

A large, irregular green brushstroke shape that serves as a background for the title text.

Sustainability Report **2020**

A black line drawing of a plant with several leaves and small circular fruits, positioned on the left side of the page.

Let us become capable of not just imagining the future, but making it happen!

A red line drawing of a plant with several leaves and small circular fruits, positioned on the right side of the page.

WELCOME

GRI 102-14, PPS: 103-2, 103-3¹

Dear Reader,

Welcome to the pages of the Sustainability Report for 2020 of Magyar Posta Zrt. (Hungarian Post). We have had a challenging and difficult year, but a successful one, all things considered.

Like most companies, our plans at the start of the year were severely impacted by the COVID-19-related state of danger, and we were forced to revise the foundations of our operation and adapt to the external and internal regulations and restrictions arising from the new situation in order to protect the health of our staff, customers and the broader community, and to maintain a high standard of service.

The reliability and solidarity of the postal community, where we help one another, enabled us cope during the pandemic.

I am proud that as a result of our efforts, no cases were registered among our staff during the first wave of the pandemic and the ratio of infected postal workers in the second wave remained below 1% of the total number of staff. This is a significantly better result than national figures, especially considering that most of our work requires personal contact and our services were always and continuously available. The third wave primarily affected 2021, but at the time of writing, we already know that 23 postal workers have also fallen victim to the virus. We sympathise with the bereaved and offer our support to the families.

We want to continue and utilise the good practices and work organisation that have been developed by allowing teleworking and using electronic channels even after the pandemic period, as this can help our Company in reducing its ecological footprint.

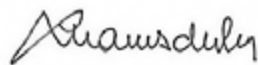
Demand for our traditional services continued the decline observed in recent years, while the growth in e-commerce led to an increase in parcel traffic not only in the last quarter of the year – considered the high season – but throughout the year. It can be considered a success that we were able to deliver an outstanding performance for our customers, even under extreme conditions and with an extremely high number of parcels. There were weeks when we delivered more than 1 million mail items.

I consider the strategic decisions taken in previous years to continuously improve our competitiveness in the parcel transport market to be correct. I firmly believe that our Company must accelerate the implementation of transformation tasks. To this end, Magyar Posta has continued developments in 2020. In November, we delivered one of the milestones of our MPL²⁺ programme in Fót, a 15,000 square metre automated parcel processing depot. With such modern infrastructure, the primary aim is to reduce unit cost per parcel, while modernising services will allow for a significant increase in revenues as volumes grow.

In an effort to satisfy societal demand to keep postal outlets – which goes well beyond the universal service obligation – we are working to ensure the long-term economic sustainability of smaller post offices. In this context, in 2020 we started a strategic cooperation with Takarékbank, first opening a joint service point in Csengőd, Bács-Kiskun County, and then in 8 other settlements, to be followed by 10 more in the next test period.

To reduce our environmental load, we set annual targets to reduce our energy consumption in absolute terms and per unit shipment. We have also set a medium-term target for our carbon emissions in 2020. To reduce the burden on our delivery staff and increase efficiency, we commissioned around 300 electric bicycles and three-wheel mopeds in 2020. We also launched several other initiatives during the year. I am confident that as a result of these efforts, my colleagues will continue to see Magyar Posta and postal work as an attractive workplace and vocation.

We are proud to uphold and nurture the Company's traditions and we are well aware of where we are heading. Magyar Posta aims to create a sustainable future for itself through the next 3-5 years of transformation. Being a 21st century, customer-oriented, logistics-focused national champion is no small challenge – it's what I and my nearly 27,000 colleagues work towards every day.

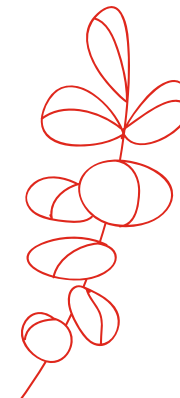


György Schamschula
CEO



¹ Notation of sustainability indicators. The content of the indicators is shown at 11. GRI Content Index table.

² MPL: Magyar Posta Logisztika (Hungarian Post Logistics)



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MAGYAR POSTA IN 2020



21% growth in
parcel traffic



13% drop in lettermail
items collected in Hungary



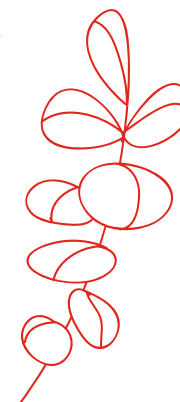
9 partner post offices
together with Takarékbank



200,000
iCsekk users



22,000 m² of new logistics
space on 3 sites



Magyar Posta stands its ground during Covid-19

1.

We took measures in time **28.01.2020**



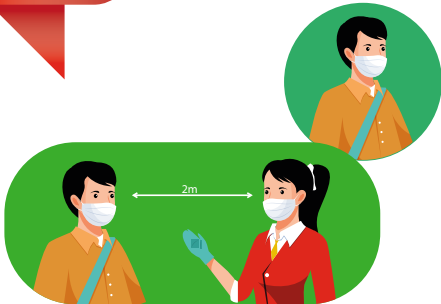
electronic circular concerning the threat of pandemic

The Central Emergency Management Committee commences operation **26.02.2020.**

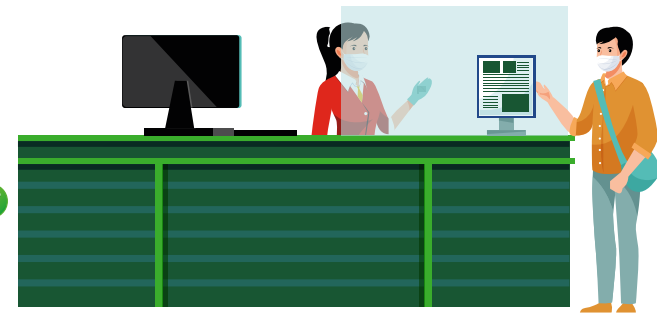
Revised Epidemiological Protocol and Pandemic Action Plan in line with the guidelines of the Operative Board and the National Public Health Centre

2.

Measures

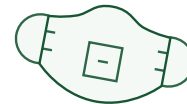


- mandatory use and control of masks ✓
- keeping people suspected of being infected away from the workplace ✓
- ban on physical gathering of people ✓
- preference for electronic communication ✓
- body temperature monitoring ✓
- frequent disinfectant cleaning ✓
- installation of protective barriers on postal counters ✓
- contactless delivery ✓



3.

The numbers speak for themselves.



72 internal pandemic information notices · **3.7** million medical masks · **55.4** thousand washable masks · **1.2** million pairs of rubber gloves

0 registered postal workers in the 1st wave, **low (~1%)** company-wide infection in the 2nd wave among **27** thousand workers



1. MAGYAR POSTA ZRT.

GRI 102-1, PPS: 103-1

Magyar Posta Zrt. is one of Hungary's most important companies. With the extension of the universal service contract for an additional 10 years, our Company has again become the designated universal postal service provider in Hungary until the end of 2030.

GRI 102-2, 102-6, PPS: 103-2 We have a legal obligation to ensure that all citizens have non-discriminatory access to postal services that meet basic user needs. We play a key role in the transmission of official and account statements, the delivery of funds paid by the public, payments to households, pensions, benefits and aid. Magyar Posta Logisztika (MPL) is the market leader in the domestic parcel, courier and express market.

The scope of the Company's activities is constantly changing and evolving. The rise of electronic processes has played a key role in changing customer needs, and the coronavirus epidemic has strengthened previous trends: the volume of letter-mail sent and cheque payments has dropped, while demand for parcel products has increased even more than in previous years. In response to demand, we have started the transformation of our product portfolio, with the aim of streamlining our product structure. In this context, in 2020 we have phased out the wholesale newspaper business line.

FOCUS2022

In order to meet challenges, top management has set out six strategic directions for the FOCUS2022 programme, which represents a change of model for the Company. The core activity is still needed, but new opportunities should also be explored, making good use of the benefits of the public service provider role. In the recent period, management has been studying the operation of national postal services in several European countries. The experience gained can serve as a model for the modernisation of Magyar Posta.

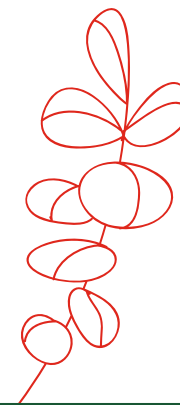
Key elements of the programme:

- One focus of FOCUS2022 is on package products, where the objective is significant technological and logistics capacity development in the interest of maintaining market leadership.
- The aim is to take advantage of the benefits of digital developments in the area of cheque payments as well. We are working on faster processing and on the development of the iCsekk app for electronic payments which was rolled out in 2020.
- Increasing automation and digital solutions will play a key role in other areas as well, such as for mail products or in HR processes.
- The aim is to expand the network of postal partners.



GRI 102-3, 102-7

Our activities are carried out through the Governance Centre in Budapest (the Company's HQ) and the Parcel Logistics Centre, the National Logistics Centre in Budaörs, the Complex Logistics Centre in Fót, the International Office of Exchange at Liszt Ferenc International Airport, as well as logistics sites, depots, regional directorates in major cities, and at postal offices and other postal sites.



GRI 102-5

Posta Zrt. is a state-owned company. Owner's rights are exercised by the minister without portfolio responsible for the management of national assets.

GRI 102-7

Magyar Posta in figures

	31.12.2020	Change compared to 2019
PPS1 fixed-location postal outlets	2604	-2 %
PPS1 mobile postal outlets	356	0%
accessible postal service points	47%	0%
net sales revenue	HUF 199.6 billion	-2%
grant for unfair administrative burden	HUF 4.9 billion	+12%
lettermail collected in Hungary	488 million units	-13%
inbound international consignments	26 million units	-18%
domestic parcel traffic	27 million units	+21%
value of cheque turnover	HUF 1,925 billion	-14%
delivered advertising publications	411 million units	-34%
number of employees ³	26,879 persons	-6%

Table 1: Magyar Posta in figures



Distribution of parcel items by place of delivery in 2020

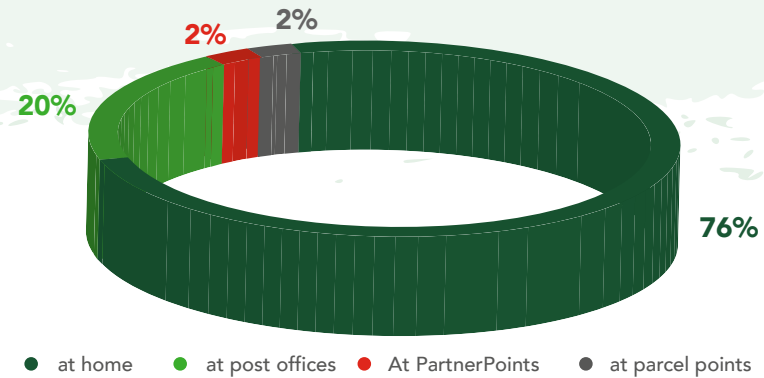


Figure 1: Distribution of parcel items by place of delivery



³ Statistical headcount as at 31 December 2020, which includes active employees who have been employed with the organisation for more than 30 days.

2 SUSTAINABILITY AT MAGYAR POSTA

Magyar Posta's core values are sustainability and responsibility towards its employees and society in the broader sense.

The Company's social and environmental impact stems from both its complex scope of activities and its size. Our social responsibility is traced back to our public service

provision, our national network, our public ownership and our status as the second largest employer in the country. Responsibility for the environment comes from our performance of transport and logistics tasks and the operation of our sites.

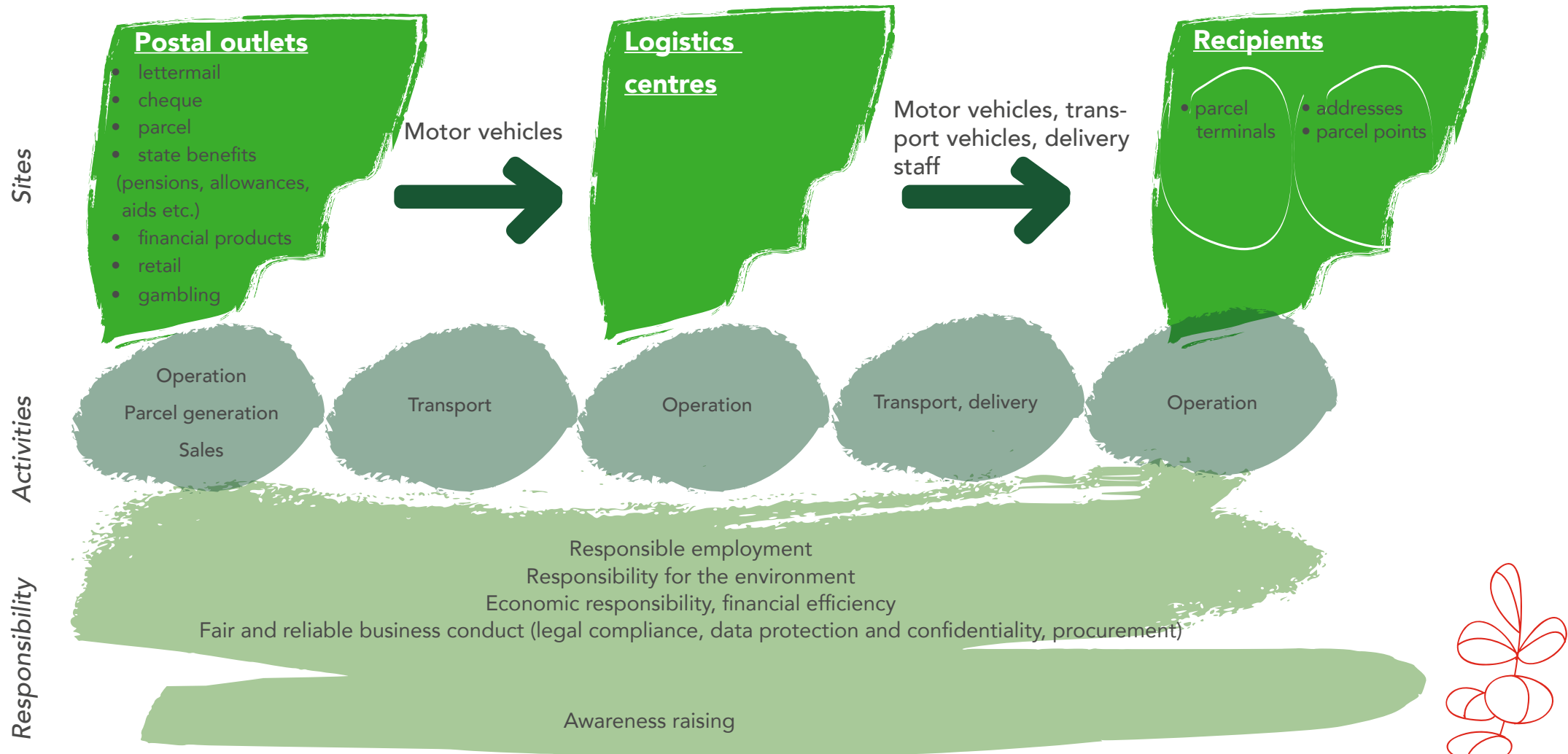
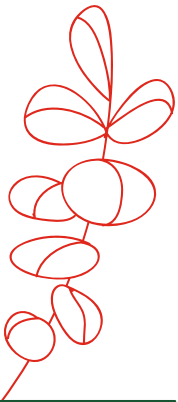


Figure 2: The activities and social responsibilities of Magyar Posta

This Sustainability Report presents our activities and results according to the main areas of social responsibility.



VALUES

GRI 102-16

We believe that our Company can only be successful in the long term if it is guided by the values of responsible conduct towards all stakeholders. The core values of Magyar Posta are set out in the Code of Ethics.

Core values

- **Respect:** in its external and internal relations, the Company shall observe mutual respect, and in its service activities, it shall pursue respectful, helpful, courteous and benevolent conduct.
- **Honesty:** the Company shall act in accordance with written rules and unwritten ethical standards in all aspects of its operations.
- **Reliability:** the Company shall act as a fair and predictable partner, maintaining a relationship of trust with the public and its business partners.
- **Responsibility:** the Company feels responsible for the interests of its employees and society in the broader sense.
- **Sustainability:** the Company shall always keep sustainability and environmental aspects in mind in its operations and activities, and also promote an environmentally-aware lifestyle and approach.
- **Customer focus:** the Company strives to understand and meet the current and future needs of its customers. To this end, we are constantly improving and developing our services to ensure increasingly higher standards.

MATERIALITY ANALYSIS

GRI 102-43, 102-44, 102-46

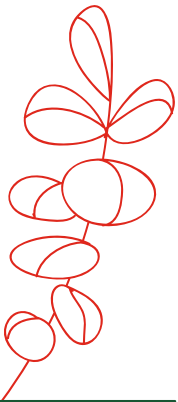
In order to identify issues that are material in respect of the Company's sustainability, we carried out a materiality analysis in 2021. Steps of identifying topics:

- Together with external and internal experts, we summarised our material environmental, social and economic impacts.
- Our stakeholders gave their views on material environmental, social and economic issues through a questionnaire survey. A total of 43 people from 9 stakeholder groups participated in the assessment. Stakeholder groups contacted for the analysis: exerciser of owner's rights; authority, supervisory body; subsidiary; buyer, customer; employee/employee representative; supplier; professional organisation, other sustainability expert; media; competitor. Responses were received from all stakeholder groups with the exception of the exerciser of owner's rights.

The scope of topics covered in the analysis was determined based on the reporting standard, the Global Reporting Initiative (GRI), the industry standard of the Sustainability Accounting Standards Board (SASB), the sustainability focus areas of the International Postal Corporation (IPC), industry benchmarks and the Company's activities. In the interest of easier identification and clarity, the focus areas were grouped into eight topics.



Figure 3: Material sustainability topics of Magyar Posta



GRI 102-47, 102-49

Within each topic, the importance of the sub-topics was scored on a six-point scale. Topics considered material are those that have achieved an average of 5 (83%) in terms of impact or stakeholder evaluation across the four topics. The range of material topics has been expanded over the previous year, with new topics shown in italics. These topics are presented in the four main chapters of the report, the materiality threshold for each topic being Magyar Posta.

MATERIAL SUSTAINABILITY TOPICS OF MAGYAR POSTA

Responsible employment

- Employment
- Market presence
- *Training and education*
- Occupational health and safety
- *Labour/management relations*
- Diversity and equal opportunity

Environmental protection

- *Materials*
- *Water and effluents*
- Energy
- Emissions (and climate change)
- Waste (and circular economy)

Economic performance

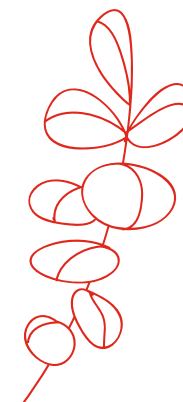
- Economic performance
- *Provision of public services*
- Customer satisfaction

Legal compliance

- *Anti-corruption*
- Environmental compliance
- *Socioeconomic compliance*
- *Anti-competitive behaviour*
- Customer privacy

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The 17 Sustainable Development Goals (SDGs) set out in the UN's Agenda for Sustainable Development call for action by developed and developing countries to end poverty, address inequalities and tackle climate change by 2030. The goals aim to resolve the most important challenges to sustainability. *The Company contributes to the achievement of these goals through responsible behaviour.* The relationship between the various goals and our activities is described at the beginning of each chapter in this report.



3 ACHIEVING THE GOALS SET

Service development

Implement the MPL+ project with the transformation of the entire logistics infrastructure, including the central parcel processing and sorting facility, as well as the establishment of 23 depots and the expansion of the parcel terminal network by 2022.	→	We renewed 6 depots in 2020.
Eliminate paper-based certified mail receipts and introduce electronic proof of delivery.	✓	
Continuously meet quality and waiting time targets pertaining to service.	✓	
Continue digitalisation.	✓	

Human resources

Create an electronic interface in 2020 for working time scheduling and records, training organisation and recruitment, and improving the administration of performance management.	→	Developments have started and comprehensive implementation is expected in 2022 under the Digital HR programme.
Introduce a new type of incentive scheme in the logistics area.	✓	
Reinforce professional skills development and complex preparatory training in addition to the training programmes already started, and significantly increase of the number of training participants in 2020.	✓	
Expand the "My skills and competencies in focus – Job search tips from an employer's perspective" awareness raising programme in 2020.	→	On account of the pandemic, the programme could not be implemented in several training institutions, but where implementation was not impeded, we received very positive feedback.
Develop and operate a senior programme to expand employment for retirees.	–	This was postponed due to the impact of the pandemic on health and the labour market.
Develop a scholarship programme and dual training to increase the number of talented young people with appropriate expertise.	→	A dual programme for postal business administrator qualification has been drawn up. There has been no progress regarding the scholarship programme due to the COVID-19 pandemic.

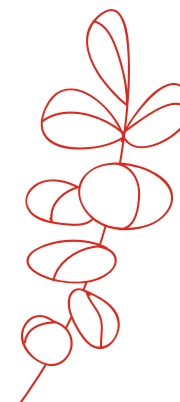
Environmental protection

Reduce carbon dioxide emissions by 5% by 2020 compared to the 2013 base year.	✓	Emissions decreased from 55,379 tonnes to 50,285 tonnes.
Publish a Sustainability Report for 2019 compliant with the Core option of the GRI Standards.	✓	
Reduce electricity consumption by 1% and natural gas and district heating consumption by 0.5% in 2020 compared to 2019.	→	The target for electricity and district heating consumption has been met.
Fuel consumption per unit parcel to reach or exceed 4.5 unit parcels/litre in 2020.	–	The target has not been met.

Charity and sponsorship

Develop a policy on support, sponsorship and charity in 2020.	✓	
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Table 2: Summary of the achievement of sustainability goals



4 SUMMARY OF FUTURE OBJECTIVES

Service development

Implement the FOCUS2022 programme along the six strategic directions by 2022.

Implement the MPL+ project with the transformation of the entire logistics infrastructure, including the central parcel processing and sorting facility, as well as the establishment of 23 depots and the expansion of the parcel terminal network by 2022.

Use renewed, customer-friendly communication in our correspondence from 2021.

Continuously meet quality and waiting time targets pertaining to service.

Continue digitalisation.

Extend the accessibility of posta.hu, Magyar Posta's website, from 2021.

Human resources

Implement electronic support for a number of processes (e.g. recruitment, accounting for performance incentives, Training Management Portal) under the Digital HR programme by 2022.

Increase the number of employees with disabilities or reduced capacity to work by at least 20% in 2021.

Continue and conclude the Talent Club programme in 2021.

Launch a complex programme aimed at developing postal outlet managers in 2021.

Environmental protection

Sett new medium-term corporate climate policy target and indicators: to reduce our gross carbon emissions by 18.1% by 2030 compared to the 2017 base year.

Publish a Sustainability Report for 2020 compliant with the Core option of the GRI Standards.

Reduce electricity consumption by 1% and natural gas and district heating consumption by 0.5% in 2021 compared to 2020.

Fuel consumption per unit parcel to reach or exceed 4.5 unit parcels/litre in 2021.

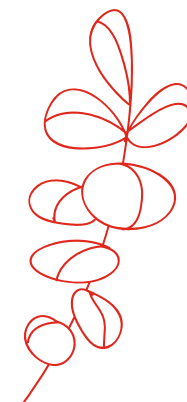
Transform selective waste collection nationwide in 2021.

Procure additional electric-assist bicycles and so-called 3-4-wheeled electric delivery vehicles as part of the network modernisation programme.

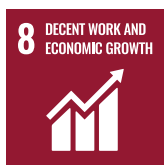
Responsible business conduct

Review the Code of Ethics and introduce a sensitisation and awareness-raising programme related to the application in 2021.

Table 3: Summary of future sustainability goals



5 RESPONSIBILITY IN SERVICES



PPS, CS: 103-1, 103-2, 103-3

Why is it important? Some of our services ensure the meeting of basic social and economic needs, and we provide exclusive access to services and products in smaller settlements. Our delivery service also plays a role in the operation of the social safety net, among other things. By way of the above, among the UN Sustainable Development Goals (SDGs) we have an impact on Reduced Inequalities and on Sustainable Cities and Communities. Service development aligned with consumer needs contributes to the Decent Work and Economic Growth goal.

Objectives and principles Our priority is to maintain and increase customer and public confidence. Our continuous objective is to improve the quality of service and increase customer satisfaction, preferably in a more accessible and competitive manner. We pay particular attention to the enforcement of legal and consumer protection aspects, the compliance of communication with customers, including the obligation to provide information.

Governance In 2020, the operational and development functions in the logistics area have been separated, and the Deputy CEO for Modernisation area was discontinued. The latter's functions were in part transferred to the newly created Strategic Directorate and in part to the scope of competence of the Deputy CEO for Networks and Network Modernisation. The Deputy CEO for Logistics and Operations area is responsible for the renewal of the logistics infrastructure, i.e. the MPL+ programme. The Quality Management Department coordinates and implements the operation of quality measurements and standardised management systems. The compliance activity and area has been delegated to the direct supervision of the Head of Cabinet and their scope of tasks has been expanded to include, in addition to financial products, ensuring legal compliance in all the Company's activities in its own right.

5.1 DEVELOPMENTS AIMED AT IMPROVING SERVICE

In the interest of better serving customer needs, we focus primarily on improving logistics infrastructure and developing electronic processes and services⁴. The strategic role of these developments is demonstrated by the fact that these projects were not affected by the cost-cutting measures during the pandemic, introduced due to falling revenues and rising costs.

New parcel logistics depot and MPL+

GRI 102-10 2020 was the year of the parcel for Magyar Posta – and this was observed not only in the growth in demand but also in infrastructure developments. The Company built the largest parcel logistics depot in the country to date in the North Pest agglomeration, in Fót, as a greenfield investment. The 15,000 m² facility was built with 32 docking gates and 500 lorry bays. The Fót Logistics Centre is the Company's first self-owned depot.

Under the MPL+ project, a total of 23 depots will be set up across the country and the entire logistics infrastructure will be reorganised by 2022. The modernisation will include the development of automated sorting systems and, in a subsequent phase, the implementation of IT solutions. In 2020, capacity was increased on three sites, including Fót, totalling 22 thousand m². The depots in Győr, Kecskemét, Debrecen, Nyíregyháza, Füzesabony and Szekszárd have been renovated and renewed.

Digital developments

The digital transition is also of strategic significance for economically sustainable operation. The importance of digital services is shown by the fact that the number of cheques paid electronically nearly tripled in the spring 2020 period. This transformation was made possible by QR code-enabled cheque payment and the development of the iCsekk mobile app with Díjnet. The development of the application and the addition of new functions was carried out in line with customer requirements. Plans for the coming years include the development of a one-stop shop app for all digital postal services for retail and SME customers.

The electronic system allows for the tracking of the recorded shipment (registered,

Identified letter

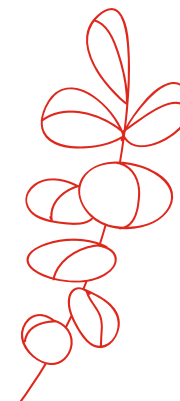
Magyar Posta has introduced a new mail product: the identified letter. This is a domestic letter with a shipment ID and an electronic consignor register, which does not require personal delivery, but in the event of an unsuccessful delivery, the sender receive electronic notification.

confirmation of receipt and official document) in real time from dispatch to delivery. In 2020, customers used the free-of-charge tracking function of posta.hu to track registered domestic mail in around 3.5 million cases.

There were several developments in 2020 that have a direct positive impact on customers:

- We introduced the MPL API. The application programming interface enables webstore operators and customers using corporate governance systems to integrate the modules required for MPL parcel dispatch into their own systems. Use of the API streamlines addressing and labelling operations, with parcel tracking also possible.
- From April 2020, we have given customers the option to report damage to their shipments via a digital channel instead of a face-to-face channel.
- We have introduced SMS notifications linked to international regular mail.
- As part of the Official Mail Tracking project implemented within the Postal Identified Mail Tracking programme, from the beginning of 2021, domestic paper-based certified mail receipts are phased out and customers receive an electronic proof of delivery.

⁴ More details on services and related developments are presented in the Annual Report.



Communication developments

Our customer service team has reviewed our entire written communication channel with the help of a consultant and, as a result, we have introduced a completely new, even more customer-friendly and easy-to-understand way of communicating. The first test letters under the new guidelines went out in 2020, and we plan to start using these en masse from 2021.

In order to improve our customers' basic knowledge of our services, we launched the Professor Leveles series on Facebook and YouTube. The series included raising awareness of correct addressing and other practical, hands-on knowledge on postal services.

Accessible service

In order to improve equal opportunity service for people with disabilities, accessibility developments were implemented at two service points (Jakabszállás and the Budapest-Zugló 1 post office) in 2020. At the moment, 1,233 postal outlets, 47.4% of all service points, are accessible.

Post offices with a wider range of services and higher customer traffic are all wheelchair-accessible, with only a few exceptions. In post offices with high customer traffic that have not yet been made accessible, the main barriers to accessibility are linked to monument protection aspects (e.g. the customer areas of the Eger 1, Debrecen 1 and Szeged 1 post offices).

The test of tactile signs and Braille information highlighted that, because the information on queue management equipment is not displayed to visually impaired customers, the architectural devices are not fulfilling their role appropriately. The extension of internal accessibility will, therefore, require further, resource-intensive development.

As part of ensuring access to postal services, items containing tactile signs and writing for the blind remain free-of-charge to post both domestically and abroad. We plan to expand the accessibility of the Magyar Posta website, posta.hu, from 2021.

5.2 QUALITY MANAGEMENT

To monitor service quality, we carry out quality measurements on several aspects and for a range of services. Some of the measurements are carried out on the basis of methodological specifications in order to meet legal requirements and also to monitor internal quality expectations. Some of the measurements performed in 2020 are detailed below⁵.

CS1 Targets for 2020	Target value	Result	Fulfilment
Start of service within 7 minutes ⁶	min. 76%	87.7% and 90.5%	✓
Rate of service started after 15 minutes ⁶	max. 5%	1.5% and 1.0%	✓
Lead time for an item containing tactile signs and writing for the blind within 3 working days of dispatch	min. 85%	85.5%	✓
Lead time for an item containing tactile signs and writing for the blind within 5 working days of dispatch	min. 97%	97.5%	✓

Table 4: Quality objectives and achievement thereof

Measurement of waiting time

CS1 We continuously measure waiting times at 177 post offices based on the data of the queue management system. We carried out measurements using mobile IT tools at an additional 36 post offices in 2020. The focus of the test is to determine the proportion of customer service started within 7 minutes and the proportion of service started after 15 minutes, covering all customers using postal services during the measurement period.

The results show an improvement of approximately 10 percentage points compared to the previous year, partly due to our efforts and partly to the changed situation and new habits caused by the coronavirus pandemic.

The servicing of 87.7% of customers using services with a short transaction times started within 7 minutes at post offices with a queue management system and 90.5% at post offices measured with mobile IT tools. The ratio of customers for whom service commenced after 15 minutes was 1.7% and 1.0%, respectively. The latter is less than half of last year's figure.

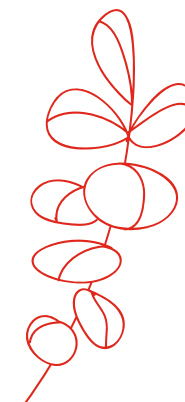
Parcel acceptance measurement

We commissioned an independent research company to conduct a representative (in respect of age, gender, settlement type, region and economic activity alike) survey of 1,000 Hungarian adult internet users who had purchased online goods at least twice in the past 1 year. As expected for services, a package that arrives quickly and intact increases satisfaction. However, in the case of fixed-location acceptance which requires personal interaction, the behaviour of the person handing over the parcel is crucial.

Of MPL's services, customers were most satisfied with PostaPoints. On a scale of 1 to 5, the lowest score was 4.1, which in itself is very good.

⁵ Mystery shopping to support sales is not presented in the Sustainability Report.

⁶ In the case of services with a short transaction time, at post offices with queue management and at post offices measured with mobile IT devices



Measurement of the lead time for items⁷ containing tactile signs and writing for the blind

An independent testing organisation has examined the lead time for items containing tactile signs and writing for the blind (100 Braille documents at a time). Our results fall short of the previous year's figures, but still exceeded the level expected under the Universal Postal Conventions and Regulations.

Measurement of customer relations aspects

In 2020, a total of 389 postal outlets of various sizes were assessed for their compliance with customer relations and identity requirements, based on the following criteria:

- tidiness and cleanliness of customer areas,
- appropriateness of uniform use,
- visibility of scale display, the validity of scale validation,
- compliance with the criteria for the display of information and marketing materials.

All the post offices examined complied with the criteria stipulated.

Retail measurement

In the interest of compliance with legal and postal regulations, we examined the following at 215 post offices:

- the presentation aspects of retail products – orderliness of products and shelves, condition, status of products (97.1% of the products were in good condition);
- the availability of documents required by law (e.g. operating licence, Customer Comments Book, Minutes) (on average, 90.6% of these documents were available); and
- the knowledge of operators: 94.9% of the surveyed employees was aware of how to access methodology materials on retail product distribution on Team-Web, and 83.7% of the surveyed employees was aware of the procedure for the submission of products with expired sell-by dates.

Excellence in Customer Service Award – Telephone Customer Service, Large Company Category, 3rd place

The Excellence in Customer Service Award was launched by ClientFirst Consulting to enhance customer service culture and quality of customer experience. The rankings are based on telephone calls from mystery shoppers and on polling among our own customers.



⁷ For more details: Items containing tactile signs and writing for the blind

5.3 STAMP ISSUING

Beyond the prepayment of postal items, Magyar Posta Zrt.'s stamp issuing can be considered a cultural mission as well, given that its graphic content strives to commemorate historic events, significant anniversaries and communicate important social messages to the present and future generations.

All of our issues have an independent and unique theme. Anyone can submit proposals for a stamp theme, but the stamp issuing process is strictly regulated, with the annual issuance schedule set out in the year preceding the current year. The stamp issuance plan for 2020 was prepared in 2019 in line with the same process as before, while in 2020, due to the pandemic the Postal Stamp Issuing and Theme Designation Advisory Committee assisted in the preparation of the proposals electronically instead of in-person, when determining the issuance topics for 2021. The draft annual issuance plan proposal was accepted and approved by the Minister with supervisory authority over Magyar Posta following submission of a proposal by the CEO of Magyar Posta.

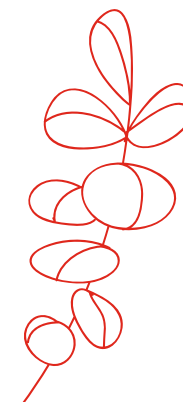
In addition to value retention, we also strive to ensure that all our stamps have value creating functions as well. Each year, we issue a number of new stamps linked to sustainability and social responsibility. These were as follows in 2020:

- **March:** Ferdinand Magellan reached the Pacific Ocean 500 years ago
The stamp was produced in a run of 50,000, designed by Kossuth Prize-winning graphic artist István Orosz.
- **May:** The Hungarian Meteorological Service is 150 years old
The commemorative stamp was produced in a run of 50,000, based on the designs of graphic artist Barnabás Baticz.
- **150 years of the Hungarian Fire Department and the Hungarian Firefighter Association**
The dual-denomination stamp series was produced in a run of 50,000 for each denomination, designed by graphic designer Orsolya Kara, using source material provided by the Central Museum of Disaster Management.
- **150 years of the Budapest Castle Hill Funicular**
The commemorative stamp was produced by ANY Biztonsági Nyomda Nyrt. in a run of 50,000, based on the designs of graphic artist György Kara.
- **50 years since the inauguration of the Zugliget Chairlift**
The commemorative stamp was produced in a run of 50,000, based on the designs of graphic artist Glória Hefelle.
- **August: Our natural values**
The four denominations of the thematic stamp issue feature the spring dor beetle, the purple coneflower, the Tartar maple and the pikeperch. While the stamp images show each natural asset separately, the graphic composition essentially places the various elements in a single space. The series was designed by graphic artist Tibor Z. Petényi and produced in runs of 30,000 each.

- **September:** The year of National Unity
The commemorative stamp block was produced in a basic version with black serial numbers (run of 50,000) and a red serial numbered, cut version (copies 4,000) based on designs by graphic artist Tamás Péter Takács.
- **October:** 125 years of the Hungarian Olympic Committee
The serial numbered commemorative stamp block was designed by graphic artist Orsolya Kara and produced in a run of 50,000.

Awards

The Company's stamp issuing activities are recognised internationally as well. In 2020, Magyar Posta's Seuso Treasure II commemorative stamp block won first place in the world's best luxury proof category at the Nexofil Stamp Awards in Spain, and third place in the best mixed printing stamp category.



6. RESPONSIBLE EMPLOYMENT



GRI 202, 401, 402, 403, 404, 405: 103-1, 103-2, 103-3

Why is it important? The empowerment of women and girls, Decent and equitable work, Good health and well-being, and Inclusive and equitable education are all among the 17 UN Sustainable Development Goals (SDGs), as they represent the most important tasks of our time. Magyar Posta is also committed to these goals, particularly in respect of its employees. Equal opportunities, fair employment of our colleagues, safe and healthy working conditions and adequate further training are important to us, not only in themselves, but also because the appropriate preparedness of our staff is key to the smooth operation of the country, and wage levels affect the livelihoods of many families.

Objectives and principles The key objective of our human resources management is to reduce the risks arising from staff turnover. To this end, attracting and retaining workforce and reducing the ratio of delivery staff leaving within the trial period is of primary importance. We also seek to strengthen succession and loyalty to manage the risks associated with the high average age of our staff. In terms of occupational health and safety, our aim is to create a safe working environment, reducing the risk of accidents at work and occupational diseases. We give priority to equal opportunities and are actively working to increase the number of employees with disabilities or reduced capacity to work.

Governance The Directorate General for Human Resources (HR) continues to be responsible for setting the directions for employment policy and corporate culture development, as well as for running the system of training, staff retention and career management programmes, liaising with stakeholders and developing the equal opportunities plan. The various sub-areas of human resources management are governed through strategies and plans.

Thanks to the integration and centralisation of the Company's OHS capacities, the strategic and professional management of the Company's OHS activities is carried out within the organisation of the Safety Directorate General by the head of the Health Protection, Accident Prevention and Environmental Protection Department (HSE Department), with the professional support of the Head of the Safety and Health Department of Magyar Posta (for more details see Section 6.7).

PANDEMIC

GRI 401, 403: 103-2 In 2020, we focused on mitigating the impact of the coronavirus pandemic and maintaining the continuity of daily operations. The health of our employees, the support of those raising children, and the support of staff who have encountered difficulties due to the pandemic, were of paramount importance.

In May 2020, Magyar Posta and Posta Biztosító concluded COVID-19 group health insurance for all postal employees, helping to finance all or part of our employees' medical expenses or costs arising in the event of a fatality. During the second wave, we amended the insurance to benefit employees: in the case of a positive virus test, the given employee received a one-off lump sum payment, and in the case of hospitalisation, the insurer paid a daily allowance.

Although customer traffic at postal outlets decreased by more than 30%, our management decided to extend the work time frame for employees in a work time frame at the Network Directorate's postal outlets to a period of 9 months. We have also taken this measure to provide the best possible solution for our employees. Despite the significant drop in turnover and revenue, Magyar Posta did not plan any redundancies, nor was there any need to cut working hours and basic wages.

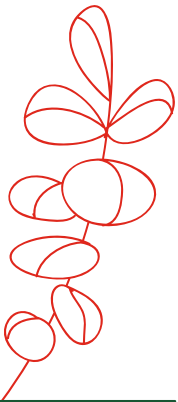


Most Recognised Employer Special Award

In May 2020, Magyar Posta received a special award for the Most Recognised Employer among the domestic winners of Randstad Employer Brand Research, the world's largest independent employer brand research.

„Winning this award required not only sacrifice and hard and honest work during the pandemic that was also perceptible by the public, the comprehensive management of increased parcel traffic, the fulfilment of expectations, the technological measures serving both satisfaction and emergency management, the perseverance of the front-lines, but also the dedication and professional stability of the staff in their daily work.

This award builds on the reliability of the past, the responsiveness of the present, and is very much a basis for the renewal ahead, a basis for innovation. With professional confidence in our support, I know that this positive external perception and confirmation will be appreciated and felt internally throughout the Company. This award is the result of the high-quality and humane work of all of us, for which I would like to thank you”, said Csilla Simon, Director General of Human Resources at Magyar Posta.

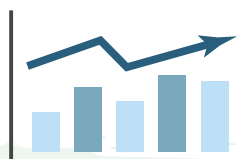


6.1 EMPLOYMENT IN NUMBERS

Magyar Posta employed a total of 26,879 people⁸ at the end of 2020. The details are shown in the graph.



26,879
persons



6% reduction in
staff numbers



60%
women



96% with
indefinite-term
contract



17% part-time

GRI 102-8

Employees by gender and employment type, 31.12

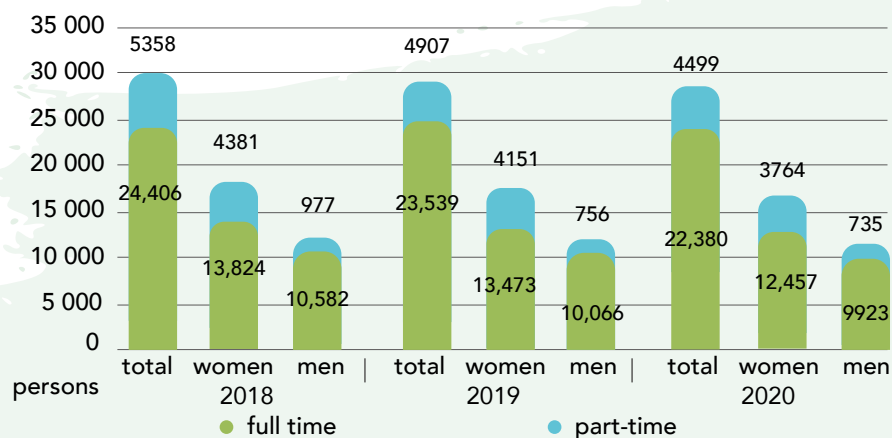


Figure 4: Employees by gender and employment type

Employees by gender and contract type, 31.12



Figure 5: Employees by gender and contract type

⁸ Statistical headcount, which includes active employees who have been employed with the organisation for more than 30 days. Data on employees are culled from our internal records and are accurate (not estimated).

Employees by county, persons, %, 31.12.2020

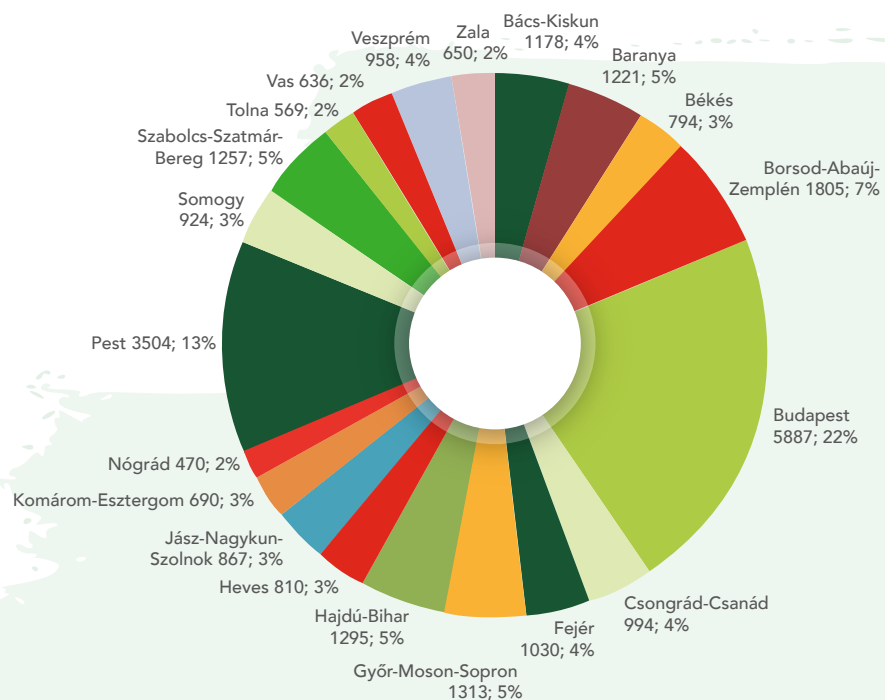


Figure 6: Employees by county

Employees by county and contract type, 31.12.2020

In 2018 and 2019, the ratios show a significant deviation.

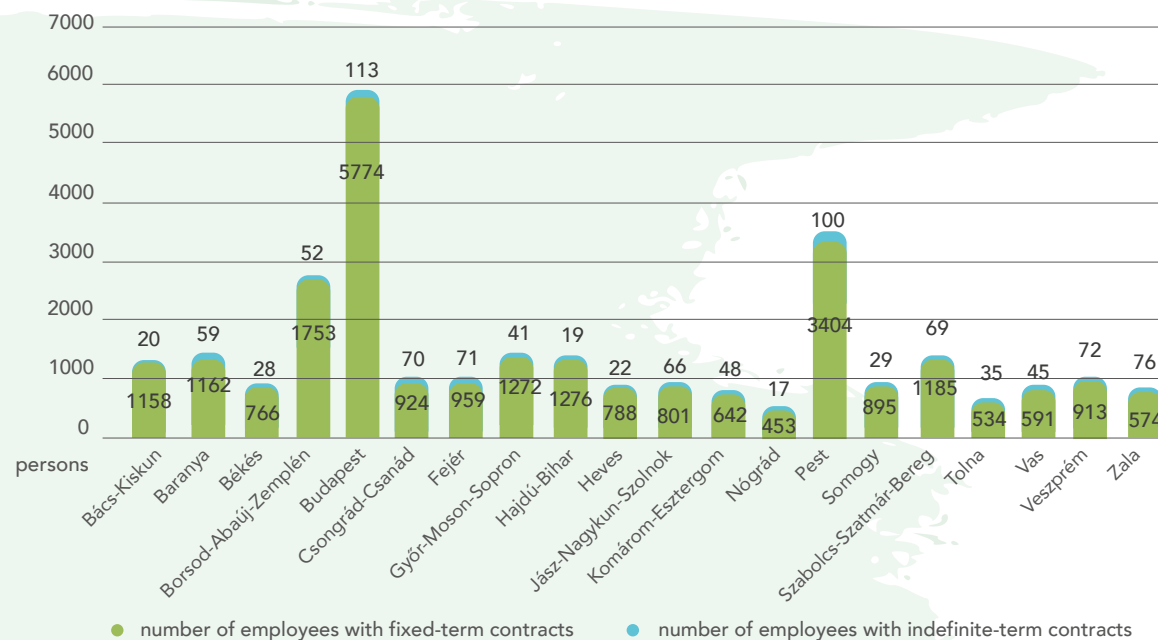
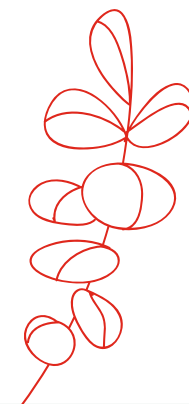


Figure 7: Employees by county and contract type



Number of participants involved in atypical employment opportunities, year-end headcount, no. of persons

	2018	2019	2020
work time frame	24,862	23,996	24,095
employees with teleworking contracts	113	116	118
flexitime	148	135	135
free work schedule	934	1012	1015

Work time frame: Pursuant to the annex to the HR Payroll Policy, the staff headcount for jobs where work time frame can be applied. Flexitime or free work schedule: total staff headcount aggregated according job description classifications.

Table 5: Number of participants involved in atypical employment opportunities

Workforce through labour agencies

GRI 102-8 The average number of workers employed through labour agencies increased by approximately 18% in 2020 compared to the previous year. The number of labour agency staff was higher than the previous year throughout the year, successfully managing the growing volume of parcels and the shortage of own workers absent due to the pandemic. Headcount was significantly above average during the year-end boom period. The labour agency workforce was typically involved in logistics activities.

Labour agency workforce (reduced headcount ⁹) numbers	2018	2019	2020
Average full-time employee equivalent	205.78	224.28	265.32

Table 6: Labour agency headcount numbers

6.2 STAFF TURNOVER, NEW HIRES AND RETENTION

GRI 401: 103-2, 103-3 We constantly monitor the development of staff turnover and take measures to mitigate this, taking into account the circumstances and opportunities. Postal staff turnover is due to average earnings below the market benchmark, as well as to the siphoning effect of local firms in some regions and job categories. In order to alleviate workforce shortages due to staff turnover, it is a priority not only to attract new hires but also to retain staff with several years of service.

In 2020, the pandemic has changed the labour market, with more applications than in previous years, and we have been able to fill many vacancies. From May 2020 onwards, the number of hires and those exiting fell significantly, later rising, but still remaining well below the previous year's level year-on-year. In recruitment, we are placing greater emphasis on the online domain.

Collective redundancies

The collective redundancies announced in December 2019 – as a continuation of the efficiency measures initiated earlier – were implemented in the first quarter of 2020, mainly due to the complete discontinuation of the holiday-making activity and the narrowing of the postal product/service portfolio. The redundancies affected 60 people in early 2020. Subsequently, there were no additional redundancies made during COVID-19-related state of danger.

GRI 404-2 Postakürt Foundation, under an agreement with Magyar Posta, provided various subsidies and aid to those affected by collective redundancies in the framework of the Human Assistance service. This included, among other things, individual career guidance and career adjustment, training support up to the minimum wage, one-off social allowance. In 2020, 66 people used the services, some of whom were affected by redundancies in 2019 and others in 2020. (For more information on the activities of Postakürt Foundation, see Section 8.4).

Succession

In order to attract people with the appropriate skills, we have been in constant contact with the Employment Office, training institutions and non-profit organisations. To ensure the succession of workforce, we have had the following programmes in place:

- **Providing apprenticeship places for students and trainees.**
- **Internship Programme** for career starters under the age of 30 who are in higher education or have already graduated.
- A **Mentoring Scheme** in our delivery, mobile post and logistics (parcel delivery, logistics parcel processing, driver) areas to ensure a fast integration and successful induction, and to reduce the number of delivery staff leaving within the trial period.
- Under the **Employee Referral Program**, the postal employee who successfully refers a new employee receives a referral bonus and an additional benefit if the new employee continues to work for our Company for six months after joining. With the help of this programme, we hired 389 people in 2020. The programme, which had been suspended during the pandemic, was partially made available again at the end of the year for certain jobs in the network and logistics areas.
- As part of the **My Profession, the Post** programme, people hired directly from the labour market can find jobs as skilled workers, following central training and successful examination. In 2020, we launched 3 delivery staff preparatory training groups for 44 participants.



Pay increase, incentivisation

GRI 202: 103-3, 202-1 As a major employer, the level of wages paid by Magyar Posta also affects the labour market. At the end of 2020, 32% of employees were working in a job that is subject to the payment of minimum wage, but only a fraction were actually working for the minimum wage. The lowest full-time wages show little deviation across counties (the outlier in Nógrád county is an isolated case involving one person).

Lowest full-time wage in relation to minimum wage, by county and gender, 31.12.2020.

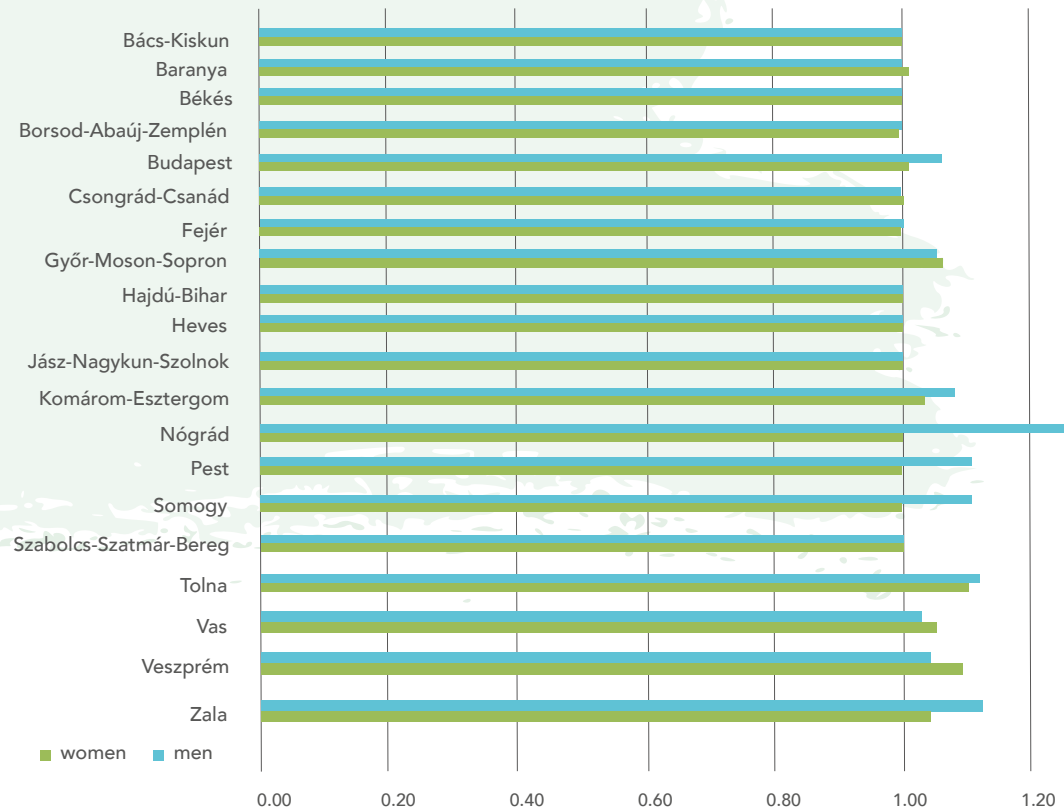


Figure 8: Lowest full-time wage in relation to minimum wage

In line with the agreement reached with the trade unions in the summer of 2020, we have implemented a differentiated basic pay increase of 8% on average, retro-active to 1 May. The differentiation included a seniority-based basic wage hike of HUF 4,000-8,000 for employees with at least 10 years of service. This supplementation concerned almost half of postal workers. Taking into account both the general wage increase and annual performance recognition, more than 14,000 employees received a pay hike of at least 10%.

The previously concluded agreement on annual performance recognition also remained in force. The total value of this was approximately HUF 5.5 billion.

In addition to the performance assessment and incentive system, we are looking for new ways to improve the motivation of colleagues by developing transparent, objective incentives. In the area of delivery, we tested a new aspect of incentives for delivery staff: In Budapest, specialised delivery staff receive an incentive per item, based on the volume of recorded mail delivered or notified. In the case of simplified delivery, the incentive is due based on the difference between the weight of regular mail delivered and the weight of regular mail returned. In the case of small settlements, delivery staff also receive an incentive per item based on the volume of recorded mail items delivered and notified.

In the logistics area, we tested the improvement and incentivisation of efficiency in processing activities in 2020.

As every year, on World Post Day in 2020 we celebrated colleagues who delivered outstanding performance. In 2020, postal workers deserved special recognition for their efforts, as the pandemic situation was a difficult test. At the intimate ceremony, we presented the Postal Lifetime Achievement Award, Postman/Postwoman of the Year, Postal Manager of the Year, Personal Salesperson of the Year, Postal Outlet Salesperson of the Year, Postal Role Model Award, Gold and Silver Medal for Postal Service and our company's Art Award, among others.



GRI 401-1

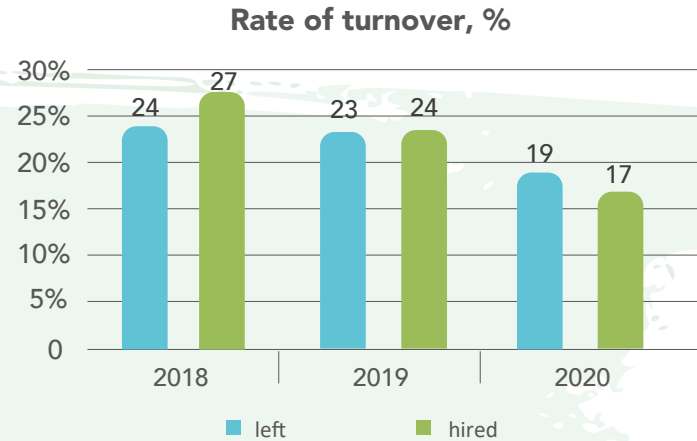


Figure 9: Rate of turnover, %

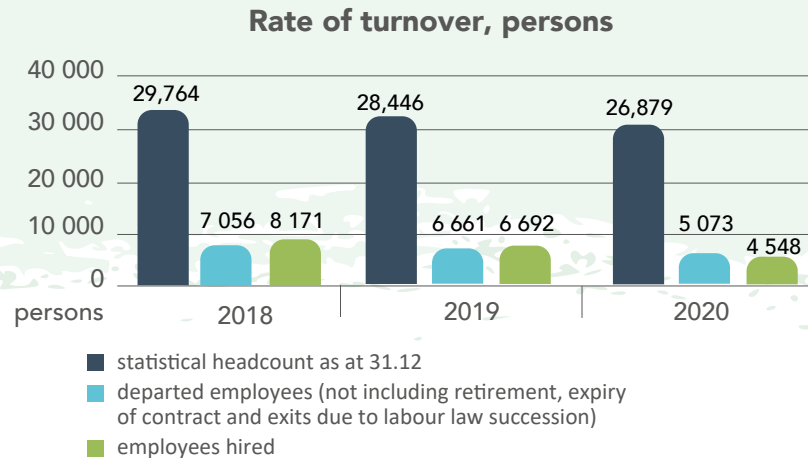
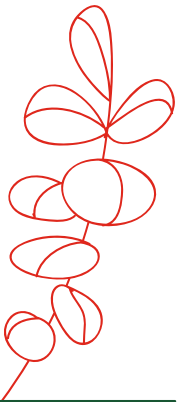


Figure 10: Rate of turnover, persons



Turnover by age

relative to statistical headcount at year-end, %

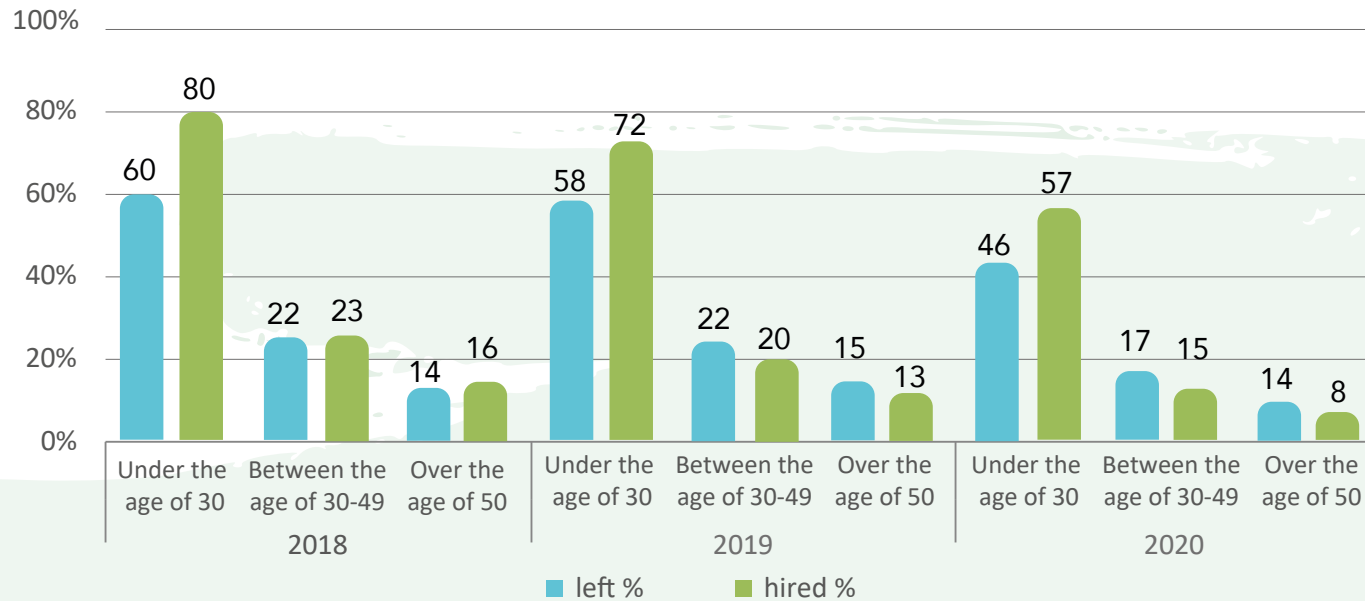


Figure 11: Turnover by age

In 2020, during the pandemic, turnover among young people under 30 was also lower, and during the closures many sought out and chose jobs that offered a secure livelihood, such as those available at Magyar Posta. This age group changes jobs quickly and easily if they are not getting what they expect and if they do not feel comfortable. For new hires, particularly young people, we organise mentoring and trainee programmes, which we also plan to renew.

Turnover by gender

relative to statistical headcount at year-end, %

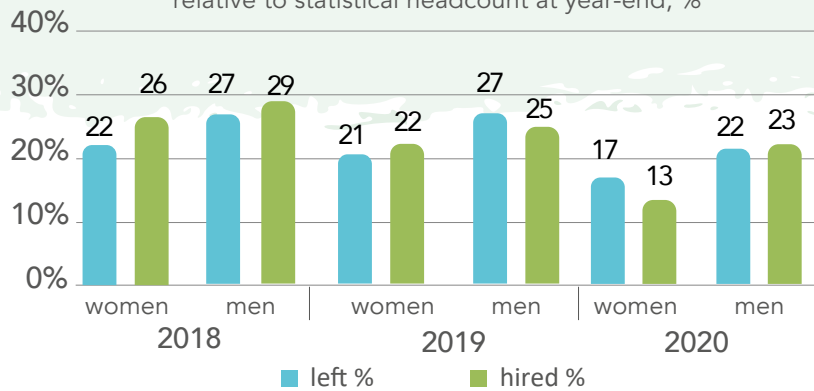
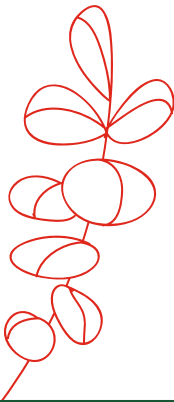


Figure 12: Turnover by gender



Turnover by county

relative to statistical headcount at year-end, %, 2020

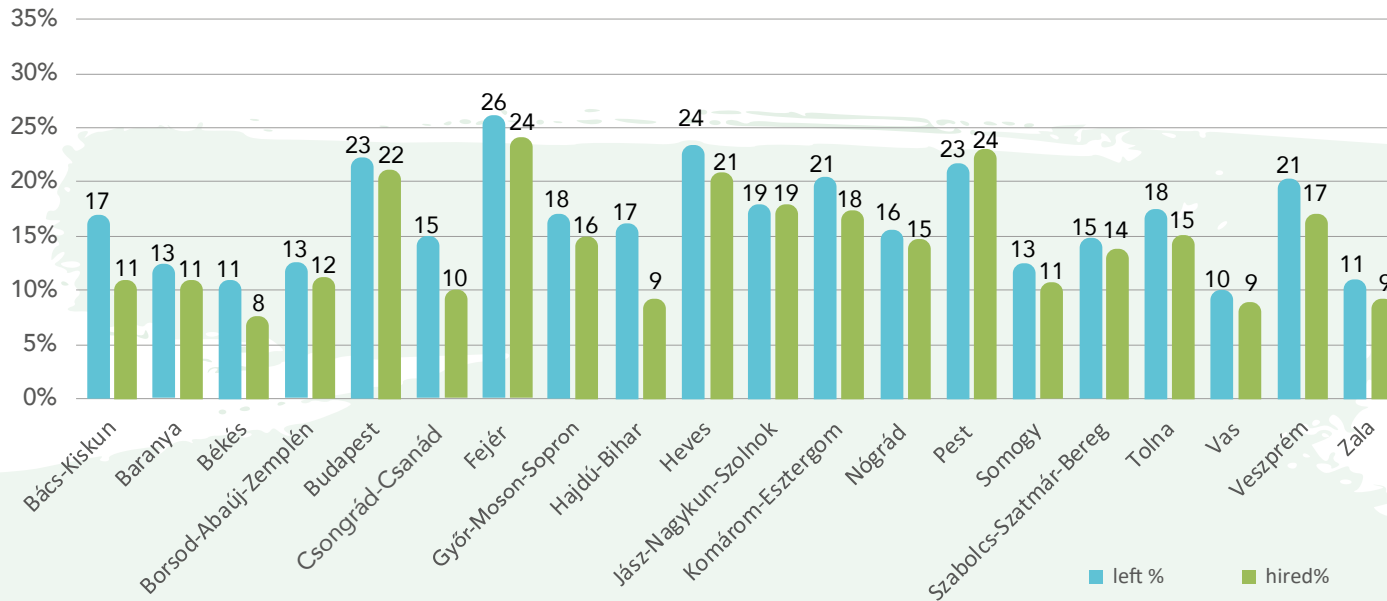


Figure 13: Turnover by county

The turnover rate dropped in all counties compared to 2019. The highest drops in the ratio of departed employees relative to 2019 was observed in Zala county (12%) and Tolna county (11%).

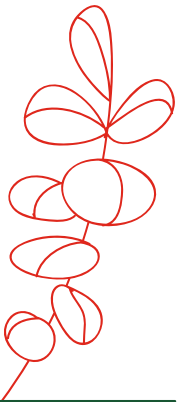
- employees with large families who have three or more dependent children in their household or are raising two or more children alone, and
- career starters.

6.3 DIVERSITY AND EQUAL OPPORTUNITY

GRI 405: 103-1, 103-2, 103-3

Promoting diversity and equal opportunities is a priority objective for our Company. Equal opportunity activities are governed by the 2019-2020 Equal Opportunities Plan, which sets out our principles and objectives for equal opportunities. The Plan covers disadvantaged groups and individuals in employment, regardless of the nature of such employment, the hours worked or the duration of employment. The disadvantaged group includes:

- women,
- employees over the age of 40,
- Roma employees,
- employees with disabilities or reduced capacity to work (EWD),
- employees raising at least two children – under ten years of age – (raising multiple children),



Our Company supports disadvantaged employees and their employment through a number of initiatives.

As founder, Magyar Posta is an active member of the Hungarian Employers Forum on Equal Opportunities (MEF), Hungary’s first self-regulating, professional and advocacy organisation for equal opportunities, bringing together employers.

In 2020, **Postakürt Foundation** announced several calls for applications to mitigate the consequences of the pandemic and help postal worker families. During the critical spring months, the Foundation launched a special call for families affected by the pandemic. This included paying special attention to families’ income drop, supporting the purchase of digital tools and devices for school children, and supporting postal worker colleagues at risk.

The Foundation’s grants in 2020:

- Grant related to health emergencies: 235 families, HUF 11.3 million
- Support for large families: 1,015 families, HUF 22.3 million
- Holiday-making support: 256 families, HUF 35 million
- Support for employees with disabilities or reduced capacity to work 162 persons, HUF 8.1 million
- Support for children’s camps: 311 families, HUF 4.6 million
- Individual requests, social allowances: 263 families, HUF 14.3 million

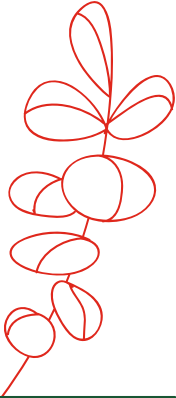
In total, the Foundation helped 2,242 postal workers and their family members.

In collaboration with Postakürt Foundation, every year before Christmas, our company organises a competition for disadvantaged postal worker families to surprise and give presents to their children. In 2020, nearly 3,500 postal worker children received a HUF 5,000 gift voucher. Almost ten times as many people received a Christmas surprise than in previous years – the management of Magyar Posta decided to increase the budget allocated for this purpose together with the Works Council. We also packed sweets, books and board games along with the gift vouchers for nearly 500 of the most disadvantaged children.

GRI 405-1 Diversity of governing bodies

	2018		2019		2020	
	Board of Directors	Supervisory Board	Board of Directors	Supervisory Board	Board of Directors	Supervisory Board
Under the age of 30	0%	0%	0%	0%	0%	0%
Between the age of 30-49	67%	17%	67%	67%	67%	17%
Over the age of 50	33%	83%	33%	33%	33%	83%
Women	17%	33%	17%	33%	17%	33%
Men	83%	67%	83%	67%	83%	67%

Table 7: Diversity of governing bodies



GRI 405-1

Ratio of women by employee category, 31.12

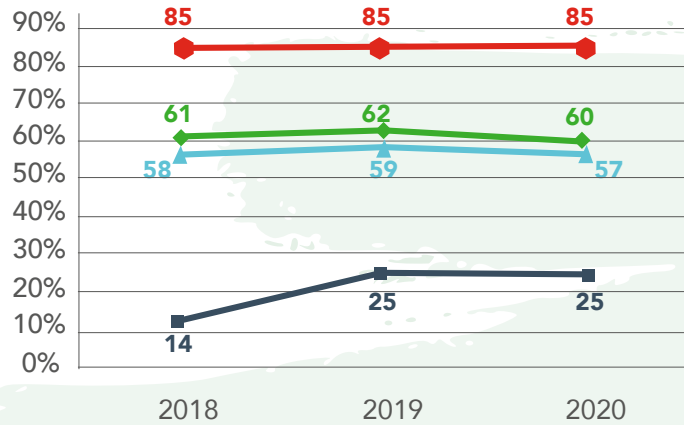


Figure 14: Ratio of women by employee category

Ratio of employees under the age of 30 by employee category, 31.12

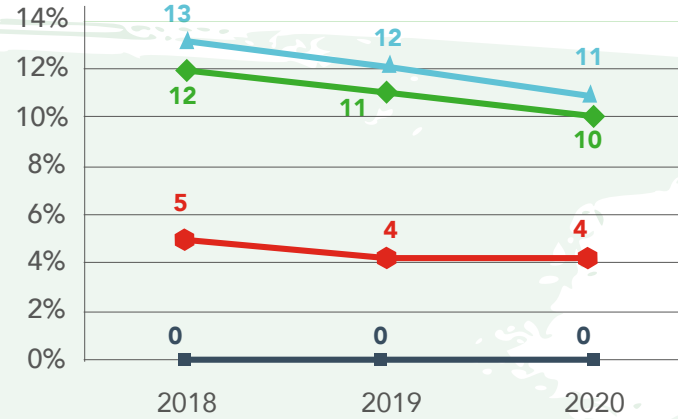


Figure 15: Ratio of employees under the age of 30 by employee category

■ senior management¹⁰ ♦ managers ▲ subordinates ◆ total employees

Ratio of employees between the age of 30-49 by employee category, 31.12

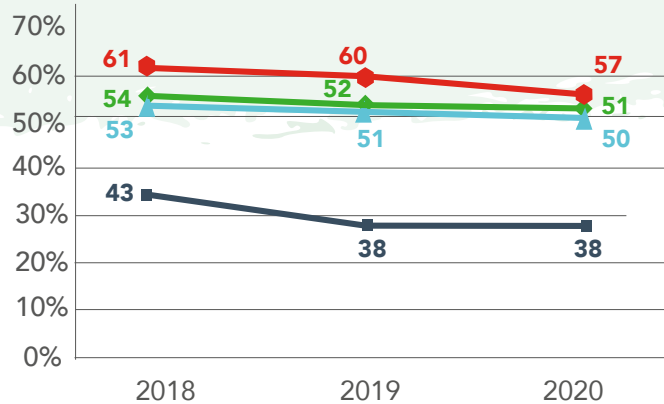


Figure 16 Ratio of employees between the age of 30-49 by employee category

Ratio of employees over the age of 50 by employee category, 31.12

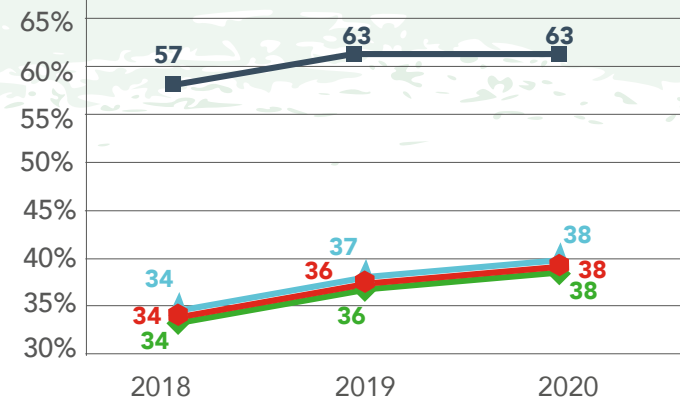


Figure 17: Ratio of employees over the age of 50 by employee category

¹⁰ senior management CEO, Deputy CEOs, Head of Cabinet, Directors General managers (excluding senior management); subordinates all employees employed in a subordinate capacity

GRI 405-1

Ratio of disadvantaged groups relative to total employees						
	with disabilities or reduced capacity to work, EWD	raising multiple children	employed with child care contribution (GYED/GYES)	with large family	career starter	employed with pension
2018	1%	4%	1%	3%	1%	2%
2019	1%	4%	1%	3%	1%	3%
2020	1%	4%	1%	3%	0%	3%
For legal reasons, we have no registration data pertaining to Roma employees. The breakdown of data by grouping is based on SAP HR records, and cannot be considered actual, as they are recorded as reported by the employee.						

Table 8: Ratio of disadvantaged groups

Employees with disabilities or reduced capacity to work (EWD)

In 2020, the Company's top management adopted the "Let's do it together" programme, which includes activities to be launched for EWD employment. *At the end of 2020, we had 190 people with disabilities or reduced capacity to work registered; our aim is to increase their number by at least 20% in 2021.*¹¹

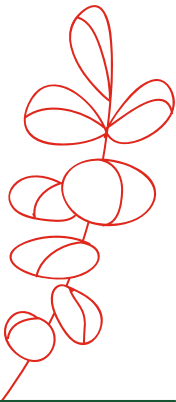
Equal Opportunities Ambassador

In 2020, we appointed an Equal Opportunities Ambassador. The ambassador represents the interests of workers from disadvantaged groups, with a special focus on workers with disabilities or reduced capacity to work. Their main task is to strengthen solidarity between employees and between the employer and employees, and to promote the employment and advancement of disadvantaged groups.

Julianna Tóth Molnárné, our Equal Opportunities Ambassador, works in the Regulatory Department as a regulation management officer, in part teleworking. At the age of 15, she became severely disabled as a result of an accident. She has multiple degrees, a job, a family, children, and is a nationally capped para-athlete.

In 2018, she was awarded the Disabled Worker of the Year Role Model Award at the national Disability Friendly Workplace Awards.

"I was delighted to accept this invitation to become an Equal Opportunities Ambassador to help employees with disabilities or reduced capacity to work. My role is to enhance accessibility of communication with employees with disabilities, support their inclusion, represent their special needs and demands, participate in EWD working groups, and represent our company at events in-house and outside the company."



¹¹ Increasing the statistical EWD headcount (workers included in the calculation of the rehabilitation contribution) by at least 20% at company level by December 2020.

In 2020, we have implemented a multi-directional preparatory action related to the "Let's do it together" programme:

- We organised inclusive training for new hires with disabilities or reduced capacity to work and their managers to help them integrate. We believe it is crucial to prepare managers so that they know how to act and what they can do.
- We created a dedicated job to operate special employment.
- We contacted and established cooperation with seven NGOs (e.g. Salva Vita Foundation) that provide job placements for people with disabilities or reduced capacity to work.
- We started a conscious internal communication of the "Let's do it together!" programme: on the one hand, we created a regular EWD page in our internal magazine "A mi Postánk", and on the other hand, we renewed the EWD Knowledge Base of the HR Navigator available on Postaweb: we added several elements aimed at acceptance and understanding of diversity. It is our professional opinion and experience that many misconceptions can be dispelled by targeted, correct and continuous information.
- In order to attract and involve young people with disabilities or reduced capacity to work, we launched a recruitment and information programme in special training schools and institutions. In 2020, a programme with more than 70 participants was carried out on 4 occasions, where participants practiced the steps of the application process focusing on the disability concerned and its value in the labour market. In addition to clarifying and completing their CVs, the candidates also gained experience concerning the corporate interview process.

EWD Awards

In 2020, we again presented the EWD Awards, which recognise the efforts, perseverance and struggle of our employees with disabilities or reduced capacity to work and those who support them. The award is decided by the CEO on the basis of recommendations from heads of employee and organisational units, and is presented at a ceremony on World Post Day. The Manager of the Year Employing People with Disabilities was János Antal, Head of the Central Delivery Post Office of Buda (BKPP), while the Disabled Employee of the Year was János Dóczi, Junior Contact Centre Operator, staff member of the Customer Service Directorate.

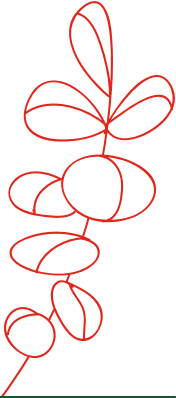
"My skills and competencies in focus – Job search tips from an employer's perspective" is an awareness-raising programme aimed at preparing people for the job search. The extension of the programme was planned for 2020, but due to the pandemic, the programme could not be implemented on the dates previously agreed with several training institutions. The feedback from the institutions where the interactive sessions were successfully held was clearly positive. Many said that the day had helped them understand their value in the labour market, understand employers' attitudes and be more confident in their role and position, and to move on.

Parents with children

GRI 401-3 Use of parental leave*		2018		2019		2020	
		Men	Women	Men	Women	Men	Women
A	Employees eligible for parental leave (no. of persons)	1233	2513	1072	2111	774	1800
B	Employees taking parental leave (no. of persons)	14	1802	12	1780	7	1443
C	Employees returning to work after parental leave (no. of persons)	5	357	3	416	4	246
D	Employees not returning to the company after parental leave (no. of persons)	1	156	3	171	1	111
E	Ratio of returning employees [C/(C+D)]	83%	69%	50%	71%	80%	69%
F	Number of returning employees still employed 1 year after return (indicated in the year of one year passed) (no. of persons)	3	273	2	296	3	272
G	Retention rate [F/C(previous year)]	60%	89%	40%	83%	100%	65%

* Leave taken for personal care of children, e.g. child care contribution (GYED/GYES)

Table 9: Parental leave



Drawing competition

We announced a drawing competition for children of postal workers entitled The Cool Post of the Future, to mark the 100th anniversary of the founding of the Debrecen Postal Directorate. Children in 3 age groups submitted 100 entries to show what they think the post office of the future will look like in 30 or 50 years.



Pensioners

Our company is constantly helping people to work in retirement and is making an active effort to retain pensioners. Our goal is to have our retirees with professional experience in our employment. Short-term re-employment is also common in delivery areas (e.g. for holidays in smaller settlements).

Young people, career starters

Our company has several programmes in place to support the employment of students and career starters. Our aim is to help young people to become long-term committed employees.

Apprenticeship: Our company accepts students in vocational secondary education and students in higher education for apprenticeships (compulsory as a training requirement) that are relevant to its activities. We provide mid-year and summer apprenticeships for all postal business administration students in the country at our accredited training sites. At the training sites, students are guided by our experts in getting closer to the practical application of what they have learned, and to the world of work.

In 2020, we assessed the willingness of graduating students who have completed an apprenticeship with us to come and work for us, and we offered young people open to this to the departments with vacancies.

Our company has developed a dual curriculum for the postal business administrator qualification, which is aligned with the training and output requirements of the new Vocational Training Act.

Apprenticeship students	Total no. of persons during the year
2018	540
2019	503
2020	449

Table 10: Number of apprentices

Internship Programme: After completing an internship of up to 12 months, participants are encouraged to stay on by being offered a job or position that matches their skills and qualifications. In 2020, the number of interns was 29.

Mentor programme: In the delivery and logistics domains, new hires are assisted by professional mentors during the training period. School cooperatives and student employment: In order to reach young people, we work with school cooperatives and also promote summer and various other student work opportunities.

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6.4 TRAINING COURSES

GRI 404: 103-2, 103-3 Magyar Posta Zrt. sees the development of its employees as a priority. In 2020, the biggest change was the digital work schedule due to the pandemic.

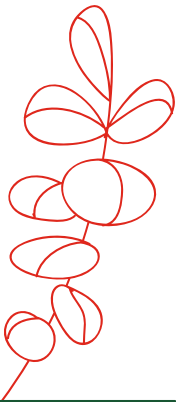
The implementation of development programmes and apprenticeships was moved to the online domain. The change in methodology also meant a shift in emphasis in content: more time had to be spent on processing the knowledge elements that are more difficult to learn independently. Online learning and teaching was also a challenge due to the heterogeneity of digital skills.

GRI 404-2 Despite the difficulties, we were able to continue with our priority professional programmes and 12% more employees participated in development programmes in 2020 than in the previous year.

In addition to meeting the legal training obligations for drivers, pick-up and delivery staff, we focused on security, data protection knowledge and strengthening digital literacy.

At the end of the training, participants can provide feedback, the results of which are incorporated into future training courses, and feedback is also given to trainers and teachers.

In 2020, the Company spent HUF 220 million on training and education. Due to the lower fees for e-training and the postponement of some courses, the available resources were not fully utilised.



Number of participants in internal training

(a given person may have attended more than one training course on more than one occasion)

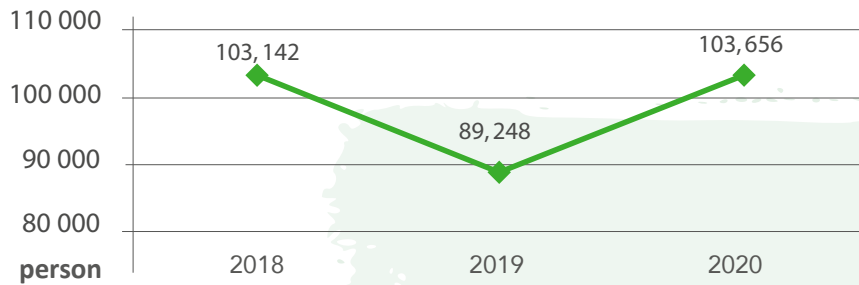


Figure 18: Number of participants in training

Knight's Cross of the Order of Merit of Hungary

Dr. László Károlyi, Director General of Security of Magyar Posta Zrt. was awarded the Knight's Cross of the Order of Merit of Hungary by the President of the Republic of Hungary in recognition of his outstanding role in the creation and continuous development of postal worker training in Hungary.



Előttem az utódom ("My Successor Before Me")

Our two-year management succession training programme, launched in 2019, continued this year. The aim of the programme is to help potential candidates acquire leadership skills and competences in addition to professional know-how. In addition to management skills, the programme also includes site visits to observe good practices and on-the-job training to reinforce professional knowledge.

Leadership development

Among leadership development programmes, two stood out in 2020. One is "Logistics Campus", the complete 1.5-year, approximately 20 contact-day management development programme, which develops professional and leadership skills through a variety of methods. In addition to classic training sessions, the 40 participants obtained enhanced knowledge and demonstrated their skills through self-learning, group coaching, e-learning and homework assignments.

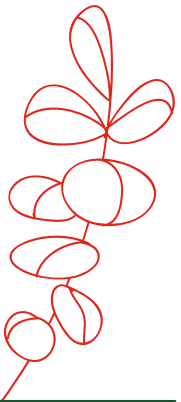
The training of sales managers represented development support for postal outlets. The close to 100 participants were able to acquire in the digital domain, in addition to remote management (which has taken on increased significance in the recent period), the leadership methods that can be applied in operational management. In 2021, we are planning to launch a complex programme aimed at developing network managers.

Talent Club

We launched Magyar Posta's talent programme in autumn 2020. Staff members selected for the Talent Club programme were highly proactive employees, open to innovations, with original ideas and above-average skills in this area.

Seeking out talent was important for two reasons: in addition to retaining staff who undertake additional tasks, we also want to ensure that the company strategy and the various parts thereof are implemented not only by the relevant departments, but also by other people in the management area.

The topics covered in the programme were selected from the Focus2022 themes (e.g. „Digital post is the future, Developing a management KPI system). The teams working in the workshops will produce deliverables that will be presented to senior management by the end of 2021. In addition to increasing professional know-how, the programme provides participants with skills development opportunities in terms of modern teamwork and agile project management.



6.5 COMMUNICATION WITH COLLEAGUES

For the Company's management, it is important to think together with colleagues and to work as a team. In order to work together effectively towards our goals, senior management is committed to transparent, regular communication with both management and executive staff.

The main channels of communication remain unchanged in 2020, however:

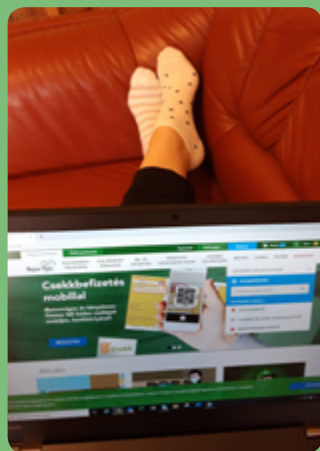
- we have introduced a regular **Pandemic Information Notice**, of which 72 were sent to our staff during the year via our internal newsletter, our intranet and – to staff without online access – via the heads of department.
- Our professional and community magazine, *Postás Magazin* was given a new title in 2020 and is now published under the new name of ***A mi Postánk (Our Post)***. The new title also stands for a more modern, more colourful and fresher content. With more informative content, interesting facts and more personal stories. We believe that our colleagues can best tell you what it's like to be a postal worker.
- **PostaTV**: In March 2020, we launched PostaTV, our digital channel for salespeople. 37 short films were produced, covering internal events and presenting post offices. Colleagues have clicked on the site more than 20,000 times.
- **Management forums**: these forums allow for management to meet employees face-to-face. In 2020, we were only able to organise one management forum due to the pandemic.

Of the HR topics, our staff were clearly most interested in the procedures used in emergency management and HR support. We have provided up-to-date and credible information on these topics in our Pandemic Information Notice.

Awareness raising campaigns

We implemented several awareness-raising campaigns in 2020:

- We joined the Socks Challenge on World Down Syndrome Day to raise awareness among our staff;
- we regularly publish new information on employees with disabilities or reduced capacity to work in our in-house magazine;
- during the pandemic, we promoted the use of the „Protect the postman” hashtag and provided practical advice on reinforcing personal hygiene skills and on home office (behavioural recommendations, correct mask use and hand washing practices).



6.6 ADVOCACY

GRI 402: 103-2, 103-3

As an employer, Magyar Posta strives for a fair and cooperative partnership with employee representatives by maintaining orderly labour relations and industrial peace, which is of great importance for the economic and social stability of Magyar Posta. It also aims to strengthen dialogue and promote mutual trust.

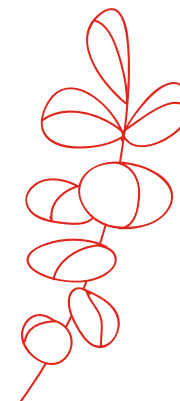
It is necessary to maintain security and ensure that employees are made aware of requirements. There is a need to increase the participation of employees in various activities to promote their employability and to facilitate their involvement in the operation of the Company, in shaping its future and enhancing its competitiveness. There was no change to the social dialogue forum system in 2020:

- **Postal Interest Reconciliation Council (PÉT)**: a bipartite forum for the reconciliation of interests, a permanent forum of the employer and member unions. Its primary objective is for the employer and the trade union(s) to organise and develop labour relations, to ensure cooperation in the interests of the employer and the employees, and to clarify basic economic, income, social and labour issues. Its aim is to prevent conflicts and ensure the continuous exchange of information. The members of the PÉT always strive for consensus.
- **Participation Meeting**: a forum for contact between the employer and the Works Council (WC). The Participation Meeting is convened by the WC.
- Consultation with advocacy organisations, trade unions.

The consultations and meetings were held in accordance with pandemic-related standards, with limited face-to-face participation and online and telephone conferencing.

GRI 102-41 In addition to the Labour Code, employment issues are also governed by the Collective Bargaining Agreement, which, with the exception of senior officers (as at 31.12.2020 8 persons), applies to all employees employed by Magyar Posta Zrt., i.e. 99.97% of all employees.

GRI 402-1 The employer shall consult the advocacy organisations at least fifteen days before taking a decision on draft employer measures and regulations affecting a large group of employees and on any change in the employer's identity. The company's process for investigating complaints reported by advocacy organisations is carried out in accordance with the uniform complaints handling procedure set out in the Social Dialogue Manual.



6.7 OCCUPATIONAL HEALTH AND SAFETY (OHS)

Governance

GRI 403: 103-2, 403-2 The strategic and professional management of the Company's OHS activities continue to be performed by the Head of the HSE Department with the professional support of Magyar Posta's OHS Manager. The staff are suitably qualified to carry out health and safety tasks.

The occupational safety and health activities of Magyar Posta are regulated by a number of documents and internal policies. The most important are: Security Policy, Occupational Safety and Health Policy, Deputy CEO Order on the arrangements for OHS advocacy.

Coronavirus pandemic



In 2020, the management of the COVID-19 pandemic, the procurement and distribution of protective equipment, and the establishment and transfer of rules for their use was a priority in occupational safety and health. Despite the difficult conditions, we consider it an important achievement that in 2020 there were no interruptions in the supply of protective equipment (protective clothing, protective gear) and occupational safety material (protective drinks, first aid equipment, breathalysers, information boards, hand cream, etc.).

The conclusion of a telework contract is subject to a statutory requirement to assess the site of the teleworking activity from an occupational safety and health perspective, which was a very resource-intensive task due to the on-site inspections. Based on a position statement from the Department of Occupational Safety and Health of the Ministry of Innovation and Technology, the process was simplified and made fully electronic: in the last quarter of the year, it was sufficient to fill in a checklist and document

the teleworking site with photographs. This change is reflected in the Occupational Health and Safety Policy.

OHS advocacy

GRI 403-4 There was no change in the OHS advocacy regime in 2020, and OHS advocacy representatives are actively involved in the effective implementation of occupational safety and health. The OHS advocacy representatives set up a

Central OHS Committee from among themselves, which acts as the highest forum for OHS advocacy. A representative of the HSE Department also attends the Committee meetings. In addition, the Company also has a six-member OHS Parity Body in place, where the employee and employer sides are represented in equal number and with equal voting rights. OHS issues are also regularly discussed in the meetings of the Postal Interest Reconciliation Council (see Section 6.6).

In 2020, when procuring protective equipment (especially protective footwear), we also involved the OHS representatives in the qualification of the samples received from the bidders.

Risk assessment

GRI 403-2 Work-related hazards continue to be separately identified and risks assessed by activities and jobs. The assessment is carried out by the OHS staff on the basis of a central questionnaire, and the frequency of the risk assessment is in line with legal requirements. If an employee reports an OHS hazard or dangerous situation, the chairperson of the Central OHS Committee forwards it to the contact person in the HR area, who forwards it to the relevant department for response or action. Feedback on risk mitigation measures is also received from managers and employees for ensuring additional developments.

GRI 403-3 The application of the risk mitigation hierarchy is governed by the Occupational Health and Safety Policy. We seek to eliminate any and all risks before setting up a new facility or building, we carry out health and safety checks before live commissioning, and we use personal protective equipment in our implementation processes, in line with the extent of risk exposure.

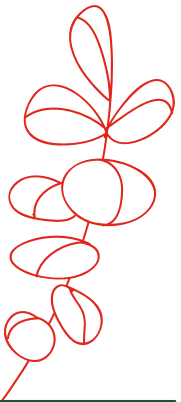
Inspections

GRI 403-2 Due to the pandemic situation, the number of official inspections has dropped significantly. In 2020, ten inspections (six fewer than in the previous year) were carried out on Company premises by the occupational safety and public health administration bodies of the Government Offices.

In 2020, our Company received an official reprimand in relation to its occupational health and safety activities because of a severe work-related accident, which resulted in a fine of HUF 120 thousand.

The number of combined labour and environmental internal inspections has also been significantly affected by the pandemic situation and further staff reductions in the field of occupational safety and health. In 2020, a total of 275 combined checks were carried out (almost 60% fewer than in the previous year). We have taken the necessary measures to remedy the deficiencies uncovered during the inspections and have carried out the necessary backtesting.

In 2020, the regular internal OHS targeted inspections covered the use and technical condition of the new RC1 containers. Of the 100 containers examined, 64 malfunctions were identified, but the containers tested do not pose a high risk from an OHS perspective.



Occupational safety training

GRI 403-5 The rules for OHS training are set out in the Occupational Health and Safety Policy. Employees performing OHS duties at the organisational units as safety and health representatives undergo training every five years, which concludes with an examination. The 2020 training was delivered through distance learning, with 792 people passing the exam. For the rest of the year, such training and examinations were carried out by the OHS department.

Accidents, illnesses

The number of work-related accidents resulting in working days lost is showing a decreasing trend. The OHS Department investigated 1,349 accidents, of which 601 were work-related accidents resulting in working days lost. This is 6.6% less than in the previous year.

GRI 403-9 There were no work-related accidents resulting in fatalities or mass accidents at work on Magyar Posta premises in 2020. There were two serious¹² work-related accidents, one of which was a traffic accident and the other a fall in a public place involving a worker under the influence of alcohol. The employer's liability arose in the second case, and the authority imposed a fine of HUF 120 thousand for the employer's failure to comply with its inspection obligations. In order to prevent such incidents in the future, we have clarified the procedure for checking the absence of alcohol in the Occupational Health and Safety Policy.

GRI 403-2 The procedures and circumstances for investigating accidents at work, identifying the hazards involved, assessing risks and determining corrective measures are governed by the Occupational Health and Safety Policy. Accidents are investigated in line with legal provisions for all postal workers and temporary staff.

GRI 403-9 Number of work-related accidents resulting in lost working days, accident rate

	2018	2019	2020
Employees			
Number of high-consequence accidents	0	0	2
Rate of high-consequence accidents – per 1 million working hours	-	-	0.04
Total number of accidents	667	623	592
Rate of accidents – per 1 million working hours	13.5	13.1	13.0
Temporary staffing			
Number of high-consequence accidents	0	0	0
Rate of high-consequence accidents – per 1 million working hours	-	-	-
Total number of accidents	19	20	9
Rate of accidents – per 1 million working hours	56.4	54.5	16.2

The data in the table are based on accident investigations.

Table 11: Work-related accidents resulting in working days lost

Changes in the number of work-related accidents at Magyar Posta Zrt. in 2018-2020

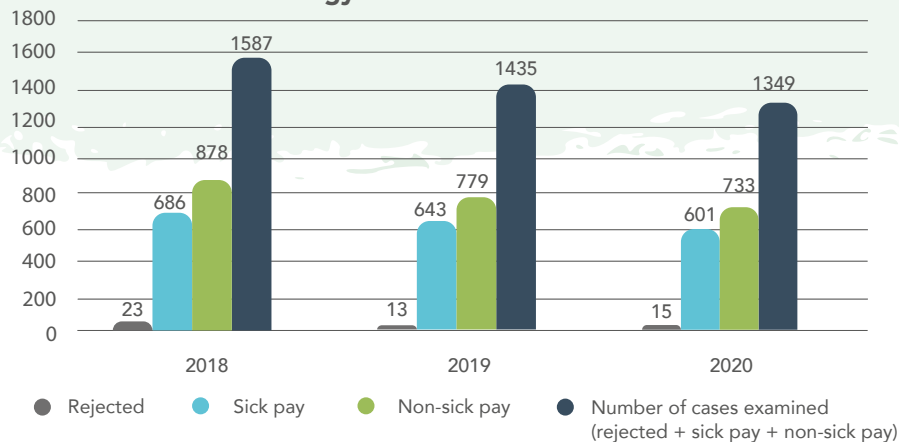


Figure 19: Number of work-related accidents

Number and ratio of the most common accident-related injuries resulting in working days lost in 2020

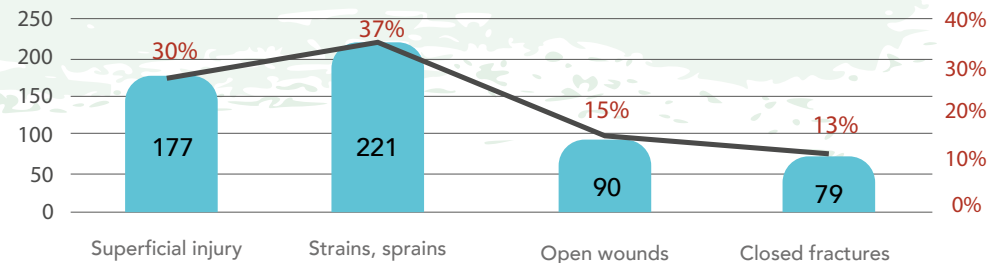


Figure 20: Typical injuries

GRI 403-9 The employee groups most frequently involved in work-related accidents at our Company are delivery workers (385 accidents), and workers in the processing area (67 accidents) and loading area (44 accidents).

In 2020, we registered 1 case of occupational disease (temporary, due to an inguinal hernia) for a parcel delivery worker.

Occupational health

GRI 403-6 The occupational health service is provided by a contractual partner of Magyar Posta and covers only postal workers. During the year, more than 42,000 medical examinations were carried out, around 80% of which were physical aptitude tests. Due to the pandemic, the Environment and Health Day, which also promotes healthy lifestyles, and the National Comprehensive Health Screening Programme, in which the Company regularly participates, were cancelled.

We give priority to mental health support in cases of extreme psychological stress for our staff. In 2020, 26 people attended three sessions of such therapy.

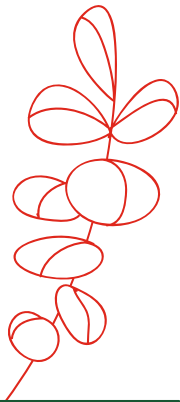
6.8 VOLUNTEERING AND COMMUNITY EVENTS

Due to the pandemic, of the volunteer events organised by our Company multiple times a year, only the Helping Hands programme was ultimately held in 2020. Only a few of the community programmes were organised.

Helping Hands Programme: the fifth edition of the Helping Hands Programme was successfully implemented in November and December, as part of which colleagues in the office assisted staff in postal outlet delivery support, writing notifications for amorphous deliveries, international mail delivery, parcel delivery, mail processing and complaints handling. In the 2020 peak season, more than 320 people participated in the programme.

In 2020, most children's days and family days were cancelled due to the pandemic.

In the summer months, we organised smaller-scale sporting events in compliance with pandemic regulations. For example, our enthusiastic and tireless regional sports officers organised the hike of Vas County staff to Ság-hegy, or the family sports days in the Ajka and Kaposvár districts, which were a great activity for young and old alike. Siófok staff organised a kayak race on Lake Csépany. This year, the canoeists organised a three-day trip in Tiszabecs.



7. RESPONSIBILITY FOR THE ENVIRONMENT



GRI 301, 302, 303, 305, 306, 307: 103-1, 103-2, 103-3

Why is it important? Clean Water and Sanitation, Affordable and Clean Energy, Climate Action, Life on Land and Responsible Consumption and Production are all among the 17 UN Sustainable Development Goals, clearly indicating that different aspects of environmental protection are among the most crucial challenges of our time. The most significant environmental impacts of Magyar Posta are related to transport and energy consumption in buildings. At the same time, by reducing the need for individual transport, we are helping to make transport more environmentally efficient. The Company has less influence on the environmental burden of packaging, because the packaging of parcels and letters to be delivered is primarily done by the customers.

Objectives, principles Magyar Posta remains committed to protecting the environment, avoiding pollution and rational energy management in its integrated quality, environment and energy policy. The Environmental Policy declares our compliance with the environmental legislation in force and our commitment to the effective operation and continuous improvement of the environmental management system. As a requirement, the use of the environment should cause the least possible environmental impact and load, prevent pollution and exclude environmental damage. Environmental and energy efficiency considerations are also enforced in our procurement. We expect our staff to work in a manner that respects the environment, uses resources sparingly and manages waste appropriately.

GRI 102-11

Governance The framework for environmental activities is set out in the Environmental Policy. Within the Safety Directorate General, environmental issues are handled by the Health Protection, Accident Prevention and Environmental Protection Department (HSE). The department's task is to contribute to sustainable development and environmentally conscious corporate and business operations by planning, organising, managing and continuously monitoring the implementation of the Company's environmental management system, and by regularly analysing and assessing risks. The ultimate decisions are taken by the CEO. The Safety Directorate General meeting is responsible for the overall assessment of environmental activities and the setting of targets. The Environmental Management System covers the logistics area and specialised plants and centres.

The Infrastructure Directorate develops and implements the Company's energy strategy and is responsible for the professional operation of the Energy Management System. In respect of transport and vehicle operation, the Logistics Operations Directorate is responsible for the professional supervision of energy-related tasks. The Energy Management System covers the whole of the organisation and is coordinated by the Quality Management Department together with the Environmental Management System.

GRI 102-12 Greenairport

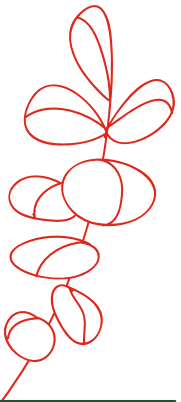
Magyar Posta is a member of the Greenairport Program, an initiative of Budapest Liszt Ferenc International Airport. The aim of the initiative is for organisations operating at the airport to work with the operator to reduce the environmental impact of the facility. The programme primarily focuses on climate protection by reducing energy use, creating conditions for the use of renewable energy sources, developing electric mobility and enhancing the selective collection of waste. Under Greenairport 2.0, a renewal of the initiative launched in 2015 is planned.

Training

There were no changes to the environmental training scheme in 2020. During the hiring process, all new staff receive environmental protection information, and are also informed environmentally aware codes of conduct and behaviour. In addition, certain employees also receive annual training on the environmental tasks relevant to their area of activity.

Compliance

GRI 307: 103-2, 103-3, 307-1 The HSE Department continuously monitors the implementation of environmental protection activities, carrying out regular internal audits. Risks are also analysed and assessed on a regular basis. In 2020, there were no proceedings opened against Magyar Posta for breaches of environmental legislation, regulatory requirements or binding agreements.



7.1 ENERGY MANAGEMENT AND AIR QUALITY PROTECTION

The Company's energy needs in 2020 stems from the energy use of buildings (59%) and the use of vehicles for logistics services (41%).

Developments and results

GRI 302: 103-2 Energy consumption in 2020 was also heavily impacted by the coronavirus pandemic and its effects: shortened post office opening hours, increased home office work and growing logistics demands. Electricity consumption was reduced by dismantling the parcel processing machinery line used at the National Logistics Centre. We have upgraded lighting at 50 sites and also replaced boilers and air conditioning at certain sites, as a result of which we expect to save 15 MWh of energy.

Through the advanced monitoring of the energy consumption of buildings and the vehicle fleet, we aim to eliminate irresponsible energy use (e.g. air conditioning after hours, unnecessarily running vehicles) and even reduce overconsumption caused by breakdowns through regular maintenance.

The energy consumption targets have been partially met.

Targets for 2020	Target value	Result	Fulfilment
GRI 302-3 Fuel consumption ¹³ per unit parcel	min. 4.5 up. pcs/litre	4.4222 up. pcs/litre	—
Electricity consumption compared to previous year	-1%	-6.40%	✓
Natural gas consumption compared to previous year	-0,5%	+1.80%	—
District heat consumption compared to previous year	-0,5%	-4.50%	✓
Carbon dioxide emissions compared to 2013	-5%	market-based: -9.2%, location-based: -7.8%	✓

Table 12: Energy and carbon emission targets and their achievement

GRI 302-1 Energy consumption of Magyar Posta, GJ

	2018	2019	2020
Petrol (mineral) - postal technology	5378	4937	4881
Petrol (mineral) - personal	11,233	10,263	8083
Diesel fuel (mineral) - postal technology	319,937	306,446	305,888
Diesel fuel (mineral) - personal	2403	2312	1623
CNG	437	348	340
Natural gas	262,267	280,294*	285,457
Electricity	154,339	146,873	137,502
Purchased heat	48,973	49,416	47,194
Petrol (organic)** - postal technology	-	-	166
Petrol (organic)** - personal	-	-	274
Diesel fuel (organic)** - postal technology	-	-	21,559
Diesel fuel (organic)** - person	-	-	114
Firewood***	n.a.	4043	1277
Purchased heat (thermal water)	791	193	802
Solar energy produced	474	489	656
Total	806,232	805,614	815,815

*In 2018, the calorific value of natural gas was calculated based on the global value provided by the IPC, and in 2019 we switched to the average calorific value in Hungary. This is the reason for the increase, despite a quantitative reduction in measured consumption.

** From 2020, we indicate biofuel consumption separately.

*** GRI 102-48 Firewood was not included in previous years' reports, and as such the Total value was also adjusted.

The energy consumption data are accurate and measured. Where necessary, calorific values from relevant legislation or industry estimates were used.

Table 13: Energy consumption

¹³ An equivalent value that takes into account the different weights of the various items picked up (e.g. 1 piece of unit parcel = 350 postal letters / 0.75 piece of parcel / 100 pieces of advertising publications, newsletters).

Carbon emissions

GRI 305: 103-2, 103-3 Corporate carbon emissions are measured on a quarterly basis and targets and deadline-bound emission reduction commitments are undertaken. In line with the National Climate Change Strategy, Magyar Posta has committed to reducing its CO₂ emissions by 5% compared to the 2013 base year for the 2014-2020 period. The target was achieved both for market-based emission (-9.2%) and location-based emission (-7.8%).¹⁴ *In 2020, our Company set a new emission target: to reduce our gross carbon emissions by 18.1% by 2030 compared to the 2017 base year.*¹⁵ According to the international consensus on greenhouse gas mitigation, carbon offsets are not included in the reduction. Our target applies to market-based calculation and includes direct (Scope 1) and indirect (Scope 2) carbon emissions associated with purchased energy.

GRI 305-1,305-2

GRI 102-12 Oscar.post – Category 1

Magyar Posta participated in Oscar (Online Solution for Carbon Analysis and Reporting), an initiative of the Universal Postal Union (UPU) under the auspices of the United Nations. The initiative involves calculating the greenhouse gas emissions of participating postal operators on the basis of a common methodology validated by the UPU. The results not only allow for an assessment of trends, but also global comparisons within the sector, providing points of reference to reduce the carbon footprint.

The fact that Magyar Posta was ranked in the first, best category based on the quality and coverage of its reporting is a significant result. To qualify for this category, full reporting of direct (Scope 1) and indirect (Scope 2) emissions from purchased energy is required. The organisations included in this category typically also report on certain indirect (Scope 3) emissions. For Magyar Posta, there is room for improvement in the wider reporting of Scope 3 emissions.

Motor vehicles and logistics

We continued the implementation of the vehicle replacement and development plan. We are continuously testing electric vehicles for parcel delivery and mobile mail functions. In 2020, Magyar Posta procured 50 electric three-wheel mopeds and 261 electric bicycles to reduce the burden by delivery staff. The vehicles purchased were tested in advance by our staff. In addition, we also purchased 60 diesel light commercial vehicles and sold 133 vehicles during the year.

In 2020, our professional drivers again took part in ECO driving training as part of their annual road safety training. During the year, 1,920 people completed the training.

The logistics tasks and the delivery of consignments are carried out by a fleet of nearly 4,600 own vehicles. Compared to the previous year, the distance travelled by vehicles increased by 5.5% to 101 million kilometres¹⁶. The 9.5 million litres of fuel used is a 6.5% increase over 2019.

Our delivery staff travels 20% of the distance travelled by car on foot or by bike. In 2020, they travelled 19.5 million kilometres by bicycle and 2.2 million kilometres on foot.

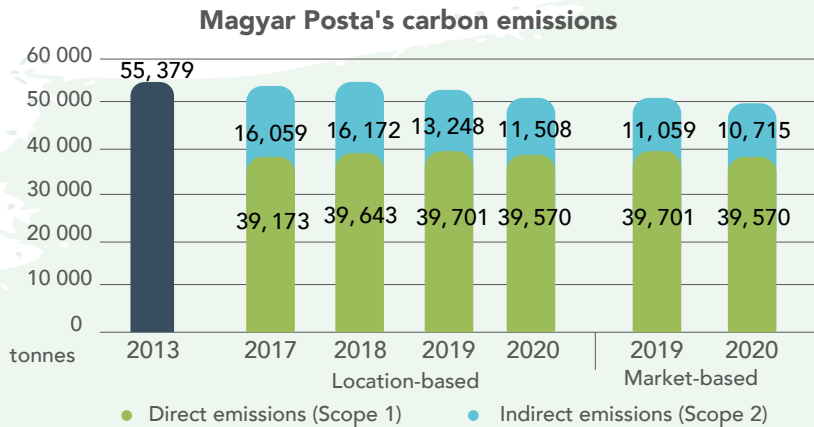


Figure 21: Carbon emissions

Among greenhouse gases (GHG), only carbon dioxide emissions are taken into account, except for emissions related to air conditioners, which cover all GHGs on a CO₂-equivalent basis. Emission factors are derived from legal regulations, official data and data provided by industry organisations. GWP values are calculated based on the IPCC's 4th Assessment Report. Biogenic emissions in 2020 were 1,710 tonnes of CO₂.

¹⁴ Market-based emission: the value calculated with the actual emission factor associated with the purchased energy, if made available by the supplier. In the absence of this, the average nationally calculated emission value of residual energy, excluding energy sold as explicitly low or zero emission. Location-based emission: the value calculated from energy consumption using the local (national) average emission factor. The two emission factors are only available in Hungary for electricity.

¹⁵ The selection of the base year is justified by the National Energy and Climate Plan (NECP), where the most recent data at the time of the setting of the target was 2017 emissions. The NECP sets a national reduction target of 8.1% relative to this level (-40% compared to 1990 greenhouse gas emission levels). Magyar Posta's 2019 emissions were -8.1% compared to 2017. This commitment was undertaken to achieve a more ambitious target, and taking into account that the NECP target will also be revised (-50% compared to 1990).

¹⁶ Weighted kilometre data, which takes into account the conditions of the roads

	Distance travelled	Procurements
4,600 logistics vehicles	101 million km ¹⁷	60 diesel light commercial vehicles 50 three-wheel mopeds
5,859 bike delivery routes, 8,098 bicycles	19.5 million km	261 electric bicycles
1,164 pedestrian delivery routes	2.2 million km	

Table 14: Logistics data

We are planning to procure additional electric-assist bicycles and so-called 3-4-wheeled electric delivery vehicles as part of the network modernisation programme, partly to replace mechanical bicycles and partly as new equipment in connection with the reorganisation of delivery routes.

Cars used for everyday work have a significantly lower environmental impact compared to logistics vehicles. The passenger cars are owned by our subsidiary and leased by the Company. The mileage of the fleet of around 200 vehicles (mainly due to the coronavirus pandemic) decreased by 20% to 4.3 million km. In 2020, we renewed 77% of our passenger car fleet, with three electric cars added.

7.2 MATERIAL USAGE

GRI 301: 103-1 Magyar Posta’s direct material usage is low. The envelopes and boxes used to package shipments are provided by our customers and are sold, not used, by our Company. Magyar Posta is responsible for the packaging of only a small proportion of parcels. In addition, postal dispatch notes, stamps and other delivery-related vignettes and labels qualify as direct material utilisation.



The quantities of packaging and dispatch notes used by the Company are set out in the table below.

GRI 301-1 Material usage of Magyar Posta ¹⁸ , kg			
	2018	2019	2020
Wrapping paper	2445	2320	2204
Unit parcel	3087	2933	2786
Postal dispatch note	29,178	31,400	31,418
Total	34,710	36,653	36,408

Table 15: Material usage

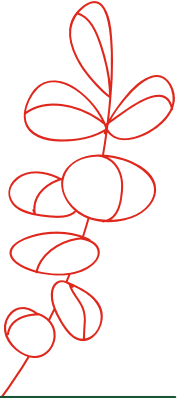
GRI 301: 103-2, 103-3 In the interest of responsible material usage, we set a continuous target of 5% reduction of paper-based packaging materials per year in our Environmental Management System, which we were able to achieve in both 2019 and 2020. We also aim to recycle returned rolls or boxes received from other organisations (we re-send undamaged boxes, we make filling material from damaged boxes) and to send items to the same address in one shipment.

Digitalisation and streamlining are ongoing in our services (see Section 5.1 section) and in HR: in 2020, numerous records and processes have become electronic-based.

7.3 WATER CONSUMPTION

GRI 303: 103-1, 103-2, 303-1, 303-2, 303-3 Magyar Posta uses only fresh water from the municipal water network for public utility purposes. The company’s water consumption is not significant, with total water consumption at 200,508 m³ in 2020¹⁹, which corresponds to an average annual water consumption of approximately 5,600 people. Most of the waste water generated by the Company is municipal waste water. Our aim is to ensure that no waste or pollutants are discharged into the public sewer without pre-treatment.

17 Weighted kilometre data, which takes into account the conditions of the roads.
18 Quantity of material purchased. All renewable raw materials, paper.
19 Quantity based on metered data or a flat-rate. 1 m³ = 1 megalitre. We have no information on the source of the water.



7.4 WASTE MANAGEMENT

GRI 306: 103-2

Our waste management objectives have not changed: *we strive to and expect all our employees to produce as little waste as possible.*

The amount of waste generated by our company has been decreasing over the past period. On the one hand, digitalisation and the disappearance of newspaper distribution reduce the amount of paper waste, because the remaining newspapers (leftover) no longer appear as waste. As a result of the discontinuation of newspaper distribution activity, our Company generates approximately 4-500 tonnes less recyclable paper waste.

Hazardous waste: Toners and ink cartridges continued to account for nearly half of hazardous waste in 2020, as a consequence of postal activity. Batteries and accumulators, as well as polluted absorbing material, represent a much lower amount. The volume of hazardous waste in 2020 was 16% less than in the previous year. Hazardous waste is collected selectively by type, with particular attention paid to collection and storage to prevent environmental pollution.

Non-hazardous waste: Approximately 80% of non-hazardous waste is municipal waste. The amount of municipal waste was first estimated using supplier contracts for 2020. Paper waste containing or not containing personal or business data, plastic waste (e.g. PET bottles, other plastic packaging waste) and metal seals are collected separately. Customer areas at some of the busiest post offices also have selective paper and plastic waste collection.

In 2020, we amended our waste disposal practices. As opposed to the previous single, national contract, we now have separate transport contracts for each central non-hazardous waste collection site in place. Where possible, we gave preference to local contractors. In 2021, we plan to transform the selective waste collection scheme at national level.

7.5 AWARENESS RAISING

In 2020, we encouraged our staff to be environmentally responsible and aware by building on the practices we had already put in place.

Our "Guide to energy efficiency measures" and the energy awareness posters published by HEA (Hungarian Energy and Public Utility Regulatory Authority), designed in clear and visual fashion, raise awareness of the importance of energy efficiency and provide tips on how to implement this, via the intranet and on the notice boards in post offices and plants.

We also welcome ideas from staff members for improving energy efficiency by email and post. We also call attention to this option during the training sessions.

During the pandemic, we had fewer staff in the office, but the community bookshelf in the Green Corner of the central Budapest office building saw the books change as time passed. This is where books already read or no longer of interest exchange owners.

GRI 306-2

Quantity of non-hazardous waste by treatment

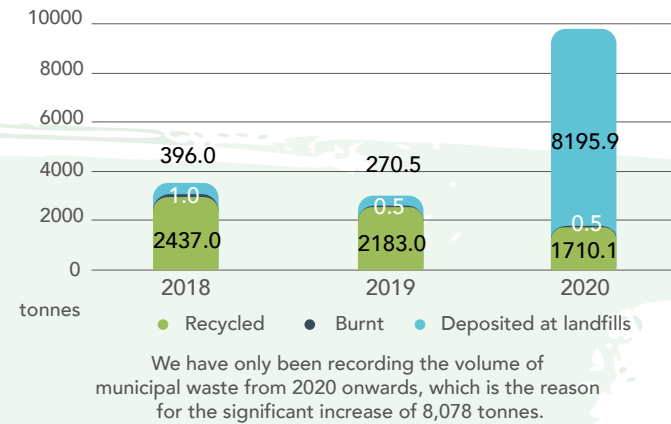


Figure 22: Quantity of non-hazardous waste

Quantity of hazardous waste by treatment

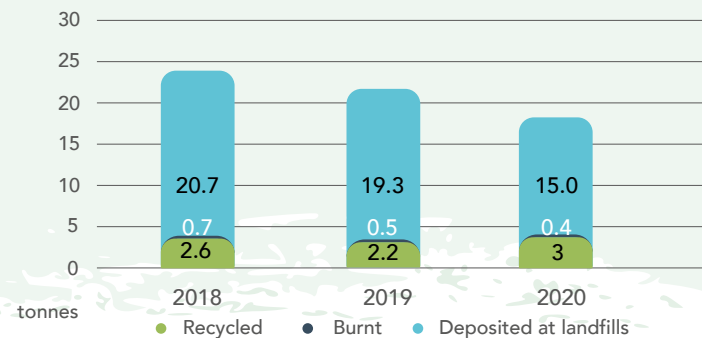
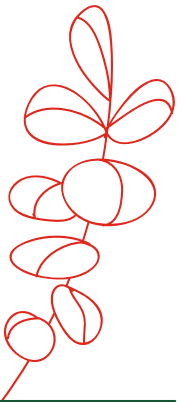


Figure 23: Quantity of hazardous waste



8. RESPONSIBLE BUSINESS CONDUCT



GRI 201, 205, 206, 418, 419: 103-1, 103-2, 103-3

Why is it important? As a publicly owned company, we have a responsibility to operate in a fair, transparent, legal and financially efficient, non-wasteful manner. In addition to high quality services, our customers also have a legitimate expectation that consumer interests and personal data are protected. Promoting sustainable public procurement practices is a specific sub-goal of the SDG target on Responsible Consumption and Production, while the Peace, Justice and Strong Institutions target advocates anti-corruption. In line with the role it plays in society and its economic potential, Magyar Posta also reciprocates the trust it has earned by playing a social role. Through our donations and sponsorships, we also contribute to accomplishing the UN Sustainable Development Goals. Our grants mainly support the goals of No poverty and Good health and well-being goals, typically in partnership with other organisations.

Objectives, principles Both individually and at the company level, we are committed to conducting our activities with fairness and consistency, and with integrity in business conduct. The Code of Ethics sets out a system of uniform ethical principles and rules of conduct for employees, the backbone of which are the core values presented in Section 2. Full compliance with the applicable national and European Union legislation and regulatory requirements, effective action against external and internal fraud and abuse are declared expectations set out in our Risk Management Policy. In addition, the Compliance Policy also sets out our commitment to comply with regulatory recommendations and market best practice. In our donations and sponsorships, we strive to contribute to good causes through our services and encourage our partners and customers to also join in worthy social objectives.



Governance The Company's activities are highly regulated by legal regulations, enforced by an internal regulatory system. The Code of Ethics applies to all employees, and it is the responsibility of line managers to communicate and enforce it. The Code is given to all employees on entry, and orientation programmes also familiarise staff with the contents thereof. The Ethics Committee is responsible for enforcing the principles of the Code, investigating whistleblower reports, as well as formulating measures, proposals and recommendations.

We have established a Compliance assurance and support function, which is implemented in inter-organisational cooperation and under the coordination of the Independent Compliance Department, according to the guidance or expectations set by the Compliance Officer. The Compliance Officer shall report at least once a

year to the CEO Meeting, the Board of Directors and the Supervisory Board. In 2020, we extended the scope of tasks of the Independent Compliance Department to ensure legal compliance for all activities of the Company, in addition to financial products. The permanent auditor is an additional guarantee of the legal operation of the company.

In 2020, we developed the Company's Support, Sponsorship and Donations Policy, applicable to the 2020-2023 period. The Policy sets out which organisations/activities are excluded from support and sponsorship²⁰. The Marketing Communications Directorate is responsible for coordinating support, sponsorship and donation activities, for carrying out tasks related to social responsibility, and for preparing and implementing decisions.

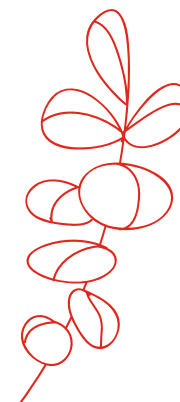
Organisational operation, changes

GRI 102-10, 102-18 The Company's  Organisational and Operational Rules (OOR) and  Organisational Chart valid at the end of 2020 are available on our website. The Company has working bodies in place for complex, systematic or strategic tasks. These working bodies may also have the power to make proposals, prepare decisions and take decisions, as laid down in the OOR. The Support, Sponsorship and Donations Committee and the Logistics Development Committee were established in 2020. Their tasks and powers are set out in the Main Volume of the OOR.

Compared to 2019, the following changes have been made in the governance structure of the organisation, with effect from 1 July 2020, affecting the following areas of responsibility of the Deputy CEO and areas directly reporting to the CEO:

- the Deputy CEO for Modernisation area, under the direct supervision of the CEO, was discontinued, the Operative Modernisation Centre, the Project Management Centre and the Project Portfolio Management function were transferred to the Strategic Directorate, and the Network Modernisation Centre was delegated to the Deputy CEO for Networks and Network Modernisation.
- the Deputy CEO for Networks and Network Modernisation area was created, which is responsible for network operation, development and partner management tasks,
- the Strategic Directorate was created under the supervision of the CEO, which also took over the centralised project management function.

²⁰ Political parties, church organisations; Free distribution of leaflets, flyers and posters based on local decisions; Support of private individuals and their initiatives ; Support for competitive sports with no postal relevance.



8.1 COMPLIANCE (LEGAL COMPLIANCE AND ETHICAL OPERATION)

GRI 205, 206, 418, 419: 103-2

The Compliance assurance and support function has been established by the Company by taking into account applicable legislation and supervisory recommendations, which is independent of the Company's business activities and business functions, as well as its other risk management and control functions. The framework for its operation is set out in the Compliance Policy. Given its size and the complexity of its activities, Magyar Posta's compliance support tasks are carried out by several cooperating departments according to the competences set out in the OOR. Given its size and the complexity of its activities, Magyar Posta's compliance support tasks are carried out by several cooperating departments according to the competences set out in the OOR. Compliance activities are aimed at assessing and managing the potential legal risks, supervisory or other regulatory sanctions, the possibility of significant financial loss or reputational risk arising from non-compliance with laws, regulations or other non-statutory requirements (including recommendations, guidelines, methodological manuals, policies of self-regulatory bodies, market conventions, codes of conduct and codes of ethics issued by supervisory bodies and authorities) or internal rules applicable to the activities of the Company.

The publication of the government decree and directive on the internal control system of publicly-owned companies brought about a change to the Compliance function. The new regulations and operational framework were mapped out in the context of the amendment of the Compliance Policy. Compliance with legal regulations and the Code of Ethics is also facilitated by the fact that, according to the Incentivisation Policy, the amount of the incentive payable on the basis of performance assessment may be reduced if the employee engages in activities that jeopardise the Company's legitimate business interests, safety or reputation.

In the interest of reporting abuse or suspected abuse, we operate an abuse-reporting system that allows for anonymous reporting and is available to employees and third parties. The availability of the "whistleblowing" system and a description of how it works is shared on the Company's website, intranet and internal circular emails, and is documented in the General Security Information brochure for all new hires and in the annual Special Security and Fraud Prevention training.

Prevention of corruption

GRI 205: 103-2 Integrity control is the responsibility of the company's management, within the framework of which – in view of the size of the company and the complexity of its activities – all employees and departments of Magyar Posta are responsible for identifying and assessing corruption risks affecting their own activities or processes and for implementing the necessary risk mitigation measures. Our Company has established the "multi-eye" control and self-monitoring mechanisms required for integrity control, as well as sanctions for non-compliance. Risks are identified, analysed and assessed through self-revision and the development of key risk indicators. Our Company participates in the completion of the integrity

questionnaire of the State Audit Office of Hungary and the related data reporting. The Code of Ethics has a separate chapter on the acceptance of gifts and the prohibition of corruption. We also aim to introduce a new sensitisation programme in connection with the planned revision of the Code in 2021. We believe that effective integrity development requires a balance of rule-based and value-based tools, complemented by technology-based instruments.

GRI 205-3 No corruption incidents were uncovered in 2020.

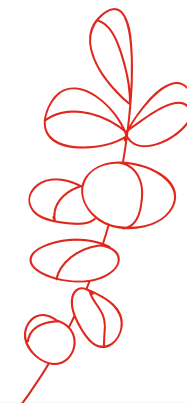
Official and other legal proceedings

Due to the diverse and highly regulated nature of its activities, the Company is subject to regular supervisory audits and inspections. In 2020, as in previous years, fines were imposed on only a few occasions.

GRI 206-1 During the year, the Hungarian Competition Authority investigated two complaints involving Magyar Posta. The investigation of the awareness-raising reports ruled out any infringements and, as such, no legal action was taken. Thus, during the year, there were no pending or concluded competition law, antitrust and anti monopoly infringement proceedings against the Company.

GRI 419-1

- In 2020, major fines of HUF 1 million each were imposed on three occasions, totalling HUF 3 million in penalties. In two cases, the National Media and Infocommunications Authority (NMHH) fined our Company, and in one case we were fined by the Equal Treatment Authority (EBH). Our Company received a fine for occupational safety (HUF 120 thousand) (see Section 6.7) on one occasion.
- A total of 8 cases initiated by the NMHH resulted in non-monetary sanctions.
- None of the five Labour Supervisory Authority cases concluded during the year resulted in a decision imposing monetary sanctions, with each calling on the Company to cease the infringing conduct.
- Conflict management procedures are used in arbitration proceedings. In 2020, Magyar Posta was involved in 93 proceedings. In three of these cases, the Company acknowledged the consumer's claim at the start of the proceedings, in 11 cases we reached a settlement with the consumer, and in 6 cases the arbitration body made a recommendation to Magyar Posta. We complied with the latter. In the other 73 cases, the arbitration body either terminated the proceedings or rejected the consumer's claim.



8.2 PROTECTION OF CUSTOMER DATA

GRI 418: 103-2, 103-3

Regulation

In 2020, the Company maintained and – taking into account the changes generated by the regulatory environment – fine-tuned the measures we have developed in previous years in the area of personal data protection.

Magyar Posta remains committed to protecting the personal data of its customers, as demonstrated by the Company's publicly published Internal Privacy Policy and Data Processing Notice. In 2020, we again updated our Data Processing Notice to ensure that data subjects are appropriately informed about the circumstances in which their personal data are processed. We make the Data Processing Notice available at postal outlets directly accessible to customers as well as on our Company's website. In 2020, we amended our Data Processing Notice so that the information available at given postal outlets is relevant to the actual service provided there, while our online Notice includes several separate sections on data processing related to our services available through online channels.

The responsive design of the online Notice allows it to be adapted to the device used to read it, its contrasting view ensures that it is also legible for the visually impaired, and its readability with reading software allows it to be read by blind people.

We demand that our partners involved in our processing activities protect personal data not just direct relationships with data subjects, but also in business relationships. To this end, we have developed and apply our template agreements.

The Data Protection Officer reports annually on their activities to the Board of Directors and Supervisory Board of Magyar Posta. The report for 2020 has been discussed by the Board of Directors and the Supervisory Board and has been approved without any further measures stipulated.

Campaign against phishing

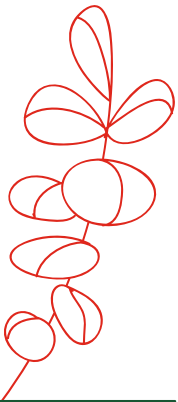
There is a lot data subjects themselves can do to protect their personal data. We specifically draw the attention of our customers to the importance of this and to what they can do themselves.

In the framework of a joint programme with the National Police Headquarters, our Company held a press conference together with the National Cyber-Security Centre of Hungary to draw attention to the dangers of phishing and to present the efforts and results of the police in detecting these crimes. Our company has also produced an infographic in cooperation with the police to help identify phishing messages. This was available at several post offices across the country and on our website.



Training

We know that the key to data protection is that employees working with data be aware of data protection aspects and requirements, which is why every year, including 2020, the Company's employees have received data protection training and passed an exam on the material covered in the training. The training material was delivered to all employees in the form of e-learning and paper-based training materials, and was also made available to blind and partially sighted colleagues in a format readable with reading software.



Data protection organisation system

The Company employs a Data Protection Officer, whose work is supported by a data protection associate.

We continue to operate a Data Protection Officer Network across the Company's organisation to ensure that data protection is mainstreamed into our business processes. The Network is made up of colleagues in each department who are familiar with the operations of the department concerned and who also have a data protection perspective and approach. They act as a liaison between the DPO and the given organisational unit, and ensure that a data protection approach is applied in the development of business concepts and plans. The number of members of the Data Protection Officer Network varies depending on the Company's organisational structure, but in 2020 it was between 45 and 50 persons.

Data breach incidents

GRI 418-1 In 2020, Magyar Posta reported six data breaches to the National Authority for Data Protection and Freedom of Information (NAIH) in accordance with Article 33 of the GDPR²¹. Only three of these incidents affected more than 100 people. Taking into account the NAIH categorisation, the impact of the incidents on the people affected was negligible. The Authority failed to respond to a report made back in 2019 even in 2020.

In addition to the reported data breaches, the supervisory authority requested information from our Company on the basis of a request received by the NAIH in seven cases. We complied with these requests in due time. In five cases, our Company received a decision from the NAIH, in which the Authority found the data processing and procedures of our Company to be lawful and compliant.

As in the 2012-2019 period, no administrative fines were imposed on our Company in 2020 either.

8.3 ECONOMIC PERFORMANCE

GRI 201: 103-2, 103-3 The method of assessing economic performance and the types of objectives at the Company continue to be based on the requirements set out in the business plan and approved by the owner. On account of the pandemic, the annual targets were revised in the spring of 2020. The priority projects supporting Magyar Posta's long-term strategy (MPL+, Hungarian Village Programme²², Parcel and Fixed Point Strategy, Network Modernisation) were all included among the targets. The targets were accomplished in full.

Our Company's business results are presented in the Annual Report.

Grants and subsidies

Our company, as designated universal postal service provider, has received grants and subsidies from the Hungarian State in 2020 as well in relation to the unfair administrative burden. The aid compensates for the additional costs of universal service obligations not paid by the market. In addition, the Company also received EU funding for the priority project "Official Mail Tracker" under no. KÖFOP-1.0.0-VE-KOP-15-2016-00026.

Grants and subsidies received by Magyar Posta
HUF million

	2019	2020
Grant for unfair administrative burden	4396	4937
Official Mail Tracker project	241	119

Table 16: Grants and subsidies received by Magyar Posta

8.4 CHARITY AND SPONSORSHIP

Magyar Posta places the generation of the future and families at the centre of its social responsibility activities, and aims to have a positive impact on their lives.

Women play an important role in the Company's present, as Magyar Posta is the company employing most women in the country today. We, therefore, feel it is our duty to help women.

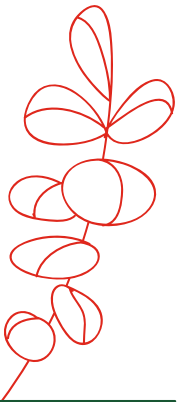
In addition to other areas of support (e.g. healthcare, sports), we also support internal and external sustainable development initiatives to reduce the environmental impact of businesses.

By supporting foundations, associations and organisations established by and with postal relevance, we nurture and protect our own traditions and help our colleagues.

The Company primarily provides financial or in-kind support to achieve the objectives set out in the Support, Sponsorship and Donations Policy. Through NGOs, we always support groups and causes, never individuals. Each year, Magyar Posta may designate and announce the programmes in relation to which it will provide (only direct) support to organisations. The Support, Sponsorship and Donations Committee is responsible for approving the call for applications and evaluating the applications received.

²¹ Regulation (EU) 2016/679 of the European Parliament and the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

²² The Hungarian Government's comprehensive settlement and village development programme announced in 2019.



Rate of support
GRI 201-1

Our Company determines the planned amount of support and sponsorship as a percentage of the net income as per the business plan, as one thousandth of the net income. In 2020, this amounted to HUF 181 million. We spent HUF 124 million on donations, HUF 9 million on sponsorships and HUF 48 million on cooperation agreements qualifying as sponsorships. Organisations linked to postal activities (e.g. Postakürt Foundation, Wekerle Sándor Business School, National Association of Hungarian Stamp Collectors) received 56% of the support, while Hungarian Interchurch Aid received 27%. The management of Magyar Posta and the Works Council donated the budget allocated for events, approximately HUF 14 million, to Postakürt Foundation, which the Foundation was able to use to support disadvantaged postal workers and families.

We also supported Postakürt Foundation beyond the income-proportionate support provided. We provided HUF 1 billion to support three years of foundation activities, and HUF 14.5 million to support Christmas gifts for orphans of postal workers.

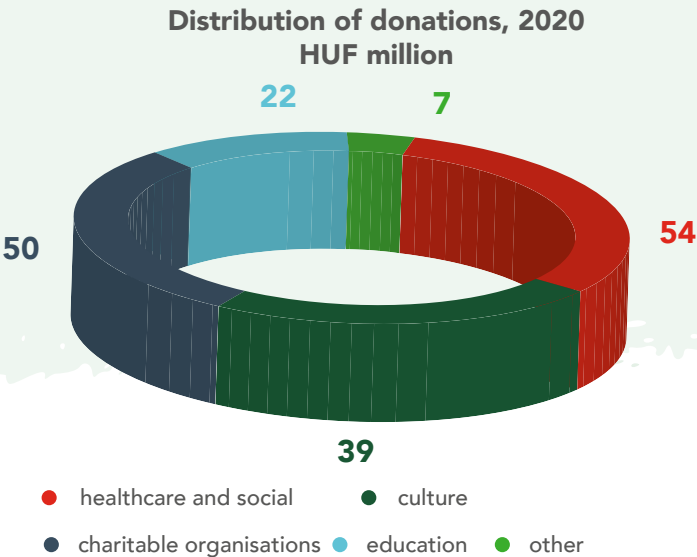


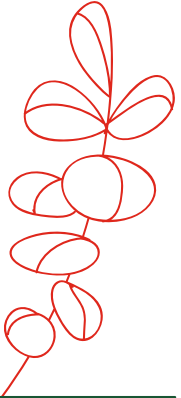
Figure 24: Distribution of donations



Postakürt Foundation

The Postakürt Cultural and Social Public Benefit Foundation has two main objectives: to help postal workers in need and to build postal worker communities by preserving professionalism and providing quality cultural programmes. The Foundation has been operating the Postal Museum's 10 exhibition spaces, the Stamp Museum and the postal culture centre called Benczúr House since 2016.

The coronavirus pandemic has led to an increase in the Foundation's work, with an increased number of tasks and more support to provide. Such support covered children's holidays and camping opportunities, Christmas packages for children, but there were also many specific individual requests, e.g. for support for IT tools for online education (see Section 6.3).



Hungarian Interchurch Aid

The cooperation between Magyar Posta and Hungarian Interchurch Aid goes back several years. In 2012, people could support the charity by sending Christmas cards, and later this partnership was expanded: in 2014, more than a thousand collection boxes were placed at post offices, and the money collected is sent to the organisation every year. In addition, the Company also participates in the "Starting School Together!" aid campaign, helping deliver school kits to children in need. In 2020, due to the coronavirus pandemic, twice as many children as in previous years – a total of 2,000 children – were able to receive a personalised school kit with our logistical support. Every year, Magyar Posta also supports the National Advent Fundraiser. In 2020, the 'szeretet.éhség.' (love.hunger.) campaign was also adapted to the pandemic situation: it was supplemented by "Heart Mail". Those who donated a certain amount of money to Hungarian Interchurch Aid were able to send a gingerbread heart to a loved one who could not visit them in person at Christmas, and the packages were delivered by Magyar Posta.

In 2020, a new form of support was added to the professional relationship. Magyar Posta's Advent campaign, which started in November and encouraged donations and solidarity, focused on helping disadvantaged families and supporting the work of Hungarian Interchurch Aid. With the help of Jászai Mari Prize-winning actor Csaba Pindroch and gastroblogger Zsófi Mautner, the families made gingerbread, Christmas tree decorations and Advent postcards. The joint action produced a total of 1,353 gift objects, the same number as the charity's well-known donation line.

Where are you, Kajla?

In 2020, Magyar Posta again joined the national tourism programme "Where are you, Kajla?", which enabled lower-grade students to discover Hungary's natural and cultural treasures between 1 July and 31 August.

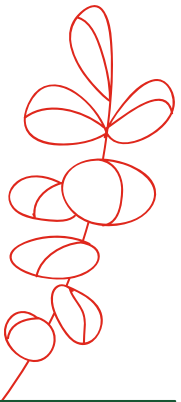
Magyar Posta delivered the Kajla postcards of the participants free of charge, and our Company also acts as the programme's logistics partner.

Santa Claus Factory

As a logistics partner, we have been supporting the Santa Claus Factory for 14 years. Every year, we deliver more than 10,000 donation parcels to Hungarian Red Cross organisations, which hand them over to the needy.

100th anniversary in Debrecen

The Debrecen Postal Directorate celebrated its 100th anniversary in 2020. We commemorated the occasion with a series of events. Among other things, we launched a national children's drawing competition and, in an effort to contributing to a more liveable, environmentally conscious life, we planted 100 saplings in one of the city's largest residential areas, where you can now walk in a "postman's grove". We have placed messages for posterity in a time capsule, as well as a number of postal mementos from the present, with plans to open the capsule in 25 years' time.



8.5 PROCUREMENT

Magyar Posta's procurements are essentially governed by public procurement rules. Our procurement policy states that in priority cases, sustainability (e.g. environmental, energy efficiency) criteria should be assessed alongside price.

Basic principles of procurement

- competitive tendering / cost-effectiveness,
- single-channel communication,
- documented / traceability,
- procurement task-sharing,
- equal treatment,
- exploitation of synergies,
- priority of direct contracts with subsidiaries,
- confidentiality of information,
- competence,
- environmental awareness,
- ethicality,
- obligation of making declarations of assets for participants in procurement.

One challenge during the year was the rapid procurement of tools to help the fight against the coronavirus pandemic. Our company was able to act in a timely manner to ensure the continuous supply of protective equipment for its employees in sufficient quantities, despite the supply problems encountered on the supplier side.

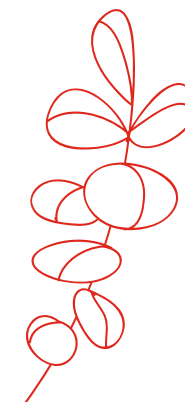
In 2020, our Company reformed its investment and development process. The now-standardised, uniform process – that can be tracked all the way through – significantly shortens the time needed for developments and investments.

Supplier chain

GRI 102-9 There were no significant changes in the supplier chain compared to the previous year, with the largest suppliers operating with a similar scope of activities. In 2020, our Company still had around 3,000 active suppliers. Based on annual procurement values, our main suppliers were:

- Magyar Posta subsidiaries (MPT Security Zrt., Magyar Posta Ingatlankezelő Kft., Postaflootta Kft., Posta Kézbeseítő Kft., Posta Init Zrt.);
- IT development, service provider and sales companies (T-System Magyarország Zrt., Serco Informatikai Kft.);
- logistics service providers (Leonardo S.P.A., BHS Trans Kft., Garuda Invest Kft.);
- communication service providers (Central Média csoport Zrt., Média works Hungary Zrt.).

The Company's uniforms are made by Kézmű Közhasznú Nonprofit Kft. by seamstress with disabilities or reduced capacity to work



9. STAKEHOLDER RELATIONS

9.1 STAKEHOLDERS

Magyar Posta has a diverse and large number of stakeholders. The entire population of Hungary may be considered stakeholders in two ways: the Company provides public services throughout the country and all citizens are affected as owners given it is a state-owned company.

GRI 102-42, 102-43

Our company manages its stakeholder relations with all stakeholder groups in accordance with the principles of business ethics. We comply with all legal requirements on liaising (e.g. information provision, data reporting, complaints handling, advocacy). We work with NGOs with a high level of expertise in the given field in a number of ways: by supporting their work through donations and partnerships; by involving them in defining the themes of stamp issues; and by building on their expertise on postal issues and environmental matters.

GRI 102-40, 102-44

The table below summarises the stakeholder groups to which Magyar Posta is actively engaged through bilateral dialogue.

Exerciser of owner's rights

Primary means of contact:	regular reporting
Frequency of contact:	monthly and, on request and as necessary, individual data reporting
Topics:	service features, economic performance, strategic projects

Subsidiaries

Primary means of contact:	regular reporting and cooperation
Frequency of contact:	varies, according to need and demand
Topics:	ownership control, professional management, economic performance, strategic projects, service provision to Magyar Posta

Employees

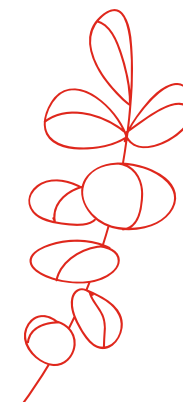
Primary means of contact:	information via internal communication channels, management visits, satisfaction surveys (none in 2020), suggestion box
Frequency of contact:	daily, but with varying frequency depending on given forum
Topics:	staff turnover, pay increase, labour and OHS issues, development opportunities, with a focus on the pandemic and its impact in 2020, attitude-shaping (e.g. people with disabilities, lifestyle)

Advocacy

Primary means of contact:	through electronic channels concerning employer measures affecting a large group of employees or changes to employer directives, or by way of face-to-face meetings and negotiations
Frequency of contact:	daily and/or several times a year
Topics:	information provision, representation and enforcement of employee interests, negotiations related to the Collective Bargaining Agreement and pay increases, with a special focus on the pandemic and its effects in 2020

Customers, clients (retail and corporate)

Primary means of contact:	information provision, mystery shopping, quality testing, satisfaction assessment, comments and complaints
Frequency of contact:	daily and/or several times a year
Topics:	waiting times, information provision, meeting quality and legal requirements, product information, awareness-raising on protection of personal data



Suppliers

Primary means of contact:	by means necessary for the performance of the contract
Frequency of contact:	depending on the business relationship
Topics:	compliance with legal requirements and company regulations relating to the contract

Public administration (municipalities, government, authorities)

Primary means of contact:	audits by administrative authorities, data reporting, reports, cooperation
Frequency of contact:	varies, according to need and demand
Topics:	legal compliance, public service conditions, participation in information campaigns

Natural environment (NGOs)

Primary means of contact:	consultation, support, no voluntary programme in 2020 due to pandemic
Frequency of contact:	regular
Topics:	climate change

Professional organisations*

Primary means of contact:	industry events, publications, consultations
Frequency of contact:	several times a year
Topics:	sustainability, industry benchmarking, stamp issuing

* Direct contact with competitors is only through professional organisations.

Table 17: Stakeholder relations

The stakeholder groups included in the materiality analysis are contained in Chapter 2.

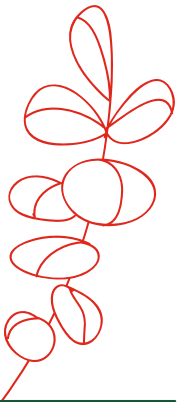
9.2 MEMBERSHIP OF ASSOCIATIONS

Magyar Posta Zrt. is a member of several professional organisations. The collaborations concerning sustainability provide an opportunity to work together with other organisations and international postal service providers in order to develop more sustainable ways of operating, and to benchmark and evaluate our performance against other companies.

GRI 102-13 Key memberships of Magyar Posta

UPU - Universal Postal Union
PostEurop - European Association of Public Postal Operators
IPC - International Post Corporation
Stratégiai és Köszolgáltatató Társaságok Országos Szövetsége (National Association of Strategic and Public Service Companies)
MEF – Munkáltatók Esélyegyenlőségi Fóruma (Hungarian Employers Forum on Equal Opportunities)
Direkt Marketing Szövetség (Direct Marketing Association)

Table 18: Membership of associations



10. FEATURES OF THE SUSTAINABILITY REPORT

GRI 102-54 The report has been prepared in accordance with the GRI Standard, in line with the Core option. The report is only published electronically.

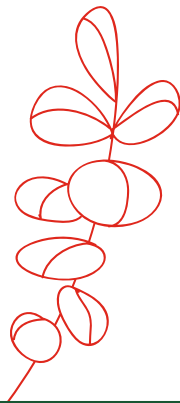
GRI 102-50, 102-51, 102-52, 102-56

Features of the Sustainability Report	
Organisation covered	Magyar Posta Zrt.
Reporting period	01.01.-31.12.2020
Timeframe of presented data	2018, 2019, 2020
Reporting cycle	annual
Date of most recent report	for 2019
External assurance	independent (third party) assurance

Table 19: Features of the Sustainability Report



Reporting principles

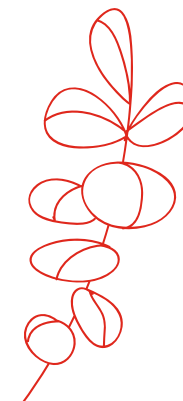
GRI 102-46 The report covers all issues deemed to be material in the materiality analysis and describes the Company's other activities aimed at promoting sustainability and social responsibility. In order to enable the better understanding and comparability of the Company's performance, we present data for the past three years and seek to provide broader context and explain the reasons for trends. Our aim is clarity. We believe it is important to provide information that is both clear and sufficiently detailed. Both positive and negative information is shown, in an effort to provide a comprehensive overview of the organisation's performance. The reliability of the content is ensured through the external assurance of the report and the generation and management of the data presented, which are mainly derived from measurements and well-substantiated calculations.




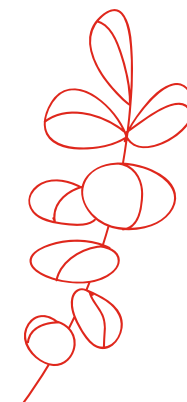
11. GRI CONTENT INDEX

GRI 102-55

Number of indicator	Description of indicator	Place of disclosure	Explanation of omission/comment
GRI 102: General Disclosures			
Organisational profile			
102-1	Name of the organisation	6. p.	
102-2	Activities, brands, products, and services	6. p.	
102-3	Location of headquarters	6. p., 	Company registration data. https://www.posta.hu/cegnyilvantartasi_adatok
102-4	Location of operations	GRI index	Hungary
102-5	Ownership and legal form	7. p.	
102-6	Markets served	6. p., GRI index	Hungary
102-7	Scale of the organization	7. p.	
102-8	Information on employees and other workers	18-20. p.	
102-9	Supply chain	46. p.	
102-10	Significant changes to the organization and its supply chain	13., 40. p., GRI index	Beyond the expansion of logistics areas, there were no significant changes.
102-11	Precautionary Principle or approach	35. p.	
102-12	External initiatives	35., 37. p.	
102-13	Membership of associations	48. p.	
Strategy			
102-14	Statement from senior decision-maker	2. p.	
102-16	Values, principles, standards, and norms of behavior	9. p., 	Code of Ethics https://www.posta.hu/static/internet/download/Etikai_Kodex_2015.pdf
Governance			
102-18	Governance structure	40. p.	
Stakeholder management			
102-40	List of stakeholder groups	47-48. p.	
102-41	Collective bargaining agreements	31. p.	In line with Hungarian laws, with the exception of senior officers all employees fall under the scope of the agreement.
102-42	Identifying and selecting stakeholders	47. p.	
102-43	Approach to stakeholder engagement	9., 47. o	
102-44	Key topics and concerns raised	9., 47-48. p.	



Reporting practice			
102-45	Entities included in the consolidated financial statements	GRI index	Both the Annual Report and the Sustainability Report cover Magyar Posta Zrt. and do not cover its subsidiaries.
102-46	Defining report content and topic Boundaries	9., 49. p.	
102-47	List of material topics	10. p.	
102-48	Restatements of information	36. p., GRI index	Indicated at the given section.
102-49	Changes in reporting	10. p.	
102-50	Reporting period	49. p.	
102-51	Date of most recent report	49. p.	
102-52	Reporting cycle	49. p.	
102-53	Contact point for questions regarding the report	55. p.	
102-54	Claims of reporting in accordance with the GRI Standards	49. p.	
102-55	GRI content index	50-55. p.	
102-56	External assurance	49. p.	
Material topics			
201 Economic Performance 2016			
103-1	Explanation of the material topic and its Boundary	40. p.	
103-2	The management approach and its components	40., 43. p.	
103-3	Evaluation of the management approach	40., 43. p.	
201-1	Direct economic value generated and distributed	44. p., 	Annual report
202 Market Presence 2016			
103-1	Explanation of the material topic and its Boundary	17. p.	
103-2	The management approach and its components	17. p.	
103-3	Evaluation of the management approach	17., 21. p.	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	21. p.	We have no information on non-employed workers working on the Company's premises. By significant sites of operation, we mean county distribution.



205 Anti-corruption 2016

103-1	Explanation of the material topic and its Boundary	40. p.	
103-2	The management approach and its components	40-41. p.	
103-3	Evaluation of the management approach	40. p.	
205-3	Confirmed incidents of corruption and actions taken	41. p.	

206 Anti-Competitive Behaviour 2016

103-1	Explanation of the material topic and its Boundary	40. p.	
103-2	The management approach and its components	40-41. p.	
103-3	Evaluation of the management approach	40. p.	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	41. p.	

301 Materials 2016

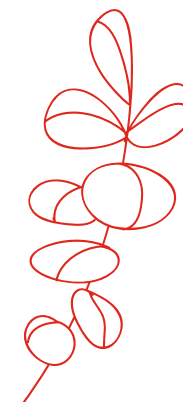
103-1	Explanation of the material topic and its Boundary	35., 38. p.	
103-2	The management approach and its components	35., 38. p.	
103-3	Evaluation of the management approach	35., 38. p.	
301-1	Materials used by weight or volume	38. p.	

302 Energy 2016

103-1	Explanation of the material topic and its Boundary	35. p.	
103-2	The management approach and its components	35., 36. p.	
103-3	Evaluation of the management approach	35. p.	
302-1	Energy consumption within the organization	36. p.	
302-3	Energy intensity	36. p., GRI index	In relation to fuel consumption by postal technology

303 Water and Effluents 2018

103-1	Explanation of the material topic and its Boundary	35., 38. p.	
103-2	The management approach and its components	35., 38. p.	
103-3	Evaluation of the management approach	35. p.	
303-1	Interactions with water as a shared resource	38. p.	
303-2	Management of water discharge-related impacts	38. p.	
303-3	Water withdrawal	38. p.	



305 Emissions 2016 (and Climate Change)

103-1	Explanation of the material topic and its Boundary	35. p.	
103-2	The management approach and its components	35., 37. p.	
103-3	Evaluation of the management approach	35., 37. p.	
305-1	Direct (Scope 1) GHG emissions	37. p.	
305-2	Energy indirect (Scope 2) GHG emissions	37. p.	

306 Effluents and Waste 2016 (and Circular Economy)

103-1	Explanation of the material topic and its Boundary	35. p.	
103-2	The management approach and its components	35., 39. p.	
103-3	Evaluation of the management approach	35. p.	
306-2	Waste by type and disposal method	39. p.	

307 Environmental Compliance 2016

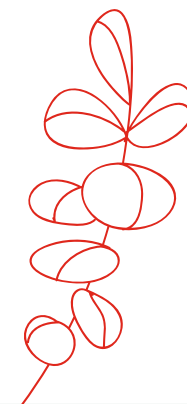
103-1	Explanation of the material topic and its Boundary	35. p.	
103-2	The management approach and its components	35. p.	
103-3	Evaluation of the management approach	35. p.	
307-1	Non-compliance with environmental laws and regulations	35. p.	

401 Employment 2016

103-1	Explanation of the material topic and its Boundary	17. p.	
103-2	The management approach and its components	17., 20. p.	
103-3	Evaluation of the management approach	17., 20. p.	
401-1	New employee hires and employee turnover	22-24. p.	
401-3	Parental leave	28. p.	

402 Labor/Management Relations 2016

103-1	Explanation of the material topic and its Boundary	17. p.	
103-2	The management approach and its components	17., 31. p.	
103-3	Evaluation of the management approach	17., 31. p.	
402-1	Minimum notice periods regarding operational changes	31. p.	



403 Occupational Health and Safety 2018

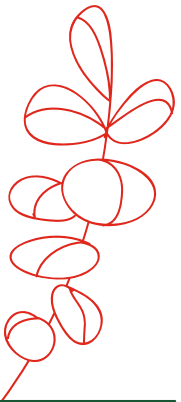
103-1	Explanation of the material topic and its Boundary	17. p.	
103-2	The management approach and its components	17., 32. p.	
103-3	Evaluation of the management approach	17. p.	
403-1	Occupational health and safety management system	GRI index	Our Company has no certified management system in place.
403-2	Hazard identification, risk assessment, and incident investigation	32., 33. p.	
403-3	Occupational health services	32. p.	Provided in accordance with legal requirements.
403-4	Worker participation, consultation, and communication on occupational health and safety	32. p., GRI index	The OHS Parity Body holds a regular meeting at least once a year. It evaluates the Company's OHS activities, reviews the reports and submissions prepared in this regard, discusses and evaluates the OHS measures and action plans related to or associated with the Company's business plan, the Company's OHS programme, and reviews draft internal regulations on OHS.
403-5	Worker training on occupational health and safety	33. p.	
403-6	Promotion of worker health	34. p.	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	GRI index	None identified.
403-9	Workers covered by an occupational health and safety management system	33-34. p.	

404 Training and Education 2016

103-1	Explanation of the material topic and its Boundary	17. p.	
103-2	The management approach and its components	17., 29. p.	
103-3	Evaluation of the management approach	17., 29. p.	
404-2	Programs for upgrading employee skills and transition assistance programs	20., 29-30. p.	The Company has no programmes in place facilitating career closure.

405 Diversity and Equal Opportunity 2016

103-1	Explanation of the material topic and its Boundary	17., 24. p.	
103-2	The management approach and its components	17., 24. p.	
103-3	Evaluation of the management approach	17., 24. p.	
405-1	Diversity of governance bodies and employees	25-27. p.	



418 Customer Privacy 2016

103-1	Explanation of the material topic and its Boundary	40. p.	
103-2	The management approach and its components	40., 41., 42-43. p.	
103-3	Evaluation of the management approach	40., 42-43. p.	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	43. p., GRI index	Disclosing information about the leakage, loss or theft of customer data, in our view, increases the Company's vulnerability and, as such, is not disclosed.

419 Socioeconomic Compliance 2016

103-1	Explanation of the material topic and its Boundary	40. p.	
103-2	The management approach and its components	40-41. p.	
103-3	Evaluation of the management approach	40. p.	
419-1	Non-compliance with laws and regulations in the social and economic area	41. p.	

PPS Provision of public services

103-1	Explanation of the material topic and its Boundary	6., 13. p.	
103-2	The management approach and its components	2., 6., 13. p.	
103-3	Evaluation of the management approach	2., 13. p.	
PPS1	Number of postal outlets	7. p.	

CS Customer satisfaction

103-1	Explanation of the material topic and its Boundary	13. p.	
103-2	The management approach and its components	13. p.	
103-3	Evaluation of the management approach	13. p.	
CS1	Waiting times	14. p.	

Table 20: GRI Content Index

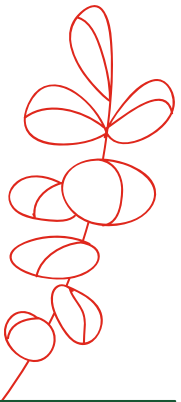
GRI 102-53

We look forward to your feedback!

Share your opinion and comments with us at kornyezettudatos_posta@posta.hu.

Imprint

Published by: Magyar Posta Zrt., 2021



Assurance Statement



To the management and stakeholders of Magyar Posta

Magyar Posta's Sustainability Report 2020 (*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.



ALTERNATE report evaluation
SILVER GRADE
✔ Verified ✔ Checked



Conclusions

Our work confirms that the data and information included in Magyar Posta's Sustainability Report 2020 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 5 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**.

Expert Recommendations

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

- ✔ The company should strive to continuously improve its performance related to material issues. Data and trends should be explained and interpreted for the readers.
- ✔ Place of organisational units responsible for sustainability should be clearly presented.
- ✔ Considering the role of Magyar Posta in the local economy, we propose higher focus on the description of the company's market environment, e.g. competition, industrial benchmarks.

Budapest, 27th of September 2021



Katalin Urbán
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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