At the same time, a sense of safety is an important aspect, when we do give a smart phone to our kids, often too soon. It was based on that need that we made **MyKi Gyerek smart watch** available from December 1, 2018.



2.5 DATA PROTECTION

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

In the course of its operation and prior to developing new products and during provision of services, Magyar Telekom considers the protection of its customers', employees' and business partners' personal data as top priority. Magyar Telekom processes personal data in accordance with the General Data Protection Regulation and the applicable legislation, taking also into account the guidelines of the European Data Protection Board and the National Authority for Data Protection and Freedom of Information. The general data protection regulation (GDPR) became directly applicable in the Member States of the EU from May 25, 2018. Magyar Telekom has paid particular attention to prepare itself for the application of the general data protection regulation. Magyar Telekom ensures the highest standard of data security and technical and organizational measures regarding personal data management/processing. Magyar Telekom adopted the data privacy principles of Deutsche Telekom Group (Binding Corporate Rules Privacy).

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

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

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

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