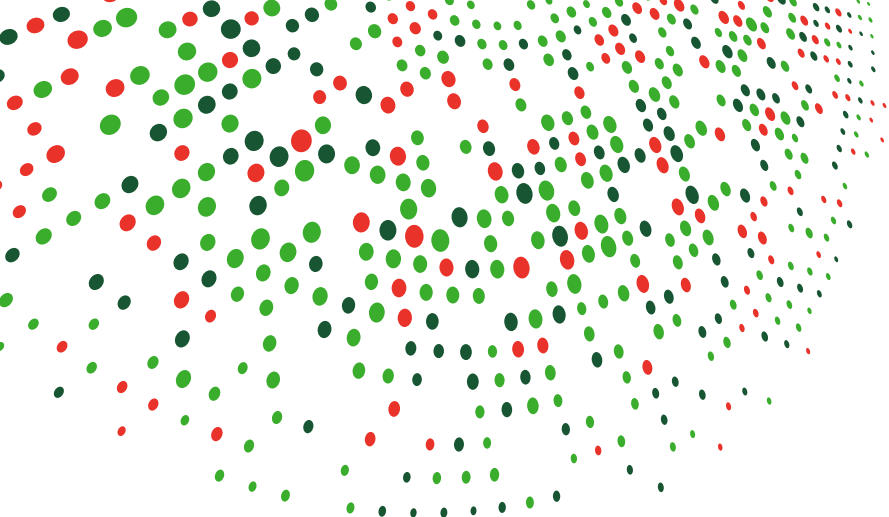


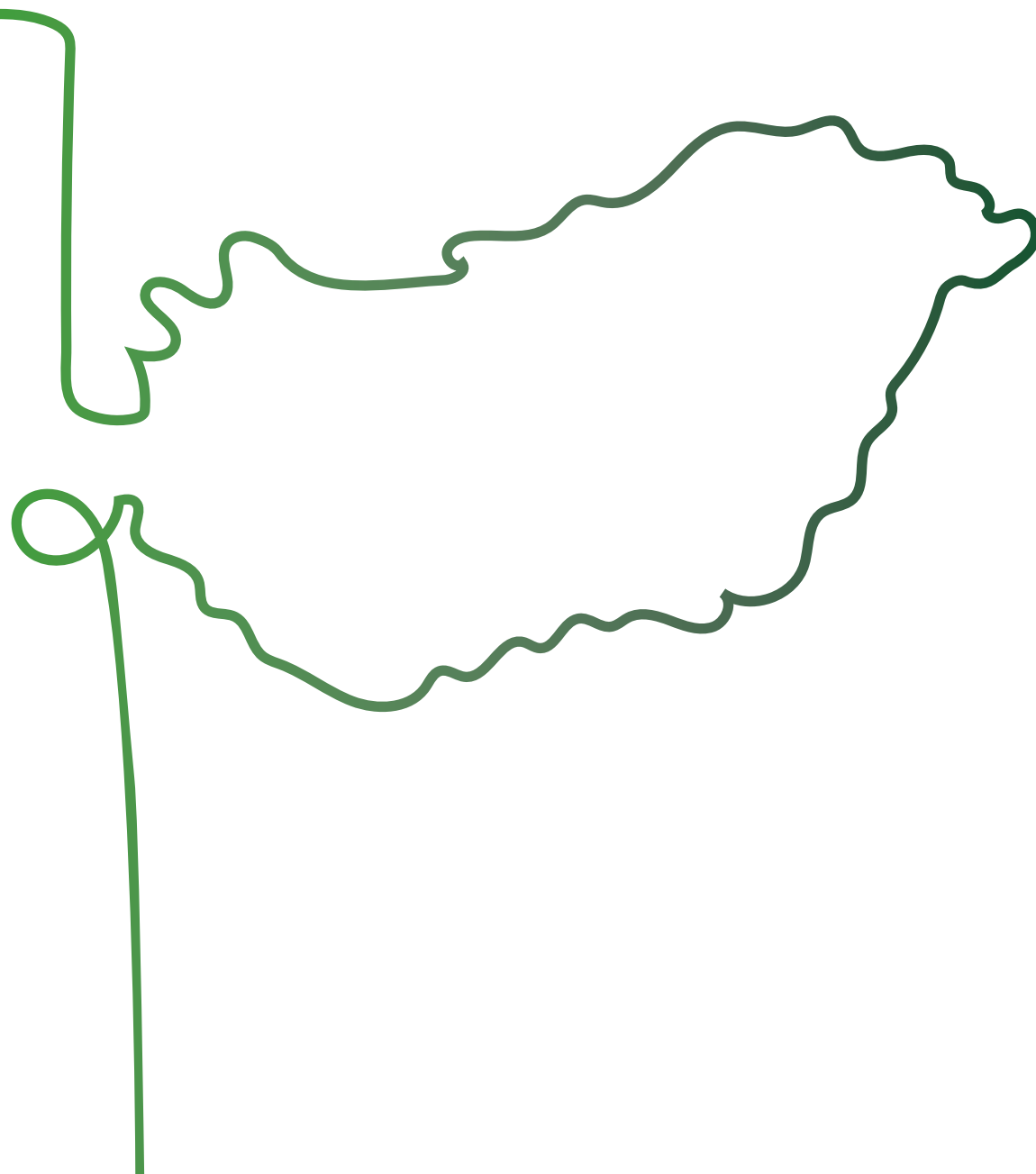
Magyar Posta Zrt.

Sustainability Report

2019



"What seems impossible today, can come true tomorrow."
József Öveges



Welcome

Dear Reader,

Since its 1867 foundation, Magyar Posta Zrt. has had to face numerous challenges but none proved to be greater than the one that is ahead of us. We are at crossroads, as the entire sector, our basic activities, on which all of our services and operations have been built on for decades, need to be rethought and innovated.

On the one hand, we experience the spread of electronic communication and –administration, the decrease of cash movements and a declining interest in printed media. On the other hand, we see the dynamic expansion of e-commerce and changing consumer needs.

Our operations must be consciously reorganised so that we can become a dynamic organisation with a more than 150-year-history and expertise that is able to respond to the demands of the future. This process is supported by our modernisation programme aiming to renew the entire corporation. Last year several areas saw rationalisation, including the fields of operations, retail, letter products and newspaper sales.

It is my conviction that following the set course, developing our IT infrastructure, the parcel delivery area and improving our service quality, the expertise of Magyar Posta Zrt. in service of our long-term sustainability can be capitalised. 2019 saw one of the greatest investments in the history of Magyar Posta Zrt., financed with more than ten billion HUF in the course of three years, which aimed to improve the efficiency of parcel processing and delivery. This significant endeavour is also a promising opportunity.

The challenge for next year is to create a new customs clearance procedure, in accordance with the changing regulations of the EU, due in 2021, as a result of which all dutiable postal parcel- and letter items from outside the EU must be cleared.

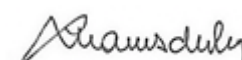
Magyar Posta Zrt. deems corporate responsibility and sustainability to be a core value. We are aware of our economic weight, as well as the social and environmental impact of our business activities. Due to digitalisation, we have been able to decrease paper usage, as a consequence of which the Project of Tracking Registered Postal (called PAKK) Items already shows results. With the expansion of e-commerce, we are able to provide environmentally efficient solutions in residential purchase delivery.

When thinking about sustainability, we do not see only figures or trends but more importantly we recognise value, people and responsibility.

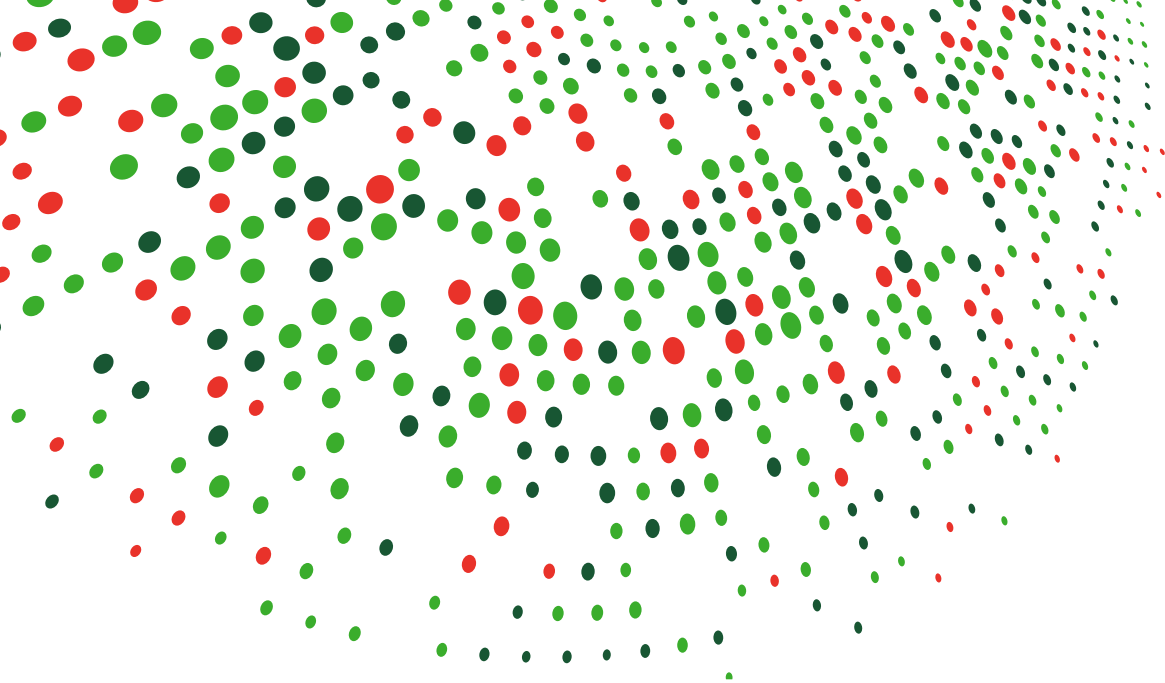
As a general postal service provider, we are responsible for reaching our customers in the whole of Hungary and as such, we assume a significant role of building cohesion. In addition, our employees with constantly improving expertise shoulder the great responsibility of reliably serving our customers' needs.

I believe that in a rapidly changing world it is worth cultivating values, after all they might be the ones that stand the test of time. The Hungarian Post is dedicated to the efficient combination of tradition and innovation.

All of our efforts focus on keeping what is good and changing what needs to be improved so that our stakeholders can count on the Hungarian Post as a reliable business partner.



György Schamschula
 Chief Executive Officer



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1. Magyar Posta Zrt.

Magyar Posta Zrt. is one of the most significant corporations of Hungary.

Our social responsibility is a result of providing services to the general public, a nation-wide service network, state ownership and the status of being the second largest employer of the country.

Considering any one of the above features, it is self-evident how important the role of Magyar Posta Zrt. is in our country. In addition, the corporation serves as a vital link connecting the general public, state governance and domestic and foreign businesses.

Services

Act CLIX of 2012 on postal services declares that Magyar Posta Zrt. provides the general postal services until the end of 2020. As a consequence, we are legally bound and able to ensure that all citizens without discrimination can access our basic universal postal services.

The main operations of our corporation influence the sustainability of the national economy in the fields of news broadcasting and commerce. We play an important role in delivering official and utility billing mail, financial payments by and to the general



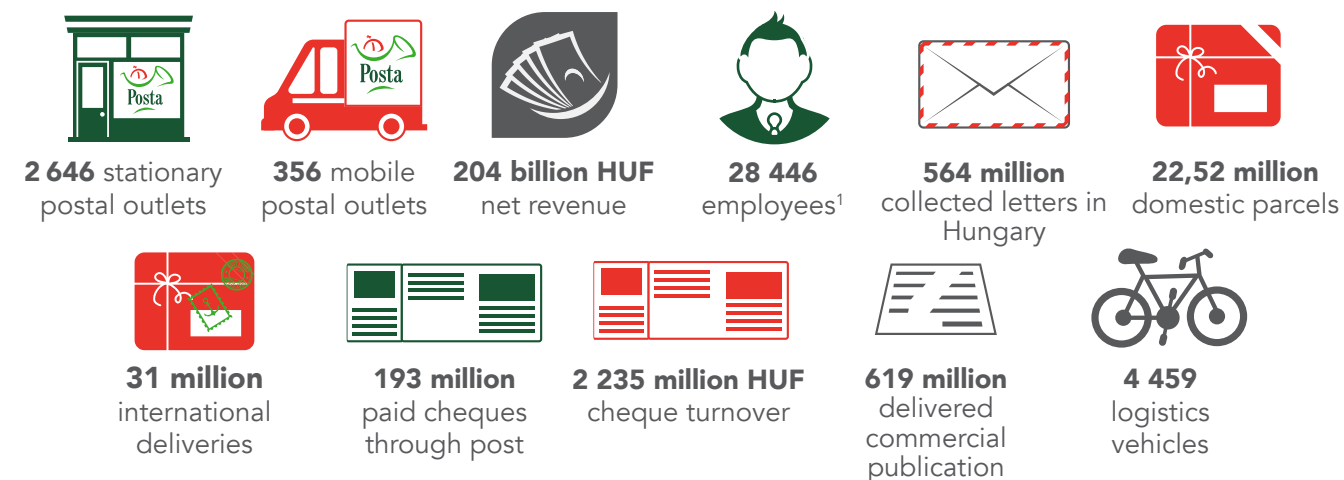
public, pension- and social benefits payments. We have an increasing role in the e-commerce sector, in the shipping and logistics of commercial goods. Magyar Posta Logisztika (MPL) is the market leader in the domestic courier express and parcel market. Our portfolio is versatile, comprising 1 300 products and services.



Magyar Posta Zrt. operates on numerous sites including our main Headquarters and the Csomagt Logisztikai Központ (Parcel Logistics Centre) in Budapest, the National Logistics Centre in Budaörs, the Complex Logistics Centre in Fót, the International Office of Exchange at Liszt Ferenc Airport and various logistics sites, regional directorates in major towns and postal outlets.



Performance figures of 2019 by Magyar Posta Zrt.



Magyar Posta Zrt. is a state-owned corporation with its ownership rights exercised by the Minister without Portfolio in charge of National Assets.

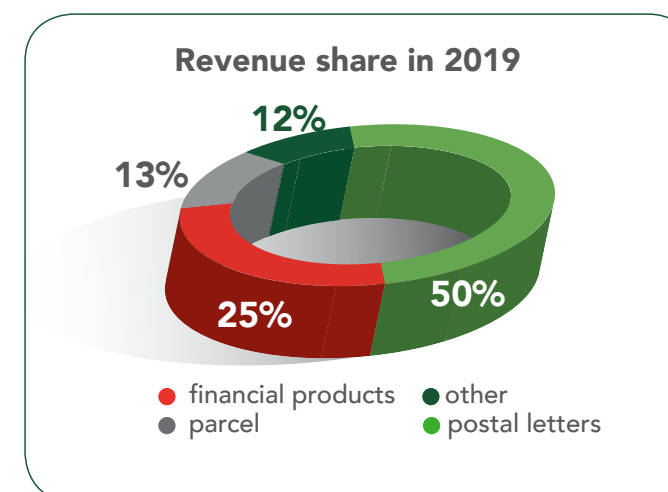


Figure 1 Revenue share

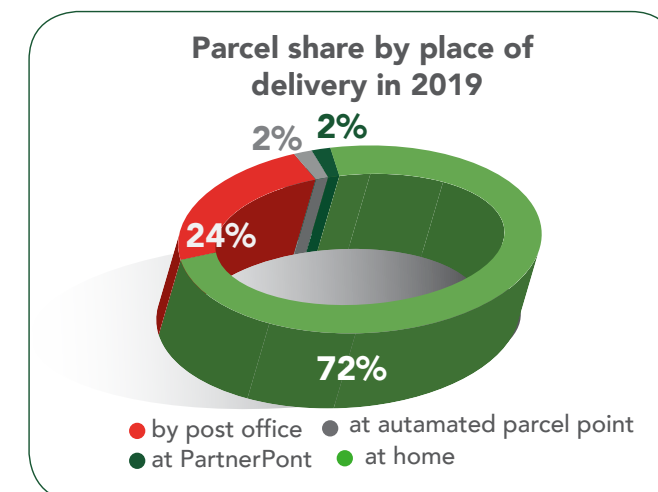


Figure 2 Parcel share by place of delivery

1.1 Values

Magyar Posta Zrt.'s core values

- **Respect:** the Corporation holds mutual respect in its internal and external relations, as well as integrity, helpful, polite and propitious conduct as a service provider to be values to observe.
- **Integrity:** in all our operations the written rules of conduct and moral norms of the Corporation are followed.
- **Reliability:** as a fair and reliable partner, the Corporation maintains relations with the general public and its business partners based on trust.
- **Responsibility:** the Corporation considers itself to be responsible for its employees and the interests of society.
- **Sustainability:** in its operations and activities the Corporation regards sustainability and environmental issues as important and helps the efforts of popularising environmental consciousness.
- **Client-centredness:** the Corporation endeavours to understand and meet its customers' present and future needs. Accordingly, we strive to make continuous, high-quality developments in order to serve our customers.

1. 31st December 2019 data: number of active employees employed longer than 30 days.

Code of Ethics

The Code of Ethics includes the universal codes of ethical principles and conduct required from our employees, with the values listed above serving as its foundation.

All of our employees are provided with the hard copy of The Code of Ethics upon hiring, and its content is built into the orientation programmes, therefore every employee receives its most relevant information.

1.2 Governance, Directorates and Committees

Figure 3 shows the organogram of Magyar Posta Zrt. as of 31 December 2019. The tasks and authority regarding various areas of sustainability are described in the corresponding chapters of the Sustainability Report.

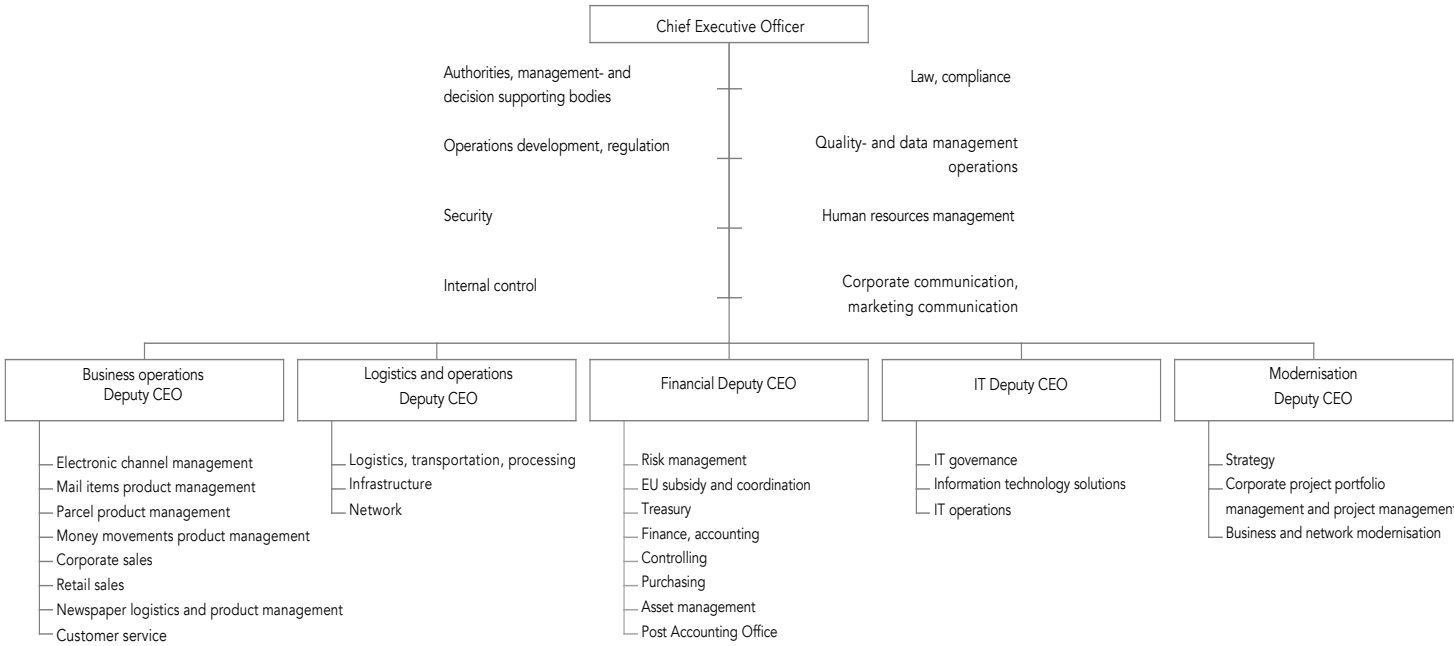


Figure 3 Organogram of Magyar Posta Zrt.

Corporate organisations manage the complex, regular, strategic tasks (shown in Table 1). The authority of the corporate organisations ranges from preparing decisions, making propositions and decisions in accord with the Organisational Standards for Operations.

Name	Director	Main tasks	Sessions
CEO meeting	CEO	- discussing significant corporate decisions; - receiving report on execution of significant decisions; - preliminary discussion on directorial propositions; - decision on the declaration of corporate projects according to the proposition of the Investment Committee (IC), as well as discussing significant changes regarding corporate projects; - decisions on product portfolio, pricing policy; - decisions on annual communication plans, image campaigns, marketing communication activities and campaigns	weekly
Investment Committee	Financial Deputy CEO	economic indicator-based decisions for the decision maker regarding the allocation of resources of investment projects in cases defined by the decision matrix of the Investment Standards	bi-monthly or on demand
Portfolio Forum	Modernisation Deputy CEO	- decisions on approved business concept in cases of complex improvement tasks from the aspects of strategic compatibility, portfolio planning approaches, portfolio contraction and separation, as well as investment; - assessing the validity of alternatives in vis major and supplement cases	monthly or on demand or electronically
Postal Stamp Issuing and Theme Designation Advisory Committee	Letter Products Management Director	- theme propositions on stamp issuing; - compilation of annual stamp issuing theme plans	task-based, annually at least once
Postal Stamp Issuing Art Advisory Committee	Letter-Products Management Director	professional and artistic evaluation of stamp designs, giving opinion on feasibility of printing execution, propositions	on demand
Quality Management Committee	CEO	- approval of quality management plans, checking their execution; - supervision of operations and development of management systems (quality management, environmental management, energy management, information security management); - decisions on quality management-related corporate-level issues; - yearly management review of quality management systems, quarter-yearly auditing of execution of quality KPI-s	quarterly or task-based
Ethics Committee	according to the operations systems of the Committee	- checking the propositions received by the Committee, composition of proposals to the directorate of the Committee; - giving opinion on issues related to the Code of Ethics; - notification of CEO in cases of legal breach and misconduct and initiating the termination of illegal activities	on demand
Mail and Parcels Security Committee	Director of Security	- defining targeted measures based on inspection findings; - strengthening check points; - devising technological regulations, contractual modifications and restrictions based on mail security inspection findings, outlining propositions; - measuring execution of propositions for targeted measures; - monitoring and evaluating mail security indicators, defining critical check points;	quarterly or on demand
Job Role Evaluation Committee	Remuneration and Performance Management Department Leader	defining, evaluating, harmonising and synchronising postal job roles	monthly
Modernisation Committee	CEO	- strategic and planning orientation for modernisation; - approval of key decisions and materials for decision preparations; - governing in-house and external corporate communication concerning modernisation	bi-weekly

Table 1 Corporate organisations

2. Stakeholder Relations

2.1 Stakeholders

Magyar Posta Zrt. has a wide-range of diverse stakeholders. The population of Hungary is a two-fold stakeholder: on the one hand, we provide services to the general public in the whole of Hungary, on the other hand, the citizens are also the shareholders of Magyar Posta Zrt., as it is a state-owned company. Our Corporation manages its stakeholder relations according to the Codes of Business Ethics and complies with the legal requirements of relationship management (e.g. information provision, data services, complaint management, advocacy). We collaborate with non-governmental organisations of high expertise: we support their work; we involve them in defining themes for stamp issuing; we rely on them for professional postal work issues, as well as environmental and social issues.

Table 2 shows the stakeholder groups that Magyar Posta Zrt. is committed to and involves in two-way communication.

Shareholder rights exercised by	
Contact management tools:	regular reports
Regularity of contact:	monthly
Topics:	service features, financial performance, strategic projects
Employees	
Contact management tools:	information via internal communication channels, management visits, employee satisfaction survey (none in 2019), suggestion box
Regularity of contact:	daily, varies according to the individual forums
Topics:	employee fluctuation, payroll, work-related and occupational health and safety issues, self-improvement opportunities
Employee representative bodies	
Contact management tools:	employment issues, the modifications of employment rules and regulations that most employees are concerned with, through electronic channels or personal meetings and negotiations
Regularity of contact:	daily, several times per annum
Topics:	information provision, representation and enforcement of employee interests, negotiations about Collective Bargaining Agreement and pay roll issues
Customers, partners (retail and business)	
Contact management tools:	information provision, mystery shopping, quality testing, satisfaction evaluation, observations and complaints
Regularity of contact:	daily, several times per annum
Topics:	waiting time, information provision, meeting quality and legal requirements, product information

Suppliers	
Contact management tools:	in ways to uphold agreement
Regularity of contact:	according to type of business relation
Topics:	legal requirements and corporate regulations concerning contracts
State stakeholders (local governments, government, authorities)	
Contact management tools:	inspection by public governance agencies, information provision, reports, cooperation
Regularity of contact:	variable, on demand
Topics:	legal compliance, terms and conditions of public governance, participation in campaigns
Environment (non-governmental organisations)	
Contact management tools:	consultation, support, participation in voluntary activities
Regularity of contact:	regular
Topics:	climate change, joining waste collection campaign "TeSzedd!"
Organisations we support	
Contact management tools:	negotiations, reports
Regularity of contact:	regular or on demand
Topics:	expectations concerning support, collaboration opportunities
Professional organisations	
Contact management tools:	professional events, publications, negotiations
Regularity of contact:	several times per annum
Topics:	sustainability, sector benchmarking, stamp issuing

Table 2 Stakeholders

2.2 Corporate Membership

Magyar Posta Zrt. is a member of several professional organisations. The collaborations concerning sustainability provide an opportunity to work together with other organisations, international postal service providers in order to devise potential sustainability possibilities and to evaluate and compare our performance with that of other corporations.

Magyar Posta Zrt.'s significant memberships
UPU - Universal Postal Union
PostEurop - European Postal Service Providers Association
IPC - International Post Corporation
Magyar Energiafogyasztók Szövetsége (Association of Hungarian Energy Users)
Stratégiai és Közszolgáltató Társaságok Országos Szövetsége (Strategic and Public Service Providers' National Association)
MEF – Munkáltatók Esélyegyenlőségi Fóruma (Employers' Equal Opportunities Forum)
Direkt Marketing Szövetség (Direct Marketing Association)

Table 3 Corporate memberships

2.3 Supply Chain

The procurement processes of Magyar Posta Zrt. are regulated by the due public procurement laws and regulations. In 2019 our Corporation had 3000 active, mainly Hungarian suppliers. The supply chain showed no significant change compared to the previous year, the activities of the largest suppliers were unaltered. Main suppliers according to annual procurement value:

- subsidiaries of Magyar Posta Zrt. (MPT Security Zrt., Postaflotta Kft., Posta Kézbesítő Kft., Posta Init Zrt.);
- IT developer, -services and -sales companies (T-System Magyarország Zrt., Sagemcom Magyarország Kft.);
- logistics services (Leonardo S.P.A., BHS Trans Kft., Beumer Maschinenfabrik GmbH & Co.);
- communication services (Central Média csoport Zrt., Médiaworks Hungary Zrt.).

Our procurement standards declare that in special cases not only the price of the service but its sustainability criteria (e.g. environmental protection, energy efficiency) must be assessed as well. When introducing an electronic procurement system, we eliminated paper usage in most procurement processes of 2019, except for contracts and orders.



3. Corporate Responsibility in Services

Why is it important? The delivery and cheque payment services are often connected to the official and legal liability of the service user, which in case of failed delivery has significant consequences for our customers. This fact demands the need for reliability and security. As a state-owned corporation we also recognise the importance of responsible financial management.

Core principles We believe that maintaining and improving client trust is our priority. We pay great attention to ensuring the fulfilment of legality, risk management and consumer protection issues and to providing suitable client communication that includes information provision in general or concerning potential product risks. It is our relentless goal to improve the quality of our services and the satisfaction of our clients.

Governance The Legal Directorate supports the functions and operations of the Corporation by ensuring legal compliance. The Compliance Department responsible for data protection had been a part of quality and data management before 2019 when it started operating under our legal department. The Quality Management Department coordinates quality checks, develops, integrates and prepares for regulation all the corresponding policies of the Quality-, Environmental-, Energy- and Information Security Management Systems or other standard-related management systems. The Marketing Communication Directorate is in charge of the Corporation's marketing communication activities, as well as the compiling and updating the Code of Ethics. For the sake of the Corporation operating in a sustainable, stable and safe fashion, the beginning of 2019 saw the establishment of the modernisation forum headed by the deputy CEO in order to set up a programme to modernise the entire corporation.

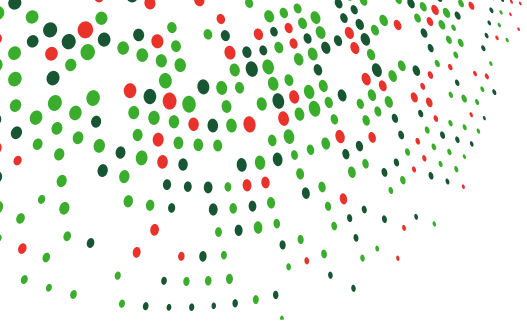
3.1 Economic Performance

The detailed financial performance of Magyar Posta Zrt. is shown in the Annual Report. The specific goals related to the economic performance are defined in the business plan approved by the owner. The plan serves as the base for evaluating the Corporation's yearly business performance. The expectations of the plan are implemented in every responsible unit of the Corporation. The central framework, the responsible units, the financial goals and targets expected from the leaders are recommended by the financial CEO and approved by the CEO. The Controlling Directorate keeps record of the above-mentioned financial planning and the methods of assessment. When assessing our economic performance, the revenue before taxation, the various key performance indicators (KPI) (e.g. per capita income) are also taken into consideration..

In 2019 Magyar Posta Zrt. reached all of its financial goals and targets.

In 2019, Magyar Posta Zrt., as the designated, universal postal service provider, received a 4.4 billion HUF state subsidy due to excess burden in order to compensate for the surplus expenses of universal postal services not paid by the market (e.g. postal outlet maintenance that would generate a deficit in market conditions).

Besides, in connection with the Tracking Registered Mail Project the Corporation received a 451-million-HUF subsidy, of which 241 million HUF entered the books in 2019.



3.2 Developments to Improve Services

Long-term customer satisfaction is the foundation of a corporation's sustainability. In 2019 Magyar Posta Zrt. reached a milestone in its endeavours to increase efficiency and help service improvement in addition to launching its new project PAKK².

Project PAKK

In 2019 we expanded and completed project PAKK launched in 2017. As a result of the project, the registered postal items can be tracked with a cutting-edge information technology system comprising 8000 new digital devices (PDA and printer) that help our employees in delivery. (See the environmental impact of the project in chapter 4.2). The new system is a significant contribution to accelerating public governance administration and the efforts of a digital state.



Project MPL+

Project MPL+ (Magyar Posta Logisztika+ - Hungarian Post Logistics+) is a vital component of our Corporation's future, as parcel turnover, in parallel with the expansion of e-commerce, is a dynamically growing market. We have designed a comprehensive plan to reconstruct the entire logistics infrastructure with the intent of meeting the demands of the future in handling greater parcel turnover fast and efficiently, therefore we have launched project MPL+. Our plant site in Nyíregyháza was enlarged by 2700 square meters, while parcel processing in Füzesabony will operate on a site 2900 square meters bigger than before. Next to the central parcel processing and sorting plant we have built 23 depots, 19 in the country and 4 in the capital city. The first sites with conveyor lines will be the depots in Debrecen and Győr opening for business in 2021. Our plan for 2022 is to create a nation-wide network of depots based on the conclusions of our running developments. We are also planning to expand the parcel terminal network providing convenient, non-stop parcel pick up and delivery services, while also preparing our Corporation to be able to handle increasing parcel turnover.

Barrier-free service

Clients with disabilities can access 1231 postal outlets (47.3%). The postal outlets with a wider range of services and larger turnover, with a few exceptions, accommodate clients with disabilities. Barrier-free design is not possible in historically listed buildings: (e.g. Eger 1, Debrecen 1 and Szeged 1). In terms of a pilot project, some main post offices (e.g. Csepel 1, Székesfehérvár 1) feature Braille and tactile sign information to accommodate clients with visual impairment.

Accessibility to postal services is helped by the fact that any domestic or international postal delivery provided with tactile signs can be posted free-of-charge.

Such postal items include any goods addressed or to be received by a person who is visually impaired or any officially recognised institution for the blind. Such postal delivery may include any paper item with tactile signs, CDs, audio materials, pendrives or any material, device or equipment that help reduce a visually impaired person's problems due to visual impairment.

² the corresponding services and developments are described in the Annual Report in more detail

3.3 Quality Management

Magyar Posta Zrt. carries out a part of its quality testing due to legal or internal postal regulations, as well as the Corporation examines the quality of service provision – in terms of mystery shopping- from a client's perspective. Besides, the modes of customer interaction are inspected according to a unified testing system. The tests of 2019 are shown in the table below³.

Targets for 2019	Target value	Result	Conclusion
starting customer service in 7 minutes ⁴	min. 76%	78.23%	+
rate of starting service in over 15 minutes	max. 5%	4.35 %	+
processing time of postal delivery for the visually impaired 3 work days after posting	min. 85%	97.40%	+
processing time of postal delivery for the visually impaired 5 work days after posting	min. 97%	100.00%	+

Table 4 Quality targets and performance

Measuring waiting time

In order to increase customer satisfaction and to optimally use postal resources, we conduct continuous waiting time measurements in 177 post outlets, based on the data of our customer call system. In 2019 39 more post offices were checked with mobile IT tools. The objective of the project was to define the rate of the start of customer service in 7 minutes compared with that over 15 minutes.

Customer waiting time in 2019 met our expectations.

78,23% of customers needing short-term transactions were called to be served within 7 minutes at post offices provided with a customer call system.

Processing time of postal delivery for the visually impaired⁵

An independent auditing company conducted a test to assess the processing time of the postal delivery for the visually impaired. Every time the processing time of 100 documents with Braille signs was measured and the test showed that our results far exceed the expectations of the Universal Postal Conventions and Regulations.

Measuring aspects of customer interaction

341 post offices underwent anonymous inspection, where we checked the cleanliness and tidiness of customer space, the orderliness of postal uniforms worn by delivery personnel and post office clerks, the visibility of digital scales displays, the placement of compulsory information and marketing materials for customers. The results showed a high level of satisfaction, the lowest score came from the visibility of scales displays (96.4%). The highest score was related to uniforms, 99.8% of our employees wore their uniforms properly.

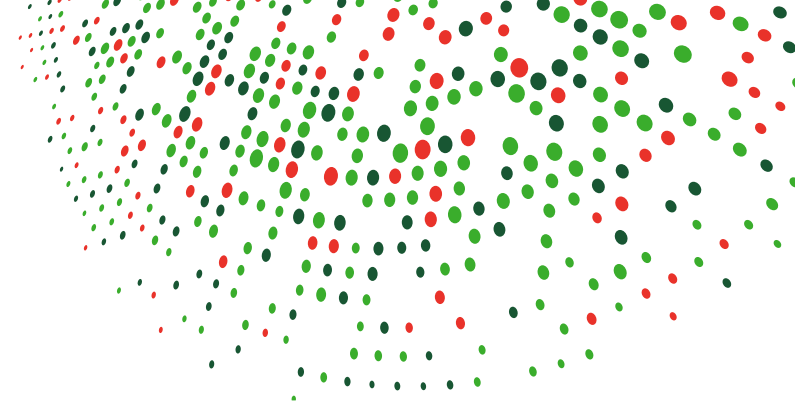
Newspaper inspections

Our anonymous inspection examined 55 post offices, where we checked whether the personnel handling a certain newspaper item was capable of the following: provide expected information concerning subscription, know where customers can issue a complaint and finally, fill in the cash invoice properly. In summary, in 81.8% of the cases the whole process of information provision was completely satisfactory.

³ in case of short transaction services at post offices with customer call systems

⁴ the mystery shopping results are not included in the Sustainability Report

⁵ Hungarian language link to postal delivery for the visually impaired ►



ÉnPostám (MyPost) card inspections

56 post offices were included in the anonymous measurement process related to the management of ÉnPostám client services. The results highlighted that we need to improve the service recommendation activities of the post office personnel, as well as to provide more public information about how to access an ÉnPostám card.

Retail inspections

In order to comply with the due legal and postal regulations, we conducted an inspection in 193 post offices, where we examined various aspects of displaying retail goods (98.4% adequate), the accessibility of relevant documents (e.g. Operations Licence, HACCP⁶ manual) (97.66% accessible), expertise of personnel (more than 98% of employees were familiar with the relevant rules and regulations and the necessary sources of information).

Excellence in Client Service Award – phone service in large business category, 3rd place

The ClientFirst Consulting presented the Award for the 11th time in order to improve client service culture and to increase the quality of customer experience.

The client service performance and service quality of Hungarian companies were measured in several categories in 2019. In the phone category, based on phone calls by mystery shoppers and surveys conducted among our own customers, the independent measurements resulted in Magyar Posta Zrt. receiving this prestigious professional award.

3.4 Raising Financial Awareness

It is a significant objective to raise financial awareness among the general public, which we supported in cooperation with the Hungarian National Bank. We organised two client campaigns providing information in 2019. In spring we aimed to introduce yearly budget planning and the Financial Navigator Advisory Network (Pénzügyi Navigátor Tanácsadó Irodahálózat). At the end of the year, we displayed communication materials related to consumer credit information in 2500 post offices.

Joining forces with the Hungarian National Bank, the Ministry of Finance held a series of presentations to postal employees in order to broaden their financial knowledge beyond their professional expertise required by the general legal regulations. Our Corporation plays a major role in the distribution of Magyar Állampapír Plusz (Hungarian Government Bond Plusz). For want of banks and government treasury points, several towns and villages could access such savings products only at post offices. It has strengthened our role that government bonds in paper are only available at Magyar Posta Zrt. Our education and training programmes ensure that our employees are prepared to help shape customers' financial thinking.



3.5 Client Data Protection


In accord with the changes of the legal environment⁷ and the growing client and consumer expectations in the field of personal data protection, we continued to focus our efforts on ensuring personal data protection in 2019 as well. We demand our partners involved in our data management to protect client data, therefore we set and apply our agreements accordingly.

Policies and regulations

The hard copy of our Data Management Manual is available in postal outlets and electronically on the webpage of our Corporation. The online manual is responsive and its contrastive viewing mode and audio screen reader for the blind help clients with visual disabilities access the contents they need.

⁶ Hazard Analysis and Critical Control Points: the objective of HACCP is to secure food safety.
⁷ EU data protection reform, Act XXXIV of 2019

In addition to its data management information, Magyar Posta Zrt. publicly displays its Belső Adatvédelmi Szabályzat (Internal Data Protection Regulation) , on its webpage , so that our stakeholders may see that the Corporation pays great attention to its compliance with the due data protection requirements.

Stakeholders can also contribute to protecting their personal data, therefore our webpage  calls our stakeholders' attention to the importance of data protection and the precautions they may take.



Data protection officer system

The Corporation employs an officer designated by the CEO and supported by a data protection expert. The data protection officer reports to the Supervisory Board and the Board of Directors.

To ensure the presence and observation of data protection implications in business processes, the Corporation established and maintains a comprehensive Data Protection Agent Network. The Network consists of colleagues with knowledge of data protection, working in the operations units, executing the assigned tasks of the units, while functioning as contact persons between the data protection officer and the operations units. They also participate in implementing the principles of data protection into business concepts, planning- and decision-making processes. The number of the members of the Network varies according to the organisational structure of the Corporation, in 2019 it counted 45-50 persons.

Data protection training

The key to protecting stakeholder data is that the employees working with data protection implications and requirements need to be aware.

Every year, including 2019, the Corporation provided data protection trainings and related tests to its employees.

The training material was distributed in paper form and as e-learning. Our colleagues with visual impairments received the material with an audio screen reader. In addition to the comprehensive training, our 40-50 coworkers in customer relations were provided with further data protection trainings.

Data protection incidents

In 2019 Magyar Posta Zrt. reported 6 data protection incidents to the National Data Protection and Freedom of Information Authority (Nemzeti Adatvédelmi és Információszabadság Hatóság, NAIH) in accord with Article 33 of GDPR⁸. 5 of the reported incidents were concluded by the Authority without further actions by the end of 2019. Apart from the data protection incidents, the Authority requested information related to the Corporation in 6 cases. The Corporation fulfilled the request within the deadline in all cases.

The Corporation did not receive a fine related to data protection incidents from 2012 to 2019.

⁸ directive on personal data protection and the free movement of such data by the European Parliament and of the Council (EU); Regulation (EU) 2016/679 of the European Parliament and of the Council and repealing Directive 95/46/EC (General Data Protection Regulation)

3.6 Postal Stamp Issuing

In the course of stamp issuing we strive to combine value retention and creation as well. Year by year, our newly issued stamps contribute to sustainability and corporate responsibility.

Beyond the prepayment of postal items, stamp issuing is a cultural mission in terms of commemorating historic events, significant anniversaries and communicating important social messages.

As to the design of our issues, any stakeholder can propose an idea for the unique themes. It must be taken into account, however, that the issuing process is strictly controlled and the postal stamps are a part of our nation's cultural life with the number of issuable stamps restricted to 20-25 themes in a year, although the theme recommendations are ten times more than what can be accepted. The annual stamp issuing plan is conducted by the Postal Stamp Issuing and Theme Designation Advisory Committee. The plan, in compliance with the stamp issuing guidelines of the Corporation, is checked by the CEO of the Corporation and is considered and approved by the minister with supervisory authority over Magyar Posta Zrt.

Donation stamps

The so-called extra charge stamps are issued in support of charitable causes. Clients pay an extra charge beyond the nominal stamp value, where the extent of the nominal value can be used for prepayment and the surplus can assist designated charity causes. Despite the fact that there are more efficient and faster ways of fundraising, our yearly stamp issuing programme regularly features extra charge stamps. In 2019 the donation sum supported The Society of Hungarian Philately and youth stamp collection.

Stamp issues closely connected to sustainability and corporate responsibility in 2019:

- February: Mahatma Gandhi's 150th birthday anniversary ▶
- May: EUROPA 2019: National birds ▶
- July: 50th anniversary of first moon landing by man ▶
- October: Budapest Water Summit 2019 ▶
- December: free for 30 years –Regime change ▶

Awards

We are proud that Magyar Posta Zrt.'s stamp issuing activities are internationally recognised. Our stamps received several awards in 2019:

- WIPA Grand Prix, 2nd place ▶
- Nexofil, 2nd place
- International stamp beauty contest, 2nd place ▶
- "BEST Print Hungary" printing award / 9th Security formats and stamps ▶



4. Environmental Responsibility

Why is it important? The greatest environmental impact of postal services derives from the energy usage of buildings and packaging. By reducing individual transportation needs, our delivery services can contribute to the environmental efficiency of transportation demands.

Core principles With its integrated quality-, environment- and energy policies Magyar Posta Zrt. is committed to environmental protection, the prevention of environmental pollution and reasonable energy management. In terms of our investments, the principles of environmental- and energy efficiency are observed. Our coworkers are expected to protect the environment, manage resources and waste efficiently in the course of their work.

Governance The issues of environmental protection are managed by the Department of Health, Safety and Environment (HSE), supervised by the Security Directorate. The department is assigned to design, organise, govern and inspect the environmental protection system by implementing continuous checks, regularly analysing and assessing risks in order to contribute to sustainable development and environmentally conscious corporate and business operations. The decisions are prepared by the head of the department and the final decisions are made by the CEO, advised by the head of the Security Directorate. The professional body in charge of environmental protection counted 6 persons in 2019 and in the same year, the department responsible for energy management was reorganised internally. The energy strategy of the Corporation is created and executed by the Infrastructure Directorate, which is also in charge of operating the energy management system. The Logistics Directorate supervises the energy-related activities of transportation and vehicle operation. In relation to the energy management of buildings, the following groups have authority to collectively manage any energy management-related operations: coworkers of the regional energy units, technical experts of plant sites, appointed leaders and coworkers.

"People are responsible for their actions, as well as their inactions." (motto of the Environmental Protection Regulation by Protagoras)

Framework of environmental protection activities

The terms of the environmental protection activities of the Corporation are defined by the Environmental Protection Regulation. The Regulation declares compliance with the operative environmental protections laws and commitment to the efficient operation and improvement of the environmental protection system. The Regulation demands that using environmental resources should be organised and executed in ways that minimise impact and prevent environmental pollution and eliminate environmental damage. In the course of systemic environmental protection activities regular internal audits are conducted. The Environmental Management System in logistics covers the special plants and centres of the Corporation, while the energy management system extends to the whole organisation.



The comprehensive assessment of our environmental protection activities is under the authority of the board meeting of the Security Directorate, where next year's targets and long-terms goals are also defined. Every new post office recruit is informed upon hiring about environmental protection, the proper conduct of environmental consciousness, and a group of them participate in yearly trainings as to the environmental protection-related issues of their activities.

Greenairport

Magyar Posta Zrt. is part of the Budapest Liszt Ferenc International Airport initiative "Greenairport Programme". The objective of the project is for the organisations operating on the premises of the airport to collectively reduce environmental impact. The primary focus of the programme is climate protection via energy usage reduction, the creation of renewable energy resources and the development of electric mobility and selective waste collection.



Compliance

The Corporation was fined 350,000 HUF in 2019 for exceeding the noise protection level. The singular case took place at the Füzesabony Logistics Plant. Thanks to the moving of the plant to a new depot, the problem, that had been previously detected, was eliminated (see chapter 3.2).

4.1 Energy Management and Clean Air Protection

The energy needs of the Corporation are: buildings (60%), vehicle usage related to logistics services (40%).

Targets and results

The Corporation defined its energy usage targets in terms of average petrol consumption, petrol consumption per delivery item, gas-, heating-, electricity consumption of buildings. The targets have been partly reached.

Targets for 2019	Target value	Result	Conclusion
Average petrol consumption	max. 9.2 l/100 km	9.2662 l/100 km	-
Average petrol consumption per delivery item ⁹	min. 4.5 delivery unit piece/ 1 liter	4.3563 delivery unit piece/ 1 liter	-
Electricity consumption compared to 2018	-1.5%	-4.84%	+
Gas consumption compared to 2018	-0.5%	-0.51%	+
Heating consumption compared to 2018	-1%	+0.90%	-

Table 5 Energy targets and results

⁹ ek. value that regards the weight differences of delivery units (e.g. 1 delivery unit = 350 letters / 0,75 package / 100 commercial publications, newsletters). In 2019 the quantity of delivered units shows a 5%-drop compared to that of 2018.

Magyar Posta Zrt.'s energy consumption, Gigajoule			
	2017	2018	2019
Petrol – postal technology	6 178	5 378	4 937
Petrol – personal	11 026	11 233	10 263
Diesel oil – postal technology	316 783	319 937	306 446
Diesel oil – personal	2 301	2 403	2 312
CNG	664	437	348
Natural gas	256 864	262 267	280 294*
Electricity	151 431	154 339	146 873
Purchased heat	54 629	48 973	49 416
Purchases heat (thermal water)	565	791	193
Solar energy produced	485	474	489
Sum total¹⁰	800 926	806 232	801 571

*Heating value of gas calculated according to global IPC values of 2017 and 2018. In 2019 calculations made according to Hungarian average heating value. This accounts for the increase despite lower the energy consumptions results.

Table 6 Energy consumption

Carbon dioxide emission is measured quarterly and target values are defined to reduce emission for specific time periods. In accord with the National Climate Change Strategy, Magyar Posta Zrt. between 2014-2020 undertook to reduce its CO2 emission by 5% compared to the base year of 2013. We reached our 2020-targets by the end of 2019 in terms of market-based emission (-8.34%), and by the end of 2019 we reached our location-based emission targets (-4.39%), which are close to our time-proportion target (-4.29%)¹². Our Corporation continues to commit itself to reducing climate change, therefore we have defined the following emission targets:

By 2030 we are determined to reduce our gross carbon dioxide emission by 18.1% compared to the base year of 2017¹¹.

According to the international consensus to reduce greenhouse gas emissions, the offset of carbon dioxide is not calculated. Our target concerns market-based calculations and direct (Scope 1) and indirect (purchased energy) (Scope 2) carbon dioxide emissions.

Figure 4 Carbon dioxide emission
The carbon dioxide emissions of greenhouse gases were taken into consideration, except for the emissions of air conditioning systems that cover all greenhouse gases in terms of CO2 equivalents. The emission factors derive from laws and regulations, official data and industrial data. Global Warming Potential (GWP) values are calculated based on the Fourth Assessment Report of IPCC.

10 The energy consumption data are accurate and are the result of accurate measurement. Where necessary, the industrial estimate heating values and relevant regulations were observed.
11 The choice of base yera is given by the National Energy- and Climate Plan (NEKT), where the latest emission data come from 2017. NEKT defines a 8.1%-reduction as national target (this is 40% of 1990's greenhouse gas emission level) Magyar Posta Zrt.'s 2019-emission, compared to that of 2017 was -8.1%. Our target was defined in order to live up to our ambitious expectation and due to considerations of NEKT target modifications (-50% compared to 1990).
12 Market-based emission: calculated with emission factor related to purchased energy. The emission factor is provided by the service provider, or in lieu thereof, average emission level of surplus energy calculated on the national level, without sold low- or zero emission energy. Location-based emission: value calculated with country's or location's average emission factor from energy consumption . The two types of emission factors in Hungary concern only electricity.

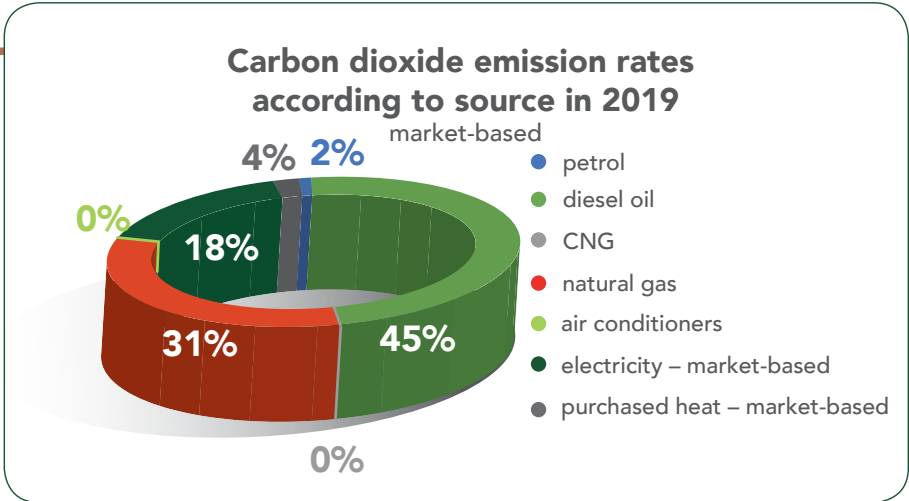
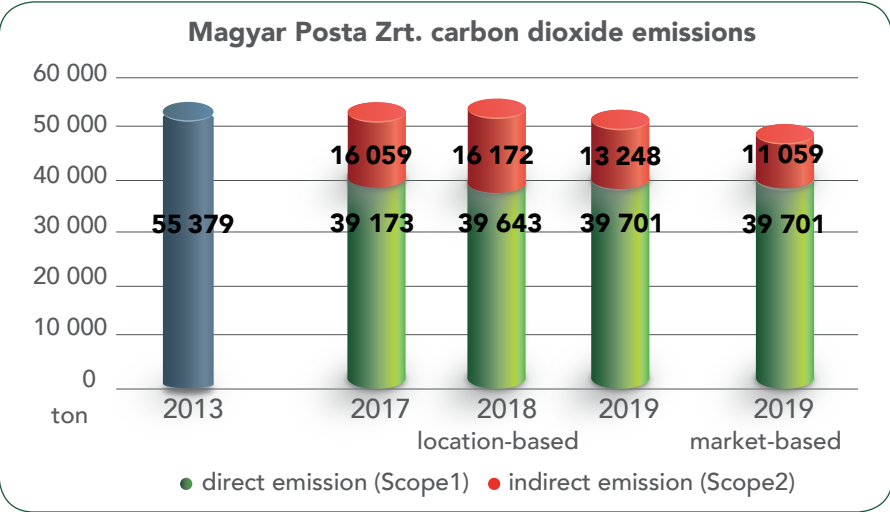


Figure 5 Carbon dioxide emission rates according to source

Developments

Regional reorganisation: The designated project started in 2010 in order to reorganise the logistics sites and to restructure their operational tasks. The technical and technological developments, and the moving of the parcel site to a new depot, vehicle traffic and the related noise impact decreased significantly.

Vehicle developments: The Corporation continued to replace and develop vehicles: 300 up-to-date vehicles were acquired via public purchase, renting or self-financing in 2019. More than half of the newly acquired vehicles are mini vans, 45% are motorcycles.

Building investments: Energy efficiency investments were implemented in 27 sites in 2019. In most cases, we carried out lighting and heating reconstruction work and on some sites water- and pipeline renovations, which included insulation as well. Total energy consumption is expected to drop by 4.5% on the afore-mentioned sites.

Condition assessment: In continuation of our previous efforts, 2019 saw the energy consumption assessment of 30 more sites and we have completed the assessment of 200 sites so far. Monthly meter readings have also been implemented. The exact monitoring of our energy consumption can result in efficient interventions and filtering deviancy.

Maintenance: The Corporation puts emphasis on regularly maintaining our equipment and ensuring their long-term lifespan.

Solar power: We continuously search solutions for renewable energy usage. In 2019 we consumed 496 GJ solar power.

Vehicles and logistics

The logistics operations, the delivery of goods are executed with a fleet of 4500 vehicles: 60% of the vehicles are mini trucks and vans. Our vehicles covered 96 million km¹³ in 2019 using 8.88 million litre petrol. The amount of kilometres covered, dropped by 0.3%, compared to 2018, while petrol consumption went up by 1.13%. On-foot and by-bike delivery methods also play an important role in delivery to address. Our coworkers covered 2.2 million km on foot in 2019, and 18.5 million km by bike.

The sum total equals travelling around the Earth at the Equator 54 times on foot and 461 times by bike by Magyar Posta Zrt.'s coworkers.

13 weighted kilometer that regards the conditions of travel

New electric vehicles

In order to alleviate the work load of the delivery personnel, several devices were tested by our colleagues in 2019. Based on the promising autumn test results, delivery was partly or fully assisted with electric or semi-electric vehicles in 60 towns and villages. (e.g. three-wheel electric motorbikes, electric bikes). According to our coworkers' feedback, the vehicles were well-received and they contributed to the efficiency of their daily delivery work.

The personal vehicles of Magyar Posta Zrt. are not used for logistics but for personal working purposes. Our subsidiary owns the personal vehicles and the Corporation rents them. 87% of our 200-personal-vehicle fleet consumes petrol. The mileage of the personal vehicles was 5.5 million km in 2019.

4.2 Waste Management

Our endeavours and expectations from our coworkers are to minimise waste generation in our operations. As to waste water, the Corporation mainly produced communal waste water and our goal is to prevent the release of waste or toxic waste without pre-treatment into the public pipeline system.

Paper-free processes

Thanks to digitalisation, the paper usage of Magyar Posta Zrt. decreased significantly. The most important impact of Programme PAKK (see in chapter 3.2) in this regard is the elimination of paper-based certified mail receipts. Since 2019 the reception of certified mail has been conducted electronically, while the sender of certified mail is also provided with electronic verification, except in case of business clients. In 2020 we are planning to introduce an electronic platform in HR for work schedules, keeping records, recruitment, organising trainings. Moreover, we are also developing our performance management administration processes.

The amount of paper waste shows a downward tendency, which partly comes from the fact that since 2019 Magyar Posta Zrt. has not been in charge of newspaper circulation, therefore leftover newspapers no longer appear as waste in our operations. On the other hand, paper-free technologies also contribute to the decrease in paper waste.

Hazardous waste: Hazardous waste is selected by types with special attention to preventing environmental pollution while collecting and storing. In 2019 nearly half of the hazardous waste was due to postal service operations: toners, cartridges. Another significant component of hazardous waste is generated by polluted packaging, electronic discharge lamp waste and polluted absorbing material. The amount of hazardous waste varies by year, as their appearance is primarily connected to long-cycle maintenance work (e.g. disposal of forklift batteries, electronic waste) and not technological processes.

Non-hazardous waste: During the course of collecting non-hazardous waste, we apply selective collection practices. We selectively collect paper materials not containing personal or business data and we select plastic waste: (e.g. PET bottles and other plastic packaging waste) and lead seals. In compliance with the data protection and confidentiality regulations of the Corporation, we select paper waste containing personal or business paper waste in a separate system. In our most frequented postal outlets, we selectively collect paper- and plastic waste in the customer service areas.

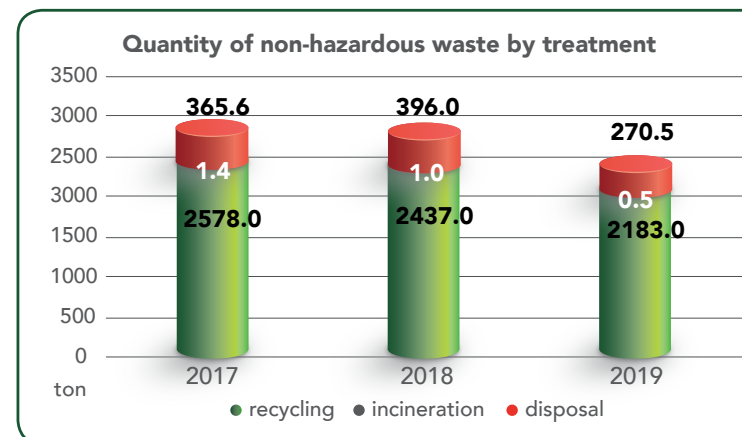


Figure 6 Quantity of non-hazardous waste

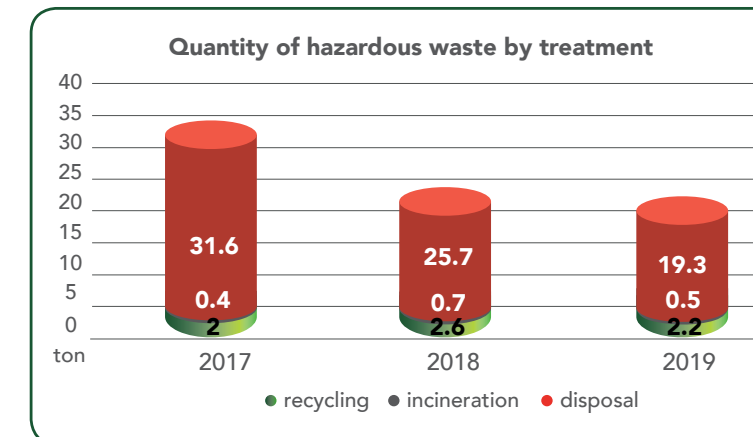


Figure 7 Quantity of hazardous waste

4.3 Raising Awareness

For years we have placed emphasis on the importance of raising awareness among our coworkers in relation to the rationalisation of energy consumption and the popularisation of environmentally conscious behaviour.

Publications: On the intranet of our Corporation we published our "Assistance of Energy Efficient Measures", which rose to regulatory status in 2019. Every coworker with a computer can access it electronically, whereas the post offices and plants feature it on their bulletin boards.

Posters: The informative, clear posters on energy consciousness created by MEKH, the Hungarian Energy and Public Utility Regulatory Authority are also made available on our intranet and on bulleting boards. In our joint trainings with the Energy Management System we call attention to their content as well. The posters popularise the best practices we can all follow at work and at home.

Suggestion box: We expect suggestions and ideas on energy efficiency by coworkers via email or post. We emphasise this in the course of trainings as well.

Postás Magazine: The magazine, available to all of our coworkers, we emphasise the importance of environmentally conscious living. In 2019 we featured content on a waste-free lifestyle.



5. Responsible Employment

ECO driving

The professional drivers participate in yearly road safety and ECO driving education, so they can be aware of the best driving practices to reduce consumption. 1876 coworkers participated in ECO training in 2019.

We organised the Country-wide Logistics Competition for our drivers and logistics coworkers for the third time. In the course of two days, the contestants compared their skills individually and in teams. Beside the theoretical and practical questions of postal service, their driving skills were also a key element of the contest. The versatile tasks (e.g. driving blindfolded, driving with glasses imitating the sensation of drunkenness, aptitude tests) emphasised safe driving and its energy efficiency implications.

Bike ride: It is a tradition that our coworkers participate in the "Ride to the Flower Carnival" (Tekerj a Virágkarneválra!) bike tour. In 2019 our colleagues won the race based on the most "Like-s" received on Facebook.

Green corner: Our communal book shelf "Green corner" in our central Budapest office is very popular. The good old books can find new readers free of charge in our "Take a book, bring a book" initiative. On the recycled shelves made from the paper waste collected by our coworkers, the books come and go.



Why is it important? Magyar Posta Zrt. is one of the largest employers in Hungary. Due to the nature of our operations, the appropriate number and skills of our employees is of primary importance in servicing the whole country smoothly. At the same time, the level of earnings and wages influence the lives of a great number of families. According to a three-year agreement with the trade unions in 2019, based on the works- or collective agreement of 2017, workers are paid 10 % on average instead of 6 % in the last year of the three.

Core principles It is a basic human resource management goal for us to reduce the risks of fluctuation. In addition to that, we aim to attract and retain employees, as well as try to decrease the number of those who leave the company within the trial period. Our objective is to strengthen loyalty and ensure future staffing in order to prevent the hazards ensuing from aging workforce challenges. As to occupational health and safety, it is our purpose to create a safe work environment by reducing work-related accidents and occupational diseases.

Governance It falls within the remit of the Human Resources Directorate (HR) to determine the direction of our employment policy and corporate culture creation. It is also their responsibility to operate the system of trainings, employment retention and career management programmes, as well as to collaborate with our partner organisations and develop an equal opportunities programme. As a continuation of restructuring our HR in 2018, we reorganised our HR strategy-, recruitment-, selection- and management functions, and the HR Directorate became responsible for its own controlling function instead of the controlling department. In order to centralise and increase the efficiency of HR, we extended the HR Business Partner System to the executive logistics organisations. We govern parts of our human resources management based on strategies and plans.

The strategic and professional management of the Corporation's occupational health and safety operations is governed by the head of the Department of Health, Safety and Environment with the professional support the occupational health and safety leader of Magyar Posta Zrt. (see in detail in chapter 5.7).

Main developments in 2019

2019 saw several developments that beside being compliant with the due legal regulations and inside specifications, increase the efficiency of our coworkers' daily work.

- **My Profession, the Post** (complex programme, see chapter 5.2),
- **Leadership training** (see 5.4),
- **My Successor Before Me** training future leaders (see chapter 5.4).

In order to cultivate a performance-focused culture, we kept developing our performance management system and the leaders involved in it. We increasingly place focus on performance, we acknowledge the improving quality indicators and growing incomes in our incentives, while it is our goal to retain our workforce.

Our programme "My Profession, the Post" and the Romani program show an impact beyond the walls of Magyar Posta Zrt. and with their success and conclusions, they might influence the whole labour market.

The Corporation initiated these programmes for two reasons: firstly, we are one of the largest organisations that impact the local labour market and secondly, because of the pressure of the labour market. (on the Romani programme see chapter 5.3)

5.1 Employment Figures

Magyar Posta Zrt. employed 28 446¹⁴ at the end of 2019, the graphs indicate the distributions in detail:



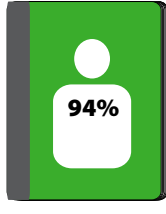
28 446
coworkers



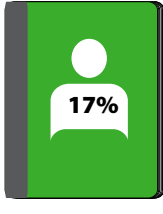
4% headcount
decrease



62%
female



94%
permanent
employment



17%
part-time
employment

Employment by employment type and gender, 31.12.

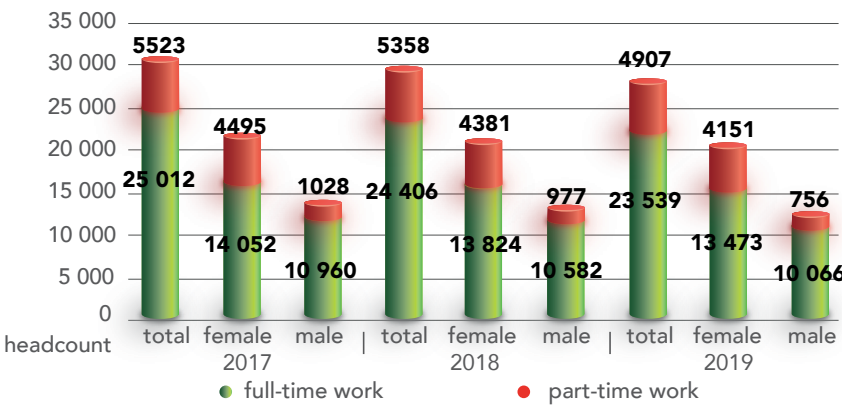


Figure 8 Employment by employment type and gender

Employment by employment contract and gender, 31.12.

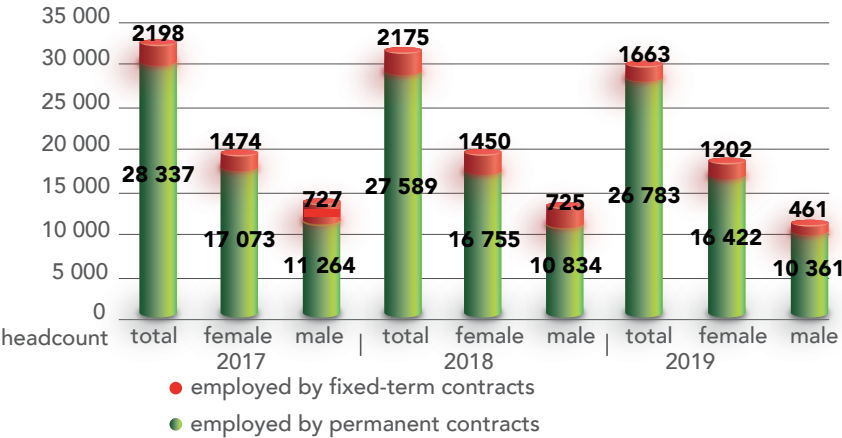


Figure 9 Employment by type of contract and gender

¹⁴ Employment statistics of coworkers employed longer than 30 days.

Employment by county, headcount, 31.12.2019

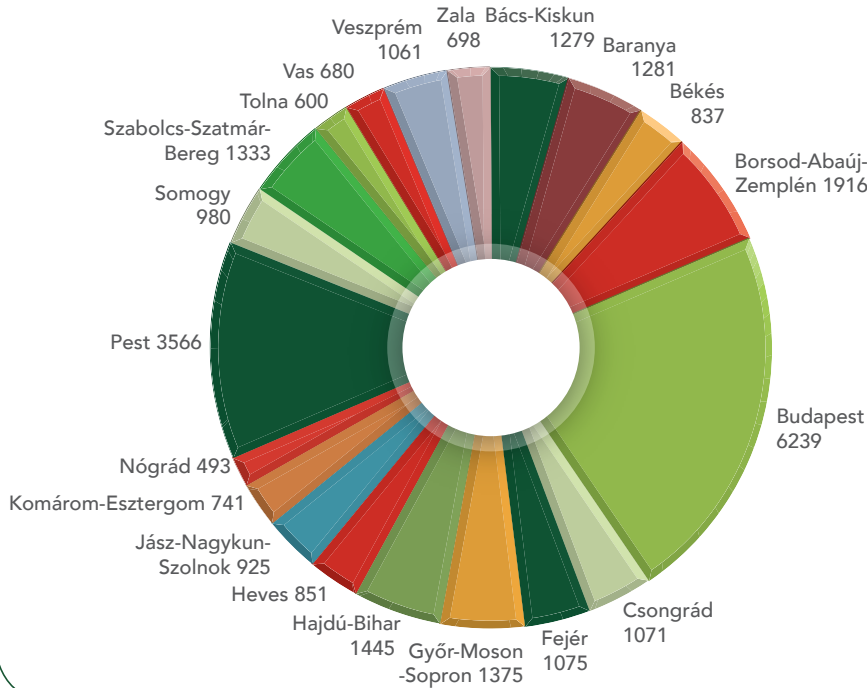


Figure 10 Employment by county

Employment by county and employment contract, 12.31.2019.

Data for 2017 and 2018 does not differ significantly.

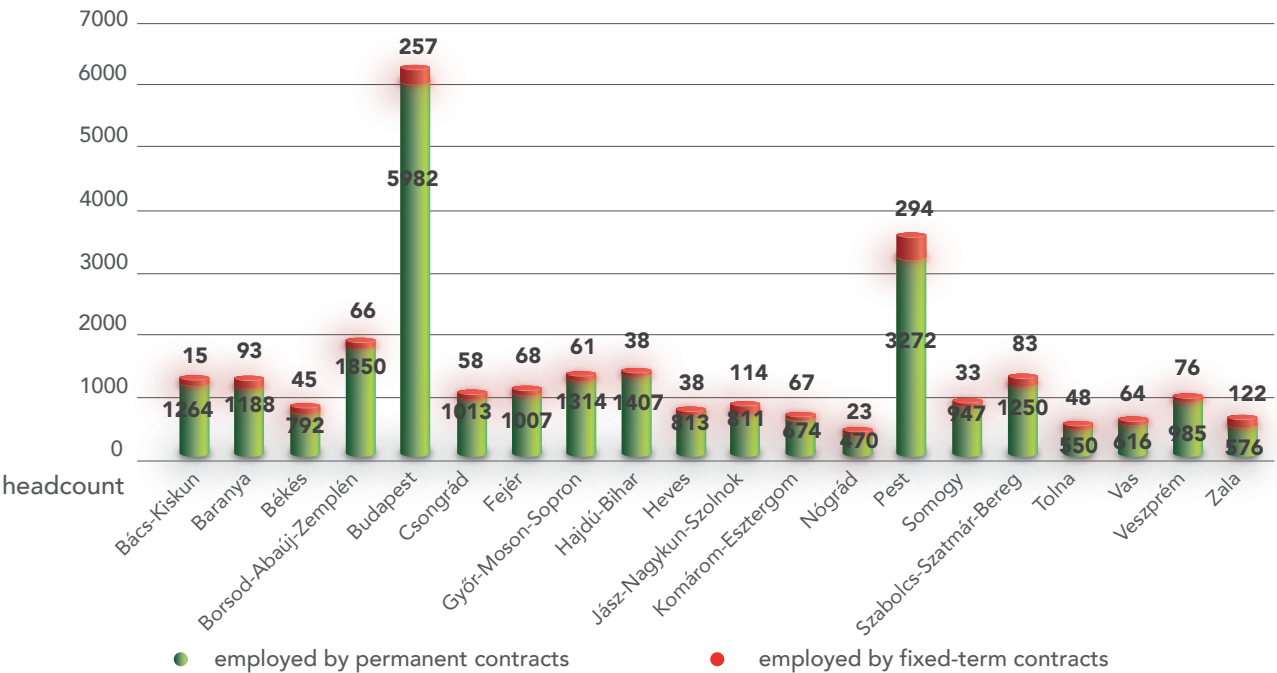


Figure 11 Employment by county and type of contract

Number of coworkers participating in atypical employment possibilities (end-of-year figures, headcount)			
	2017	2018	2019
work time frame	25 459	24 862	23 996
remote workers	103	113	116
flexitime workers	169	148	135
informal workers	921	934	1 012
Work time frame: based on HR Payroll Regulation Supplement, the scope of activities where work time frame can be applied. Flexitime and informal work time frame: total workforce according to list of scope of activities.			

Figure 7 Coworkers participating in atypical employment possibilities

Workforce through labour agencies

In 2019 the average number of workers employed through labour agencies was 250. This number greatly exceeded the average at the time of the year-end peak workload. The labour agency workforce typically participated in logistics activities.

Labour agency workforce (reduced ¹⁵) figures	2017	2018	2019
Average full-time-equivalent	177.82	205.78	224.28

Table 8 Headcount of labour agency workforce

Typical activities of labour agency workforce	
Field	Activities
Logistics Directorate	logistics mail items processing
	transportation
	unskilled parcel delivery

Table 9 Typical activities of labour agency workforce



Collective layoff

The management of Magyar Posta Zrt., in accord with the Works Council, continued the Corporation's 2018 organisational rationalisation and laid off 300 employees in 2019. The reduction affected the Budapest governance and administrative staff. There was no lay off, however, in the areas where the Corporation is short of workforce (e.g. delivery and logistics work).

For those involved in the layoff, Postakürt Foundation – based on an agreement with Magyar Posta Zrt. – provided various types of support in the framework of its Human Assistance service. The service included career change and correction programmes, one-one-one consultation, training to the extent of the minimal wage, one-time social benefits. 85 laid-off employees had resort to the services. (on the activities of Postakürt Foundation see chapter 6. in detail)

5.2 Fluctuation, New Recruits and Retention

One of the main tasks of our Corporation – and many other employers – is the reduction of fluctuation. The reasons behind fluctuation in the postal service industry are due to the average wage falling below the market benchmark and the draining effect of other companies – in some regions and professions, especially in bigger towns and the commuter belt, where employment can be found in similar fields, i.e. logistics, commerce and financial services.

In order to decrease the workforce shortage due to fluctuation, it is our priority to attract new workforce and retain our current employees. We pay attention to the actualities of fluctuation and take measures by considering the current circumstances and possibilities in order to reduce it. Accordingly, we apply measures that, for example, search for potential groups of employees through our social partner organisations (e.g. Romani minority groups, employees with reduced capacity to work, employees laid off by the state employers). See chapter 5.3 in detail.

Future staffing

Future staffing, beside the high fluctuation rates, proves to be a challenge for several reasons: the average age of employees is high; due to the shortage of qualified employees the possibility to hire new workers is limited; the attraction, long-term retention and motivation of the young workforce require different methods than before; training the unskilled workforce demands resources. Several of our programmes focus on tackling this problem:

- **Work experience spots for students.**
- **Trainee programmes** for students or fresh graduates in higher education, who are under 30 years of age.
- **Mentoring system** in the fields of delivery, mobile post operation and logistics (parcel delivery, logistics, mail items processing, driving) for the efficient adaptation and successful completion of training in order to reduce the number of employees in the delivery service leaving before the end of the trial period.
- **Employee Recommendation Programme** postal workers recommending new recruits are financially rewarded if the new recruit is still on board after six months. The amount of the reward grew in 2019 and we employed 751 coworkers via the programme.

My Profession, the Post

My Profession, the Post is a complex programme in which those directly entering from the labour market are trained and can become qualified workers after passing an exam. The objective of the programme is to ensure that the new hires familiarise themselves with the local technicalities, become motivated and are able to work individually. The programme was launched in high-fluctuation positions: employees with elementary education: delivery, logistics positions; secondary education employees: post office administrative and logistics positions; higher education staff: operative and management positions). We started 5 delivery groups (2 in Budapest, Győr, Kecskemét, Gyöngyös) and 1 logistics group (Székesfehérvár) in 2019.

Pay increase and incentive

As a significant employer, the payment levels of our Corporation impact the labour market. At the end of 2019, 7% of our employees worked in positions related to the minimum wage, but only a fragment of them were paid the actual minimum wage. The lowest full-time wages show little variation by county.

¹⁵ Reduced by permanent workforce figures

The lowest full-time wages compared to the minimum wage by county and gender, 31. 12. 2019



Figure 12 The lowest full-time wages compared to the minimum wage

In 2017 Magyar Posta Zrt., in cooperation with the representation of employee interests, agreed on a 3-year basic salary increase, which set the average increase rates of the basic salary (planned increase rate in 2017: 14%; 12% in 2018; at least 6% in 2019). The yearly basic salary increase rate, according to the agreeing parties, was modified to 10% in 2019. The primary focus of the 2019-salary increase was to reduce workforce shortage and retain employees. In terms of the differentiated basic salary increase, we considered the regional payment levels, the duration of employment and we placed special focus on those who work in positions that are insecure in terms of the labour market (employees in delivery positions who received a 11.4% basic salary increase and parcel transportation) with the processing areas receiving a 10.7% raise. As a result of the increase, we were able to prevent the further lagging of postal wages behind the labour market median.

We look for new opportunities to motivate our colleagues with transparent, objective incentives next to our previously restructured performance evaluation and incentive system. In the delivery service we have piloted a new incentive system, whereas in the logistics area, we strive to improve the processing efficiency of our coworkers.

Rate of fluctuation, %

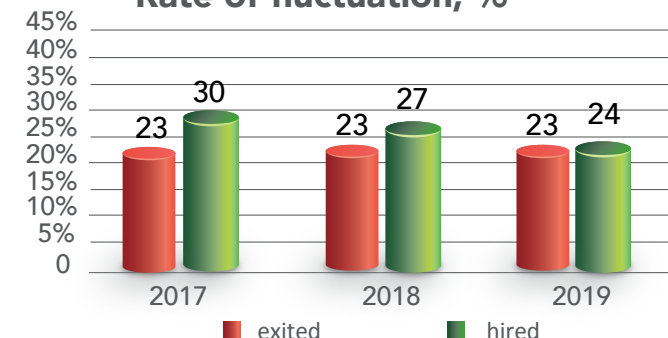
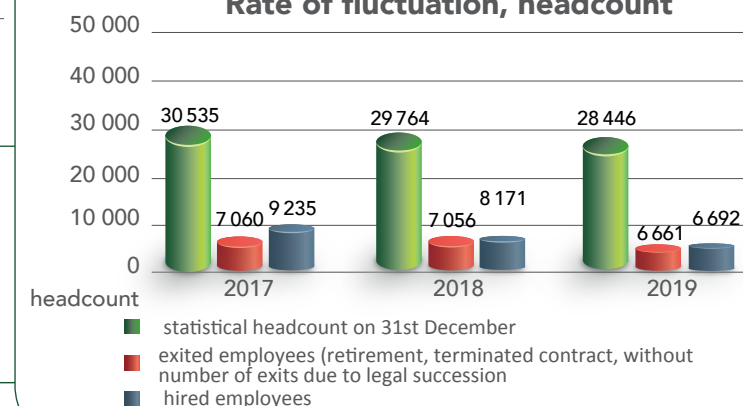


Figure 13 Fluctuation rate by %

Figure 14 Fluctuation rate by headcount

Rate of fluctuation, headcount



Fluctuation by age

compared to the year-end statistical head

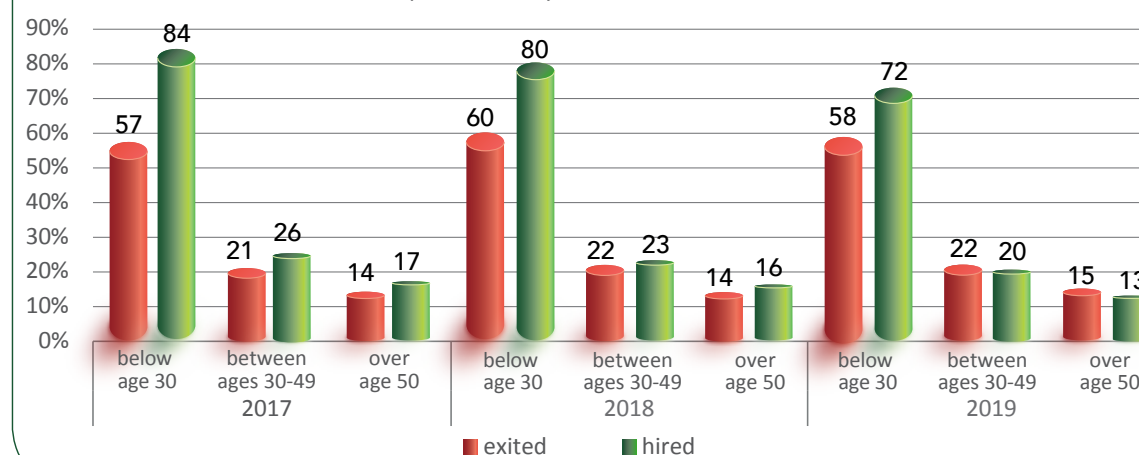


Figure 15 Fluctuation by age

Fluctuation by gender

compared to year-end statistical headcount, %

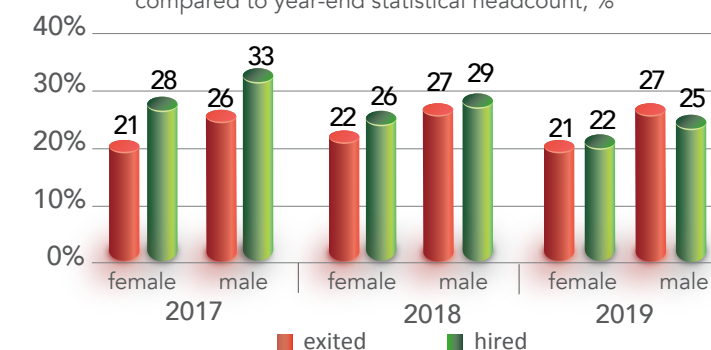


Figure 16 Fluctuation by gender

Fluctuation by county
compared to year-end statistical headcount, 2019

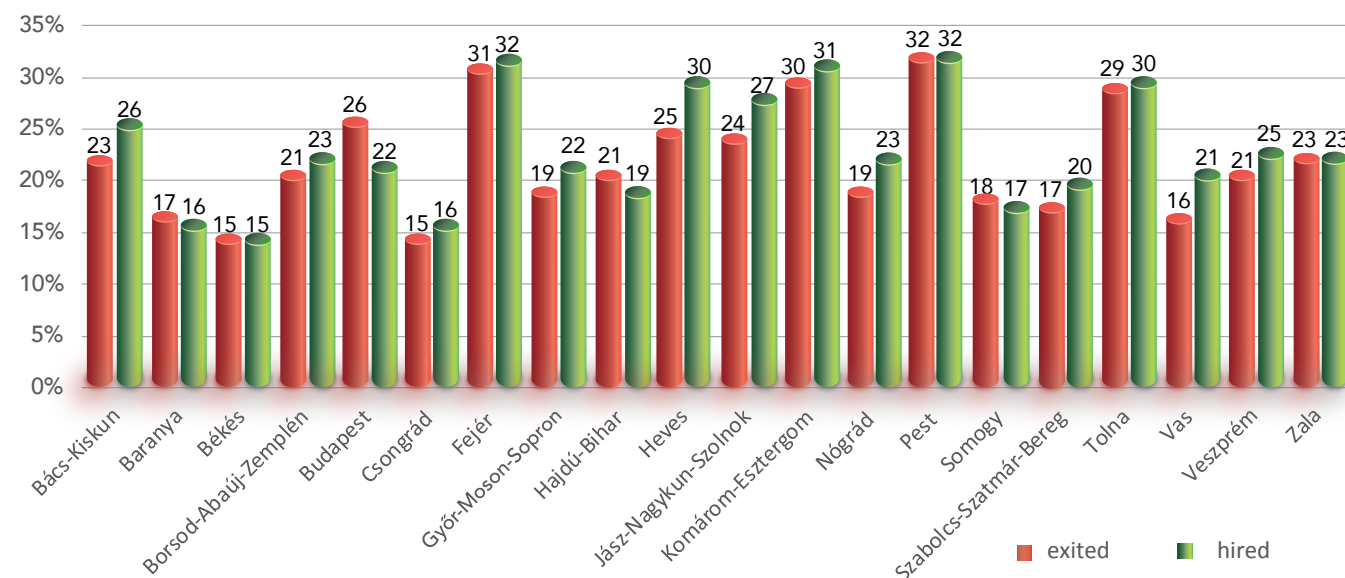


Figure 17 Fluctuation by county

5.3 Equal Opportunities and Diversity

Magyar Posta Zrt. governs its equal opportunities activities according to its Equal Opportunities Plan of 2019-2020. The Plan sets the core principles and goals of our Corporation related to equal opportunities. The Equal Opportunities Plan reaches out to underprivileged groups and individuals in employment, irrespectively of the type of employment and duration of work term. The underprivileged groups include women, coworkers over age 40, Romani employees, employees with disabilities or reduced capability to work, workers with 2 or more children under age 10, large families with 3 or more under-age children in one household, single-parent households raising 1, 2 or more children, fresh graduates.

In 2019 we set off the implementation of our Equal Opportunities Ambassador System, in terms of which we worked out the foundation and tasks of the ambassador system.

Diversity of governing body members						
	2017		2018		2019	
	Board of Directors	Supervisory Board	Board of Directors	Supervisory Board	Board of Directors	Supervisory Board
under age 30	0%	0%	0%	0%	0%	0%
between ages 30-49	67%	50%	67%	17%	67%	67%
over age 50	33%	50%	33%	83%	33%	33%
female	0%	50%	17%	33%	17%	33%
male	100%	50%	83%	67%	83%	67%

Table 10 Diversity of governing body members

Magyar Posta Zrt. is a founding member of the Employers' Equal Opportunities Forum (MEF), which is Hungary's first professional, self-governance representation of interests for employers that emphasizes the importance of equal opportunities.

Rate of women by employment category, 31.12.

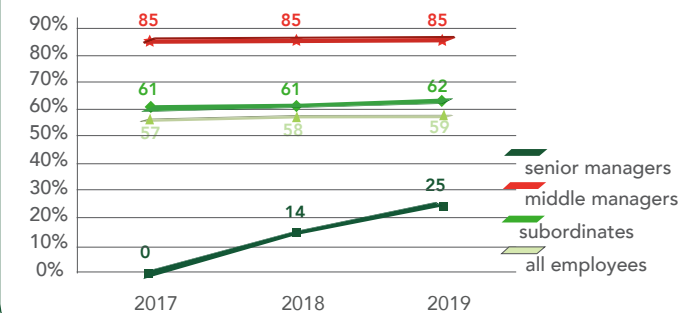


Figure 18 Rate of women by employment category¹⁶

Rate of employees under age 30 by employment category, 31.12.

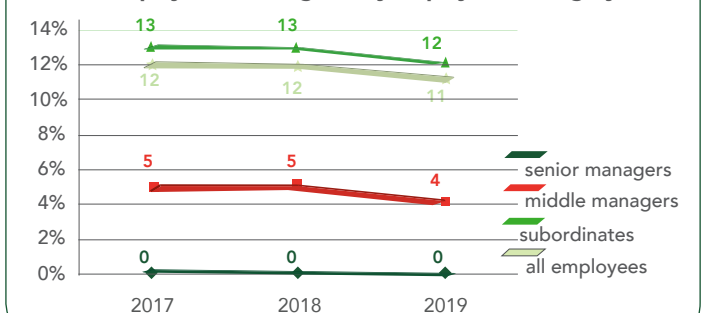


Figure 19 Rate of employees under age 30 by employment category

Rate of employees between ages 30-49 by employment category, 31.12.

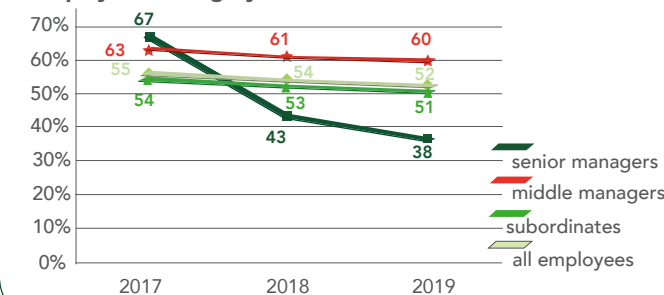


Figure 20 Rate of employees between ages 30-49 by employment category

Rate of employees over 50 by employment category, 31.12.

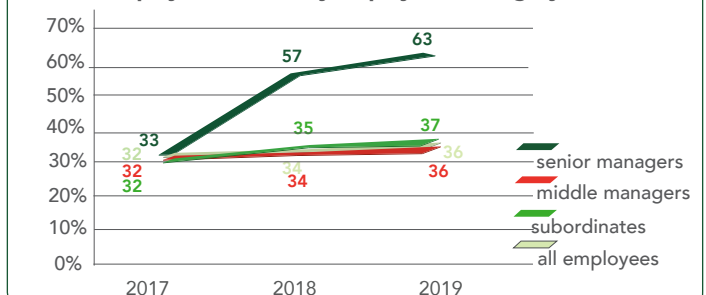


Figure 21 Rate of employees over 50 by employment category

Rate of underprivileged groups compared to all employees

	Employees with disabilities	Families with more than 1 child	Employees employed during paid maternity leave	Large family member	Fresh graduates	Employees employed during retirement
2017	1%	4%	1%	3%	1%	1%
2018	1%	4%	1%	3%	1%	2%
2019	1%	4%	1%	3%	1%	3%

Due to legal regulations, we have no data related to Romani employees. The data of the various groups was retrieved from our HR's SAP data, based on our employees' communication, therefore it cannot be considered as actual data.

Table 11 Rate of underprivileged groups

Our Corporation helps its underprivileged employees with numerous initiatives. We participated in Incorpora, a non-profit job expo to support the employment of underprivileged people.

¹⁶ senior managers, CEO, vice CEO, cabinet leaders, heads of directorates
middle managers (managers without senior managers)
subordinates: all employees without management positions

In 2019 **Postakürt Foundation** provided benefits for large families, rehabilitation services for persons with disabilities or reduced capability to work and contributed to the education and holiday camping of the children of postal workers.

Workers with disabilities

We started Work Network for workers with reduced capability, which matches the potential positions and the corresponding type of reduced capability. The Work Network is part of the risk management evaluation of recruitment, selection and provides directive guidance for both employees and employers. The document can be accessed by all of our employees.

Employees with Disabilities Awards

In 2019 we continued to present awards, initiated in 2018, that acknowledge the unwavering efforts and struggle of our coworkers living with reduced capability to work. The CEO decides on the recipients of the awards in accord with the governing leaders. The celebratory award ceremony is held on World Post Day to recognise postal workers across the planet.

Youth with reduced capability to work in order to address and attract youths with disabilities, we started a recruitment and information programme within the framework of the Association for Disability-friendly Workplaces tender in special education schools and institutions. In 2019 we organised 10 information expos and education programmes in various county institutes with the help of non-profit organisations, associations, foundations and protected employers. The programme enabled the participants to familiarise themselves with the technicalities of postal service and to visit some plant sites and offices as well.

Awareness raising programme we started our “My skills and competencies in focus – Job search tips from an employer’s perspective” with the aim of helping job applicants. In our experience, a great number of applicants with reduced capability to work do not evaluate their skills and competencies realistically and consequently face disappointment on the job market.

Our programme intends to improve the self-regard of applicants with reduced capability to work by also helping them get to know their personal competencies.

The programme was initially a pilot in 2019, for the AURA Association employing autistic employees. We are planning to extend the programme in 2020 reaching out to 150 employees.

Group employment for Romani people

Because of the high fluctuation in types of positions needing physical work and elementary education, our Corporation launched a programme to employ Romani employees in groups. Among Hungarian companies such programmes introduce diverse practices and experience different rates of success¹⁷. Upon hiring Romani employees, their integration is further helped by providing sensitivity trainings.

It is our conviction that for successful group employment, we must provide employment programmes for the integration of blue collar Romani coworkers.

In order to achieve this, Magyar Posta Zrt. started to collaborate with Budapest Institute and BAGázs Association to help the unskilled Romani youth meet the challenges of the labour market. The designated site of the pilot programme, selected in a group effort, was the Logistics Plant of Kecskemét. The integration of the Romani recruits, delegated by outside collaborating partners, was supported via several sensitivity trainings attended by all the plant managers, primary coworkers and the HR staff. We helped the young Romani employees with further sensitivity training as well.

¹⁷ The 2017 initiative of Magyar Posta Zrt. proved to be unsuccessful.

The outside collaborating partners did not welcome the initiative and did not trust its success, therefore we stopped collaborating with them. We employ Romani employees without any discrimination, on mutual terms with all other employees.

Parents with children

We organised weekly summer holiday camps for 302 of our employees’ children at Velencei Lake. We also provided an 8-week day care programme for 69 children in our central headquarters.

Parental leave		2017		2018		2019	
		Male	Female	Male	Female	Male	Female
A	Employee eligible for parental leave (headcount)	1258	2944	1233	2513	1072	2111
B	Parents taking parental leave (headcount)	14	1 751	14	1 802	12	1 780
C	Employees returning after parental leave (headcount)	5	306	5	357	3	416
D	Employees not returning after parental leave (headcount)	2	142	1	156	3	171
E	Rate of parental leave returners [C/(C+D)]	71%	68%	83%	69%	50%	71%
F	Number of parental leave returners still on board 1 year after return (number of years after 1 year written) (headcount)	4	310	3	273	2	296
G	Retention rate [F/C (previous year)]	100%	69%	60%	89%	40%	83%

Table 12 Parental leave

Pensioners

Our Corporation helps work and retention while working during retirement. It is our goal to employ pensioners with professional expertise, which endeavour has proven to be successful, as the number of our employees in the pensioner group has tripled since 2017. Short-term employment is also typical (e.g. in smaller towns or villages for holiday and season days).

Youth and fresh graduates

Our Corporation helps students and fresh graduates with several initiatives. It is our aim to support the youth who have the potential to become our committed, long-term coworkers in the future.

Work experience

Magyar Posta Zrt. accepts students, related to our Corporation’s activities, participating in secondary education, in accord with the vocational training system – OKJ, and undergraduates in higher education for work experience:

As a work experience provider, our objective is to secure the future generations of loyal, motivated and professionally qualified coworkers, who at school obtain the theoretical knowledge and skills that they can further apply in their work with our Corporation.

The trainee applicants get closer to the world of work and the practical application of their theoretical knowledge guided by the professionals of the accredited work experience spots.





We provide improvement possibilities for professional and individual skills and competencies and ensure that the participants are remunerated in compliance with the due legal regulations. Besides, the work term of a trainee (with Student contract) counts as official employment.

Our Corporation accepted trainees for the spring term and summer holiday period of 2019 in the following positions:

- Postal administrator
- Logistics administrator
- Transportation administrator
- Waiter
- Cook
- Catering organiser
- Business operations assistant
- IT security technician
- IT operative staff

The trainees are provided with remuneration and food support, in accord with the due legal regulations and the

various contractual forms and types of position. The students involved in school system vocational trainings are also given uniforms and personal protective equipment (protective clothes), in compliance with the regulations of the responsible minister.

Number of trainees in working experience	Total annual headcount
2017	481
2018	540
2019	503

Table 13 Number of trainees in vocational training

Professional training of undergraduates: we receive students for trainee positions (with valid student contracts) from the educational fields requiring work experience, determined by legal regulations:

- Teaching
- Arts
- Agriculture
- Bachelors of Arts
- Bachelors of Sciences
- Information Technology
- Economics
- Public governance and technical

It is of primary importance to us that our trainees apply their theoretical knowledge in practice and not only learn about the daily routine of the Post but create added value as well.

Trainee programme: In a maximum 12-month programme, we accept university and college students, undergraduates, committed, talented, dynamic fresh graduates with high potential who see their future with our Corporation. The participants of the programme, in a trainee position, which counts as official employment, can add practical experience and skills to their theoretical knowledge and after completing the programme, may be encouraged to continue working for us in a field and position suitable for their competencies and qualifications. The average statistical headcount of trainees employed in 2019 was 10.98.

Mentoring programme

Professional mentors help the new hires in the fields of delivery and logistics services during the training period.

School cooperatives and student employment

In order to reach the youth, we work with school cooperatives and promote summer- and various other student work possibilities. We are planning to support talented and qualified youths with scholarship programmes and dual education.

Prisoners

As a pilot, in cooperation with Annamajori Kft., we employed 10-15 employees for loading work on the Logistics Plant Site of Székesfehérvár. We are evaluating the potential extension of the project in terms of regional availability.

5.4 Training

Magyar Posta Zrt. considers it a priority to improve its employees. We spent 224 million HUF on training and education.

The core principles and goals of the training programme of 2019 were:

- full compliance with legal regulations;
- among professional vocational trainings to support especially those that help employees reach the guaranteed basic salary;
- it is our priority to provide trainings related to the eligibility of product sales;
- programmes supporting future goals (e.g. financial services improvement, provision of service activities, strengthening public service activities and logistics, workforce retention programmes);
- in addition to the valid student contracts and school system trainings, we launched a programme to help educate the leaders of the postal profession in terms of higher education.

As to their content, the trainings were mostly financial, banking and various other functional education programmes. In 2019 82% of the 1408 trainings were on site and 18% were remote.

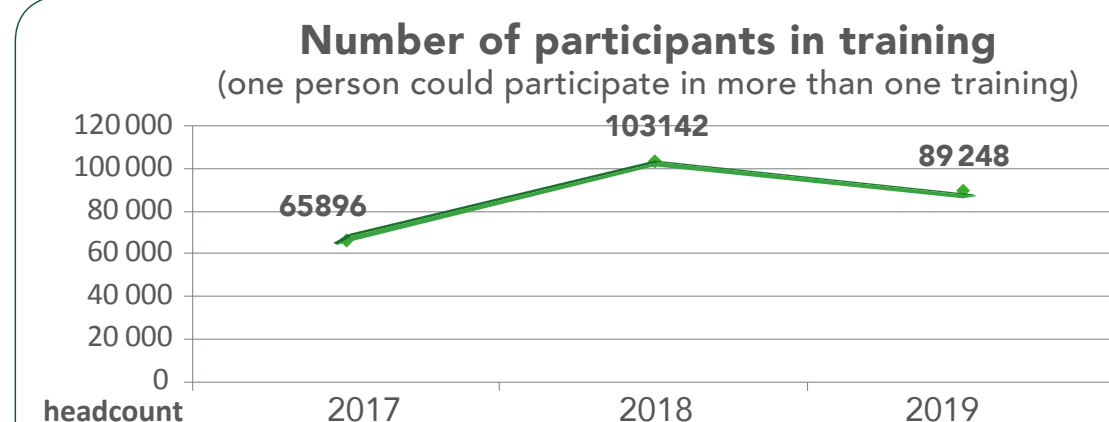


Figure 22 Number of participants in training

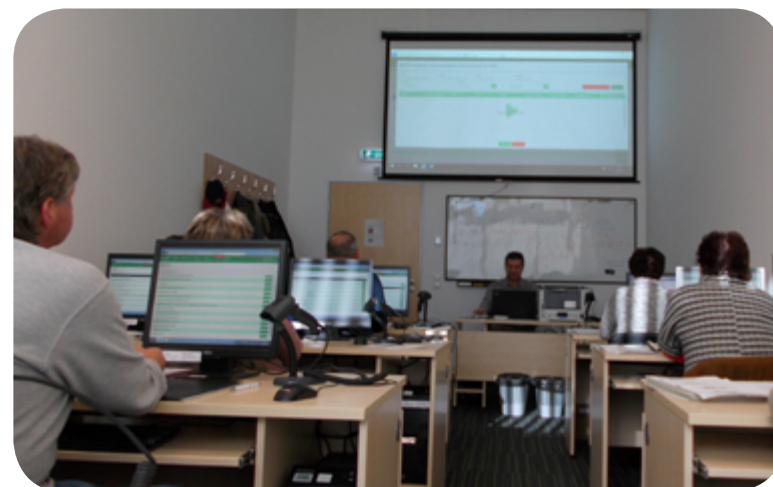
After the completion of the training the participants give feedback, the result of which is built into our future trainings and is shared with the trainers and teachers of our programmes. The satisfaction level of the participants was 92,76%.

Programme PAKK - related trainings

A key element of Programme PAKK was the training connected to technological changes. Within the framework of the training, 2344 employees became instructors themselves, who further taught 12 392 more coworkers in the postal outlets and logistics units. The trainings took place in an environment conducive to training, with the help of new electronic devices and practical tasks. Beside the practical training, programme PAKK inspired educational materials tailored for the target groups interested in the introduction of various systems and new technologies.

My successor before me

We created a two-year programme in order to educate the future generations of leaders. The aim of the programme is to provide the potential candidates with professional expertise, leadership skills and competencies. Within the programme, the participants are taught management skills and best practices by visiting plants and taking part in on-site trainings.



Leadership training

In both the governance and executive fields, we started more training programmes with voluntary participation. In the governance area, the participants were able to take part in programmes strengthening performance culture. In addition, a limited number of applicants had the opportunity to participate in an exceptional leadership development programme. The members of the directorates received training and group coaching possibilities related to situation-based governance. In 2020 we focused on increasing the educational level and expertise of the network, as well as providing trainings that improve the complex preparation of our logistics leaders, beside our running programmes and our annually organised trainings.

5.5 Communication with Employees

Team work and think tanks are important for the leaders of the Corporation. In order to reach our goals, the management is committed to transparent, regular communication in both the governance and executive branches.

Main communication channels:

- **Postweb** (intranet for coworkers with an e-mail address): communication on the most important information related to the Corporation, and discount offers for coworkers. Linked to current affairs in company life. Coworkers can access HR Navigator, containing up-to-date professional information about work-related issues.
- **Postinfo** (company newsletter for coworkers with an e-mail address): reports the most important information that motivates quick response, related to the Corporation and the coworkers. Linked to current affairs.
- **Postás Magazine** (for all coworkers in paper or electronic form): professional and community paper, published monthly.

- **Leadership forums:** personal meetings of management with coworkers. The aims of 2019 were to share information and to inspire coworkers' active participation in organisational changes. In the forums, held in three regions and the central office, anyone was able to ask questions and share their ideas. The questions asked were either immediately answered on site or in a written form later. The most important propositions of the regional meetings were also reacted to in the Postás Magazine.
- **Suggestion box** (coworkers' suggestions can come to otletlada@posta.hu): We reacted to the propositions in Postás Magazine.

The most frequent questions and suggestions from our coworkers were related to the following topics:

- enforcement: wage development, career, uniform, recruitment, incentives, devices to help delivery. The random propositions were reacted to either on site or in writing later. The main messages were also placed in HR Navigator.
- postal leaders: fluctuation, uniform, HR business analyses, developments (product launch training, leadership training, future staffing), incentives, benefits, product incentive points, wage development, questions related to work law.
- leaders: modernisation, short-term vision of the Post. The random propositions were reacted to either on site or in writing later. The main messages were also placed in HR Navigator.

5.6 Advocacy

As a significant employer, Magyar Posta Zrt. strives to collaborate with its coworkers and their representatives in a correct fashion, by maintaining regulated work relations and peace, which are of primary importance in the economic and social stability of our Corporation.

It is also our goal to strengthen dialogue in the name of mutual trust so that our coworkers can detect potential problems in time and may react to them in a flexible manner. It is also important to maintain security and safety and to ensure that our coworkers are informed about expectations. It is vital to expand the range of activities that our employees can actively participate in for the sake of improving their own employability, as well as the range of possibilities with which they can contribute to the operations, the future and competitiveness of the Corporation.

The Collective Bargaining Agreement contains all employment-related questions. Beside operating the system of the labour-related negotiations of interests, we place emphasis on negotiations of interest to prevent conflicts, in which the following social dialogue forums play an important role:

- **Postal Council of Negotiating Interests (PÉT):** negotiating interests happens in a two-way, continuously operating forum, between employer and member trade unions. Its primary goal is to manage and improve work relations, to maintain cooperation and ensure the clarification of basic economic, social, income- and work-related issues by regarding the interests of both employees and employers. One of its objectives is to prevent conflicts and continuously provide information exchange. The member parties of PÉT always try to reach consensus.
- **Participatory meeting:** forum between employer and Works Council. The Works Council is in charge of calling the participatory meeting.
- Negotiation with employee representative organisations and bodies.

Compared to previous years, in 2019 the Corporation held more consultations with the trade unions, involving the professionals of various business units, which resulted in improved deadlines and communication. The employer requests the opinion of the employee representative bodies 15 days before making a decision on work-related regulations, rules, proposals in connection with larger groups of employees, as well as changes concerning the employer. The process of examining complaints by the employee representative bodies is regulated in the Social Dialogue Manual and is carried out according to our unified complaint management policy.

5.7 Occupational Health and Safety

Governance

With the professional support of the head of occupational health and safety for the Hungarian Post, strategic and professional leadership of company health and safety activities is performed by the head of the HSE Department. The number of personnel for the health and safety area was 11, which is 2 counts less than the previous year. The colleagues have the necessary qualifications to perform health and safety activities.

The framework for occupational health and safety activities

Occupational health and safety activities by the Hungarian Post are regulated by numerous documents, internal policies, with the most important being: Security Policy, Health and Safety Regulation, The directive for health and safety advocacy by the Vice CEO.

Health and safety advocates actively participate in the effective implementation of work safety and health preservation. The health and safety advocates establish the Central Health and Safety Committee around themselves, which is the highest forum for health and safety advocacy. The head of the HSE Department is present at the Committee meetings. There is also a Joint Management-Worker Health and Safety Body with six members at the Company in which the employers and employees are represented in equal numbers and with equal voting rights. Questions regarding health and safety are regularly discussed during the meetings of the Postal Reconciliation Committee (see chapter 5.6).

Risk assessment

The identification and risk assessment regarding health and safety is done based on activities and job roles. Evaluation is performed by the health and safety colleagues based on central surveys, the frequency of risk evaluation is performed according to regulational requirements. In case an employee reports a health and safety hazard or a near miss situation, the chairman of the Central Health and Safety Committee will forward it to the corresponding contact in the HR area, who will in turn forward it to the responsible specialist area to address or act upon. The usage of risk reduction hierarchy is regulated by the Health and Safety Regulation. We strive to eliminate risks when utilizing a new tool or building, as using personal safety equipment plays an important role in our processes.

Based on employee feedback, in 2019 we conducted an examination of the concentration of air polluting materials workers are exposed to in the workspace during the opening of bags containing paper documents or the sorting and packaging of documents into crates at the Post Accounting Centre (Posta Elszámoló Központ or PEK). The expert opinion stated that the exposure of the colleagues to the total impact of air polluting materials does not reach the levels determined by relevant regulations. Based on the doctor for occupational health, a noise level measurement was performed in the machinery room of the Data processing and Data control department in the Post Accounting Centre. According to the measurements, the noise exposure impacting the workers is below the limit, no further actions were necessary.

Inspections

In 2019 Government bureau authorities for occupational health and safety and public health conducted 16 inspections – 1 more than in 2018 - on the Company's premises. There were no write-ups regarding health and safety activities, our Company was issued no penalties.

The regular internal health and safety inspections in 2019 were targeted at mechanic material handling (forklifts, hydraulic lifting tables, hydraulic ramp equalizers). We recorded 22 deficiencies in case of 115 inspected pieces of equipment, none of which required immediate actions in terms of accident risks.

Occupational health and safety training

The Health and Safety Regulation determines the order of health and safety trainings. The health and safety representatives at each organizational unit receive trainings that are concluded with exams every 5 years. The service provider for occupational health provided first aid training for 109 employees.

Accidents

In 2019 there were no fatal, serious¹⁸ or mass accidents on the Hungarian Post's premises. The department for health and safety examined 1435 accidents, 643 of which caused work day loss.

There is a decreasing tendency of accidents resulting in working day loss.

The Health and Safety Regulation regulates the processes and circumstances of inspecting workplace accidents, identifying the related dangers, assessing risks and implementing corrective actions. Accident inspection is conducted according to the due legal regulations both in case of postal and borrowed employees.

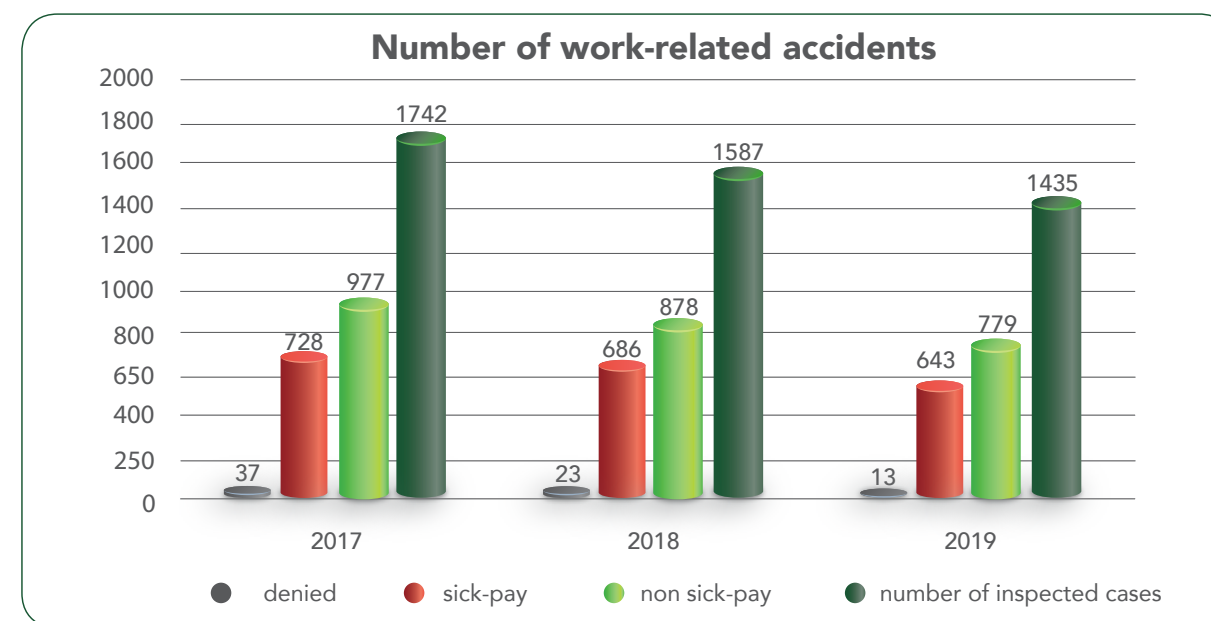


Figure 23 Number of work-related accidents

Work-related accidents resulting in working days lost, accident rate			
	2017	2018	2019
Employees			
Total number of accidents	711	667	623
Accident rate – per 500 employees	11.7	11.1	10.7
Accident rate – per 1 million working hours	14.2	13.5	13.1
Labour agency workforce			
Total number of accidents	17	19	20
Accident rate – per 500 employees	47.8	46.2	44.6
Accident rate – per 500 employees	58.0	56.4	54.5
The data in the table is based on the inspection of accidents. 500 is the average statistical manpower.			

Table 14 Work-related accidents resulting in working days lost

¹⁸ Classification according to national occupational health and safety legal regulations

The number and ratio of most frequent injuries resulting in workdays lost in 2019

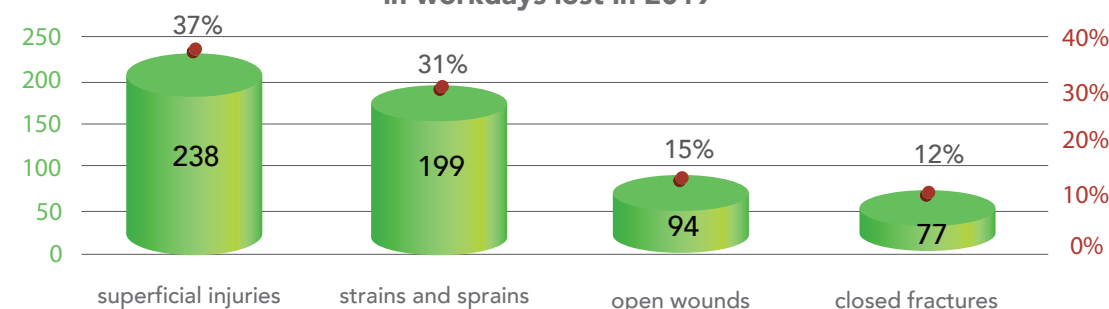


Figure 24 Characteristic injuries

The employee group most often involved in work accidents are delivery-men (410 accidents), processing personnel (64 accidents) and employees working in the area of material handling (53 accidents).

Occupational health

Occupational health services at the Hungarian Post are provided by a contracted partner, the services cover only the employees of the Corporation. Due to inadequacy of service, a new supplier was chosen in 2019. During the year, nearly 50 000 medical examinations were conducted, 80% of which were aptitude tests. We pay extra attention to providing mental health support for our colleagues that are impacted by out-of-the-ordinary mental stress. Three cases occurred in 2019, one received individual therapy, and two received group therapy.

Health development

In 2019 employees participated in health screening through the Comprehensive Health Tests Program of Hungary – consisting of 34 different special examinations – for the fifth time. By participating in the voluntary programme at one of the 4 locations, 302 employees received a comprehensive check up of their health status and was introduced to the importance of prevention.

We also organize thematic screenings at our events (e.g. health day, Dragon boat race) which prove to be widely popular on every occasion. 131 people participated in the musculoskeletal rehabilitation holiday organized by our Corporation.

Environment and health protection day 2019

On World Environment Day, 5th of June 2019, we organized an open day at three locations in the country with the title Responsibly for tomorrow! At the event we focused attention on an environment- and health conscious lifestyle, company operation and related to-dos and opportunities. The programme was received with great interest, and the individual elements of the programme (free health screenings, ECO-games, electric vehicle demonstration, first aid demonstration, presentation on climate change, community office spinal exercises) were conducted with excess registrations. We are convinced such activities serve community building goals in addition to education.

In 2019 97 full-time employees in leadership positions participated in executive screenings.

5.8 Volunteering and Community Events

Our company organizes volunteering and fundraising events several times a year, in most not only our employees but their family members can participate.

Dragon boat race

Our most popular and national event in 2019 was the by now traditional Dragon boat race, in which employees and family members could participate from all over the country. There were nearly 1500 participants at the event. The participants and guests of the race provided donations to the Postakürt Foundation, thereby creating a source of support towards postal colleagues and retirees in need.



TeSzedd!: As per our tradition, we joined the nationwide TeSzedd! garbage collection campaign again in 2019. Over 50 leaders and colleagues participated in cleaning up Farkaserdő in Káposztásmegyer, Budapest. About 100 garbage bags were filled with waste.

Helping Hands Programme: The Helping Hands Programme ran successfully in November and December for the fourth time. During the programme office workers lent a hand to the colleagues working in delivery support, writing notifications for amorphous deliveries, international deliveries, parcel delivery, package processing and complaint management. In the main season of 2019 over 1200 people participated in the programme, volunteering for a total of nearly 2500 working days.

Blood donation: 141 employees participated in the blood donation campaign organized by the Hungarian Red Cross at our Central Office. In addition to the above, our employees and their families had the opportunity to participate in regional children's days and sports programmes.



6. Donation and Sponsorship

Why is this important? Our donations and sponsorships not only support individual good causes, but in several cases our cooperation served attitude- and approach formation on a wider scale.

Our principles We do not exclusively help by cash donations and sponsorship but by providing services to non-governmental organizations to support the success of certain programs.

Governance The coordination of events connected to activities and agreements related to Social responsibility is performed by the Marketing Communication Directorate. They are also responsible for donation collection for charitable organizations within the postal network. We have started working on the Support, donation and sponsorship policy, which in accordance with business goals will determine the principles, goals and tools for social relations for years to come.

In 2019 the Hungarian Post donated the total sum of 202 million HUF. About 60% of our donations were cash donations, 35% consisted of other activities of a supporting nature like parcel delivery, donation collection. Major beneficiaries of our donations were the Hungarian Interchurch Aid (60 million HUF) and organizations connected to postal activities, the Postakürt Foundation, postmen's sports clubs, Sándor Wekerle College, which offers higher level postal studies, the Professional Association of Postal Workers (Postások Szakmai Egyesülete) (total 67 million HUF). The company conducted sponsorships by the net sum of 46 million HUF.

Distribution of donation in 2019 (million HUF)

The organizations related to postal activities are included in more than one category

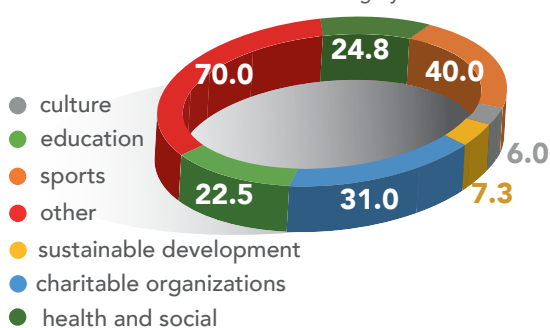


Figure 25 Distribution of donations

Distribution of sponsorship in 2019 (million HUF)

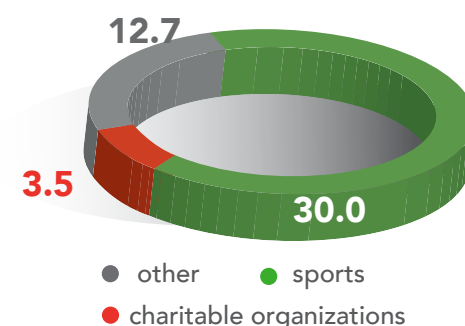


Figure 26 Distribution of sponsorship

6.1 Main Support Initiatives

Supporting the Hungarian Interchurch Aid

We have been supporting the Hungarian Interchurch Aid for five years with several programs and wide cooperation. Among others, there are donation boxes placed in 1000 post offices, we distribute post cards and provide media surfaces for the organization.

We contributed to the start of the school year campaign "Back to School Together!", ensuring that children in need receive school supply packages before the school bells start ringing. Through the programme 1000 children had the opportunity to start school with new, quality school supplies: our company undertook to deliver the supply packages free of charge, while also supporting their compilation.

We are the logistics partner of MikulásGyár (Santa Clause Factory)

We have been supporting MikulásGyár as a logistics partner for 13 years. Every year we deliver over 10 thousand donation packages to the organizations of the Hungarian Red Cross, who then hand them over to those in need.

Active participation in the "Hol vagy, Kajla?" (Where are you, Kajla?) programme

In 2019 the Hungarian Tourism Agency launched a nation-wide campaign for elementary school students in order to motivate them to get to know the natural and built treasures of our country. Within the framework of this cooperation the students with passports received a gift postcard at the stamping stations, with the postcards being delivered by our company free of charge during the campaign. In total, we delivered 50 thousand postcards free of charge.



A visit to the theatre awaiting Christmas – for the families of postal workers in need

Last year was already the 9th time that the Hungarian Post and the Postakürt Foundation¹⁹ organized the programme for awaiting Christmas for the hard-fated families of postal workers raising permanently ill or orphaned or half-orphaned children. An important part of the event, in addition to the entertaining performance, was the handing out of gifts. Years before, the leaders of Magyar Posta Zrt. made little children's dreams come true delivering them gifts that were on their wish lists. 426 children attended the programme from all over the country.



We adopted special plants on Earth Day

On 22nd April, on Earth Day, the importance of preserving our planet is brought to the attention of people in 175 countries over the world - Hungary among them. As initiated by the Security Directorate, the Hungarian Post adopted a 150-year old group of plants located in the Botanical Garden of ELTE in Budapest. Along with the adoption, our Company provided 150,000 HUF in support of the dedicated work by the Fűvészkertért Foundation, who also maintain and cultivate kew trees.



¹⁹ Postakürt Foundation for Culture and Charitable Social Services has two main goals: to support postal workers in need and to build the postal community by preserving our professional heritage and organising quality cultural programmes. The Foundation has been managing the 10 exhibition spaces of the Postal Museum, the Stamp Museum and the Benczúr Ház Cultural Center for postal workers since 2016.

7. Summary of Goals and Targets

Below is a summary of our goals presented in the Report:

Service development

- Realization of project MPL+, by the renewal of the entire logistics infrastructure, including the establishment of 23 depots, in addition to the central package processing and sorting plant and extending the parcel locker network by 2022.
- Discontinuation of paper-based recorded delivery and introducing electronic delivery verification.
- The continued fulfilment of targets concerning quality and waiting times.
- Continuing digitalisation.

Environmental protection

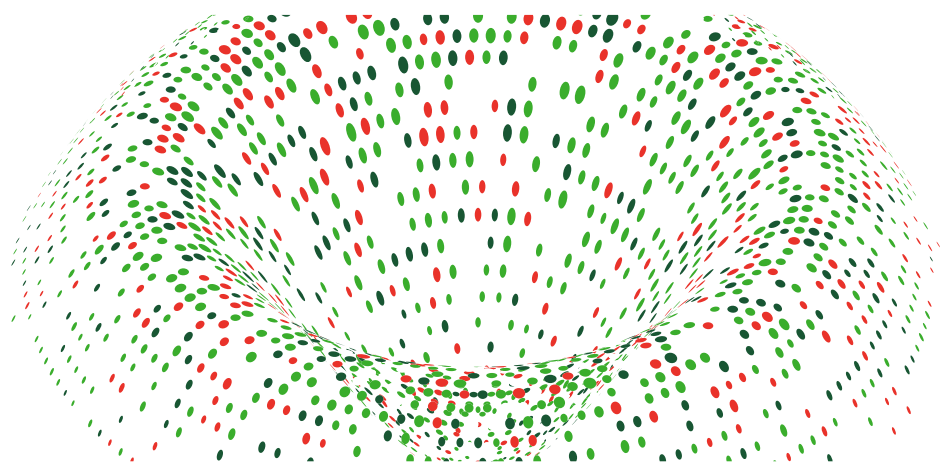
- Determining new mid-term climate targets and metrics for the company: by 2030 we will reduce the gross amount of CO2 emissions by 18.1%, compared to the base year of 2017.
- Publishing a Sustainability Report for year 2019, according to the Core level of the GRI Standards.
- Reducing usage of electric power by 1% and reducing natural gas and district heating consumption by 0.5% in 2020, compared to 2019.
- Achieving or exceeding the fuel consumption per package value of 4.5 package units/litre in 2020.

Human resources

- Creating an electronic platform in 2020 for work-time allocation and registration, as well as organising education and recruitment, and the development of the administration of performance management.
- Introducing a new type of incentive system for the logistics area.
- Strengthening professional skill development and complex preparation trainings and significantly boosting training participant numbers in 2020, in addition to the training programmes started earlier.
- "My individual skills and competencies in focus" – Job search techniques from the perspective of the employer" program extension in 2020.
- Starting and running a senior programme to extend the employment of retirees.
- Scholarship programmes and creating dual trainings to increase the number of talented and professionally trained young people.

Donation and sponsorship

- Developing a Support, sponsorship and donation policy in 2020.



8. Sustainability Report

This report has been prepared in accordance with the GRI Standards: Core option. The report will be published exclusively in electronic format.

Characteristics of the Sustainability Report	
Scope of reporting	Magyar Posta Zrt.
Reporting period	Between 01.01.-31.12.2019
Time frame of presented data	2017, 2018, 2019
Reporting cycle	Yearly
Date of most recent report	For the year 2018
External assurance	External (third party) assurance

Table 15 Characteristics of the Sustainability Report

Materiality analysis

The topics material for sustainability, therefore to be included in the Report, were determined through a materiality analysis conducted by our Corporation in 2019. After selecting the topics relevant for Magyar Posta Zrt.:

- colleagues from the departments, involved in compiling the report in previous years, evaluated the extent of the social and environmental impact of the Corporation,
- after which a survey was conducted among our external and internal stakeholders. The representatives of the following stakeholder groups were involved: owner, management, leadership, employees, corporate clients, suppliers, public administration, trade unions, non-governmental environment protection organizations.



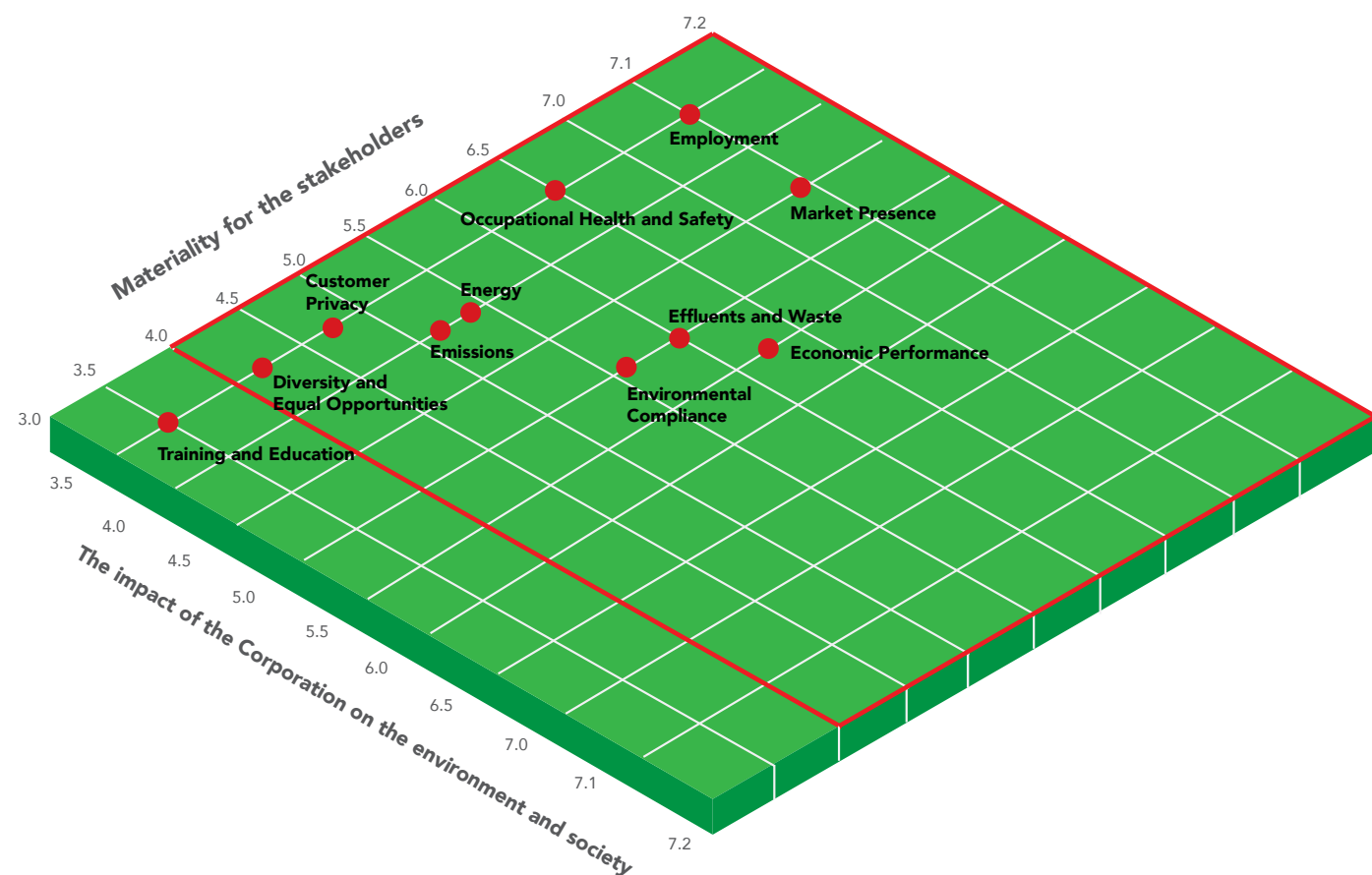


Figure 27 Materiality matrix

The results of the evaluations are depicted in the above chart. At the onset of compiling the report results were validated, on the basis of which Diversity and Equal Opportunities were added to the list of the material topics of previous year. As such, the 10 topics framed with red constitute the material sustainability topics of the Hungarian Post. In every case, the boundaries of materiality are determined by the organizational framework of our Corporation, the reporting boundaries have not changed compared to the previous year. Additional stakeholders – beyond the range of colleagues contributing to the compiling of the report – were not included.

Reporting principles

The report covers all topics deemed relevant by the materiality analysis and it also describes additional activities by the Corporation related to sustainability and social responsibility. In order to enable the better evaluation of the performance of the Corporation and to allow for better comparison, we present data from the past three years, while attempting to provide introduction to a wider context and the causes of the tendencies.

Our goal is to present information and data in an easily understandable way. We believe that it is important to provide expressive content with sufficient detail. In order to enable the comprehensive evaluation of the Corporation's performance, we provide both positive and negative information. The reliability of the content is secured by external-party assurance, and the production and handling of the data presented, which are primarily the result of measurements and substantial calculations.

GRI Content Index

Number of indicator	Disclosure	Location	Reason for omission / note
GRI 102: General Disclosures 2016			
Organisational profile			
102-1	Name of the organisation	8. p.	
102-2	Activities, brands, products and services	8-9. p.	
102-3	Location of headquarters	8. p., ►	Company registry data.
102-4	Location of operations	GRI index	Hungary.
102-5	Ownership and legal form	9. p.	
102-6	Markets served	8-9., 16. p., GRI index	Hungary.
102-7	Scale of the organisation	9. p., ►	The Annual report includes the financial data.
102-8	Information on employees and other workers	30-32. p.	
102-9	Supply chain	14. p.	
102-10	Significant changes to the organisation or its supply chain	GRI index	No significant change.
102-11	Precautionary Principle or approach	22. p.	
102-12	External initiatives	23. p.	
102-13	Memberships in associations	13. p.	
Strategy			
102-14	Statement from senior decision-maker	5. p.	
102-16	Values, principles, standards and norms of behaviour	9-10. p., ►	Code of Ethics.
Governance			
102-18	Governance structure	10-11.p.	
Stakeholder engagement			
102-40	List of stakeholder groups	12-13. p.	
102-41	Collective bargaining agreements	GRI index	According to national regulations all employees (99.97%) fall within the scope of the contract with the exception of employees in management status (8 persons).
102-42	Identifying and selecting stakeholders	12. p.	
102-43	Approach to stakeholder engagement	12-13., 42-43., 52. p.	
102-44	Key topics and concerns raised	12-13., 42-43., 44. p.	

Reporting practice			
102-45	Entities included in the consolidated financial statements	51. p., ►	Magyar Posta Zrt., and it does not cover its subsidiaries.
102-46	Defining report content and topic Boundarie	51-52. p.	
102-47	List of material topics	52. p.	
102-48	Restatements of information	-	
102-49	Changes in reporting	GRI index	No such change.
102-50	Reporting period	51. p.	
102-51	Date of most recent report	51. p.	
102-52	Reporting cycle	51. p.	
102-53	Contact point for questions regarding the report	56. p.	
102-54	Claims of reporting in accordance with the GRI Standards	51. p.	
102-55	GRI content index	GRI index	
102-56	External assurance	51. p.	
Material topics			
201 Economic performance 2016			
103-1	Explanation of the material topic and its Boundary	15., 51. p.	
103-2	The management approach and its components	15. p.	
103-3	Evaluation of the management approach	15. p.	
201-1	Direct economic value generated and distributed	48. p., ►	Annual report.
202 Market presence 2016			
103-1	Explanation of the material topic and its Boundary	29., 33., 51. p.	
103-2	The management approach and its components	29. p.	
103-3	Evaluation of the management approach	29., 33-34. p.	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	33-34. p.	We do not have information about non-employee personnel working on site at our Corporation. Significant locations of operation signify distribution by county..
302 Energy 2016			
103-1	Explanation of the material topic and its Boundary	22., 51. p.	
103-2	The management approach and its components	22-23., 50. p.	
103-3	Evaluation of the management approach	22-23. p.	
302-1	Energy consumption within the organisation	24. p.	

302-3	Energy intensity	23-24. p.	In reference to post technological fuel consumption
302-4	Reduction of energy consumption	25. p.	Partial accordance.
305 Emissions 2016			
103-1	Explanation of the material topic and its Boundary	22., 51. p.	
103-2	The management approach and its components	22-24. p.	
103-3	Evaluation of the management approach	24. p.	
305-1	Direct (Scope 1) GHG emissions	24. p.	
305-2	Indirect (Scope 2) GHG emissions	24. p.	
306 Effluents and waste 2016			
103-1	Explanation of the material topic and its Boundary	22., 51. p.	
103-2	The management approach and its components	22., 26. p.	
103-3	Evaluation of the management approach	22-23., 27. p.	
306-2	Waste by type and disposal method	27. p.	
307 Environmental compliance 2016			
103-1	Explanation of the material topic and its Boundary	22., 51. p.	
103-2	The management approach and its components	22-23. p.	
103-3	Evaluation of the management approach	23. p.	
307-1	Non-compliance with environmental laws and regulations	23. p.	
401 Employment 2016			
103-1	Explanation of the material topic and its Boundary	29., 51. p.	
103-2	The management approach and its components	29. p.	
103-3	Evaluation of the management approach	29., 33., 35-36. p.	
401-1	New employee hires and employee turnover	35-36. p.	
401-3	Parental leave	41. p.	
403 Occupational health and safety 2018			
103-1	Explanation of the material topic and its Boundary	29., 51. p.	
103-2	The management approach and its components	29., 44. p.	
103-3	Evaluation of the management approach	44-45. p.	
403-1	Occupational health and safety management system	GRI index	Our company does not operate a certified management system.

403-2	Hazard identification, risk assessment and incident	44. p.	
403-3	Occupational health services	GRI index	Provided as per valid regulations
403-4	Worker participation, consultation and communication	GRI index	The Joint Management-Worker Health and Safety Body (Munkavédelmi Paritásos Testület) has an annual regular meeting. It evaluates the occupational health and safety activities of the Corporation, comments on related reports and drafts, and evaluates the health and safety actions and action plans related to the business plan of the Corporation, the health and safety programme of the company and comments on internal regulation regarding.
403-5	Worker training on occupational health and safety	45. p.	
403-6	Promotion of worker health	46. p.	
403-7	Prevention and mitigation of OHS impacts directly linked by business relationships	GRI index	None have been identified
403-9	Work-related injuries	45. p.	
405 Diversity and equal opportunity 2016			
103-1	Explanation of the material topic and its Boundary	29, 51. p.	
103-2	The management approach and its components	29., 36, 38. p.	
103-3	Evaluation of the management approach	36-38. p.	
405-1	Diversity of governing bodies and employees	37-38. p.	
418 Customer privacy 2016			
103-1	Explanation of the material topic and its Boundary	18., 51. p.	
103-2	The management approach and its componen	15., 18-19. p.	
103-3	Evaluation of the management approach	19. p.	
418-1	Substantiated complaints concerning breaches of customer privacy	19. p., GRI index	Not published, as we believe that providing information on client data leaking, loss and theft increases our Corporation's vulnerability.

Table 16 GRI content index

We are looking forward to your feedback!

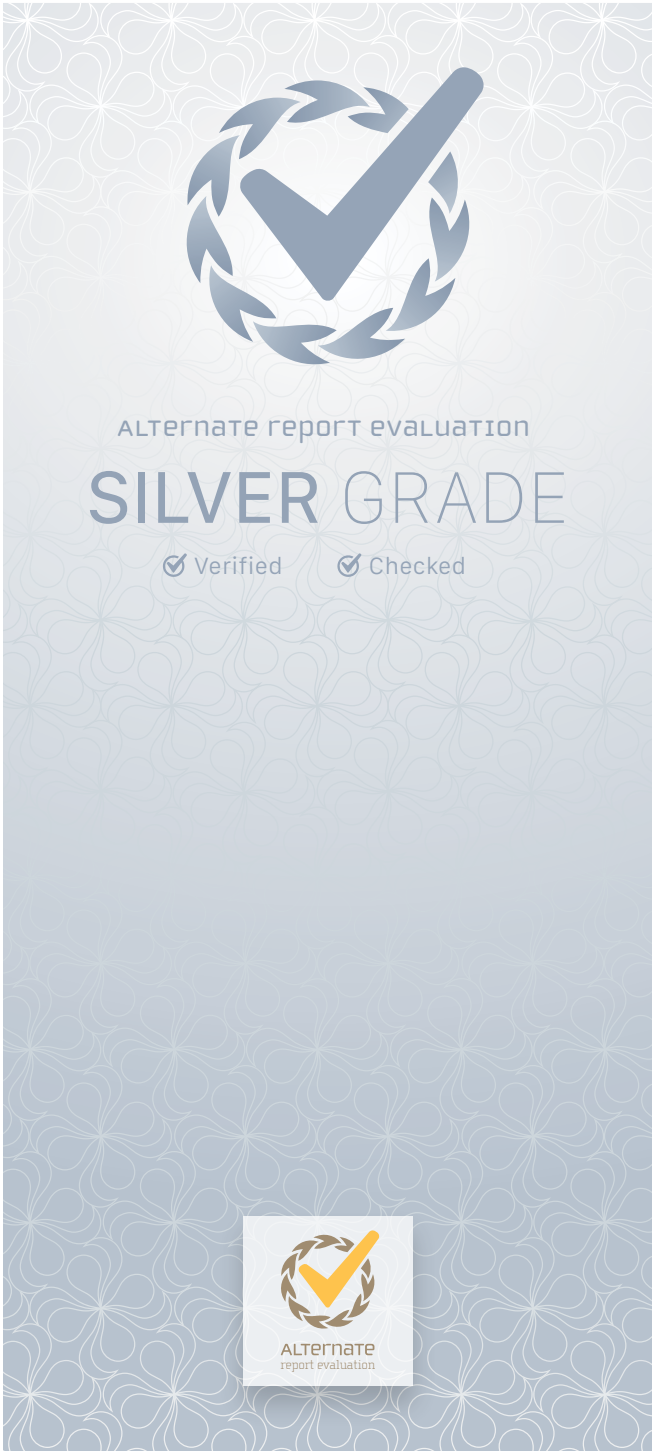
Please share your opinion and comments at kornyezettudatos_posta@posta.hu!

Assurance Statement



To the management and stakeholders of Magyar Posta

Magyar Posta’s Sustainability Report 2019 (*Report*) has been prepared by the management of the company, who retain responsibility for the data and information included. **Alternate Consulting** (*Alternate*) was assigned to carry out assurance engagement on the data and information of the Report, check the declared **Global Reporting Initiative Standard** (GRI) Application Level, formulate expert recommendations on potential improvements of the Report and to give a public statement of the findings.



Conclusions

Our work confirms that the data and information included in Magyar Posta’s Sustainability Report 2019 are reliable, and serve as an adequate basis for the stakeholders to create a view of the company’s performance. The Report fulfils the requirements for **„in accordance – core”** level of the GRI Standards concerning.

Methodology

This engagement has been performed in accordance with the GRI principles and recommendations. We carried out the following:

- ❖ Interviewed 3 managers and experts;
- ❖ Reviewed Magyar Posta’s approach to data collection and checked data on a random selection;
- ❖ Benchmarked the Report against previously published data, information and goals;
- ❖ Reviewed in detail the GRI principles, indicators and the GRI Content Index.

The assurance engagement covered the full report and the information contained. The engagement did not include site visits or external stakeholder engagement.

Declarations

As an independent consultancy, Alternate Consulting has no financial or other dependencies on Magyar Posta beyond the scope of this engagement. We fulfil the key quality requirements for external assurance listed by GRI. The engagement was carried out with impartial approach and more than twenty years of professional experience in the field of sustainability reporting by **Katalin Urbán** and **Mandy Fertetics**.

Expert Recommendations

We give the following recommendations concerning the report-writing procedure, and the data and information presented in the Report:

- ❖ In order to ensure the balance of economic, environmental and social issues, the validation step of the materiality analyses should have more emphasis. The methodology and result of the yearly review could be more transparent.
- ❖ Organisational units responsible for sustainability should appear on the organisational chart as well.
- ❖ Considering the role of Magyar Posta in the local economy, we propose higher focus on the description of the company’s supply chain and the market environment, e.g. competition, industrial benchmarks.
- ❖ Reporting on aims could have more exact targets and description of time frame as well.

Budapest, 10th of September 2020

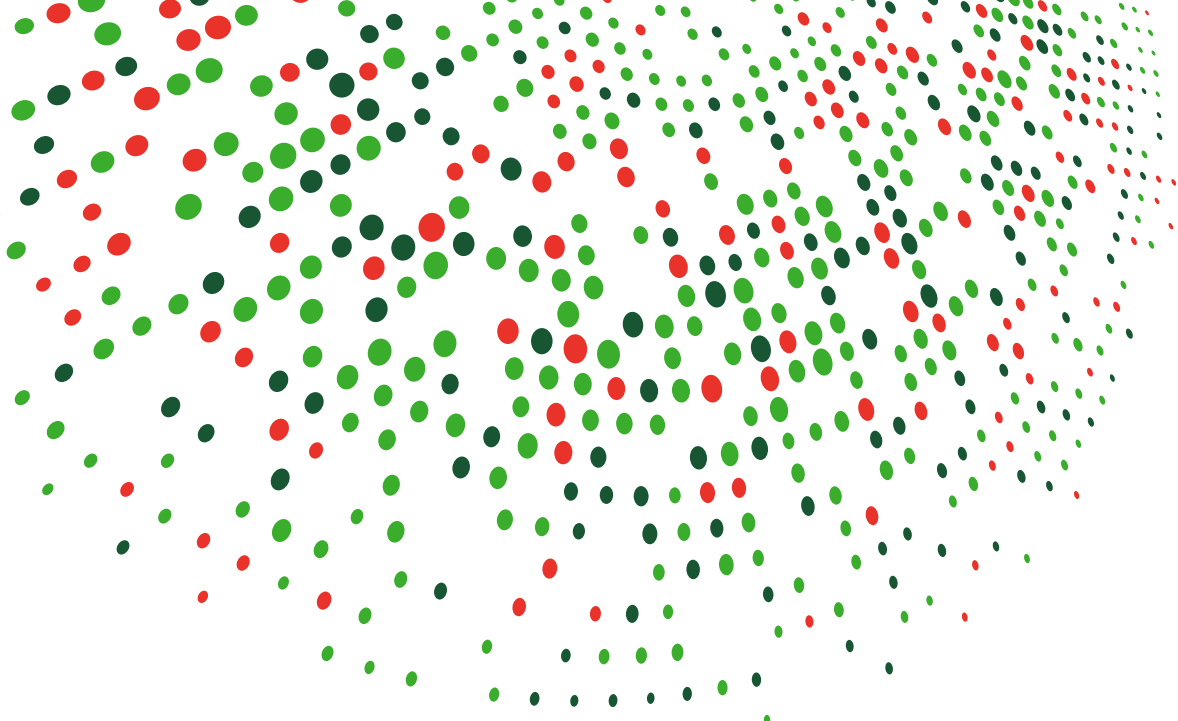

Katalin Urbán
Alternate Consulting


Mandy Fertetics
Alternate Consulting

Alternate Report Evaluation grades and related contents

Related contents	Golden Grade “Evaluated”	Silver Grade “Verified”	Bronze Grade “Checked”
GRI Content Index	✓	✓	✓
GRI Application Level	✓	✓	✓
Verification of data and information	✓	✓	
Data gathering process	✓	✓	
Transparency aspects	✓	✓	
Expert review	✓	✓	
Expert recommendations for development	✓	✓	
National and international benchmark	✓		
Evaluation by the expert panel	✓		
Stakeholder aspects and expectations	✓		
Expert panel recommendations for development	✓		

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Magyar Posta

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