



SUSTAINABILITY REPORT

2017



EGYÜTT. VELED



4. CUSTOMER RELATIONS

4.1. Customer satisfaction.....	34
4.2. Customer feedback management.....	35
4.3. Involvement of our customers.....	35

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



17 PARTNERSHIPS FOR THE GOALS



4.1 CUSTOMER SATISFACTION

Magyar Telekom performs complex customer satisfaction surveys on a quarterly basis among residential customers and in every six months among small and medium enterprise subscribers with the worldwide used T*RIM customer satisfaction research method. Thanks to this the company can continuously monitor the expectations of subscribers as well as the level of satisfaction with its services.

These surveys produce a composite index reflecting customer satisfaction separately for the totality of customers as well as individual customer groups that enables tracing and easy interpretation of the changes over time. Detailed analysis of service elements enables detecting current perception of factors impacting customer satisfaction, identifying the fields where Magyar Telekom delivers outstanding performance according to the customers' judgment, and the fields where actions are needed to improve quality against earlier own performance or even against the standard of competitors.

In 2017 the methodology of the T*RIM customer satisfaction survey was changed. Adjusting to the changed market conditions the level of satisfaction with mobile and fixed line telecommunication operators is not measured separately, instead, it is performed within the frame of an integrated measurement. The survey is conducted by eliciting answers via telephone, in the form of standard interviews, encompassing samples of a justifiable size, composition and weights. The content of the topics has not changed substantially, however, the change of methodology required to start a new timeline in 2017.

T*RIM - Residential customers

Based on the results in 2017 the level of satisfaction with Telekom is in line with the European industry average, what's more, the Magenta 1 packages overperform the top 33% of the measured entities. In the last three quarters we received a very balanced feedback from our customers. Mobile subscribers demonstrated an increasing satisfaction rate. Thus, slightly more satisfied than fixed line customers whose feedback, however, shows a fundamentally stable picture in all three quarters.

The principal strengths of Telekom include the entirety of the product and service portfolio and their permanently renewing choice. There is a steady growth in the area of the stability and speed of the mobile internet connection. By the end of 2017 Magyar Telekom improved its results in the efficiency of ordering processes and also the service ordering and modification process proved to be more seamless than before.

T*RIM - Small and medium-sized enterprises

Due to the change of methodology of the satisfaction survey findings or conclusions can only be made in respect of the SMB sector solely on the basis of the Y2017 trends.

Similarly to the results of the residential survey the level of satisfaction of mobile customers is higher than that of the fixed line subscribers. At the same time, the positive feedback of fixed line customers increasingly shows how they appreciate the extras that Magyar Telekom provide for loyal subscribers and we also measured significantly higher satisfaction with administrative processes.

In total the Magenta 1 customers were most satisfied with the service and the results were even showing an increasing trend compared to the beginning of the year. We achieved better average satisfaction rates in the vast majority of the surveyed factors.

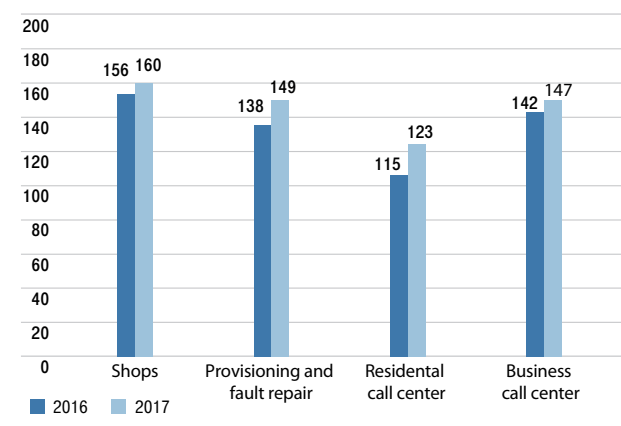
NG ICCA

In addition to general satisfaction measurement, we also measure the satisfaction of our customers with the 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 the customer service and self-service of Magyar Telekom.

The research is transaction based: we poll our customers within 2–48 hours of their customer care event. The research extends to the residential and business customer base as well.

Overall satisfaction is measured in a scale from -200 to +200. The results of the TOP channels involved in the research:

OVERALL SATISFACTION INDICATOR IN 2016 AND IN 2017, BROKEN DOWN TO CHANNELS



The overall customer satisfaction and the free text responses are continuously analyzed in their context thereby give a much more detailed picture about the customers feedbacks of Magyar Telekom.

T-Systems Hungary performs customer satisfaction measurements through multi-layer measurements.

Strategic satisfaction research

The annual satisfaction research is performed with the support of Magyar Telekom's Group Strategic Directorate and the involvement of an external partner. Within the frame of the survey we inquire IT and Telco decision-makers of our customers about their satisfaction with T-Systems' services and customer service.

Within the research we perform personal deep interviews and questionnaire based survey as well. The questionnaire-based survey is conducted on a random sample of the entire customer base where we contact approximately 400 companies. The deep interviews are taken in the top 50 segment of the large enterprise category whereas we measure the top 20 customers of the medium enterprise segment. The questionnaires and deep interviews are performed anonymously, but the respondents also have the opportunity to identify themselves with their names during the interview.

The annual satisfaction survey includes industrial benchmark questions too. In order to make a truly independent customer satisfaction survey the measurement and the evaluation is performed by our market research partner.

The results are processed in respect to the entire T-Systems company, service areas and other areas and are presented to the representatives of the relevant professional areas.

The certain vertical sales and other service areas in T-Systems work on build up action plans based on the strategic satisfaction research results. The result and realization of action plans was summarized in case of every vertical sales and other service areas at the end of the year.

Based on the so far results of the T-Systems satisfaction survey we can state that the overall performance of the company is reliably high and balanced. Within the large enterprise segment the level of satisfaction of state-owned and top 50 customers tends to be outstanding whereas the satisfaction of non-governmental large enterprises and medium sized companies is generally high.

In 2017 the overall level of satisfaction increased in comparison to previous years which is attributable to the significantly stronger medium enterprise segment. The level of satisfaction is increasingly balanced among the various

Contact person satisfaction research

The contact person satisfaction survey is performed at the end of each quarter among customers who used T-Systems' telephone or email based service deficiency reporting and administration processes. Within the frame of the survey we contacted our customers' contact persons who turned to the Corporate customer support department or the T-Systems Service Desk with fault reports or complaints.

The survey is performed with the involvement of a partner (Magyar Telekom Group's Strategic Directorate) at the end of each quarter whereby we contact approximately 200 contact persons by telephone; then based on the answers we prepare an evaluation report at the end of the quarter. Upon closing the fourth quarter's survey we prepare an annual contact person satisfaction report which is presented to the professional areas of the company.

In 2017 both channels performed at an outstanding level and had a specifically positive impact on T-Systems' perception. Both the administrative processes and the professionalism, competence of the staff as well as the treatment of customers achieved a superior rating. Customers find that the vast majority of administrative processes are easy to follow and are successful. The duration of administrative processes is compliant with the SLAs undertaken by TSM as well as the expectations of customers.

Enterprise customer support unit (VÜK)

We measure our customers' satisfaction with the activities of the business customer support area on a monthly basis. Within the frame of the measurement any customer can be interviewed who contacted the Call Center within the given period. When interviewing customers we also take into account whether the given customer has a dedicated contact person and whether the contact person agreed to contacting the customer for the purpose of the survey.

Customer satisfaction is measured with a questionnaire prepared on the basis of the ICCA methodology. In order to ensure the independency of the survey the measurement was performed by T-Systems' market research partner. The partner performs 70-100 interviews per month and provides feedback to T-Systems measured in a scale from -200 to +200.

Customer satisfaction is measured with a questionnaire prepared on the basis of the ICCA methodology.

ICCA TARGET VALUE IN 2017:	ICCA RESULTS IN 2017
CC: 115	CC: 127.5
Dedicated: 165	Dedicated: 162.6
Field-visit staff: 180	Field-visit staff: 167.6
Aggregated result: 141.3 points	

Measurement of customer satisfaction with the management of fault reports

The emails sent my T-Systems' Service Desk notifying customers that their problem is resolved contain customized links to the questionnaire. The answers of customers are monitored and processed every day by a dedicated manager. If it is justified so the manager may initiate immediate investigation or measures.

We review the answers and evaluation of our services by our customers on a weekly basis and initiate actions or further measures to improve customer satisfaction.

At **Makedonski Telekom** we measure customer satisfaction with the TRI*M and the NGICCA methods.

Makedonski Telekom, with NG ICCA currently measures customer satisfaction of the touch points, in retail: Telekom shops, Door to Door (D2D); Exclusive dealers; Customer Service: Inbound, Outbound, Tech Support, Business call centre; Field Technicians: Installations and Faults; Self Service: IVR. The frequency of the survey is on a daily base.

ICCA is mostly focused on residential customers, while business customers participate in the survey only if make contact with Telekom in any of the touch points.

In general Makedonski Telekom keeps the same level of satisfaction in retail. The activities in Customer Service are stabilized after the migration on new platform in 2016, which ultimately has brought better performance in 2017. In addition, the redesign of IVR has contributed to increase the customer satisfaction, as well.

TRI*M customer loyalty survey is another tool for measurement of the retention intensity and loyalty of the integrated customers of Makedonski Telekom. The TRI*M survey is periodically performed both for residential and business customers, e.g quarterly for residential and two times per year for business customers.

Makedonski Telekom remains on leading position among integrated providers, with highest TRI*M index in the market, and among all natcos in the DT group.

The quality of the network, internet connection stability and speed are definitely the strongest drivers which differentiate Telekom from the competitors. Among the services, Magenta 1 is absolute leader of customer satisfaction and loyalty reaching the average TRI*M index value of 100 points.

4.2 CUSTOMER FEEDBACK MANAGEMENT

The customer's voice and indication in any case is important for us to maintain the high quality of our services according to customers' expectations. The feedbacks of Magyar Telekom are continually help us creating our services and processes and finding ways of improving.

At complaint handling we focus on our customers' satisfaction and ensuring enhanced customer experience. Our task is to provide qualitative and comforting solution for our customers during the investigation and handling of complaints. Along it is, we form again the continued use of the experience of Magyar Telekom services to the customer with customized solutions.

It is important for us to provide high quality services to our customers and quick solutions when dealing with complaints. In 2017 compared to the previous year the number of complaints decreased by 19%. ✓ The calculation methodology has been changed compared to the previous years. In the current one transactinons that had been solved by the operators directly during the call are included as well.

It is our prime objective to provide customized services through solutions and developments that are based on our customers' feedback and needs and thereby make the "I'm a Telekom customer" experience sustainable in all phases of customer contacts.

4.3 INVOLVEMENT OF OUR CUSTOMERS

Digital Bridge

The program was designed for residents of small settlements and has been running since 2004, offering free internet literacy lectures by Telekom employee volunteers. Our colleagues provide detailed information on topics such as how to fight the distances and keep contact online, providing useful information on the possibilities of making our everyday lives easier by using secure online shopping and payment options, or how to protect our personal data in the digital world.



In 2017 we had four Digital Bridge events and organized 3 Digital Bridge Daycare events.

Within the frame of the Digital Bridge initiative enthusiastic Telekom volunteers organized a Digital Daycare event in Debrecen, offering programs for children, like live coloring books, virtual tales or detective quests through the internet. The volunteers gave some hints and showed tricks of safe internet use in a playful and entertaining way, like searching for images or popular Hungarian children's songs on the internet.

Within the frame of the Digital Bridge in Small Settlements program more than 5000 people have attended our volunteer lectures in more than 200 small settlements accompanied by famous Hungarian media personalities, like Péter Novák, Levente Harsányi or Péter Galambos.

In 2017 the Telekom volunteers organized Digital Bridge in Small Settlements events in Beszterec, Döge, Hajdúsámson and Nádudvar.

Earth Hour

Earth Hour, the largest voluntary initiative to fight climate change joined communities around the globe on March 25, 2017, from 08.30 pm to 09.30 pm. In a record-breaking 178 countries around the world, including Hungary, many people joined the cause with a symbolic switch-off of lights for an hour, shining a



light on climate action. Across Hungary all of the Telekom shops took part in the effort which were open in time of the event. We switched off the lights and projected Earth Hour material on displays in the company's shops.

hello holnap! mobile application

The application went online on Sustainability Day in 2014 and by the end of 2017 it was downloaded more than 11,000 times. In various software stores the hello holnap! application is rated very positively.

Users may collect points through the application that can be exchanged into money then donated to non-profit organizations available in the application.



The third period of the hello holnap! application was closed on December 31, 2017. Users collected thousands of points and donated HUF 700,000 to the beneficiaries. The donation period was re-opened on January 1 with the involvement of 11 NGOs.

Telekom Vivicitá

In 2017 the Telekom Vivicitá city run was organized for the 32nd time in Budapest - while this year two other cities, Pécs and Szeged, also joined the initiative. There were almost 30,000 runners at the two-day event in Budapest where the 2,5 km charity run was organized to support Magyar Telekom's strategic NGO partner, the Autistic Art Foundation. Members of the charity run team included Olympians and Paralympians, athletes of the Ferencvárosi Sports Club, Balázs Somogyi, ultramarathon runner and members of the Sustainability Media Club, too. The run was started by Dániel Gyurta, László Cseh, word champion swimmers. The objective of the team is to call public attention to autism which has an impact on an increasing number of persons.

The charity run could be virtually joined by anyone - through the social network space. Participants who wished to join the run through this channel only had to take a photo of themselves while running and wearing any of last year's Telekom Vivicitá official jerseys then post this photo on Instagram with the #egyekvagyunk



hashtag. By joining the initiative the participants also raised donations as Telekom donates HUF 100 - a total of 2 million HUF - to the Autistic Art Foundation for each uploaded photo.

The support of autistic persons is shown on the Y2017 official Telekom Viviccittá jersey: the back of the T-shirt features the graphical design of Máté Varga, autistic artist.

hello holnap! points at the Viviccittá

At last year's Viviccittá, in the spirit of sustainability, the athletes could not only support the Autistic Art Foundation but could also collect points through the hello holnap! mobile telephone application by way of reading QR codes available at the run and on racing bibs. The runners could collect 3 hello holnap! points and the cheering spectators could collect 1 hello holnap! point at the event, while participants of the special Suhanj! run could collect extra points if they supported the runners of the NGOs.

By reading one QR code 3 points could be collected that was converted into 300 HUF by Telekom. This amount could be donated by the user to any of the nine NGOs listed in the application.

Telekom Community Gardens

Magyar Telekom and the Contemporary Architecture Center (KEK) continued operation and maintenance of the community gardens. The gardening works continued in the Csárdás Garden and Kerthatár Community Garden. The two gardens offer an opportunity for urban gardening for more than 150 families in the city.

Sustainability panel discussion and DELFIN Award

The DELFIN Award ceremony took place in June, as part of the 18th Sustainability Roundtable Discussion Day. The professional jury awarded best practices and leading examples in sustainability solutions and sustainable performance of competing companies.

In 2017 any Hungarian enterprise could apply for the DELFIN Award (Award for a Committed, Sustainable and Innovative Generation). The prize was established in 2008 and is open for already implemented projects or operating programs.

Winners of the DELFIN Award in 2017 were:

- In „Sustainable innovation” category:
 - Villam Translation Services
 - FORNAX ICT Infocommunication Solutions Ltd.
- In „Equal opportunity” category
 - Alko-soft Bt.
- In „Climate protection” category:
 - Budapest Waterworks
- In „Sustainable awareness” category:
 - ELTE Together for the Environmental Awareness
 - Impact HUB Budapest



As part of the roundtable discussions the participants could get to know our sustainability strategy, goals and results. Emese Gulyás, president of Association of Conscious Consumers presented the “Conscious Consumer Marketin Report” and we also presented details and results of our research on the sustainable consumer.



Magyar Telekom also rewarded the TOP3 Sustainable supplier. The title based on the results of the sustainability web audit conducted in 2016. The Infinera Corporation, the Nokia Solutions and the Networks TraffiCOM Kft. were rewarded in 2017.

The Sustainability Day 10's earth ball was exhibited in festivals!

The festival crowd of VOLT, Eftot and Campus Festivals got a chance to sense the vibe of the Sustainability Day by the help of Quimby (at VOLT festival) and Irie Maffia (at Eftot and Campus festivals). The bands threw the ball to the crowd, who by keeping the ball above their heads throughout the concert, kept “held Earth up!” (The Hungarian word for ‘sustain’ is ‘fenntart’, also meaning ‘holding something up/above’. Thus the symbolic act of keeping Earth up also stands for keeping Earth sustainable.) The visitors of the 10th Sustainability Day (FN10) could meet and party with the members of Irie Maffia at the afterparty.

Carbon neutrality

Magyar Telekom Group has become entirely carbon neutral in 2017 too.

One of the biggest challenges of our age is climate change which is mainly attributable to human activity resulting in carbon dioxide emission. Telekom recognized the importance of climate protection back in the 90s and now it is an integral part of the company's day-to-day operation. In line with our corporate Sustainability Strategy and by the implementation of innovative solutions the company has gradually decreased its energy consumption and increased its energy efficiency.

Along the modernization of the network and data centers and the increase of the proportion of hybrid and electric cars in its vehicle

fleet the company applies more and more efficient tools and solutions. The energy needs of several telco infrastructures are supplied by wind and/or solar energy sources and the company gives priority to purchasing sustainable infocommunication products and services. Two leading projects have contributed to the achievement of carbon neutral operation. Telekom Group purchases its electric energy consumption from 100% renewable energy sources and the company's emission from fossil energy has been neutralized with the support of green projects.

E-signature and e-GCC for electronic customer service

In order to reduce costs and simplify processes the company reorganized the shops' operation. By the end of 2016 Telekom transformed 100% of its customer service activities into electronic processes, the first step of which was the implementation of e-signature on tablets. The objective is to reduce the amount of printed documents as well as printing, archiving and storage costs to a minimum thereby accelerating and automating document management and administration processes. Upon changes of the document the tablets are automatically updated and thanks to the online operation almost one ton of paper and printing costs can be saved per year, also, the document is now accessible for people living with physical or sensory impairments.

