



Magyar Posta

SUSTAINABILITY REPORT

“The power of solidarity in the service of the community.”

2021



Welcome

GRI 102-14, KSZ: 103-2, 103-3



Dear Reader,

The biggest challenge in sustainability is how to meet the social, consumer and business needs of today without compromising tomorrow. At Magyar Posta (Hungarian Post), we know and understand this, and we take it into account in all our decisions.

At the same time, we have another key matter that defines our activities: to respond to changing consumer habits catalysed by technology, while maintaining and even developing our wide range of traditional services.

This duality is symbolised by the Handwritten letters campaign, which we announced on Facebook. Together with poet János Lackfi, we wanted to show the younger generation that handwritten messages and postcards represent lasting value and memories. Without getting nostalgic, I recall that letters passed to each other under the desk at school, or postcards from holidays had a very different effect than electronic messages today, whether received or written. In both cases, however, it's the connection that matters, the device or channel is the only thing that changes.

We at Magyar Post have to monitor these changes and adapt. We are very consciously building and developing our parcel logistics activities, as this must be the primary foundation for the long-term sustainable operation of our Company, competing with domestic and mainly multinational service providers. Last year, we commissioned a conveyor belt line in Győr to help with processing, and before the end of the year we launched two more in Fót and a smaller conveyor belt in Szekszárd. The MPL+ project will continue in 2022, which will be the year of the delivery of additional depots.

We apply similar preparation and strategic commitment to increasing the number, inclusion and integration of people with disabilities or reduced capacity for work in our Company's operations. I am proud that we have increased their number by more than 60% in a single year. I am convinced that the project, which was the result of a broad cooperation between the government, NGOs, experts and our Company, can serve as a model for other companies and will help to create opportunities for people with disabilities or reduced capacity for work. We must find the balance between the adequate operation of the service in small villages and its economical maintenance – in addition to our existing postal partnerships, this is the aim of the government's Hungarian Village development scheme under which Magyar Posta's services are available to customers in village shops alongside the sale of basic goods, thus making everyday life easier for people living in these villages.

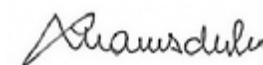
Looking back on 2021, we have had a difficult but successful year. Our company has successfully met all of its business targets for the past year. With the coronavirus pandemic still defining the operational framework, mask-wearing and protection accompanied us for most of the year, and online/hybrid solutions were used instead of face-to-face meetings and conferences. Some of the work organisation methods developed during the pandemic will be incorporated into the day-to-day running of the company, but it is good to get back to business as usual.

Talking of everyday life, postal workers are liked by people, and they are and can be trusted by them. This is also backed up by representative research, but perhaps something that says even more, my colleagues have helped out more than once in unusual situations, whether it's an elderly client who's unwell, a garage fire or preventing a scam. I am proud of them, as I am of all my dedicated colleagues who work for the common good.

I know that there is room for further improvement in service quality, especially in reducing perceived waiting times. Achieving change is always a labour-intensive and time-consuming task.

Being an economist, I like numbers, I like measuring and analysing the impact of the company, because I know that anything we measure can be improved. Newly purchased electric vehicles, for example, support our very strong commitment to reducing carbon emissions by more than 18% by 2030, exceeding the national emissions reduction target.

Please join us on the path of lasting values and sustainability into the future.



György Schamschula
CEO

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1. Magyar Posta Zrt.

GRI 102-1, KSZ: 103-1

Our company is Hungary's designated universal postal service provider and one of the country's largest publicly-owned companies.

GRI 102-2, 102-6, KSZ: 103-2

In response to changing consumer habits, Magyar Posta's scope of activities is constantly evolving and changing, while at the same time fulfilling its legal obligation to ensure that everyone has non-discriminatory access to basic postal services that meet the needs of users. Our aim is to maintain the number of postal outlets in line with societal expectations, which is why we have expanded the number of outlets in COOP stores and those operated in partnership with Takarékbank in 2021 to optimise costs.

10% increase in sales revenue

39% increase in cheque payments through the iCsekk mobile app and partner apps (33.9% rise in volume)

2% increase in lettermail items collected in Hungary
consistently high domestic parcel traffic

The main elements of our delivery activities are letter delivery, parcel delivery through Magyar Posta Logisztika (MPL), and the delivery of payments to the public, pensions, family allowances and other benefits. We also offer a range of other services to our customers, such as the possibility to pay by cheque and cash desk payments, or selling valuables and financial products. With a view to expanding the range of public interest matters that can be handled at postal outlets, National Coordination of Waste Management and Asset Management Plc. (NHKV) has set up customer service offices at 138 flagship non-Budapest postal outlets.

Long-term global trends – a decline in demand for traditional products and an increase in electronic services and parcel traffic – were only partially observed in 2021. With the dynamic growth in electronic cheque payments, the volume of parcels delivered was outstanding but not significantly higher than in the previous year, and lettermail traffic increased slightly due to one-off, significant government engagements, such as vaccine registration letters and vaccination certificates.

Lendület (Dynamism)

In 2021, our Company continued to make significant progress in several areas along the six strategic directions of the Lendület (Dynamism, formerly FOCUS2022) programme, thanks to model-changing developments and modernisations. The main objective of the programme, in addition to the core activity, is to seek out new opportunities and to appropriately exploit the benefits of the public service role. Key elements:

- *significant technological and logistical capacity development for parcel products to maintain market leadership,*
- *taking advantage of digital development benefits in our cheque payment service (such as faster processing and the development of the iCsekk app for electronic payments),*
- *increasing automation and digital solutions (also in areas such as mail products or in HR processes),*
- *expanding the network of postal partners.*

GRI 102-3, 102-7

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

GRI 102-5

Magyar Posta Zrt. is a state-owned company. In the reporting period, owner's rights were exercised by the minister without portfolio responsible for the management of national assets.

GRI 102-7, KSZ1
Magyar Posta in figures

	31.12.2021	Change compared to 2020
KSZ1 fixed-location postal outlets	2 601	-0.1%
KSZ1 mobile postal outlets	355	-0.3%
accessible postal service points	47%	0%
net sales revenue (excluding COGS)	HUF 217.4 billion	+10.8%
grant for unfair administrative burden	HUF 4.9 billion	-0.1%
lettermail collected in Hungary	500 million units	+1.6%
inbound international mail	18 million units	-29.6%
domestic parcel traffic	28 million units	+1.0%
value of cheque turnover	HUF 1.869 billion	-2.9%
number of employees ¹	25.720 persons	-4.3%

Table 1: Magyar Posta in figures

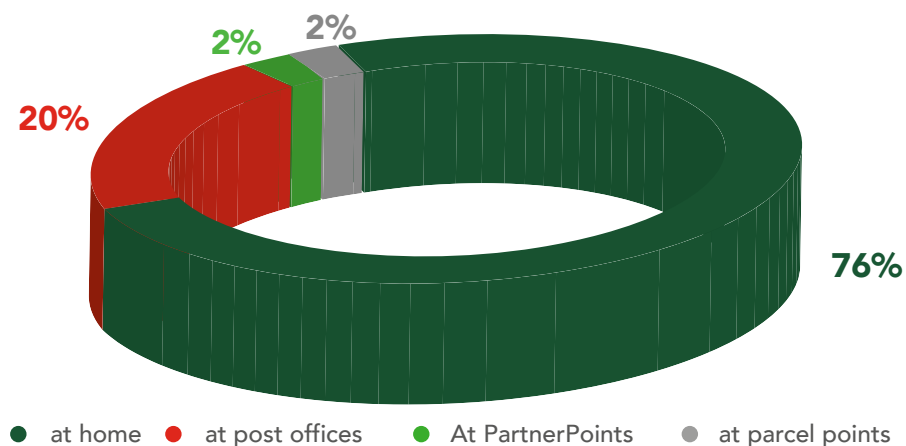
Distribution of parcel items by place of delivery in 2021


Figure 1: Distribution of consignments by place of delivery

According to the international survey by the International Post Corporation's (IPC) in 2021, industry players are expecting home parcel delivery to grow the most by 2025. According to respondents, this trend is driven not only by convenience, but also by the persistence of home office.

¹ Statistical headcount as at 31 December 2021, 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, towards society and the environment in the broader sense, and serving the community. In the short and medium term, our aim is to lay the foundations of a business model that will ensure the Company's long-term profitability as well as harmonious operation with the natural environment, while being able to respond to the needs and expectations of the constantly changing business environment and society.

Our social responsibility and impact can be traced back to the provision of public services, the related national network, the state ownership background and being the second largest employer in the country, as well as the extensive corporate infrastructure and asset fleet. Responsibility for the environment comes as much from transport and logistics as from the operation of our sites and assets.

In the Sustainability Report, we present our activities and results according to the four main areas of responsibility identified, also demonstrating how ESG (environmental, social, governance) aspects are taken into account and implemented in our operation.

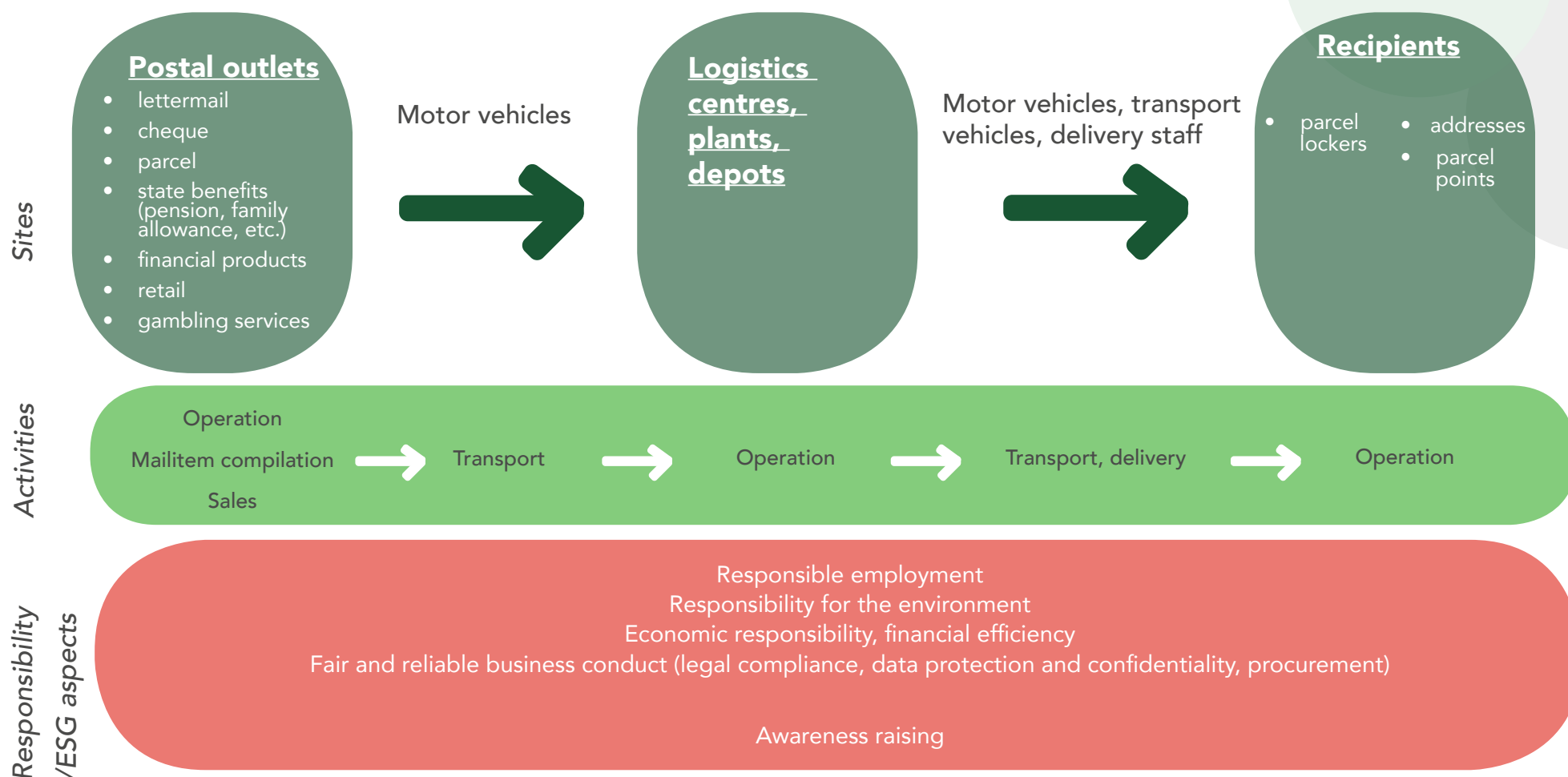


Figure 2: The activities and social responsibilities of Magyar Posta

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 and the ethical standards expected and to be followed are set out in the Code of Ethics. As a general requirement, all those acting on behalf of, for the benefit of and under the responsibility of Magyar Posta (employees, contributors) accept and apply the Code as binding. The Company has an organisational system in place to ensure compliance with ethical standards. The Ethics Committee is responsible for investigating ethics-related complaints/cases. This committee, whose detailed rules of operation are set out in a separate Rules of Procedure, provides guidance on ethical conduct through its opinions and interpretative decisions. The Company also operates a “whistleblowing” system, which allows for anonymous reporting. The contact details and information on the operation of the system works are published on the Company’s website, intranet and internal email circulars.

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 and employer, maintaining a relationship of trust with the public, its business partners and employees.
- **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.

Sustainable Development Goals (SDG)

The United Nations Sustainable Development Framework, adopted by 193 countries in 2015, sets 17 Sustainable Development Goals (SDGs). The goals aim to resolve the most important challenges to sustainability, such as eradicating poverty, tackling climate change and ending injustice. The Sustainable Development Framework is universal and indivisible, calling for action by both developing and developed countries to achieve the goals by 2030. *Magyar Posta contributes to the achievement of these goals through responsible service provider and employer behaviour.* The relationship between the various goals and our activities is described at the beginning of each section in this report, and also summarised in the figure below.





Number of segments of the circle shows the extent of Magyar Posta's activities' impact regarding the topic.

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, whose results were reviewed in early 2022. Steps of identifying topics:

- Together with external and internal experts, we collected Magyar Posta's material environmental, social and economic impacts.
- Our stakeholders gave their views on 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 IPC² and PostEurop³, industry benchmarks and the Company's activities. In the interest of easier identification and clarity, the focus areas were grouped into eight topics.

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 key topics.



Figure 3: Material sustainability topics of Magyar Posta

In 2022, we again analysed industry benchmarks and reviewed the focus areas of the IPC, but did not identify any new topics worth examining in respect of the reporting period. The Company's activities have not changed significantly, and this did not justify any changes to the material topics.

The scope of material topics has not expanded compared to the previous year, the materiality threshold for each topic being Magyar Posta.



² International Postal Corporation, the association of national postal operators
³ The professional association of European public postal operators

Material sustainability topics of Magyar Posta

Responsible employment

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

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



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 locker network by 2022.	➡	Within the framework of the project, depot construction and leasing continued in 2021 and, in parallel, the installation of conveyor belts in several depots started in 2021
Implement the FOCUS2022 programme along the six strategic directions by 2022.	➡	The VÁM2021 (CUSTOMS2021) project to support customs clearance of parcels from outside the European Union was concluded; there were multiple digitalisation developments and the HR career portal was overhauled.
Use renewed, customer-friendly communication in our correspondence from 2021.	✓	Implemented.
Continuously meet quality and waiting time targets pertaining to service.	✓	The expected targets for service have been met; we are continuously working to improve service levels.
Continue digitalisation.	➡	The API (application programming interface) service for the courier service of online stores was implemented, as well as a number of developments to improve the efficiency of cheque processing and payment
Extend the accessibility of posta.hu, Magyar Posta's website, from 2021.	➡	Accessibility has been partially completed.

Human resources

Create an electronic interface and implement the related process for working time scheduling and records, training organisation and recruitment, and improving the administration of performance management.	➡	Under the Digital HR programme, developments are progressing, with the development of the recruitment portal completed and full implementation expected in 2023.
Expand the "My skills and competencies in focus – Job search tips from an employer's perspective" awareness raising programme.	✓	In 2021, the programme targeted NGOs and, through them, jobseekers in special situations.
Continue and conclude the Talent Club programme in 2021.	✓	5 teams have completed their priority projects and will continue to contribute to the developments as key experts.
Launch a complex programme aimed at developing postal outlet managers in 2021.	✓	The two-year programme was launched with the training and intensive participation of 112 people.
Retain and increase the number of employees with disabilities or reduced capacity for work by at least 20% in 2021	✓	The target was met, with a 60% increase in the number of employees disabilities or reduced capacity for work by the end of the year.
Develop and operate a senior programme to expand employment for retirees.	✗	This was removed from the agenda 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.	➡	The dual programme plan for postal business administrator qualification has been drawn up. The development of a scholarship programme was discarded.

Environmental protection

Meet the medium-term climate policy objective in time-proportionate manner. to reduce our gross carbon emissions by 18.1% by 2030 compared to the 2017 base year	➡	The time-proportionate target was almost met, but our emissions increased compared to 2020.
Publish a Sustainability Report for 2021 compliant with the Core option of the GRI Standards.	✓	The report was issued.
Reduce electricity consumption by 1% and natural gas and district heating consumption by 0.5% in 2021 compared to 2020.	✗	The target for electricity was met, while gas and district heating consumption increased.
Fuel consumption per unit mailitem to reach or exceed 4.5 unit mailitems/litre in 2021.	✗	The target was not met and investigation of the causes thereof has started.
Transform selective waste collection nationwide in 2021.	✓	The programme has been implemented.
Procure additional electric-assist bicycles and so-called 3-4-wheeled electric delivery vehicles as part of the network modernisation programme.	➡	The programme is expected to be completed by 2022. In 2021, we have already launched the procurement of 1,193 fixed assets and 511 option assets under a public procurement contract.

Responsible business conduct

Review the Code of Ethics and introduce a sensitisation and awareness-raising programme related to the application in 2021.	➡	The Code has been revised and the implementation of the awareness-raising programme is postponed to 2022.
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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 centre (hub), as well as the establishment of 23 depots and the expansion of the parcel locker network by 2022.

Continuously meet quality and waiting time targets pertaining to service.

Continue digitalisation.

Complete the accessibility of posta.hu, Magyar Posta's website.

Human resources

Create an electronic interface – as part of the Digital HR programme – for working time scheduling and records, training organisation and improving the administration of performance management by 2023.

Introduce a corporate onboarding programme in 2022

Prepare an employee engagement survey to be implemented in the first quarter of 2023.

Develop a concept for employee brand building in 2022.

Further development of performance management until 2023.

Announce a new Talent Club in 2023.

Launch a one-year preparation programme for young graduates in 2022.

Environmental protection

Set 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 2022 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 2022 compared to 2021.

Fuel consumption per unit mailitem to reach or exceed 4.5 unit mailitems/litre in 2022.

Reduce paper-based packaging materials by 5% compared to 2021.

Start the transition to circular waste management.

Develop a green procurement code in 2022.

Responsible business conduct

Publish the reviewed Code of Ethics, and set up a sensitisation and awareness-raising programme related to the application of the Code of Ethics in 2022.

Table 3: Summary of future sustainability goals

5. Responsibility in Services

KSZ, ÜE: 103-1, 103-2, 103-3

Why is it important? Some of our services ensure the meeting of basic social and economic needs, and access to certain services and products in smaller settlements is only available through Magyar Posta. Our delivery service also plays a role in the operation of the social safety net, among other things. From among the UN Sustainable Development Goals (SDGs), our services facilitate the accomplishment of Reduced Inequalities and on Sustainable Cities and Communities goals. Service development aligned with consumer needs contributes to the Decent Work and Economic Growth goal.

Objectives and principles Our continuous objective is to improve the quality of service, to develop a range of services that meet customer needs, and to increase customer satisfaction, preferably in a more accessible and competitive manner. We pay particular attention to legal compliance and fair customer treatment – including all forms of communication and information provision.

Governance The governance of service delivery and development naturally involves many areas. The Quality Management Department coordinates and implements the operation of quality measurements and standardised management systems. These developments are partly the responsibility of the Strategic Directorate and partly the responsibility of the Deputy CEO for Networks and Network Modernisation. The Deputy CEO for Logistics and Operations is responsible for the renewal of the logistics infrastructure, i.e. the MPL+ project. The Logistics Operations Directorate has undergone a minor functional expansion – with no change in responsibilities – to ensure agile, standard, transparent, data-driven and continuous data control.

5.1 Developments Aimed at Improving Service

In the interest of better serving customer needs and to enhance Magyar Posta's competitiveness, we are continuing to focus on improving logistics infrastructure and developing electronic processes and services.

New depots, MPL+

GRI 102-10

As part of the completion of the MPL+ project, in 2021 we have contracted to open logistics depots in Tatabánya, Szolnok, Miskolc, Kaposvár, Békéscsaba, Zalaegerszeg, Szombathely, Szeged, Veszprém, Nagykanizsa, Hatvan and West Budapest, to lay the foundations for a nationwide parcel logistics network. In addition to the construction of the depots, they have been equipped with machinery and IT support, and developments are ongoing.

In Győr, Szekszárd and Fót, we opened conveyor belts with an investment of several hundred million HUF, which will result in a significant increase in efficiency in parcel sorting. The Fót Logistics Centre is Hungary's largest parcel logistics facility, with two 65-metre-long backbone conveyor belts, which together can process and distribute up to 7,000 parcels per hour, and 6 14-metre-long telescopic conveyors for continuous feeding. The conveyor belts can also measure the weight and volume of the parcels. Our company has adopted the "Fixed-Point Strategy", which aims to improve the use of parcel lockers, thereby increasing the density of parcels per address and, at the same time, reducing the energy consumption per unit.

8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



Digital developments

Under the Dynamism programme, a number of improvements have been realised in 2021. As part of the digital transformation, we started the rollout of RPA robotisation (software robotisation process element) in HR and the Postal Clearing Centre, reducing monotony and the possibility of errors and significantly speeding up processing times. The CUSTOMS2021 project supporting the complex customs clearance of parcels arriving from non-EU countries has been successfully completed, resulting in operational changes and improvements in almost all areas of the Company. The complex customs clearance service introduced offers a customer-friendly solution by simplifying administration.

In addition, the implementation of API connectivity to online stores' courier service also merits mention; as do the developments to cheque payments. The API service allow customers to carry out their parcel dispatch operations – both domestic and international – more easily and quickly by connecting to Magyar Posta's settlement system. The QR code development enables efficient cheque processing, and the iCsekk, wCsekk online cheque payment programmes were also developed.



#Protectyourpostalworker

This was the motto of our awareness-raising campaign on social media during the pandemic period. In the posts, we asked our customers to help us by supporting contactless delivery, to keep a distance of one and a half metres at our post offices, to avoid opening the door to our colleagues if they are infected, to wear a mask when receiving a parcel if they are healthy, and to pay for parcels online rather than in cash at our staff.

Hungarian Village development scheme

Magyar Posta is doing its utmost to ensure that the availability of postal services in small villages is maintained in the long term, despite low postal traffic. The Company, therefore, continues to operate post offices in several settlements with postal partners. The company has such cooperation agreements with Takarékbank and COOP. The aim of the government's Hungarian Village development scheme is to meet social expectations and to ensure the availability of postal services in small settlements, increasing the retention power of villages and small towns.

Food retailers were also able to apply for the programme and request that a postal pick-up service be made available in their stores. These partners will offer a narrowed portfolio of postal services that will meet local needs while maintaining quality. This will improve Magyar Posta's efficiency by providing a more convenient service for customers (e.g. relating to opening hours).



LET'S LOOK OUT FOR EACH
OTHER, WEAR A MASK!

Customer service

Based on the needs of our customers, we have continued developing the customer contact interface of our website, expanding the topics and functionality of the contact forms for faster, more efficient and comprehensive customer service. The updated FAQ content makes it even easier for our customers to find information on the status of their shipments or how to use our services. For our contractual partners, we have created an interface that is more personalised than ever before, reducing the time they spend filling in standard forms and allowing them to conveniently forward their specific questions to our expert colleagues.

We have also revised the interface of the telephone case management system: our changes aim to reduce the time it takes to deal with cases over the phone. In 2021, we also improved the system for analysing complaints and providing feedback to the specialised departments: a more transparent IT platform for deep data analysis helps us improve the quality of our services.

In terms of customer enquiries and requests, we achieved our best performance in years, with a significant increase in the level of service provided by our call centre during the year-end peak period, increasing the number of calls answered. Meanwhile, we were able to respond to written enquiries and requests in less time than in the previous year. In December 2021, we increased our Contact Centre quality indicator by 18% with 11% more customer contacts.



In 2020, we started a monthly tracking survey, representative of the active population, to measure the social perception of postal services and postal workers. This method allows changes to be seen immediately, and by the spring of 2021, results for a relatively large sample of 6,000 people had been assessed. The company's perception is stable at between 59 and 65 on a 100-point scale, which is a good average value compared to the private sector, and in the top third of the rating of state-owned companies. People living in rural, smaller settlements are typically more satisfied with Magyar Posta than the active population in Budapest. In addition, the research confirms that, on the one hand, stereotypes about the Company are deep-rooted (the perceived slowness of the Company was often mentioned) and, on the other hand, it was confirmed that positive personal experiences with delivery staff and postal workers have the greatest impact on customers' overall perception of the Company – people like postmen and postwomen.

Communication developments

We have prioritised improving the quality of our written communication with customers and, taking into account the requirements of the National Media and Infocommunications Authority (NMHH), we have placed our information provision and complaints handling communication on a new foundation.

We have defined new, uniform oral and written communication guidelines along the following characteristics:

- polite tone of voice;
- focusing on the essentials;
- factuality;
- professionalism;
- completeness;
- smoothness;
- meaningful order of communication;
- individuality.

We have developed sample sentences and sample letters to facilitate a letter structure in line with the above, showing the formal requirements, content structuring and order of communication. We also succeeded in implementing our plans to introduce a more customer-focused correspondence style. We have reviewed the communication style of our complaints letters, with a focus on improving clarity and responding comprehensively to enquiries and requests. Based on our analyses and feedback from our customers, we have achieved positive and improving results.

We communicated about the CUSTOMS2021 project through several electronic channels to help our customers understand and manage the changes, including example calculations of expected customs clearance charges on Facebook and educational quizzes on Instagram.

Accessible service

In 2021, 47.4% of all service points (1,233 postal outlets) were accessible. Typically, post offices with a wider range of services and high customer traffic are wheelchair accessible. 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.

We have started establishing the accessibility of the Magyar Posta website in two phases, while at the same time setting out the framework for the development in internal regulations.

The first phase saw the following completed:

- the subtitling of videos,
- the audio files of the videos are available for written download alongside the videos,
- the accessibility of images and figures on the portal,
- the accessibility of uploaded documents (PDF, Word, Excel).

In the second phase, tasks requiring IT development will be carried out

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.

Meseposta (Play Post Office)

The post office in the Mammuth shopping centre in Budapest is home to the Meseposta (Play Post Office), which offers children a colourful programme of activities and, whenever possible and often in cooperation with other post offices, they also visit special locations. One of these is the Santa Claus Factory, where donors, young and old, could meet the Play Post Office. Between 1 and 21 December, children were welcomed in a festive pavilion on 56-osok tere, so that children who brought their donations to those in need to the Santa Claus Factory with their parents could also have a memorable experience at the Play Post Office.



5.2 Quality Management

Measuring the quality of our services gives feedback on the effectiveness of our efforts and provides a good basis for further improvements. Some of the measurements are a legal obligation, others are carried out as a check on internal quality standards as per a pre-defined methodology. Our key sustainability measurements for 2021 are presented below.

Anonymous quality measurement of complaints handling

We strive to provide complaint-free customer service that our customers are satisfied with. However, it is important to us that if our customers do have a complaint, it is handled appropriately. In 60 postal outlets across the country, we examined whether our employees had recorded the complaint and entered it into the system, informed the customer and whether the complainant had received a reply within 30 days, in accordance with postal regulations. The percentage of complaints registered was 70%, while the 30-day response deadline was met 100% of the time, with an average complaints handling time of 19 days. According to those performing the measurement, 100% of the complaints submitted were handled with kindness and politely, and 84% of the complaints were resolved in reassuring fashion on the spot.

Measurement of waiting time

Waiting times are measured on an ongoing basis, based on data from the customer queue management system available at 177 post outlets, and in 2021 we measured waiting times at 32 additional post offices using mobile IT devices. The test focused on determining 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 at national level were in line with expectations:

- the servicing of 86.8% of customers using services with short transaction times started within 7 minutes at post offices with a queue management system, and this ratio was 94.5% at postal outlets measured with mobile IT tools.
- the servicing of 2.1% of customers started within more than 15 minutes at post offices with customer queue management, compared to 0.6% at post offices measured with mobile IT tools.

ÜE1

Measurement of the delivery time for domestic registered items containing tactile signs and writing for the blind

To comply with the requirements set out in the Universal Postal Conventions and Regulations and the Postal Services Act, we continuously monitor the lead time of postal items. The expected delivery times for domestic regular and registered postal items, as well as for mail containing tactile signs and writing for the blind, were met in 2021 and in most cases improved compared to the previous year. The measurements were carried out with the assistance of an independent measurement organisation, according to the methodology approved by the NMHH.

Targets for 2021	Target value	Result			Fulfilment
		2019	2020	2021	
Start of service within 7 minutes (results for postal outlets measured through queue management systems and mobile devices)	min. 76%	78.2%**	87.7% és 90.5%	86.8% és 94.5%	+
Ratio of service started after 15 minutes (results for postal outlets measured through queue management systems and mobile devices)	max. 5%	4.4%**	1.7% és 1.0%	2.1 % és 0.6%	+
Lead time for priority postal items on the day after dispatch	min. 85% ⁴	88.5%	90%	91%	+
Lead time for postal items dispatched as part of universal service within 2 working days of dispatch	min. 85%	99%	98.3%	98.8%	+
Lead time for an item containing tactile signs and writing for the blind within 5 working days of dispatch	min. 97%	100%	97.5%	100%	+
Lead time for official document items within 5 working days of dispatch	min. 97%	98.7%	99.1%	99.4%	+

* Only measured at postal outlets with a queue management system

Table 4: Customer service indicators

⁴ was at least 90% in 2019 and 2020.



Postal workers save lives

Over the years, postmen and women have proven time and again that customers can rely on them for more than just delivering mail. Our colleagues are often an integral part of the service area, the neighbourhood, and they care about their customers. So there is no question of helping out fellow human beings in need.

In the past year, there have been several cases where the health or even the life of a customer depended on the presence of mind of our colleagues. In Gödöllő and at Budapest Post Office No. 8, help was needed with a person who had lost consciousness, in Balassagyarmat and Nagykanizsa, an elderly lady and in Kaposvár an elderly man were helped by our colleagues who were present, and upon detecting the health problem they treated a wound and called an ambulance. In Vokány, our brave postal workers helped extinguish a garage fire.

5.3 Cultivating Traditions

Many postal services have a long history and at one point played a key role in communicating with the public in various ways. In our fast-changing world, new ways of communicating and new habits are emerging and spreading every day at an unprecedented speed. In addition to offering our customers a range of services in line with these trends, our aim is to preserve the traditions that represent value for us.

Stamp issuing

Stamp issuing goes beyond functionality, it is a cultural and professional tradition that we are proud and responsible to uphold. In addition to value retention, we also strive to ensure that all our stamps create value. Each year, we issue a number of new stamps linked to sustainability and social responsibility.

Postage stamp issuance is the exclusive right of Magyar Posta, as the universal postal service provider in Hungary, and is carried out on the basis of an annual issuance programme approved by the supervising minister.

On an ongoing basis, our Company welcomes and collects suggestions that could form the basis for the stamps we issue. In a given year, we may receive up to 200-300 proposals, but each year we only issue stamps in 20-25 topics, and as such it requires serious committee and expert work to select the themes to be implemented, in cooperation with dealers and representatives of the National Federation of Hungarian Philatelists, among others.



Main stamp issuing guidelines:

- Anyone (individual, organisation, etc.) can propose a stamp issue theme,
- stamps are issued primarily to mark (round) anniversaries divisible by 50,
- the Hungarian Post does not depict living persons on postal stamps,
- Magyar Posta commemorates the (round) birth anniversaries of prominent personalities by issuing stamps, but does not issue stamps for anniversaries of deaths,
- on its stamps, Magyar Posta primarily presents the culture, flora and fauna of our country, outstanding events, personalities and anniversaries of our history, major international cultural and sporting events in our country or in the world, internationally significant anniversaries and current topics.

2021 stamps related to the theme of sustainability and social responsibility:

- Planet Budapest 2021 Sustainability Expo and Summit
The 20,000 miniature stamp sheets were designed by Unger and Partners – Szilárd Demján.
- “One with Nature” World of Hunting and Nature Exhibition
The 50,000 stamp blocks and 20,000 series of eight denominations were designed by graphic artist Pál Remete.
- EUROPA 2021: Protected domestic animals
Each year, the members of the European Association of Public Postal Operators (PostEurop) issue a stamp on the same theme to show that they share the same values. In 2021, the theme of protected domestic animals was featured on the EUROPA stamps, with the Hungarian issue depicting the bird of the year 2021, the European stonechat and the – also protected – steppe polecat. The 20 000 commemorative stamp sheets were designed by graphic artist Tibor Z. Petényi.
- 30 years of the National Auxiliary Police Association
The 70,000 personal stamps were designed by graphic artist István Weisenburger.
- The Czech, Polish, Hungarian and Slovak Postal Services jointly issued a stamp to mark the 30th anniversary of the V4. (Visegrád Group)
The miniature stamp sheet design was based on the work of Polish stamp designer Agnieszka Sobczyńska in all four countries, with an issue of 10,000 in Hungary.
- 35th LEN European Championship
The commemorative stamp was produced in 50,000 units, based on a design by graphic artist Krisztián Daniel.
- The Hungarian Presidency of the Council of Europe
The 50,000 stamps were designed by graphic artist Attila André Elekes.
- UEFA EURO 2020™
The stamp block of 30,000 units was designed by graphic artist Orsolya Kara.
- XXXII Summer Olympic Games
The stamp block of 50,000 units was designed by graphic artist Ágnes Berta.
- 52nd International Eucharistic Congress
The stamp block of 50,000 units was designed by graphic artist István Weisenburger.



Award-winning Hungarian stamps – 2021

The commemorative stamp marking the 250th anniversary of the birth of Ludwig van Beethoven, issued in 2020, came third in the online poll for music stamps in 2021.

Very last telegram displayed in museum

After 174 years, the telegram was discontinued in spring 2021 due to extremely low demand. The development of telecommunications has displaced this once popular type of mail. While three decades ago, around 8 million telegrams were sent by business and private customers every year, by 2020, this had fallen to just 23,000, being mostly decorative and condolence telegrams.

The very last telegram was delivered on 14 May in Hernádkak to Tibor Vass, the head of the Hungarian Mail Art Society, who encouraged everyone to send Pilinszky quotes to the Company in the form of a telegram, thus bidding farewell to the service. As encouraged, more than seventy telegrams were sent by the Ministry of Defence, the Hungarian Academy of Arts, the municipalities of Miskolc, Hernádkak, Lácacséke and several organisations and private individuals.

The last Hungarian telegram, which reads "Art is essentially nothing more than breaking through the facts and getting to reality", has been added to the Marcelland International Art Collection in Hernádkak.

Handwritten Letters

We believe that handwritten letters have a lasting value in the 21st century as well, helping to preserve the language. In a joint campaign with poet János Lackfi, we drew young people's attention to this on Facebook.

The words of the poet were used to encourage writing: "Join us, the envelope has love inside, as sweet as the cookies Grandma bakes with pride. The joy of recipients will be complete, Magyar Posta and János Lackfi are sending you treat."

KÉZZEL ÍROTT LEVELEK

AMIKOR MÉG ...

*Hogy szolgál a
kedves egészsége?*

MA MÁR ...

mizu? 🤔

AKKOR
ÉS MOST



6. Responsible Employment

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

Why is it important? Decent and equitable work, Good health and well-being, the Empowerment of women and girls 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 ensure a well-prepared, highly professional, committed and motivated workforce with a wide range of applicable competences, who perform in line with our corporate values. To this end, the main focus of our HR strategy is attracting, integrating, developing and retaining staff by increasing employee satisfaction and engagement. We also seek to strengthen succession and loyalty to manage the risks associated with the high average age of our staff. We give priority to equal opportunities, in particular to increasing the number of employees with disabilities or reduced capacity for work. We operate a transparent job classification and evaluation system. We place strong emphasis on knowledge sharing, developing skills and competences, and building the employer brand. In terms of occupational health and safety, our aim is to assess and protect against occupational risks, thereby creating a safe working environment, reducing the risk of accidents at work and occupational diseases.

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, developing the equal opportunities plan, and liaising with stakeholders. Employment is also aligned with Magyar Posta's Management Plan 2030, which sets out strategic goals and the measures to achieve them.

The strategic and professional management of the Company's OSH 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). For more on their tasks, see. Section 6.6 Occupational Safety and Health.

GRI 401, 403: 103-2

The challenges of human resource management in 2021

2020 was all about emergency management, which required a changed operating environment, new solutions and a different way of living and working together. In our human resource management, the primary objective is to maintain safe and continuous business operations and to ensure that there is capacity to cope with traffic. Although the pandemic continued to affect the daily life of our Company in 2021, we were able to build on the experience of the previous year and focus increasingly on continuing key programmes and postponed developments, and on improving efficiency. In addition to addressing the current situation, our main efforts were focused on staff retention and continuing our HR digitalisation efforts. A number of key programmes have improved the working conditions of our staff, with efficiency improvements, the purchase of electric vehicles, the launch of the "Let's do it together" programme and the signing of a three-year wage agreement. In the area of training, we focused on individual development and training, which had previously been cancelled and, to better recognise outstanding employee performance, we have revamped our professional recognition system and developed a new approach to awards that better reflect our corporate values.

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



6.1 Employment in Numbers

Magyar Posta employed a total of 25,720 people⁵ at the end of 2021, 4% fewer than in the previous year. The details are shown in the graph.

- 25,720 persons
- 61% women
- 95% with indefinite-term contract
- 16% part-time
- 60% more employees with disabilities or reduced capacity for work

GRI 102-8, 401-1

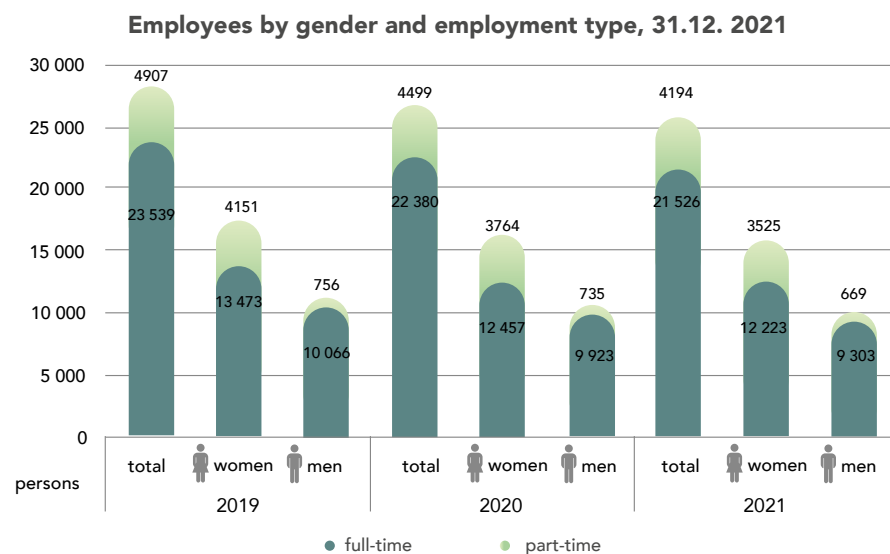


Figure 4: Employees by gender and employment type

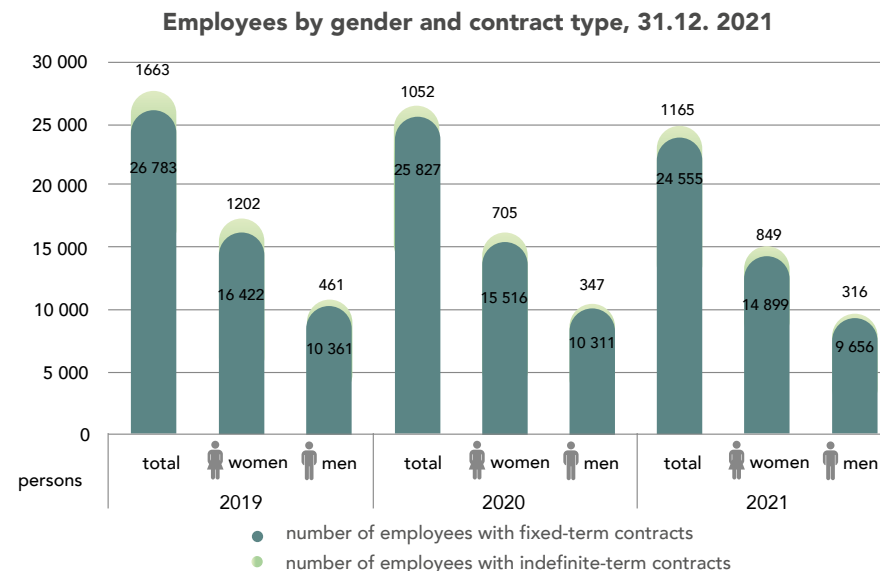


Figure 5: Employees by gender and contract type



⁵ 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).

Our nearly 26,000 active employees work to provide our customers with the best and fastest service possible. As a responsible employer, we are present in all regions and

counties, we contribute to local employment and thus play a significant and dominant role in the domestic labour market.

Employees by county, persons, 31.12.2021

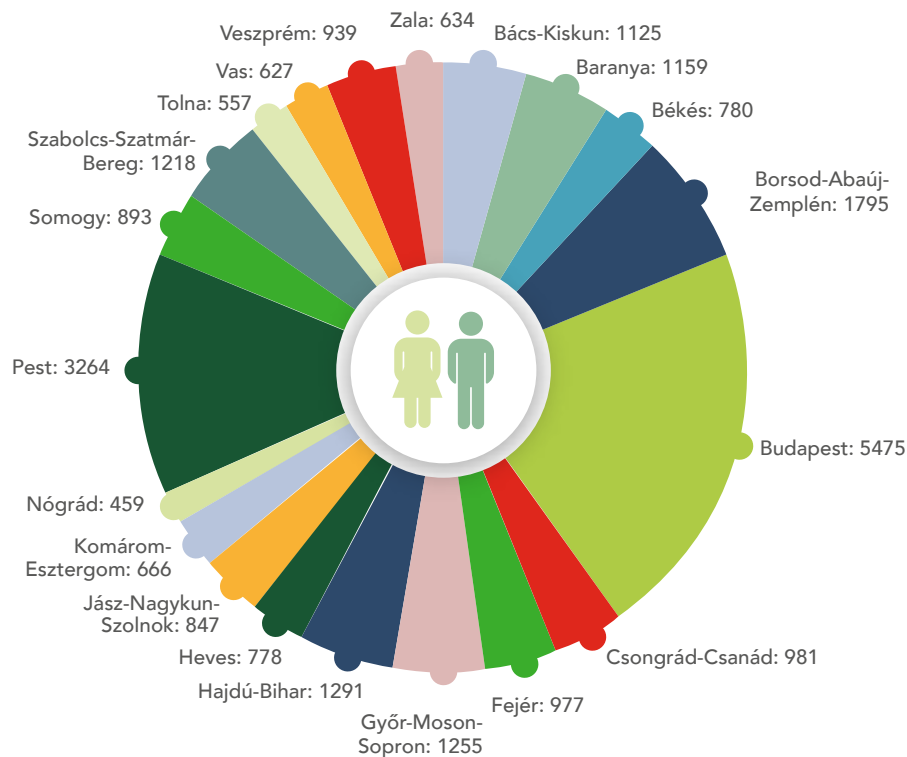


Figure 6: Employees by county

Employees by county and contract type, 31. 12. 2021

The ratios do not show a significant difference in 2019 and 2020.

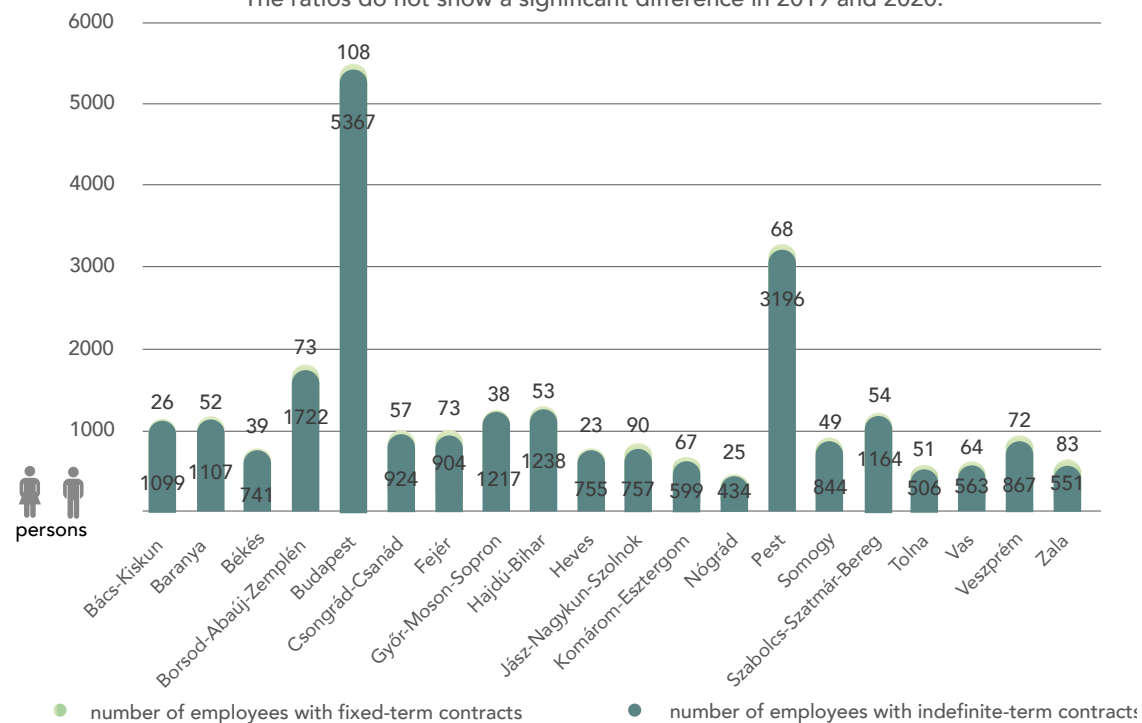


Figure 7: Employees by county and contract type

Staff turnover

GRI 401: 103-2, 103-3

The Company monitors the change of staff turnover on an ongoing basis. In order to alleviate workforce shortages due to departing employees, it is a priority not only to attract new hires but also to retain staff with several years of service. Turnover is due to average earnings below the market benchmark and increasing competition in the labour market, while the coronavirus pandemic has also led to significant changes in the labour market over the past two years. .

While in 2020, the number of applications increased compared to previous years, 2021 was primarily characterised by labour shortages and an increase in the number of unfilled positions. The reduced staff headcount dropped by slightly over 1,000 by December 2021 compared to the previous year.

In postal outlets, much of the reduction in staff numbers were seen in delivery, line operator and mobile postal operator jobs, where the number of employees fell by 5.5%. There was a similar decline in the number of people on the execution area of logistics, with drops in the number of parcel processors and vehicle drivers, partly offset by an increase in the number of parcel delivery workers. In addition, turnover rates have been maintained at the 2020 level, helped by an increase in the number of workers with disabilities or reduced capacity for work.

Increasing the number of staff with special needs

More emphasis than ever before was placed on increasing the number of employees with disabilities and, at the same time, on ensuring equal opportunities. In 2021, the management of Magyar Posta decided to increase the number of employees with disabilities or reduced capacity for work by 20 percent until the end of the year. Thank to the complex "Let's do it together" programme, we have far exceeded our target and increased the number of people with disabilities or reduced capacity for work by 60%. (For more information on the "Let's do it together" programme, see Section 6.2.)

In 2021, the Company did not make any mass staff reductions, and the traffic-adjusted headcount was achieved by taking advantage of staff turnover.

GRI 404-2

We provide support to employees made redundant through the Postakürt Foundation to help facilitate their situation. In all cases, the people concerned were informed about the Human Assistance service, which includes, among other things, individual career guidance and career adjustment consultation, training support up to the minimum wage, and a one-off social allowance. In 2021, this service was not used. (For more information on the activities of Postakürt Foundation, see Sections 6.2 and 8.4).

GRI 401-1

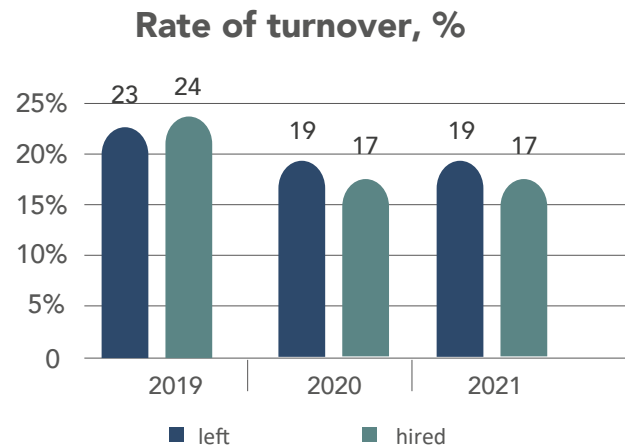


Figure 8: Rate of turnover, %

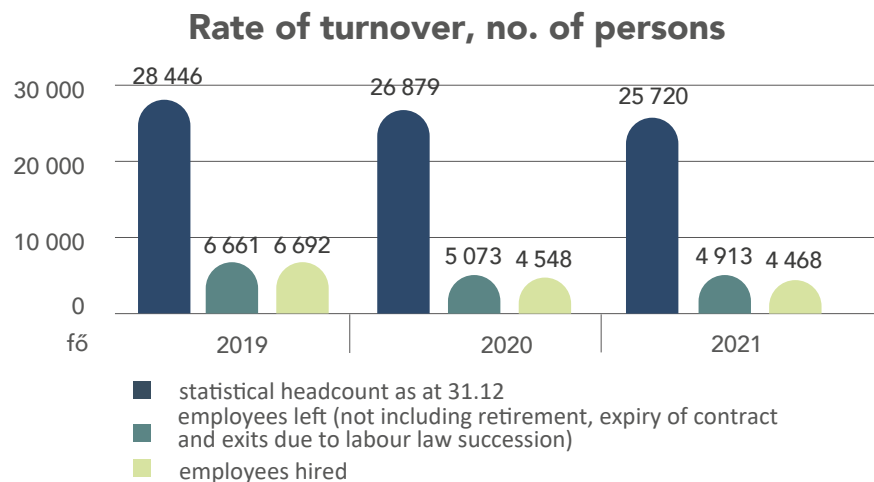


Figure 9: Rate of turnover, no. of persons

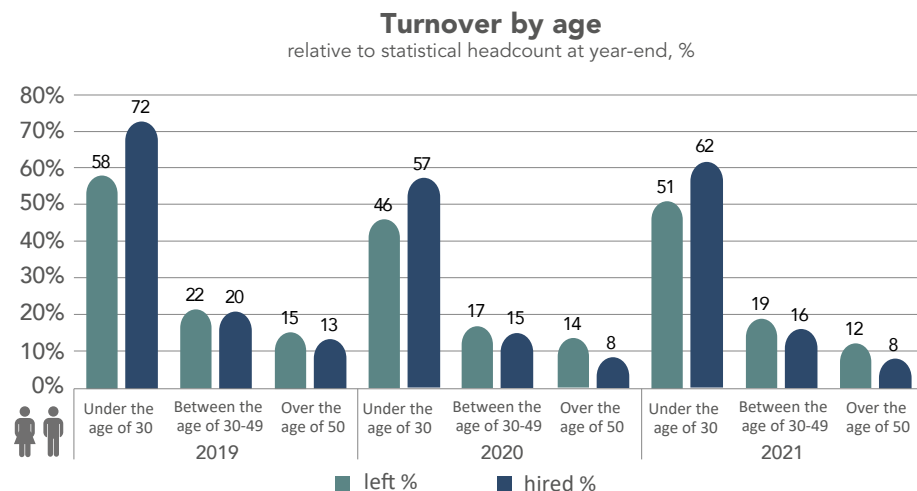


Figure 10: Turnover by age

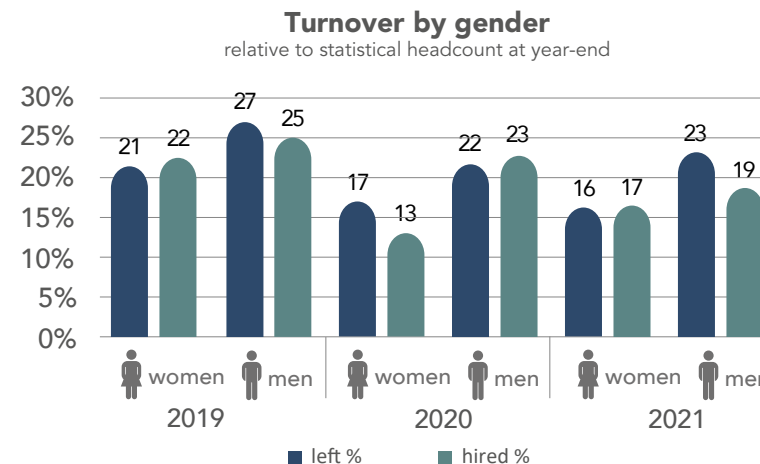


Figure 11: Turnover by gender

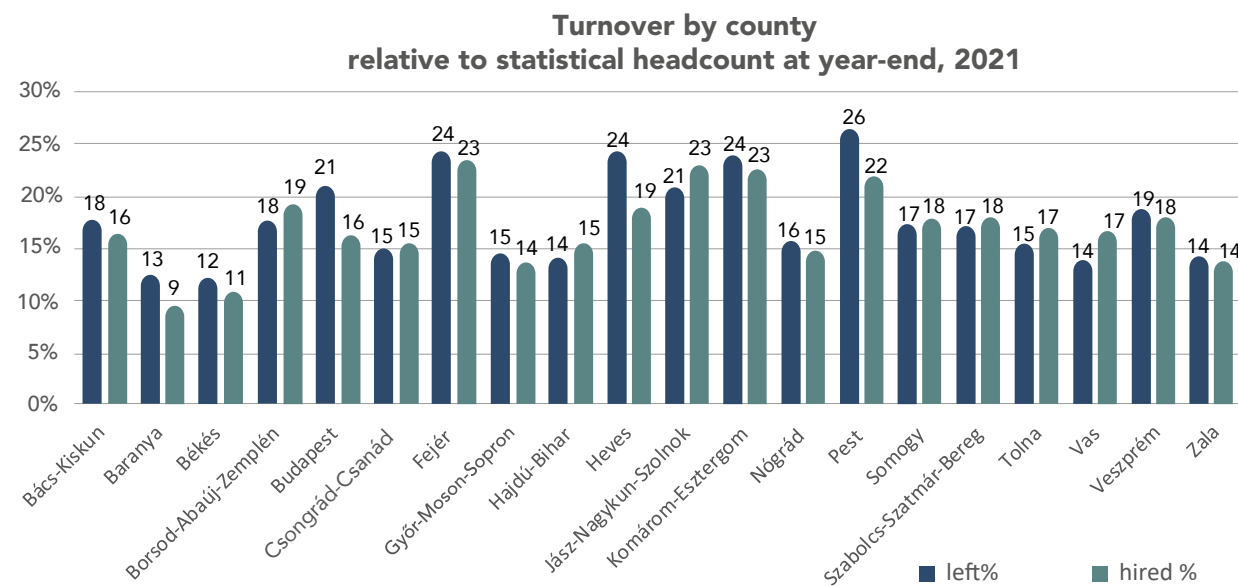


Figure 12: Turnover by county



The overall level of turnover has remained unchanged compared to 2020, with Hajdú-Bihar, Győr-Moson-Sopron and Tolna counties showing the largest decreases, while the largest increases were recorded in Vas and Somogy and Borsod-Abaúj-Zemplén counties.

COVID has challenged and forced the entire postal industry to adapt at international level. Most postal operators have had to restructure or let staff go. According to the Global Postal Industry Report 2021, the decline in workforce was a global trend. Across the 24 countries analysed, the average number of employees fell by 1.9% in 2020. In order to deal with the situation responsibly, the majority of companies helped the redundant workers with retraining and job search, typically in cooperation with trade unions..

GRI 102-8

In 2021, the average number of workers employed through labour agencies increased by 11% compared to the previous year to address labour shortages and to ease the resulting workload and to fill temporary resource needs. Labour agency workers typically performed logistical tasks, especially during the seasonal, end-of-year mail rush.

Labour agency workforce (reduced headcount ⁶) numbers	2019	2020	2021
Average full-time employee equivalent	224.28	265.32	294.85

Table 5: Labour agency headcount numbers

Flexible forms of employment

In order to attract and retain the appropriate quality of human resources and optimise costs, our Company seeks to attract and retain its own workforce, while reducing the use of temporary staff. In the case of employees with young children or disadvantaged workers, Magyar Posta strives to make atypical and flexible forms of employment available. (See Section 6.2 for more information.)

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

	2019	2020	2021
work time frame	23 996	24 095	22 514
employees with teleworking contracts	116	118	276
flexitime	135	135	130
free work schedule	1 012	1 015	1 001

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 6: Number of participants involved in atypical employment opportunities

Succession initiatives, attracting young employees

One of the Company's important goals is to reach and address as many people as possible in the labour market and, to this end, it has renewed its careers page in 2021. The portal serves the dual purpose of providing a transparent, streamlined interface for external applicants to apply online, and of facilitating administration for our staff through the automated and digital processing of documents. In addition, we have made our job advertisements transparent in respect of the salaries available for the given jobs, which have been significantly increased by performance incentive payments, especially at the end of the year.

Our Employee Referral Programme, open to all postal workers, helps ensure a supply of new staff members, and successful referrals are rewarded with financial rewards. Our internship programme is aimed at young people, announced for career starters under the age of 30 who are in higher education or have already graduated. 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 2021, the number of interns was 33. We also provide apprenticeship placements for students. (For more on this, see Section 6.3.)

In order to attract people with the appropriate skills, we have continued to be in constant contact with the Employment Office, training institutions and non-profit organisations. In-situ training could not be carried out due to the pandemic, so the "My Profession, the Post" programme did not continue in 2021.

Dissertations, studies

Be it an employee or an external student in higher education, the popularity of 'postal topics' is undiminished among (thesis) writers. Year after year, our Company provides assistance in preparing papers, research and interviews on the activities of Magyar Posta. The aim of this professional support is to give students an insight into the activities, systems and processes of Magyar Posta; and to contribute to the practical application of the theoretical knowledge acquired or to the recruitment of staff by providing valuable information, research and consultation opportunities for writing a thesis.

Mentoring system

In order to reduce turnover and the ration of employees leaving within the probationary period, we operate a mentoring system at designated delivery post offices and in logistics plants/centres. The support provided by the mentor helps the new hire settle in, to acquire the knowledge needed to carry out the tasks in the job description, and to acquire the professional and practical skills needed to work independently as soon as possible, for which the mentor receives remuneration.

Employee retention and incentives (pay hikes, recognition)

GRI 202: 103-3, 202-1

We are aware that as the second largest employer in the country, the level of wages paid by Magyar Posta also affects the labour market. By increasing wages, our Company recognises the performance and commitment of its employees and improves its own competitiveness in the labour market.

The three-year wage agreement, signed in 2021, results in an average wage hike of 15% between 2021 and 2023. From 1 July 2021, employees received a 4 percent base salary increase, and the Company also increased the amount of the loyalty fringe benefit bonus to HUF 300 thousand gross. Two-thirds of the workforce (around 16,000 employees), mainly in the execution area, were affected. After 4 percent in 2021, the average increase in base wages will be 9 percent in 2022 and 2 percent in 2023.

At the end of 2021, 39.7% 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. Only 5.6% of the Company's employees' base salary does not exceed the guaranteed minimum wage. The lowest full-time wages typically show little deviation across counties. The outliers are individual cases concerning certain individuals, influenced mainly by local specificities, the nature of the employment, the job held and the qualifications required, the length of employment (part-time), the location of the post office and, for delivery workers, the nature of the route.

**Lowest full-time wage in relation to minimum wage,
by county and gender, 31.12. 2021.**

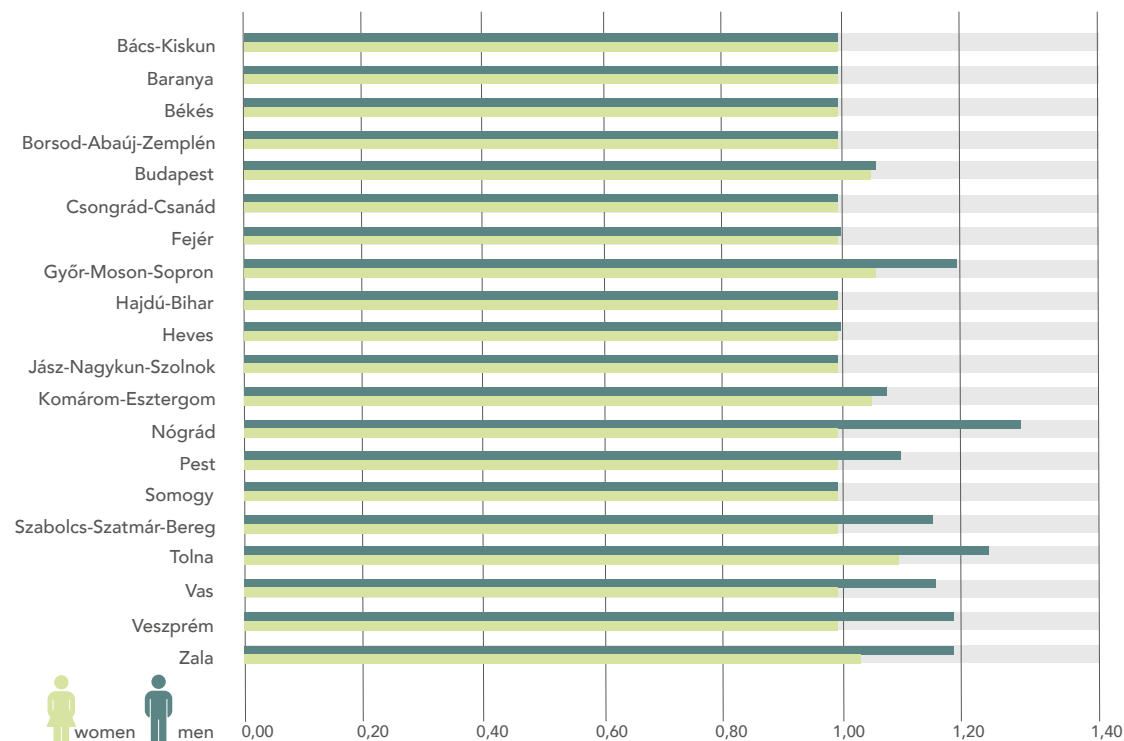


Figure 13: Lowest full-time wage in relation to minimum wage



In Győr-Moson-Sopron and Tolna counties, the lowest paid female employee is a part-time, unskilled delivery worker in a small post office, while the lowest paid male employee is a logistics parcel processor/delivery worker. In Nógrád County, 2 people work part-time as unskilled delivery staff at small post offices.

The modernisation of the incentive system continued in 2021, with the development of uniform, transparent and objective incentives and performance evaluation, supported by modern IT. Magyar Posta conducts a survey every two years to measure awareness of and satisfaction with the incentives. The 2021 survey shows a slow but steady improvement in both awareness of the terms of incentives and satisfaction with incentives. In the light of the results, we are planning to make further improvements in the means and content of communication.

In consultation with advocacy organisations, a more transparent and performance-related payment system (while maintaining the amounts paid to staff as allowances), replacing the system based on previous operating models was introduced.

We have restructured the incentive scheme for our execution staff, applying classic sales-based and volume-based bonuses for delivery staff. The data can be extracted from the IT system, making the accounts more accurate, and manual work is no longer required, making administration more efficient.

In addition to further standardisation, an important improvement is that from this year onwards, all employees automatically receive an individual performance sheet, which provides detailed information on quarterly incentive calculation.

Further development of IT support for the accounting of execution-level incentives is expected in 2023.

Employee discount scheme

In order to increase employee satisfaction, we offer our employees discounts on certain products and services based on cooperation with new and old partners.

Awards and recognitions

Our company places great emphasis on rewarding outstanding professional performance and high levels of commitment. We take pride in our exemplary employees and express this through all our internal and external channels.

In 2021, we renewed and expanded Magyar Posta's professional recognition system, in order to increase motivation and express corporate values and diversity. The new names (**Exceptional Value Creation, Outstanding Performance**) better reflect and express this approach and the underlying content. The system of jubilee awards has not changed, and we continue to honour colleagues with 35, 40, 45 and 50 years of service, with 540 such employees receiving awards in 2021 in recognition of decades of service at Magyar Posta.





We have expanded the number of award winners in several professional categories (*Lifetime Achievement, Postal Manager of the Year*) and extended some of the recognition forms to include new management levels and job functions (*Delivery Worker of the Year – 4 categories, Manager of the Year – 2 categories*). Another new feature is that the management awards were not open to nominations from staff, but subject to applications. We have also introduced completely new award categories, such as the community awards scheme, for which a given collective could apply collectively in four categories: *Postal Outlet of the Year, Processing facility of the Year, Innovation of the Year and Inclusive Community of the Year*. In addition to moral recognition, the winning teams received a cash prize to spend on team building and community activities. We have also introduced new individual awards, based on nominations by managers, such as *Brand Ambassador of the Year* and *Breakthrough Employee of the Year* in 2021. As is our tradition, the awards were presented on World Post Day in October and during local celebrations. In 2021, the prestigious event was once again open to the public, with 309 people receiving professional recognition from the Company and more than five hundred colleagues receiving jubilee awards.

Ministerial Certificates of Appreciation

Ildikó Panulin, Head of the Corporate Communications Department of Magyar Posta and László Torkos, Head of the Operations Department of the Eastern Hungary Regional Directorate received Ministerial Certificates of Appreciation for their outstanding professional achievements. Ildikó Panulin has played an active role in improving the Company's perception, which has been steadily increasing over the last two years. László Torkos has ensured a smooth transition in the postal modernisation process and has also played a significant role in the efficiency of the operational area.

Three people, Tibor Bakó, István Mészáros and Istvánné Tamás Bíró received the award and certificate for their long-standing, high-quality and dedicated work. Tibor Bakó started his career as a warehouse delivery worker, and for the last 25 years he has been a pillar of Zugló Post Office No. 1, maintaining excellent customer relations and providing indispensable help in training new colleagues. István Mészáros has been working for the Karcag Post Office for more than 40 years, initially tasked with telegram delivery, but he was quickly given his own district and is still considered one of the best salespeople. Istvánné Tamás Bíró first delivered mail in Porrog on foot, but over the past 30 years she has provided mobile mail services to several settlements using a wide variety of vehicles (bicycle, motorbike, car). In addition to being task and result-oriented, she has a prominent role in building community in the workplace.



6.2 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 two-year 2021-2022 Equal Opportunities Plan, which sets out our related principles and objectives. 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),
- 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.

Our Company supports disadvantaged employees and their employment through a number of initiatives. A significant proportion of our staff belong to a disadvantaged group, and it is not uncommon for one member of staff to belong to more than one group.

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 2021, we were involved in sharing good practices, acting as speakers and also providing venues.



GRI 405-1 Diversity of governing bodies

	2019		2020		2021	
	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%	67%	67%	17%	50%	33%
Over the age of 50	33%	33%	33%	83%	50%	67%
Women	17%	33%	17%	33%	33%	33%
Men	83%	67%	83%	67%	67%	67%

Table 7: Diversity of governing bodies

GRI 405-1

Ratio of women by employee category, 31.12. 2021.

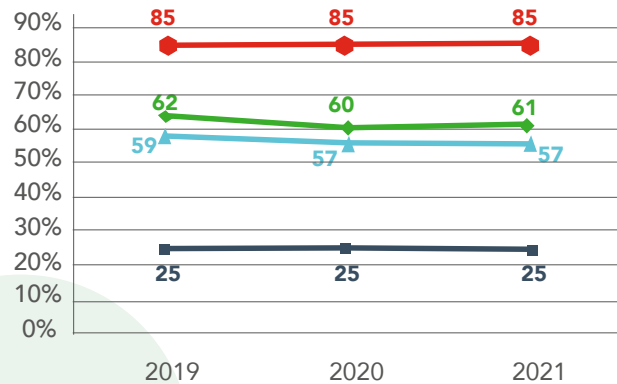


Figure 14: Ratio of women by employee category

Ratio of employees under the age of 30 by employee category, 31.12. 2021.

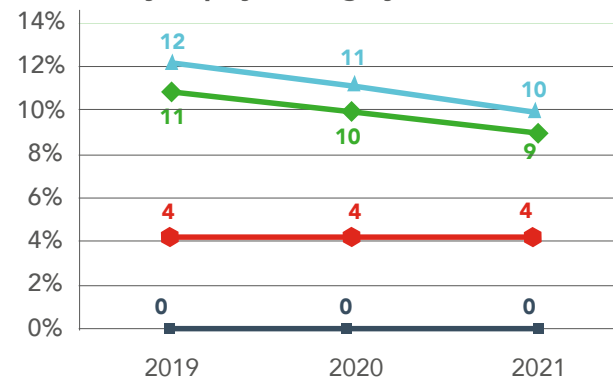


Figure 15: Ratio of employees under the age of 30 by employee category

Ratio of employees between the age of 30-49 by employee category, 31.12. 2021.

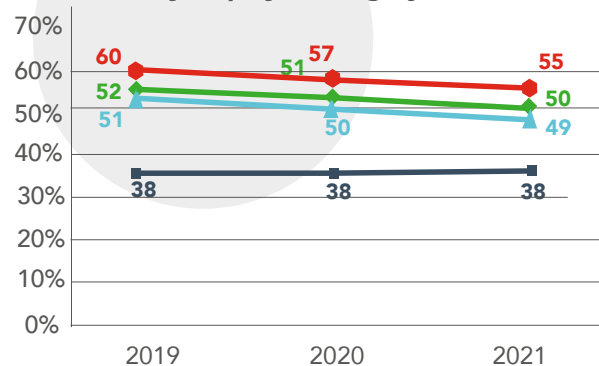


Figure 16 Ratio of employees between the age of 30-49 by employee category

Ratio of employees over the age of 50 by employee category, 31.12. 2021.

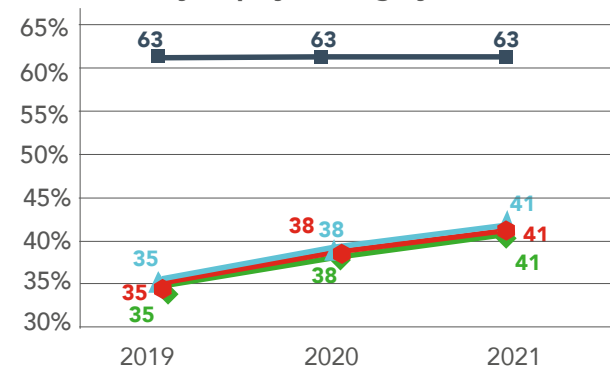


Figure 17: Ratio of employees over the age of 50 by employee category

⁷ senior management: CEO, Deputy CEOs, Head of Cabinet, Directors General
managers: managers (excluding senior management); subordinates all employees employed in a subordinate capacity



A global industry trend is the rise in the number of female managers and decision-makers. The Global Postal Industry Report 2021 shows that gender equality in the postal sector remains one of the most important issues. Postal operators are increasingly implementing diversity initiatives (from women's leadership development and mentoring programmes, to family-friendly policies, to the introduction of a women's quota) in line with state-government objectives. According to the report published by the international organisation, in 2020, women accounted for 41.1% of global postal workers, compared to 29.1% of middle managers and 24.6% of senior managers.

Inclusive Community of the Year

With this newly established in-house award, our Company aims to showcase and recognise inclusive workplace communities. The first to receive the award was the Commercial and Goods Warehousing Group of Székesfehérvár. Thirty-eight people work in the warehouse, 81% of them are women, 74% are over forty and many of them are single parents. They form a diverse and mutually supportive community with two Roma staff members, two career-starters and two Hungarians born outside the country. The team also helps to address and resolve individual life situations and goals. Among other things, they try to be understanding and accommodate children's school breaks and possible illnesses, and they celebrated the secondary school graduation of a Roma staff member together, with the help of their community.



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
2019	0.91%	4.01%	0.77%	3.30%	0.53%	2.84%
2020	0.71%	3.70%	0.61%	3.05%	0.33%	2.61%
2021	1.21%	3.32%	0.58%	2.82%	0.30%	3.09%

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

We support disadvantaged employees and their families through the Postakürt Foundation. As in previous years, in 2021 the Foundation's application scheme offered grants for summer placements for postal workers' children, support for families and partial-funding of the education of children of disadvantaged workers.

The Foundation's grants in 2021:

- Support for large families: 1,027 families, HUF 22.9 million
- Holiday-making support: 230 families, HUF 31.4 million
- Support for children's camps: 350 children, HUF 5.2 million

In total, the Foundation helped 3,441 postal workers and their family members. The number of children receiving support has increased compared to previous years.

Our Company has a long-standing tradition of organising a Christmas charity drive for disadvantaged postal worker families, in cooperation with Postakürt Foundation, to surprise and give presents to their children. In 2021, a total of HUF 2,750,000 was raised from nearly 300 pledges from managers and staff. In addition to the individual donations from employees, Postakürt Foundation provided an additional HUF 5 million. Thanks to this support, 1,500 postal worker children received gifts this year.

Employees with disabilities or reduced capacity to work (EWD)

An important achievement in 2021 was the implementation of our "Let's do it together" programme, which aims to expand the employment of people with disabilities or reduced capacity for work. The value and strength of the programme lies in its thorough preparation, its extreme complexity, the meaningful involvement of workers with disabilities and the success of its inclusion among staff.

Magyar Posta and the Ministry of Human Resources have signed a strategic agreement on supporting the employment of persons with disabilities or reduced capacity for work. At the end of 2020, our company employed 190 EWD⁸ employees in various areas (mail processing, delivery, customer service, operations, IT), and in order to continuously increase their numbers, we launched the “Let’s do it together” programme, appointed an equal opportunities ambassador in our nationally capped kayak-canoe athlete Julianna Tóth, and decided to support the objectives of the ÉrtékVagy! (You are valuable) programme launched by the Ministry. The 20% increase in the number of EWD staff planned for 2021 was significantly exceeded, with the number of colleagues with disabilities or reduced capacity for work reaching 311 at the end of the year.

The “Let’s do it together” programme was accompanied by a number of initiatives, events and joint celebrations. We have contacted and maintained contacts with several NGOs, organised informative and educational programmes and, looking to the future, we have started to assess additional jobs in which people with disabilities can be employed.

We launched a joint discussion with our civil society partners on the supporting activities and future challenges of the “Let’s do it together” programme. The organisations mainly helped us with recruitment, mentoring and training. Among our collaborating partners were Hand in Hand Foundation (Kézenfogva Foundation), the Hungarian Association of the Deaf and Hard of Hearing (SINOSZ), the AURA Autism Support Association, KockaCsoki social enterprise⁹, the Down Foundation and the Slachta Margit National Institute for Social Policy¹⁰.

We considered the training of managers to be a key issue, so we organised a number of inclusive training sessions for managers in addition to new employees with disabilities or reduced capacity for work. In total, 116 HR experts and 105 other postal outlet managers were trained to interview candidates with disabilities, to smoothly integrate them and to address their specific needs. In addition, the senior management (7 people) and the logistics operating manager (20 people) group also received sensitisation training. In order to learn about and integrate good practices in companies employing people with disabilities, our colleagues visited companies where HR managers, department heads and key staff had the opportunity to exchange experiences and learn with the hosts, and to see the conditions of special employment.

We continued the conscious internal communication started in 2020; the EWD page in our in-house magazine “A mi Postánk” (Our Post Office) conveys the value of acceptance and tolerance. Our professional experience shows that most misconceptions can be dispelled by targeted, clear and continuous information provision.



Responsible Employer of the Year – 2nd place

Our “Let’s do it together” programme and our efforts were recognised by the Országos Foglalkoztatási Közhazsnú Nonprofit Korlátolt Felelősségű Társaság with second place in the category of Large Enterprises II.

The organisation has been running its ‘Responsible Employer of the Year’ competition since 2016, with the stated aim of recognising and rewarding employers in Hungary who view human resources as a key central value.

⁸ Number of employees included in the calculation of the rehabilitation contribution, statistical headcount.

⁹ KockaCsoki aims to employ people with autism spectrum disorder and improve their quality of life.

¹⁰ The Slachta Margit National Institute for Social Policy is a background institution of the Ministry of Human Resources and is responsible for the professional development of the social, child welfare and child protection sector.

Workplace mentor training

Our staff participated in the internal mentoring programme organised by the Hand in Hand Foundation to promote the integration of people with disabilities into the labour market. The mentoring programme aims to raise awareness of the legal framework for the employment of workers with disabilities, to give employees experiences concerning the various states of disability, and to explore support tools from the interview through the first day at work to integration. Together with our Company, seven employers participated in the programme, for which we also provided the venue.

Inclusion programme

We successfully implemented the "Inclusion Programme", also in cooperation with the Hand in Hand Foundation. The NGO has placed 12 young people with disabilities – who are starting their careers – as temporary staff with our Company, who were given the opportunity to try their hand at seven different jobs in the field of logistics over a period of twelve weeks. The young people worked in groups of four on a variety of tasks according to their individual abilities. Our aim was twofold: to screen jobs in respect of the employment of people with disabilities or reduced capacity for work and to provide mentoring to give them the opportunity to gain experience and learn. The young people did valuable work over the three months. Three of them have actually taken employment with our Company.

Preparing a job search

Our programme "My skills and competencies in focus – Job search tips from an employer's perspective" was launched several years ago with the aim of helping people prepare for the job search. In 2021, we modified the original objective to tailor the training to NGOs and the jobseekers in special situations they represent, providing free-of-charge job search counselling, training and mock interviews. This allowed participants to receive practical guidance and live through the interview experience in a protected but realistic environment. 36 jobseekers with special educational needs (SNI) or with a reduced capacity for work took part in test interviews. As well as helping them enter the labour market, we offered support in developing digital literacy skills, with free-of-charge Word and Excel courses.

Awareness-raising and sensitisation

To help the inclusion of people with disabilities or reduced capacity for work, our internal communication has focused on sensitisation and awareness-raising, dispelling misconceptions, understanding the different types of disability and promoting responsible employment. Throughout the year, we celebrated with our colleagues all the World Days that raise awareness for people with disabilities and inspire action.

To mark World Down Syndrome Day, we organised a campaign called Sock Challenge, including the making of a spectacular photo montage. The challenge, which has gained worldwide popularity, involves people joining the initiative on this day by wearing oddly-matched socks to show their solidarity.

The collage of nearly 100 photos submitted by staff members was also a great success on the Company's social media platforms. The special day was held together with the Down Foundation, as part of which

- our colleagues heard a presentation on communication accessibility,
- we organised a roundtable discussion with a mother adopting a boy with Down's syndrome, a Down Foundation psychologist and other experts – with the event attended by 46 of our staff members,
- we organised a photo exhibition entitled "Dare to Live", featuring the work of the Foundation's artists in several venues.



We organised our World Day of the Deaf programmes in partnership with SINOSZ.

- Through a roundtable discussion with experts from the field, 40 of our staff members learned about the difficulties faced by deaf and hard of hearing people and solutions that help them communicate.
- After the discussion, the 14 interested participants were given a mini-training course on sign language, where they learned basic postal terms and expressions with the help of a trainer.
- On the occasion of the World Day, the company's senior management and employees greeted the employees concerned in sign language, expressing their commitment to their colleagues with disabilities.

On the World Day of People with Disabilities, Ferenc Pál, a mental health specialist, delivered an online presentation on humanity, cooperation and compassion for 80 colleagues and, due to the great success, SINOSZ held another mini-training in sign language in the online domain for 45 people.

Parents with children

Family-friendly employment solutions play a key role in achieving work-life balance.

Magyar Posta strives to enable atypical and flexible forms of employment for employees with young children, and provides individual assessment when ordering extraordinary work. We take school, nursery and kindergarten holidays into account and try to organise activities for children. Through Postakürt Foundation, we provide them with special benefits in specific life situations. The children of employees can take part in apprenticeships and get help with their thesis.

We provide special assistance to colleagues to help them return to work after childcare leave, and we keep in touch with them during their absence.



GRI 401-3 Use of parental leave*		2019		2020		2021	
		Men	Wo-men	Men	Wo-men	Men	Wo-men
A	Employees eligible for parental leave (no. of persons)	1072	2111	774	1800	658	1741
B	Employees taking parental leave (no. of persons)	12	1 780	7	1 443	9	1456
C	Employees returning to work after parental leave (no. of persons)	3	416	4	246	2	213
D	Employees not returning to the company after parental leave (no. of persons)	3	171	1	111	2	116
E	Ratio of returning employees [C/(C+D)]	50%	71%	80%	69%	50%	65%
F	Number of returning employees still employed 1 year after return (indicated in the year of one year passed) (no. of persons)	2	296	3	272	4	213
G	Retention rate [F/C(previous year)]	40%	83%	100%	65%	100%	87%

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

Table 9: Parental leave

Pensioners

Our company values retirees with professional experience, so we seek and create opportunities for them to be re-employed in retirement, typically in the postal delivery area.

Young people, career starters

Our company offers students and recent graduates a range of apprenticeships tailored to postal activity. We provide compulsory work placements for students in vocational secondary education and for students in higher education. Our accredited training sites – under the guidance of our experts – welcome students of postal business administration (logistics, postal, office-based), who can do both mid-year and summer apprenticeships.

Number of apprentices in a given year (no. of persons)	
2019	503
2020	449
2021	375

Table 10: Number of apprentices

The decrease in the number of apprentices is due to the transformation of the legal background and requirements of vocational training, that has already begun. Vocational training has been made compulsory at higher grades, and the role of dual training will be increasing, making a longer and higher quality vocational training possible, though the number of participant apprentices will decrease at one single host company. Back in 2020, our company has developed a dual curriculum for the postal business administrator qualification, in preparation for students as per the new Vocational Training Act. The earliest date when a dual training student can be accepted is expected in 2022.

Transformation of the vocational education and training system

The aim of the transformation of the vocational education and training system is to provide students with important and relevant market knowledge. The postal business administrator qualification has remained a basic profession and can be offered in four plus one or two-year school-based courses based on a baccalaureate. Two years of basic sectoral training are followed by vocational training, and the successful completion of exams leads to a vocational qualification. In the case of the postal business administrator training, the curriculum has already been developed, which contains all the knowledge, attitude, skills and autonomy requirements to meet the defined output requirements. The documents were prepared by experts from our Company, ensuring that this vocational training provides our Company with the opportunity to acquire useful knowledge. The new system will allow companies to play a greater role in the delivery of training, and thus we believe that we will gain valuable employees, who will realise the potential of Magyar Posta through their apprenticeship.

6.3 Training Courses

GRI 404: 103-2, 103-3

Magyar Posta considers its employees as value and, therefore, it gives priority to supporting their training and encourages the development of their competences. In 2021, in addition to the vocational training related to the core activity, our Company focused on leadership and knowledge development training. The number of participants in training was outstanding, with more than 110,000 people attending courses.

Training continued to focus on the acquisition of qualification for execution jobs and, in the case of managers, on developments aimed at workforce retention. Development programmes and apprenticeships were primarily implemented as hybrid training on account of the pandemic.

We strived to deliver new training courses and to make up for those cancelled due to the pandemic. By 2021, the number of vocational training courses was close to 500. In 2021, our Company prepared the eTraining platform to support the whole of the training organisation and workforce development process. The development and the launch of the electronic interface is expected in 2023-2024.

GRI 404-2

In 2021, the Company spent HUF 209 million on training and education. Thanks to the lower cost of e-training, the number of participants increased despite a drop in the amount spent. The number of participants in both distance and in-situ training has increased. We provide our staff with plenty of opportunities to develop their personal and professional skills and abilities. The number of participants in training courses exceeded 111,000 in 2021.

Number of participants in training (a given person may have attended more than one training course on more than one occasion)

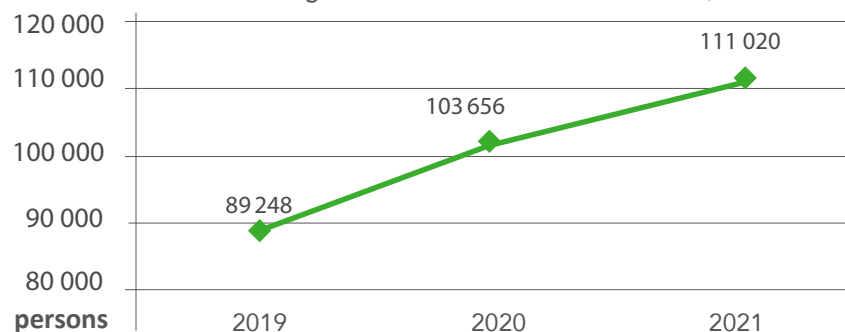


Figure 18: Number of participants in training



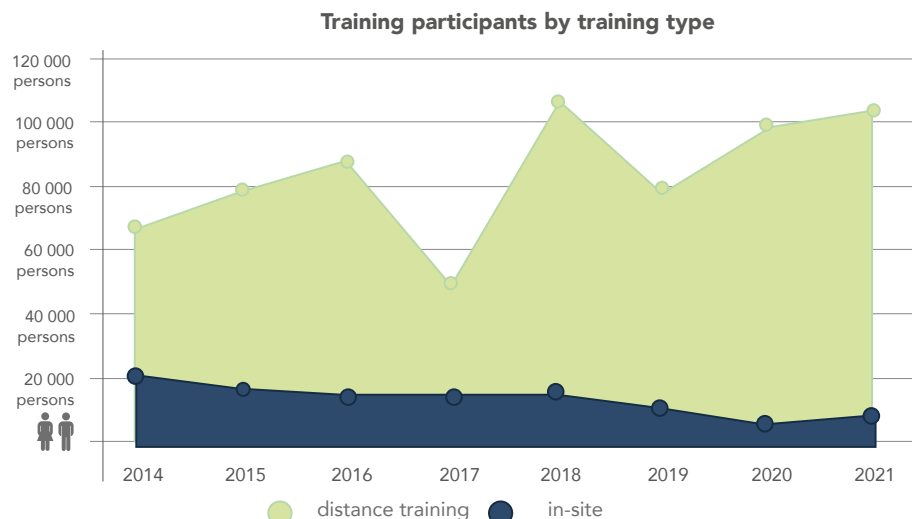


Figure 19: Training participants by training type

Satisfaction with training is typically high. As an adult education institution, Magyar Posta evaluates training courses in the manner required by the applicable legal regulations. 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.

Elöttem az utódom („My Successor Before Me” Programme)

As part of the management succession training programme, we selected new participants for the 'Elöttem az utódom' programme. In 2021, 74 colleagues were nominated, of whom 35 passed the online competency assessment and were selected to join the 2-year programme. The "General Management Skills" training sessions took place in 11 groups. In addition, in the spring and autumn of 2021, we also provided grouped but personalised developments, based on the individual development pathways identified through the competency assessments carried out at entry. The training phase of the programme culminates in a complex examination and leads to a vocational qualification recognised by the Company. In addition to learning management skills and practising leadership skills and techniques, potential candidates also receive on-the-job training and a dedicated consultant. After successful completion of workplace training, a final examination is taken. In 2021, 13 people passed the exam.

Leadership development campuses

In 2021, we implemented two major leadership development – Campus – programmes. The aim of the programmes is to teach the elements of managerial behaviour that are

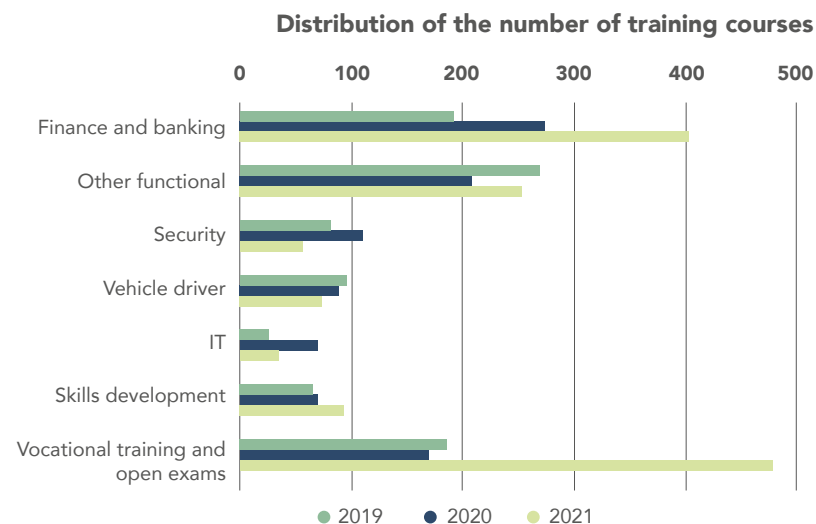


Figure 20: Training courses by topic

essential to work effectively and create a good working atmosphere, contributing to employee retention.

The one and a half year development programme for logistics managers, launched first in 2020, has concluded. The programme, which consisted of 17 days of in-situ training, 5 group coaching sessions and several e-learning courses, was completed by 38 participants.

In the framework of the Logistics Campus, we organised a series of workshops made up of several components to understand, comply with and enforce ethical standards within the logistics area. Together with the plant managers, campus participants formulated the core values of the organisation – further expanding and supplementing the corporate code of ethics – and the behavioural elements required. The basics have been defined and agreed, but the definition and communication of plant-specific requirements was left for 2022.

More than 300 people applied to the Campus programme of postal outlet managers. Following a two-stage selection process, 120 of our staff were selected for the programme, of whom 112 started their studies. At the end of the selection process, all participants received personalised feedback on their strengths and areas for improvement.

As part of the Network Campus, network managers prepare for their future role as postal outlet managers, both in terms of skills and professionalism, lasting almost a year. The participants of the Campus are all employees with postal experience, internal motivation, problem-solving skills, leadership potential and development potential. The first phase of skills development and coaching sessions, as well as Skype-based professional consultations, was delivered in 2021. The programme will continue and be completed in 2022.

Talent management

In 2020, our Talent Club programme was created in connection with our Company's modernisation programme Lendület (Momentum, formerly FOCUS2022), which aims to identify, develop and retain talented employees and, thereby, to support our key objectives and development directions. A total of 7 thematic Talent Clubs were launched, of which 5 groups completed their projects related to the themes of the Lendület programme, and which gave their final presentation to senior management by the end of 2021.

The teams developed so-called deliverables of such quality that in 2022, our Company will rely on the continued work of these talents as a base of expertise.

For example, the Talent Club's employee satisfaction working group mapped our Company's situation in terms of engagement and motivation, explored ways to retain employees and increase employee engagement as well as the national acceptance of Magyar Posta as an employer.

Based on the experience and feedback from senior management, participants and sponsors, the programme was seen by stakeholders as a clear added value in facilitating collaboration between organisations and a good example of how teams can work effectively in the online domain. The Talent Club will be relaunched in 2023.

6.4 Communication with Colleagues

In order to achieve its corporate goals, the Company's management, on the one hand, places high priority on cross-functional cooperation and teamwork and, on the other, is committed to transparent and regular communication. It is important for the Company that employees are kept informed about the Company's goals and achievements, as well as the issues that are of most interest to employees. In 2021, our colleagues were still most interested in the procedures to be applied during the state of danger, as well as developments and HR issues, so we regularly published announcements in our Pandemic Information Notice and kept our staff up to date on the progression of the pandemic and related postal measures.

Our professional and community magazine "*A mi Postánk*" (Our Post Office) was published in nine issues in 2021. Packed with informative content, current events and topics, interviews, interesting facts and lots of personal stories, we distribute it to all our organisations. The magazine is also sent electronically to staff who have an email address. Over the past 2 years, we have produced nearly 70 short films and podcasts for *PostaTV*, a channel mainly aimed at salespeople, which have been viewed 42,000 times. In addition to up-to-date company news, organisational information and policies, we created a Lendület (Momentum) sub-page on our company intranet to keep managers informed about developments, tasks and goals. Unfortunately, due to the pandemic, the *management forum* – which requires personal presence – could only be held once in 2021, and thus we decided to create a dedicated intranet page. 2021 was also an unusual year for events, as this was one of the areas most affected by the pandemic. Many postal events, both internal and external, were cancelled or moved online. During the pandemic, it became even more important to provide a shared experience for colleagues, and to deliver fresh content and key messages in creative fashion, moving away from traditional online conferences.

In this respect, the Year-End Let's Go Autumn Sales Conference was a standout event. Our aim was to create a new kind of community experience and make it tangible. At this unique event, we had to transform the Retail Sales Directorate's "Year-End Let's Go Autumn Sales Conference" and the Financial and Intermediated Services Directorate's "Retail Product Sales Conference and Exhibition" into a presentation-free, online conference in a way that made participants feel as if they were there in person. Some of our staff do not have their own computers, so the invited guests were able to follow the presentations and the product innovations of the 18 exhibiting partners in small groups at the district post offices.

In addition to the graphics production, studio construction and setting up streaming, it took great teamwork to organise the invited staff and fill the event with professional content; to organise the roundtable discussion and to provide the exhibitors' products, which were delivered by the parcel logistics network to all participants on the morning of the conference. In addition to product samples and leaflets from exhibiting and presenting partners, the package included drinks and snacks, as well as Magyar Posta's boardgame "Ügyes Postás" (Clever Postman), which proved to be highly popular.



Best Hybrid Event For Employees Hungary 2020

The jury of the Live Communication Awards, an international association established by UNICEO and based in Geneva, awarded Magyar Posta 1st prize in the Best Hybrid Event For Employees Hungary 2020 category for its Year-End Let's Go Autumn Sales Conference

6.5 Advocacy

GRI 402: 103-2, 103-3

Magyar Posta has a long history of advocacy group relations. As an employer, Magyar Posta strives for a fair, conflict-free 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. In addition, it also aims to strengthen dialogue and promote mutual trust.

The forum system of the social dialogue was largely the same as in previous years. In 2021, the Postal Sector Dialogue Committee was established for another 5 years, initiated jointly by Magyar Posta Zrt. on the employer side and the Postal Workers' Union and the Independent Advocacy Association of Postal Workers on the employee side.

- **Postal Sector Dialogue Committee (PÁPB):** as a consultation and negotiation forum, it facilitates ongoing cooperation between employees and employers, collective bargaining and the conclusion of agreements in the postal services sector. The body conducts a bilateral social dialogue to discuss employment and social policy proposals within the sector, and also performs advocacy, interest protection, mediation and reconciliation functions. The Sectoral Involvement Committee provides an opportunity for employer and employee advocacy organisations other than the applicant organisations wishing to participate in the relevant sectoral dialogue committee, and which are also able to meet the participation criteria set out by law, to indicate their intention to participate.
- **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.

Due to the state of danger, the consultations and meetings were held 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 31.12.2021 8 persons), applies to all employees employed by Magyar Posta Zrt., i.e. 99.97% of all employees.

GRI 402-1

The employer's obligation to consult is a cornerstone of cooperation between employer and employee and of the exercise of the employer's participation rights. With this in mind, 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.

6.6 Occupational Safety and Health (OSH)

Governance

GRI 403: 103-2, 403-2

The strategic and professional management of the Company's OSH activities are performed by the Head of the Health Protection, Accident Prevention and Environmental Protection (HSE) Department, with the professional support of Magyar Posta's OSH Manager. The Department's topic hosts are suitably qualified to carry out OSH tasks. The key documents governing the OSH activities of Magyar Posta: Security Policy, CEO order on Occupational Safety and Health, Deputy CEO order on the arrangements for OSH advocacy.



Management of the coronavirus pandemic

The pandemic situation was again clearly the biggest challenge for occupational safety and health in 2021. Our company has an epidemiological protocol and a Pandemic Action Plan in place, which is continuously revised in line with the current pandemic situation. Since 2020, our Company has had a Central Emergency Management Committee, which has continuously monitored and assessed the pandemic situation and coordinated the necessary protective measures.

In 2021, Magyar Posta had more than 4,000 confirmed infections. Despite the high figure, the overall active – i.e. sick at the same time – **postal infections rate remained below 3% on average**, also due to the effectiveness of the internal epidemiological protocol put in place. As a responsible employer, we have taken all measures that were justified on a risk-proportionate basis to reduce the risk of infection and increase the vaccination rate.

In 2021



17.5 thousand
litres of hand
sanitiser



84.3 thousand
washable masks



292.2 thousand
FFP2 masks



79.5 thousand so-called
long-acting "liquid" gloves
(invisible hand protection fluid)

was distributed to our employees according to their risk exposure.

- In the spring of 2021, when the COVID vaccine was still more difficult to access for all, we advertised a vaccination opportunity to employees and organised vaccinations for applicants in cooperation with government agencies nationwide.
- One extra day of paid leave was granted to staff who had received the COVID vaccination.
- Due to the COVID-19 pandemic, we postponed several of our programmes requiring personal participation, such as our Health Day and Environmental Awareness Campaign or our participation in the national health screening programme.

We feel obliged to report that, unfortunately, 34 of our staff have died as a result of illness. The loss was devastating for both immediate colleagues and the whole of the organisation, and we helped the families of our deceased colleagues through the available corporate and Postakürt Foundation relief opportunities, as well as through our group life insurance. No liability arose on the Company's part in relation to their infection.

OSH advocacy

GRI 403-4

The employer shall ensure the right to consultation and information to safety and health representatives in order to provide timely advance knowledge and discussion of the employer's measures concerning health and safety at work. The representatives set up a Central OSH Committee from among themselves, which acts as the highest forum for OSH advocacy. A representative of the HSE Department also attends the Committee meetings. In addition, the Company also has a six-member OSH Parity Body in place, where the employee and employer sides are represented in equal number and with equal voting rights. OSH issues are also regularly discussed in the meetings of the Postal Interest Reconciliation Council (see Section 6.5).

Risk assessment

GRI 403-2

2 Risk assessment is currently considered the most advanced tool for prevention. The identification and assessment of occupational health hazards and the definition of preventive actions continue to be carried out by activity and by job. The assessment is carried out by the OSH 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 OSH hazard or dangerous situation, the chairperson of the Central OSH 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 Safety and Health Policy. Based on the findings of the risk assessment, individual and/or collective protection methods tailored to the activity and local characteristics are defined. Before using new equipment or technology or 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 continued to drop. In 2021, five inspections were carried out on Company premises by the occupational safety and public health administration bodies of the Government Offices. Our Company has not received any official reprimands in the field of occupational safety and health, nor has it received OSH fines.

In 2021, we carried out a total of 745 combined labour and environmental professional inspections, almost 57% more than in the previous year. We have taken the necessary measures to remedy the deficiencies uncovered and have carried out the necessary backtesting.

To improve safety in the workplace, we carried out a targeted audit in 2021 to check the compliance of shelving and storage systems with health and safety requirements. The audits were carried out at busier postal outlets, logistics sites and the warehouses of the Asset Management and Storage Centre, in 171 areas in a total of 60 organisational units. The audits showed that the vast majority of storage systems are in an acceptable state of use and technical condition for the safe storage of materials. The deficiencies identified have been brought to the attention of the relevant departments.

Occupational safety training

GRI 403-5

The rules for OSH training are set out in the Occupational Safety and Health Policy. Employees performing OSH duties as safety and health representatives undergo training every five years, which concludes with an examination. The 2021 training was delivered through distance training, with 814 people passing the exam. Following recurring types of work-related accidents, employees are provided with extra OSH training, which includes an overview of the causes of the accidents and how to prevent them.

Accidents, illnesses

The number of work-related accidents resulting in working days lost showed a decreasing trend in 2021 as well.

GRI 403-9

The effectiveness of OSH measures is demonstrated by the fact that the number of work-related accidents resulting in working days lost is decreasing year on year. During the year, the OSH Department investigated 1,218 accidents, of which 579 were work-related accidents resulting in working days lost. The 6% decrease in the number of OSH sick pay days also shows that the number of work-related accidents with long recovery times is also decreasing. One worker suffered an injury resulting in a day off work due to a violent attack, while 83 cases were due to animal attacks (81 by dogs and 2 by insects). The number of accidents due to animal attacks fell by 10% compared to the previous year. As in previous years, we have asked the mayor's offices in the areas at risk to take action to enforce the rules on dog control. There were no fatal, mass or grave¹¹ work-related accidents on Magyar Posta premises in 2021.

¹¹ Classification in accordance with national occupational safety and health legislation.

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 Safety and Health Policy. Accidents are investigated in line with legal provisions for all postal workers and temporary staff.

Development of the number of work accidents at Magyar Posta Zrt. 2019-2021.

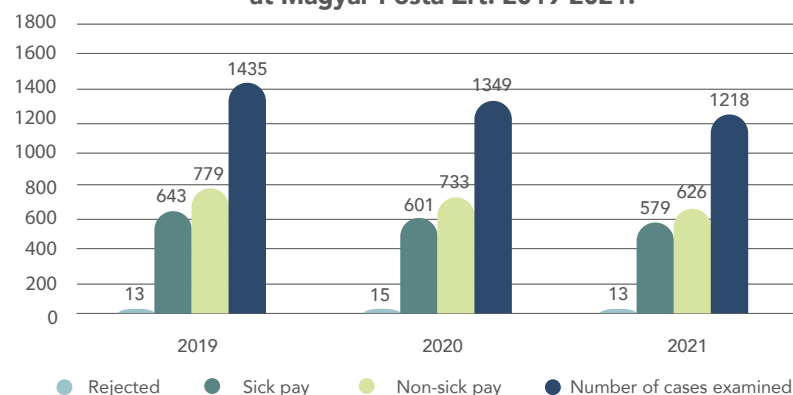


Figure 21: Number of work-related accidents

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

	2019	2020	2021
Employees			
Number of high-consequence accidents	0	2	0
Rate of high-consequence – per 1 million working hours	-	0,04	-
Total number of accidents	623	592	567
Rate of accidents – per 1 million working hours	13.1	13.0	12.9
Temporary staffing			
Number of high-consequence	0	0	0
Rate of high-consequence – per 1 million working hours	-	-	-
Total number of accidents	20	9	12
Rate of accidents – per 1 million working hours	54.5	16.2	19.5
The data in the table are based on accident investigations			

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

Number and ratio of the most common accident-related injuries resulting in working days lost in 31.12. 2021

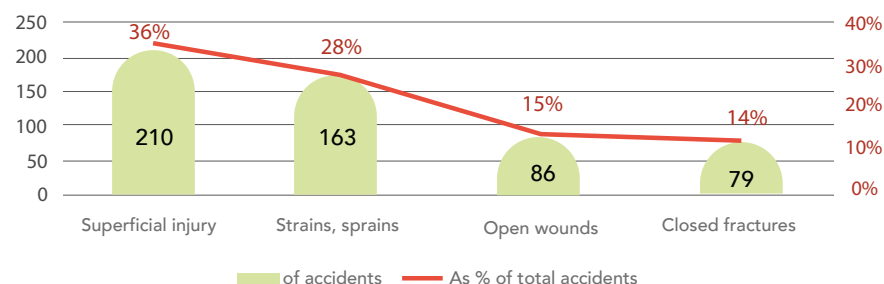


Figure 22: Typical injuries

GRI 403-9

The employee groups most frequently involved in work-related accidents at our Company are delivery workers (382 accidents), and workers in the processing area (50 accidents) and loading area (41 accidents). Despite the improvement in the trend of work-related accidents, our Company continues to pay increased attention to prevention, the appropriate training of employees – both in technological and occupational safety aspects – and the use of protective equipment, with the involvement of the relevant departments.

Occupational health

GRI 403-6

The occupational health service is provided through a contractual partner of Magyar Posta and only covers postal workers. During the year, more than 35,000 medical examinations were carried out, around 85% of which were physical aptitude tests. An important milestone at the end of the year was the establishment of tailor-made EWD rules of procedure for the preliminary occupational physical aptitude tests of workers with disabilities or reduced capacity for work, for which our occupational health service provider also provides dedicated resources, in order to promote a higher employment rate of EWD employees. We give priority to mental health support in cases of extreme psychological stress for our staff. In 2021, no mental health assistance was needed to reduce the psychological burden of extraordinary incidents.

Health services, screening tests, campaigns to promote healthy lifestyle

We have also concluded a COVID-19 insurance policy with Magyar Posta Biztosító for all employees for 2021. The risk insurance provides risk cover of between HUF 5,000 and HUF 25,000 in the event of coronavirus infection. Every year, we offer workers with musculoskeletal disorders the opportunity to take

a rehabilitation holiday. Further initiatives to promote healthy lifestyle have been delayed by the pandemic.

The All You Can Move scheme continues to provide Magyar Posta employees with the opportunity to visit various sports and leisure facilities in 800 locations throughout the country with a sports pass at a discounted price.

6.7 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 2021, and just a few of the usual community events were organised.

As part of the now-traditional Helping Hands Programme, colleagues in the office assisted staff in postal delivery support, writing notifications for amorphous deliveries, international mail delivery, parcel delivery, mail processing and complaints handling, reducing the burden of the year-end peak season and supporting quality service. In 2021, 281 employees participated in the programme.

Again in 2021, our company supported the Hungarian Interchurch Aid's **Starting School Together!** aid campaign by distributing 2,000 school kits compiled by the organisation to students in need. Our Company stood by the cause with volunteers to assemble the parcels and as a logistical partner to deliver the donations.



During the Advent period, our colleagues took an active role in various charity campaigns and helped people in need across the country, with a number of local volunteering initiatives from Pásztó to Szolnok.

The employees of Magyar Posta Zrt. *can join* two *sports clubs*, the Postal Sports Association of Eastern Hungary (KPSE) and the Postal Sports Association of Transdanubia (DPSE), which welcome postal workers and their families all year round. The associations regularly organise family and mass sports events to provide a wider range of postal workers with the conditions for discounted sports, regular physical exercise and to promote a healthy lifestyle and active recreation for employees and their families.

In the first half of 2021, sporting opportunities have been constrained by the epidemiological measures. In response to this situation, new and virtual initiatives have been added to the traditional programmes.

- For the first time, we organised an e-football and e-chess tournament.
- Individual exercise was encouraged in three sport disciplines (running, cycling, hiking). Athletes were able to send their results to the district sports officers, who recorded the results of the kilometres covered in their neighbourhoods using a smart device. The association drew lots for gifts among the participants.
- We have entered several teams in the fifty-ninth National Postal and Telecommunications Nature Walking and Hiking Competition. Of the 322 registered participants, 183 postmen and women were represented. KPSE finished fifth and DPSE seventh in Veszprém.
- The DPSE organised several days of cycling and walking tours, and their districts also prepared a number of other local sports programmes in response to the pandemic situation.



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.* These five UN Sustainable Development Goals show that protecting our environment and its various aspects is one of the greatest 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, our Company contributes to reducing the environmental impact of transport by reducing individual transport needs and optimising the frequency of services. In addition, we pay particular attention to achieving paperlessness in business and background processes, taking into account legal constraints. Magyar Posta 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 is committed to protecting the environment, avoiding pollution and rational energy management in its integrated quality, environment and energy policy. The lifecycle approach and the combined consideration of economic benefits and environmental impact are key elements in the Company's decisions. The Environmental Policy declares our compliance with the environmental legislation and our commitment to the effective operation and continuous improvement of the environmental management system. Our commitment to the environment goes beyond compliance with the law. Our Company, taking advantage of the opportunities offered by its size and position, strives to set an example and, as a responsible company – supporting the development of a circular economy – prioritises the minimisation of the environmental load of its activities at all stages of the supply value chain, and the regular measurement of its environmental performance. Environmental and energy efficiency considerations are also enforced in our procurement and product development. We expect our staff to work in a manner that respects the environment, uses resources sparingly and manages waste appropriately.

GRI 102-11

Governance Within the Security and Safety Directorate General, environmental issues are handled by the Health Protection, Accident Prevention and Environmental Protection Department (HSE). The HSE Department is responsible for the development of the Company's environmental and climate policy objectives and the monitoring of their achievement, the planning, organisation, management and continuous monitoring of the implementation of the environmental management system, the regular analysis and assessment of risks, and the development of internal environmental awareness. The ultimate decisions are taken by the CEO. The Security and 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 Company's energy strategy is developed and implemented by the Infrastructure Directorate, which is also responsible for the professional operation of the Energy Management System (EnMS). 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 launched in 2015, 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 is based on innovation, collaboration and collective action, focusing primarily 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. The most important message of the stakeholders' cooperation is that, as one of the country's largest economic entities, they are collectively committed to responsible corporate operation and environmental protection. The aim is to have 100% of the electricity used at the airport generated from renewable energy sources by 2023. In addition, a net-zero carbon emissions target has been set for 2035, with new technology and energy efficiency solutions being developed, including modern insulation and heating systems, LED lighting and solar panels.

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



15 LIFE ON LAND



Environmental protection training

There were no changes to the environmental training scheme in 2021. During the hiring process, all new staff receive general environmental protection information, and are also informed of environmentally aware codes of conduct and behaviour. All employees of the Company participated in energy efficiency training to help them understand this approach. Eco-driving awareness is an integral part of the annual road safety training (KRESZ). 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

We regularly analyse and assess environmental risks and monitor the implementation of environmental protection activities. We also periodically measure progress towards the environmental management targets we have set.

In 2021, 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 energy demand of the Company is determined by two factors, the consumption of buildings and the use of vehicles. Real estate-related consumption accounted for 59% and logistics-related consumption for 41% in 2021.

Developments and results

GRI 302: 103-2

Compared to the previous year, energy consumption in 2021 was less affected by the coronavirus pandemic and its effects, and we adapted to the situation, with home office typical more during pandemic waves. Our target to reduce electricity consumption was met, but energy consumption for heating – natural gas and district heating – increased significantly, while fuel used by motor vehicles increased to a lesser extent.

Energy efficiency improvements at our sites are ongoing, with lighting upgrades, boiler replacements (11 sites) and air conditioning replacements (20 sites). Energy consumption is constantly monitored to prevent unnecessary use. We are constantly looking for technical solutions to enable the use of renewable energy, with solar energy reducing primary energy demand by 184.1 MWh in 2021.

Targets for 2021	Target value	Result	Fulfilment
GRI 302-3 Fuel consumption ¹² per unit parcel	min. 4.5 up. pcs/litre	4.2226 up. pcs/litre	-
Electricity consumption compared to previous year	-1%	-1.10%	+
Natural gas consumption compared to previous year	-0.5%	+7.33%	-
District heat consumption compared to previous year	-0.5%	+6.81%	-
Carbon dioxide emissions compared to 2017	-6%	market based: -3.4%	-

Table 12: Energy and carbon emission targets and their achievement



¹² 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).

GRI 302-1 Energy consumption of Magyar Posta, GJ

	2019	2020	2021
Petrol (mineral) - postal technology	4937	4881	4690
Petrol (mineral) - personal	10263	8083	8983
Diesel fuel (mineral) - postal technology	306 446	305 888	310 701
Diesel fuel (mineral) - personal	2312	1623	1130
CNG	348	340	352
Natural gas	280 294	285 457	306395
Electricity	146 873	137 502	135990
Purchased heat	49 416	47 194	50408
Petrol (organic)** - postal technology		166	336
Petrol (organic)** - personal		274	644
Diesel fuel (organic)** - postal technology		21 559	21898
Diesel fuel (organic)** - person		114	80
Firewood***	4 043	1 277	3915
Purchased heat (thermal water)	193	802	872
Solar energy produced	489	656	476
Total	805 614	815 815	846 869

** 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

Carbon emissions
GRI 305: 103-2, 103-3

Carbon emissions are measured on a quarterly basis and – playing our part in the fight against climate change – targets and deadline-bound emission reduction commitments are undertaken.

*The long-term objective of the Company set out in 2020 is to reduce our gross carbon emissions by 18.1% by 2030 compared to the 2017 base year.*¹³ In 2021, our carbon emissions were 3.4% lower than in 2017, but 6.1% higher than last year. There were two main reasons for the slight increase. The primary reason is the increase in energy use for heating, which can be linked to the fact that 2021 was the coolest year in Hungary for the spring and autumn months in the past ten years. The other reason is the slight increase in the amount of fuel used by motor vehicles, which can be explained by the increase in the volume of consignments delivered due to the growth of e-commerce. In 2021, we approached pre-pandemic levels as the viral situation eased. Carbon offsets are not included in the reduction of greenhouse gases. Our target applies to market-based¹⁴ calculation and includes direct (Scope 1) and indirect (Scope 2) carbon emissions associated with purchased energy.



¹³ 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 – the decision unrealised at the time of undertaking – that the NECP target will also be revised (-50% compared to 1990).

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.

GRI 305-1, 305-2

Magyar Posta's carbon emissions

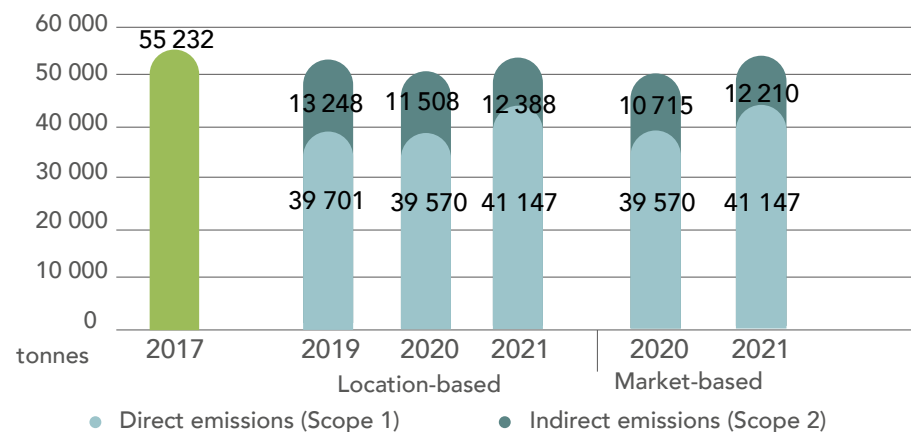


Figure 23: Carbon emissions

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 2021 were 2,045 tonnes of CO₂.

GRI 102-12

Oscar.post – Category 1

An initiative of the Universal Postal Union (UPU) under the auspices of the United Nations, Oscar (Online Solution for Carbon Analysis and Reporting) involves calculating the greenhouse gas emissions of participating postal operators on the basis of a common methodology validated by the UPU. The results will help monitor trends, provide global comparisons within the sector and act as reference points to reduce the carbon footprint.

Magyar Posta was again ranked in the first, best category based on the quality and coverage of its reporting. 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 still room for improvement in the wider reporting of Scope 3 emissions.

Motor vehicles and logistics

Much of Magyar Posta's responsibility for the environment comes from the performance of transport and logistics tasks. This is why the selection of safe and environmentally-friendly equipment is a priority in procurement, while in operation, the quality of maintenance and repairs, the use of eco-driving and the optimisation of route management are key.

The logistics tasks and the delivery of consignments are carried out by a fleet of nearly 4,600 own vehicles, of which 181 are electric and 45 are light commercial vehicles. In order to make electric vehicles more widely available, we are continuously testing electric vehicles for parcel delivery and mobile mail functions. In 2021, 140 mopeds were purchased and 50 three-wheeled electronic delivery vehicles were commissioned for colleagues making long-distance deliveries. In addition to our purchases, we sold 163 vehicles during the year.

In 2021, our professional drivers again took part in ECO driving training as part of their annual road safety training (KRESZ) and as part of the preparation for the Energy Management System audit. During the year, thousands of our drivers completed the training. In 2021, we prepared specific training material for electric vehicles.

Compared to the previous year, the distance travelled by vehicles decreased by 1% to 100 million kilometres¹⁵. However, the 9.7 million litres of fuel used is a 1.6% increase over last year.

Our delivery staff travels approximately 20% of the distance travelled by car on foot or by bike. As in the previous year, in 2021, they travelled 19.5 million kilometres by bicycle and 2.2 million kilometres on foot.

	Distance travelled	Procurements
4,600 logistics vehicles	100 million km ¹⁵	140 three-wheel mopeds
5,020 bike delivery routes, 8,098 bicycles	19.5 million km	382 electric bicycles
1,060 pedestrian delivery routes	2.2 million km	

Table 14: Logistics data

¹⁵ Weighted kilometre data, which takes into account the conditions of the roads.

In the framework of the network modernisation programme, the procurement of 1,193 fixed and 511 optional electric-assist bicycles was launched in 2021, partly to replace mechanical bicycles and partly to reorganise delivery routes, pursuant to the public procurement contract concluded.

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 increased with the easing of the pandemic compared to 2020, reaching nearly 5 million km. We have 3 electric vehicles in our fleet.

7.2 Material Use

GRI 301: 103-1

Our company uses a small volume of materials for its operations. The envelopes and boxes used to package consignments are provided by the 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 to packaging material, postal dispatch notes, stamps and other delivery-related vignettes and labels qualify as direct material utilisation. The quantities of packaging material and dispatch note are set out in the table below.

GRI 301-1 Material use of Magyar Posta¹⁶, kg			
	2019	2020	2021
Wrapping paper	2320	2204	2095
Unit parcel	2933	2786	2653
Postal dispatch note	31 400	31 418	37 862
Total	36 653	36 408	42 610

Table 15: Material use

GRI 301: 103-2, 103-3, 306-2

In the interest of responsible material usage, we set the target of the 5% reduction of paper-based packaging materials per year, which we were able to achieve in the past 3 years. We also aim to recycle returned rolls or boxes received from other organisations (we re-send undamaged boxes, we make sealant/filling material from damaged boxes) and to send items to the same address in one shipment. We only use recycled cardboard packaging boxes and wrapping paper for the delivery of postal parcels, and the plastic bags used for packaging are made of environmentally-friendly materials. From 2021, the printed version of the Postal Regulations, previously in plastic bags,

will be packaged in paper. Government Decree No. 301/2021. (VI. 1.) on the restriction of the marketing of certain single-use and other plastic products entered into force on 1 July 2021. Although Magyar Posta is neither a manufacturer nor a distributor of the plastic products covered by the regulation, it was justified to include certain restrictions from the user side, so the prohibited products were blocked by article number in the list of products available for purchase and were also included in the prohibited items for business card use.

In respect of our services (Section 5.1) and in our back office operations (see HR), we are continuously expanding digitalisation and reducing paper use.

7.3 Water Consumption

GRI 303: 103-1, 103-2, 303-1, 303-2, 303-3

The Company's water consumption is not significant, with total water consumption at 188,602 m³ ¹⁷ in 2021, which corresponds to an average annual water consumption of approximately 5,300 people. The amount of water used decreased by 6% compared to the previous year. Magyar Posta uses only fresh water from the municipal water network for public utility purposes. Most of the waste water generated by the Company is municipal waste water. Our fundamental aim is to ensure that no waste or pollutants are discharged into the public sewer without pre-treatment. Due to the small amount of water used by our Company, we have not set targets for water consumption.



¹⁶ Quantity of material purchased. All renewable raw materials, paper.

¹⁷ Quantity based on metered data or a flat-rate. We have no information on the source of the water.

7.4 Waste Management

GRI 306: 103-2, 306-1, 306-2

We strive and expect all our employees to produce as little waste as possible in our operations. A decision has also been reached to start the transition to a circular waste management system, based on well-organised waste management.

GRI 306-3

The amount of waste generated by our Company has not changed significantly compared to the previous year. In the longer term, digitalisation is the main driver for mitigation. Approximately 80% of non-hazardous waste is municipal waste, estimated on the basis of supplier contracts.

It is important to note that the waste generated from the packaging material of the items to be delivered is not Magyar Posta's waste. We have no estimates regarding the quantity thereof.

In 2021, we have changed the way we collect non-hazardous selective waste in non-Budapest areas. By approaching local waste collection companies, we aimed to reduce the need to transport waste, and in the case of several collection points, we were able to conclude agreements with a partner with a site nearby. Paper waste containing or not containing personal or business data, plastic waste (e.g. PET bottles, other plastic packaging waste) and metal seals are still collected separately. Customer areas at some of the busiest post offices also have selective paper and plastic waste collection. Toners and ink cartridges continued to account for nearly half of hazardous waste in 2021, as a consequence of postal activity. Batteries and accumulators, as well as polluted absorbing material, represent a much lower amount. Hazardous waste is collected selectively by type, with particular attention paid to collection and storage to prevent environmental pollution. The amount of hazardous waste in 2021 increased by 12% compared to the previous year, for example due to a higher rate of scrapping of refrigerators.

GRI 306-2,3,4

Waste management contractors carry out their activities with the necessary permits, and the management of the waste we hand over is checked during site visits. Waste records are kept in accordance with legal requirements, and quantities other than municipal waste are accurately tracked. All types of waste are treated off-site.

Hajdúböszörmény postal workers win green competition

Our colleagues came first in the annual used mobile phone collection competition of the Hajdú-Bihar County Chamber of Commerce and Industry. In just a few days, our colleagues collected 39 mobile phones out of the 693 collected for the competition, contributing to the recycling of mobile phones that are considered hazardous waste.

GRI 306-3,4,5

Quantity of non-hazardous waste by treatment

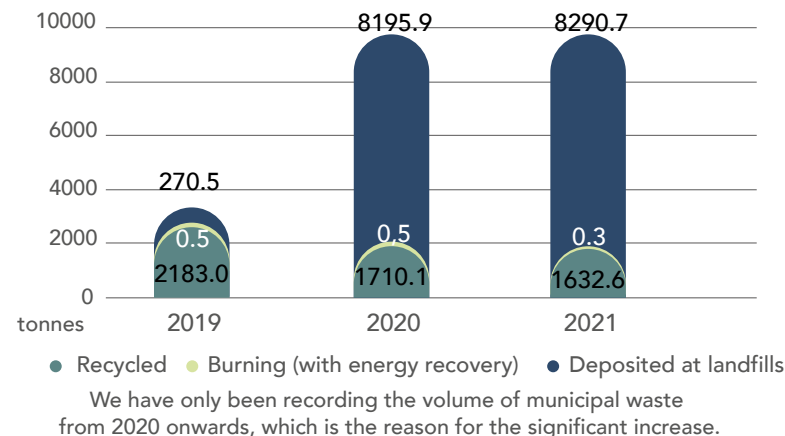


Figure 24: Quantity of non-hazardous waste

Quantity of hazardous waste by treatment

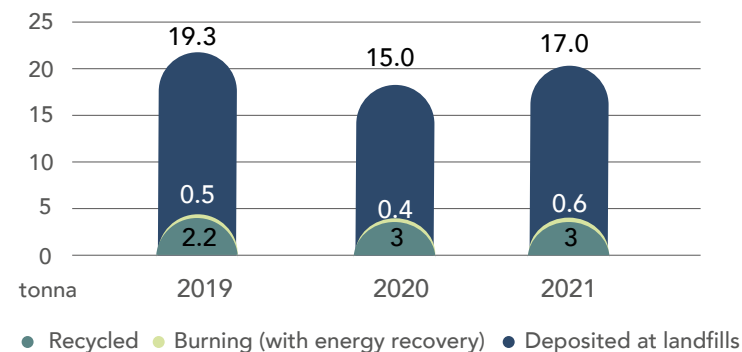


Figure 25: Quantity of hazardous waste

Amount of selectively collected waste (tonnes)	2019	2020	2021
- paper	1936	1431	1355
- plastic	176	145	134
- metal	40	25	52
- electronic waste	60	33	92
- empty ink cartridge/toner	10	9	8

Table 16: Amount of selectively collected waste

7.5 Awareness Raising

Orientation towards environmental awareness starts during the recruitment process, as all our new employees receive a separate brochure with knowledge and advice on good environmental workplace practices to be learned and applied. We strive to make environmental protection part of our daily working practices through as many communication channels and interfaces as possible. Our "Guide to energy efficiency measures" was available, and we also provided tips for energy efficiency through energy awareness posters published by HEA (Hungarian Energy and Public Utility Regulatory Authority). The posters were displayed on the intranet, in post offices and in plants and office buildings.

During our trainings, we also invite our staff to send us their ideas on energy efficiency by email and post.

As the pandemic eased, we had more and more staff in the office, and the community bookshelf in the Green Corner of the central Budapest office building is again hugely popular. This is where books already read or no longer of interest exchange owners free of charge.

On Earth Day, we published a short video on our climate policy objectives and achievements to date, and on World Car-Free Day, we issued a press release entitled



"Sustainable transport all year round at Magyar Posta", which was also published on social media.

The 75-year-old Sopron Hiking Club celebrated the occasion with several events, one of which was the planting of 75 trees in the Sopron Park Forest, creating the Postman's Grove.



8. Responsible Business Conduct

GRI 201, 205, 206, 307, 418, 419: 103-1, 103-2, 103-3

Why is it important? As a publicly-owned company with a significant public trust, providing services of public interest to the people of Hungary for more than 150 years, we have an even greater responsibility to ensure fair, transparent, legal and financially efficient, non-wasteful operations and accountability. 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. Magyar Posta plays a role in strengthening the local community in line with to its role in society and its economic capacity. 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 and principles We are committed to complying with all applicable legal and internal regulations, ethical standards and values, and this compliance and value-based operation is expected from all our managers, employees, partners and suppliers involved in the provision of our services. The Code of Ethics sets out a system of ethical principles and rules of conduct expected throughout the value chain, the backbone of which are the core values presented in Section 2. Linked to and supplementing the Code of Ethics, the Compliance, Risk Management and Security Policies set out the principles that underpin legal, risk-conscious and fair corporate operations and create a community of values within the Company, taking into account relevant legal regulations, recommendations, ownership and societal expectations, as well as market best practices. The internal control system contributes to the Company's ability to conduct its activities in an orderly and efficient manner, ensuring the application of management policies, the safeguarding of assets, the completeness and accuracy of records and statements, and to provide accurate and timely information to the Company's Chief Executive Officer.

The trust placed in us is reciprocated by Magyar Posta Zrt. in the form of social engagement, the framework for which is laid down in the Support, Sponsorship and Donations Policy. In our donations and sponsorships, we strive to contribute to good causes; and also encourage our partners and customers to support worthy social objectives.

Governance The rules and instruments of normative governance, the decision levels and responsibilities, and the competences of the various working bodies are set out in the Organisational and Operational Rules. The regulatory system of Company is complex, aligned with the size of the Company and the complexity of its activities, covering the whole range of its activities and all levels of the organisation, supporting the implementation of interrelated processes, facilitating the flow of

information necessary for effective work, creating the conditions for accountability. In addition to the Code of Ethics discussed in Section 2, another pillar of regular operation is the Compliance Policy, which defines the role of the compliance assurance and compliance support functions and the management of compliance risks. Compliance is coordinated by the Independent Compliance Department as an umbrella organisation. The Compliance Officer reports at least once a year to the CEO Meeting, the Board of Directors and the Supervisory Board. The fundamental function of the Legal Directorate is to ensure the framework conditions for the lawful operation of the company. In order to achieve this task, the individual organisational units of the Legal Directorate – based on their competences – partly prepare and comment on the general terms and conditions, internal regulations and policies of Magyar Posta Zrt. to be published as well as proposals of the management body. The internal audit function is properly set up and functioning on an ongoing basis. The Audit Director reports to the Supervisory Board at least twice a year on the work carried out under the work plan.

The whistleblowing system is operated by the Security and Safety Directorate General, which manages fraud prevention and detection functions.

The Security and Safety Directorate General is responsible for coordinating support, sponsorship and donation activities, and for preparing and implementing decisions. The Support, Sponsorship and Donations Policy for 2020-2023 defines the principles, objectives and tools that contribute to the development of the Company's social relations, the increase of its social recognition and the strengthening of trust in the Company, in line with the business objectives. The Policy sets out which organisations/ activities are excluded from support and sponsorship¹⁸.



1 NO
POVERTY



3 GOOD HEALTH
AND WELL-BEING



5 GENDER
EQUALITY



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



17 PARTNERSHIPS
FOR THE GOALS



¹⁸ 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.

Organisational operation, changes

GRI 102-10, 102-18

The Company's Organisational and Operational Rules (OOR) valid at the end of 2021 are available on our website. During the year, there were no changes in the competences of the Deputy CEOs, or in the scope of the areas of responsibility and in the tasks of the areas reporting directly to the CEO. The responsibilities of the sustainability-related areas have not changed either; the Logistics Operations Directorate has undergone a minor functional expansion to ensure more transparent and agile continuous data control. The Company still has working bodies in place for complex, systematic or strategic tasks, with their tasks and responsibilities set out in the OOR. These working bodies may also have the power to make proposals, prepare decisions and take decisions. In 2021, the Logistics Development Committee and the Modernisation Committee were discontinued, and the roles of the CEO Meeting and the Development and Investment Committee were modified.

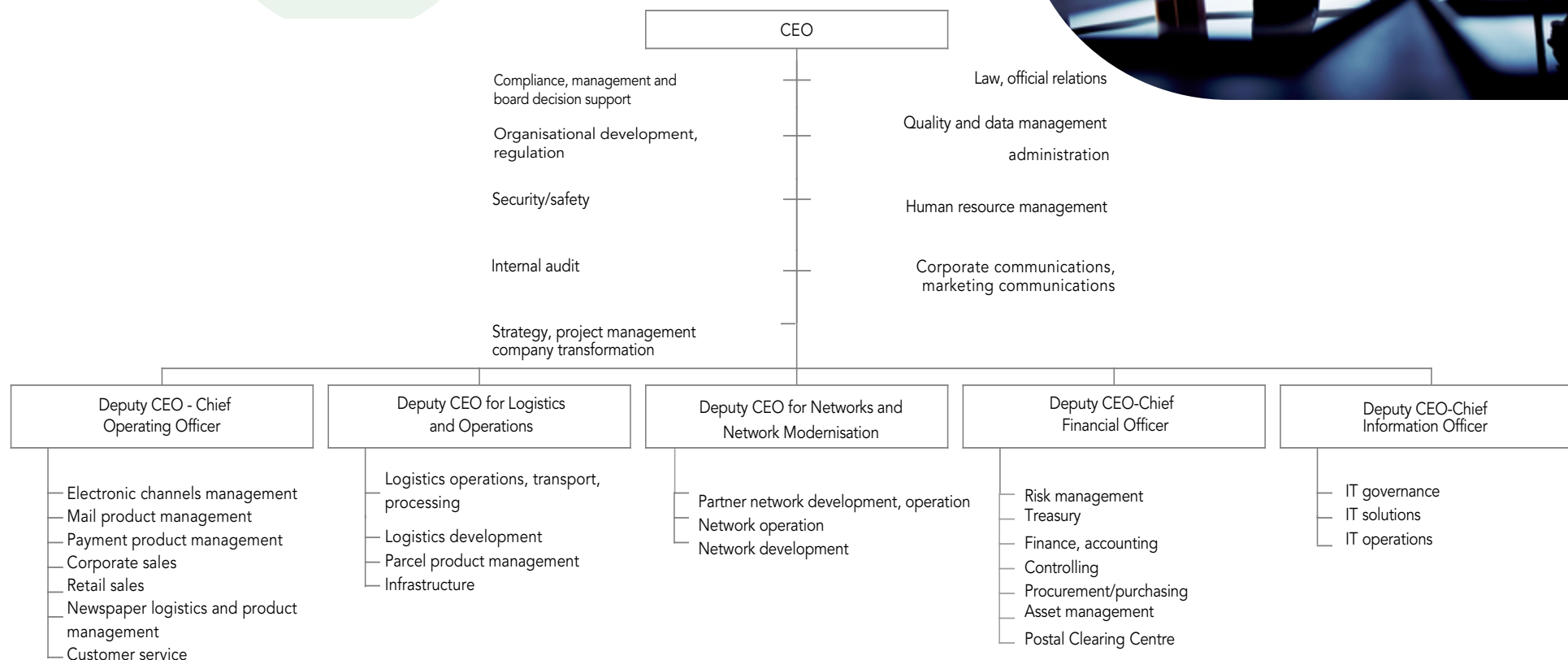


Figure 26: Organisational structure, 31.12.2021.

8.1 Compliance (Legal Compliance and Ethical Operation)

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

The Compliance assurance and support function is independent of the Company's business activities and business functions, as well as its other organisational units involved risk management and control functions. The framework for its operation is set out in the Compliance Policy, which was updated in 2021 to meet legal requirements. In addition to the coordination of the Independent Compliance Department, several areas are involved in the compliance function due to the Company's diversified activities. We measure compliance with legal regulations through targeted internal inspections and audits, and by providing opinions on internal regulations and contracts to be concluded, with the involvement of the departments that provide the internal control function. The Company's legal compliance is considered to be good, with no critical non-compliance issues identified. We also support the improvement of compliance through targeted training and knowledge assessment.

The incentive allowance of an employee who performs an activity that jeopardises the legitimate business interests, safety or reputation of the Company may be reduced, or, subject to the principle of proportionality, such conduct may entail consequences under labour law and/or criminal law.

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 contained 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

We apply a zero-tolerance approach to abuse. We have established and operate an internal control system that ensures the effective enforcement of ethical values and integrity in all our activities, and effectively prevents and detects corruption and abuse. The internal control functions and lines of defence operate separately from each other, but in a mutually supportive and resource-efficient manner (avoiding redundancies). The adequacy and proper functioning of the internal lines of defence was confirmed by an owner audit in 2021. Integrity control is primarily the responsibility of the Company's management but within this framework, 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. Based on an annual survey coordinated and compiled by Compliance Department, the CEO makes an executive statement evaluating the internal control system, which is approved by the Supervisory Board.

Our Company has established the "four-eyes" audit 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 SAO's audit of the integrity audit did not reveal any negative findings in 2021.

The limits on the acceptance of gifts and other benefits and the prohibition of corruption are also set out in the Code of Ethics, which has a separate chapter on the subject. The planned revision of the Code was performed in 2021, but its publication was postponed to 2022, and thus the related sensitisation campaign and education are also delayed.



GRI 205-3

No corruption incidents were detected in 2021 either and no suspected incidents were reported on the whistleblowing line.

Official and other legal proceedings

Due to the complexity and scope of its activities, our Company is subject to regular supervisory audits and investigations. In 2021, fines were imposed in only two cases

GRI 419-1

- In 2021, 2 proceedings were concluded before the Directorate-General for Equal Treatment of the Office of the Commissioner for Fundamental Rights. Both cases were opened in 2020 and, in parallel to the proceedings, employees also filed a labour dispute. In view of this, the Equal Treatment Authority (EBH)¹⁹ has suspended the procedure until the final conclusion of the labour dispute. The litigation was settled in 2021, the parties concerned withdrew their request to the EBH and the proceedings were closed without any investigation on the merits.
- The supervisory proceedings initiated by the MNB (Hungarian National Bank) ended with a fine of HUF 1,750 thousand.
- The 14 consumer complaint queries received from the Minister without portfolio responsible for the management of national assets have been accepted by sending our statement.
- Government offices initiated 5 proceedings, of which two resulted in non-monetary sanctions and three in which our Company was exonerated.

- The NMHH (National Media and Infocommunications Authority) closed 91 cases in 2021, 19 of which were opened in the previous year. Of the closed proceedings, one case ended with a fine (HUF 500 thousand), 65 cases resulted in the imposition of non-monetary sanctions, and 25 cases ended with the exoneration of the Company.

GRI 206-1

There were no competition law, antitrust and anti-monopoly infringement proceedings against the Company.



¹⁹ The Equal Treatment Authority was merged into the Office of the Commissioner for Fundamental Rights on 1 January 2021.

8.2 Protection of Customer Data

GRI 418: 103-2, 103-3

Regulation

Magyar Posta is committed to protecting the personal data of its customers, partners and employees, as demonstrated by the Company's publicly published Internal Privacy Policy and Data Processing Notice. In 2021, 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. In line with the changes in the legislation on customs clearance, the information on data processing in relation to the Company's customs clearance activities and customs agency services has been amended.

We make the Data Processing Notice available to customers at postal outlets as well as on our Company's website. The responsive design of the online Notice is 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.

Our Company has amended its Internal Privacy Policy, integrating into its internal processes the European Commission's new standard contractual clauses for the transfer of personal data to third countries.

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. From 2021 onwards, the contract templates based on general terms and conditions have been adapted to meet the EU's changed requirements.

The Data Protection Officer reports annually on their activities to the Board of Directors and Supervisory Board of Magyar Posta. The report for 2021 has been discussed by the Board of Directors and the Supervisory Board and has been approved without any further measures stipulated.

Training

The key to data protection is that employees working with data be aware of data protection aspects and requirements, which is why in 2021 as well, 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 and 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 2021 it was between 45 and 50 persons.

Data breach incidents

GRI 418-1

In 2021, Magyar Posta reported four data breaches to the Hungarian National Authority for Data Protection and Freedom of Information (NAIH) in accordance with Article 33 of the GDPR. Only two 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.

In addition to the reported data breaches, the supervisory authority did not request information from our Company on the basis of a request received by the NAIH. During 2021, our Company received the NAIH's decision in two pending cases. In one case, the audited data processing and procedures were found to be adequate, while in the other case, the Company was required to strengthen its monitoring of the controls in place. Our Company has taken the necessary measures and informed the NAIH thereof. No administrative fines were imposed on our Company in 2021 either.



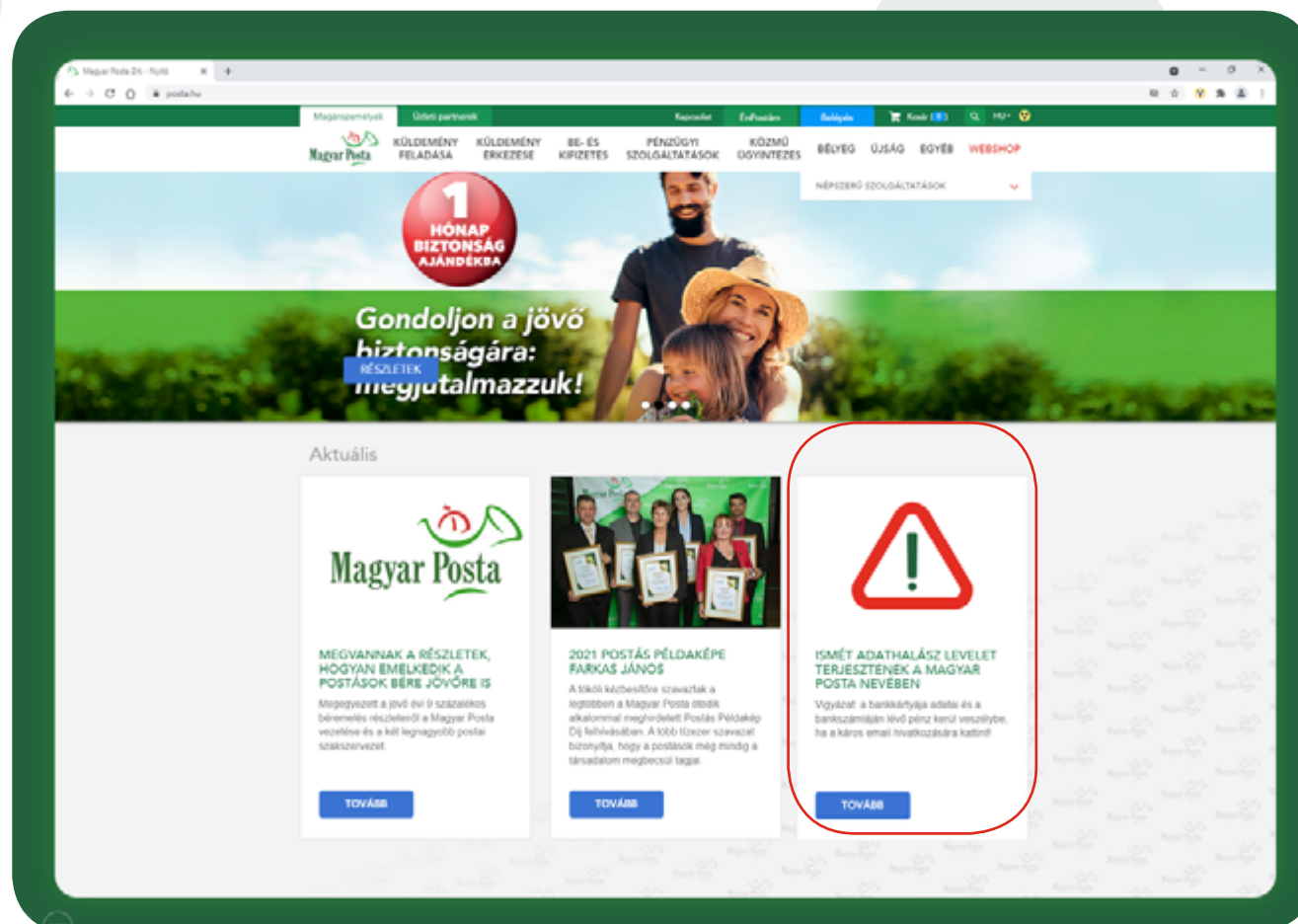
Fight against phishing

For years, Magyar Posta has been in the crosshairs of phishers and our Company's name is often misused because the majority of the Hungarian population often come into contact with Magyar Posta and customers trust the organisation. The increase in online commerce also contributes to the rise in the number of incidents, with a high number of attack campaigns during certain periods (e.g. Christmas, Black Friday).

As a responsible service provider, we cannot ignore this phenomenon and passively tolerate it, but the toolkit is limited and the most effective way to combat this is through prevention and awareness raising. This is why our Company has been actively involved in preventing phishing crimes and raising awareness for years. In order to reduce the risk of becoming a victim, we regularly publish warnings, cooperate with official bodies and educate the public through several channels, including the official website posta.hu and social media. We have also produced a video safety alert, with the help of Professor Leveles, the main protagonist of our awareness campaigns. Due to almost constant attempts of abuse, since 2021 we have had security alerts on our website on an almost permanent basis, and we have also posted these on our Facebook and LinkedIn pages.

Our calls were almost immediately covered by the national media. In our communications, we also felt it important to highlight the signs that may give rise to suspicion at first sight.

In 2021, we again took part in the European Cybersecurity Month campaign and launched a communication campaign on preventing phishing. We have called attention to safety awareness on our website, in our advertisements and in the media alike. We participated as speakers at the CyberSec conference organised by the National Cyber Security Centre, sharing our experience in the fight against phishing. We also conducted an internal cyber security exercise to mark Cybersecurity Month. As a sign of the success of our campaigns, our customers are also becoming more vigilant and increasing number are contacting our Company to inquire about the veracity of given suspected phishing requests.



8.3 Economic Performance

GRI 201: 103-2, 103-3

Our Company's business results are presented in the Annual Report. In 2021, Magyar Posta met all its performance targets. Economic performance is assessed against the expectations set out in the business plan, which are reflected at the level of each unit of responsibility. The expectations are approved by the owner.

Grants and subsidies

In 2021, our company received public and EU funding for two objectives. As designated universal postal service provider, the Company receives grants and subsidies from the Hungarian State. The aid compensates for the additional costs of universal service obligations not paid by the market (unfair administrative burden). In addition, we continued the implementation of the flagship project "Official Mail Tracker", which received a grant of HUF 62 million from the European Social Fund.

Grants and subsidies received by Magyar Posta, HUF million			
	2019	2020	2021
Grant for unfair administrative burden	4396	4937	4934
Official Mail Tracker project	241	119	62

Table 17: Grants and subsidies received by Magyar Posta

8.4 Charity and Sponsorship

Magyar Posta wants to further strengthen public trust in the company by supporting the community in which it operates through its corporate social responsibility. It only supports morally acceptable, irreproachable objectives that represent quality and serve the interests of the community and the general public (see health protection, sport, culture, education, sustainable development).

The main declared focal points of the related Support, Sponsorship and Donations Policy:

- supporting children's healthy physical and mental development and the nurturing of their talents;
- improving the quality of life for families.

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. We designate and announce annually the programmes in relation to which we 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.

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 2021, this amounted to HUF 203 million, of which HUF 148 million was spent on donations, HUF 11 million on sponsorship, HUF 66 million on free-of-charge services and postal professional activities, and a further HUF 6 million on the membership fee of the Professional Association of Postal Workers.

This year, we again supported organisations linked to postal activities (e.g. Postakürt Foundation, Wekerle Sándor Business School). The National Auxiliary Police Association, the Postal Sports Association of Eastern Hungary and the Postal Sports Association of Transdanubia and the Hungarian Interchurch Aid received the largest grants.

In addition to the above amount, the management of Magyar Posta donated an additional HUF 22 million to Postakürt Foundation and HUF 1.5 million to the National Federation of Hungarian Philatelists.



Distribution of donations, 2021

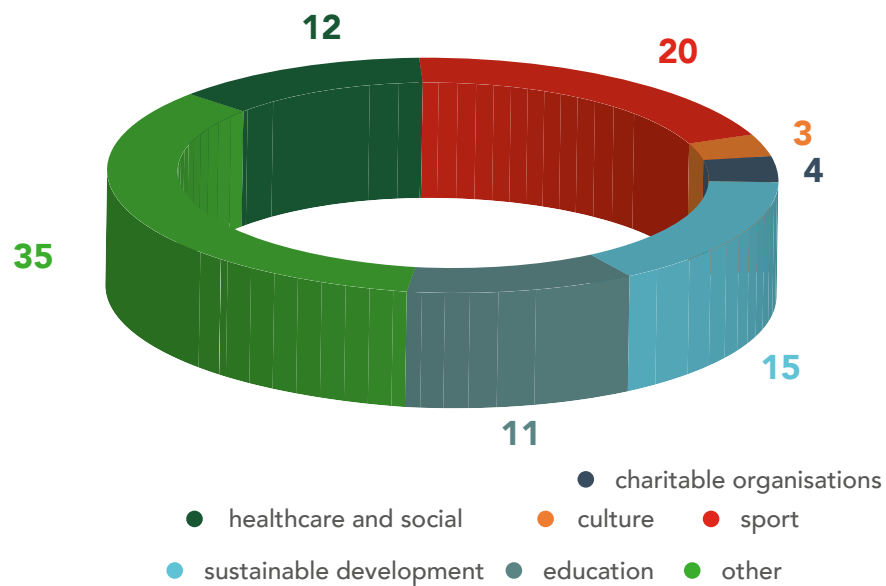


Figure. 27: Distribution of donations

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 grants implemented in 2021 are set out in Section 6.2.

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

Hungarian Interchurch Aid

The Hungarian Interchurch Aid is the largest charitable partner of the Company, we support their fundraising by placing collection baskets at post offices and buying media surfaces to support their activities. The organisation is also supported by the sale of Christmas postcards and our cooperation in the "Starting School Together!" charity campaign. In 2021, a total of 2,000 children received a personalised school kit with our logistical support, and our staff volunteered to help put together the kits. Kati Wolf, the face of the campaign, was also involved compiling the packages and delivering them to a family in need. The singer encouraged everyone to call the 1353 donation line or donate at www.iskolakezdesegyutt.hu.

National Auxiliary Police Association

For many years, our company has supported the legitimate and professional operation of the National Auxiliary Police Association, which plays an important role in reinforcing public safety. The organisation provides a platform for citizens who want to participate in upholding public safety and who feel responsible for the safety of their environment.

The grandchild

In 2021, we supported the production of the film because of its relevance to our Company. Magyar Posta's delivery staff are often called upon to help an elderly person living alone, for example because of a sudden illness, suspected fraud, scam or other reasons. We also consider the film to be an appropriate vehicle for communicating responsible social messages to enhance the image of our Company, especially on our own platforms.

TeSzedd! (You Pick!)

The Company cares about the state of our natural environment, and for 10 years we have been a logistics partner of the TeSzedd! clean up movement organised by the Ministry of Innovation and Technology²¹.



²¹ At the time of the report: Ministry of Technology and Industry.

Where are you, Kajla?

In 2021, 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 and sticker albums 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.

Awareness-raising campaign

In 2021, we launched – for the first time – a 1% tax pledge campaign among our employees to encourage more people to take advantage of this opportunity. As part of the campaign, 2,159 employees made a declaration and donated 1% of their tax to the organisation of their choice.



8.5 Procurement

Magyar Posta's procurements are essentially governed by public procurement rules. Our procurement principles remained unchanged in 2021. Our Procurement Policy still 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.

In 2021, the rapid procurement of equipment to help protect against the coronavirus pandemic continued to be a challenge, but our Company was able to continue to provide protective equipment in sufficient quantities for our employees, despite the supply problems encountered on the supplier side.

In order to achieve sustainability goals, the Public Procurement Authority established its Sustainability Working Group in 2021, which includes, among others and in addition to the largest Hungarian contracting authorities, the State Audit Office, the Hungarian Competition Authority, the Blue Planet Foundation founded by the President of the Republic, Magyar Nemzeti Bank (Hungarian National Bank), MÁV (Hungarian State Railways) and Magyar Posta Zrt. The Group met regularly, resulting in the Green Code published in 2021.

Taking this central publication into account, the Company's goal for 2022 is to develop an internal Green Code for procurement processes and to strengthen the green perspective in procurement procedures. This will be an expectation throughout the procurement process.

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 2021, our Company still had around 3,000 active partners. Based on annual procurement values, our main suppliers were:

- Magyar Posta subsidiaries (MPT Security Zrt., Magyar Posta Ingatlankezelő Kft., Postaflootta Kft., Posta Kézbesítő Kft., Posta Init Zrt.);
- IT development, service provider and sales companies (T-Systems Magyarország Zrt.);
- logistics service providers (Leonardo S.P.A., BHS Trans Kft., Garuda Invest Kft.);
- communication service providers (Central Médiasoport Zrt., Médiaworks 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 and, due to its universal service provider nature and as one of the largest employers (one in five families has a postal worker among its members), it is in some way connected to almost the entire population, playing an almost inescapable role in society. We also have many stakeholders as a company with an extensive supply chain.

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 services; 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 and professional management, economic performance, strategic projects, service provision to Magyar Posta

Employees

Primary means of contact:	provision of information the internal communication channels, management visits, idea box
Frequency of contact:	daily, but with varying frequency depending on given forum
Topics:	staff turnover, pay increase, labour and OSH issues, development opportunities, with a focus on the pandemic in 2021, attitude-shaping and awareness-raising for more information in Chapter 6.5

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

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, supported by an electronic procurement system
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:	by means necessary for the performance of the contract, supported by an electronic procurement system
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
Frequency of contact:	regular
Topics:	climate change, cleanliness of the environment

Supported organisations

Primary means of contact:	consultations, reports
Frequency of contact:	regularly, as necessary
Topics:	expectations regarding support, cooperation opportunities

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.

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 our performance against other companies and generate ideas.

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 Közszolgáltató Társaságok Országos Szövetsége (National Association of Strategic and Public Service Companies)
PÁPB – Postal Sector Dialogue Committee
MEF – Munkáltatók Esélyegyenlőségi Fóruma (Hungarian Employers Forum on Equal Opportunities)
Direkt Marketing Szövetség (Direct Marketing Association)

Table 19: Membership of associations

Table 18: Stakeholder relations

10. Features of the Sustainability Report

GRI 102-54

The report has been prepared in accordance with the GRI Standards: 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. 2021 – 31. 12. 2021
Timeframe of presented data	2019, 2020, 2021
Reporting cycle	annual
Date of most recent report	for 2020
External assurance	independent (third party) assurance

Table 20: 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 Magyar Posta'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 informative. 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, with any estimations indicated.



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	4. p.	
102-2	Activities, brands, products, and services	4. p.	
102-3	Location of headquarters	5. p., 	Company registration data
102-4	Location of operations	GRI index	Hungary
102-5	Ownership and legal form	5. p.	
102-6	Markets served	4. p., GRI index	Hungary
102-7	Scale of the organization	5. p.	
102-8	Information on employees and other workers	22., 26. p.	
102-9	Supply chain	60. p.	
102-10	Significant changes to the organization and its supply chain	13., 52. p.	
102-11	Precautionary Principle or approach	44. p.	
102-12	External initiatives	44., 47. p.	
102-13	Membership of associations	62. p.	
Strategy			
102-14	Statement from senior decision-maker	2. p.	
102-16	Values, principles, standards, and norms of behavior	7. p., 	Code of Ethics
Governance			
102-18	Governance structure	52. p.	

Stakeholder engagement			
102-40	List of stakeholder groups	61-62. p.	
102-41	Collective bargaining agreements	39. p, GRI index	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	61. p.	
102-43	Approach to stakeholder engagement	9., 61. p.	
102-44	Key topics and concerns raised	9., 61-62. 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., 63. p.	
102-47	List of material topics	9., 10. p.	
102-48	Restatements of information	48. p., GRI index	Indicated at the given section.
102-49	Changes in reporting	9. p.	
102-50	Reporting period	63. p.	
102-51	Date of most recent report	63. p.	
102-52	Reporting cycle	63. p.	
102-53	Contact point for questions regarding the report	70. p.	
102-54	Claims of reporting in accordance with the GRI Standards	63. p.	
102-55	GRI content index	64-70. p.	
102-56	External assurance	63., 71. p.	
Material topics			
201 Economic Performance 2016			
103-1	Explanation of the material topic and its Boundary	51. p.	
103-2	The management approach and its components	51., 57. p.	
103-3	Evaluation of the management approach	51., 57. p.	
201-1	Direct economic value generated and distributed	57. p., 	Annual report

202 Market Presence 2016			
103-1	Explanation of the material topic and its Boundary	21. p.	
103-2	The management approach and its components	21. p.	
103-3	Evaluation of the management approach	21., 27. p.	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	27. p., GRI Index	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	51. p.	
103-2	The management approach and its components	51., 53. p.	
103-3	Evaluation of the management approach	51. p.	
205-3	Confirmed incidents of corruption and actions taken	54. p.	
206 Anti-Competitive Behaviour 2016			
103-1	Explanation of the material topic and its Boundary	51. p.	
103-2	The management approach and its components	51., 53. p.	
103-3	Evaluation of the management approach	51. p.	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	54. p.	
301 Materials 2016			
103-1	Explanation of the material topic and its Boundary	44., 48. p.	
103-2	The management approach and its components	44., 48. p.	
103-3	Evaluation of the management approach	44., 48. p.	
301-1	Materials used by weight or volume	48. p.	
302 Energy 2016			
103-1	Explanation of the material topic and its Boundary	44. p.	
103-2	The management approach and its components	44., 45. p.	
103-3	Evaluation of the management approach	44. p.	
302-1	Energy consumption within the organization	46. p.	
302-3	Energy intensity	45. 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	44., 48. p.	
103-2	The management approach and its components	44. p.	
103-3	Evaluation of the management approach	44., 48. p.	
303-1	Interactions with water as a shared resource	48. p.	
303-2	Management of water discharge-related impacts	48. p.	
303-3	Water withdrawal	48. p.	
305 Emissions 2016 (and Climate Change)			
103-1	Explanation of the material topic and its Boundary	44. p.	
103-2	The management approach and its components	44., 46. p.	
103-3	Evaluation of the management approach	44., 46. p.	
305-1	Direct (Scope 1) GHG emissions	47. p.	
305-2	Energy indirect (Scope 2) GHG emissions	47. p.	
306 Waste 2020 (and Circular Economy)			
103-1	Explanation of the material topic and its Boundary	44. p.	
103-2	The management approach and its components	44., 49. p.	
103-3	Evaluation of the management approach	44. p.	
306-1	Waste generation and significant waste-related impacts	49. p.	
306-2	Management of significant waste-related impacts	48., 49. p.	
306-3	Waste generated	49. p.	
306-4	Waste diverted from disposal	49. p.	
306-5	Waste directed to disposal	49. p.	
307 Environmental Compliance 2016			
103-1	Explanation of the material topic and its Boundary	44. p.	
103-2	The management approach and its components	44., 45. p.	
103-3	Evaluation of the management approach	44., 45. p.	
307-1	Non-compliance with environmental laws and regulations	45. p.	

401 Employment 2016			
103-1	Explanation of the material topic and its Boundary	21. p.	
103-2	The management approach and its components	21. p.	
103-3	Evaluation of the management approach	21. p.	
401-1	New employee hires and employee turnover	22-26. p.	
401-3	Parental leave	35. p.	
402 Labor/Management Relations 2016			
103-1	Explanation of the material topic and its Boundary	21. p.	
103-2	The management approach and its components	21., 39. p.	
103-3	Evaluation of the management approach	21., 39. p.	
402-1	Minimum notice periods regarding operational changes	39. p.	
403 Occupational Health and Safety 2018			
103-1	Explanation of the material topic and its Boundary	21. p.	
103-2	The management approach and its components	21., 39. p.	
103-3	Evaluation of the management approach	21. 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	39-41. p.	
403-3	Occupational health services	40. p.	Provided in accordance with legal requirements.
403-4	Worker participation, consultation, and communication on occupational health and safety	40. p., GRI index	The OSH Parity Body holds a regular meeting at least once a year. It evaluates the Company's OSH activities, reviews the reports and submissions prepared in this regard, discusses and evaluates the OSH measures and action plans related to or associated with the Company's business plan, the Company's OSH programme, and reviews draft internal regulations on OSH.
403-5	Worker training on occupational health and safety	41. p.	
403-6	Promotion of worker health	42. 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	41-42. p.	

404 Training and Education 2016			
103-1	Explanation of the material topic and its Boundary	21. p.	
103-2	The management approach and its components	21., 36. p.	
103-3	Evaluation of the management approach	21., 36. p.	
404-2	Programs for upgrading employee skills and transition assistance programs	24., 36. p., GRI index	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	21., 30. p.	
103-2	The management approach and its components	21., 30. p.	
103-3	Evaluation of the management approach	21., 30. p.	
405-1	Diversity of governance bodies and employees	30-32. p.	
418 Customer Privacy 2016			
103-1	Explanation of the material topic and its Boundary	51. p.	
103-2	The management approach and its components	51., 53., 55. p.	
103-3	Evaluation of the management approach	51., 55. p.	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	55. 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	51. p.	
103-2	The management approach and its components	51., 53. p.	
103-3	Evaluation of the management approach	51. p.	
419-1	Non-compliance with laws and regulations in the social and economic area	54. p.	
KSZ Provision of public services			
103-1	Explanation of the material topic and its Boundary	4., 13. p.	
103-2	The management approach and its components	2., 4., 13. p.	
103-3	Evaluation of the management approach	2. p.	
KSZ1	Number of postal outlets	5. p.	

ÜE 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.	
ÜE1	Waiting times	17. p	
Table 21: 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 2021 (*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 – 2020 version) Application Level, formulate expert recommendations on potential improvements of the Report and to give a public statement of the findings.

Conclusions

Our work confirms that the data and information included in Magyar Posta's Sustainability Report 2021 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 (2020 version).

Methodology

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

- ✦ Interviewed 4 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:

- ✦ From 2023 organisations should report according to the 2021 version of the GRI Standards. The company should prepare to report according to the fresh Standards, that:
 - ✦ requires more focus on governance practices with compulsory disclosures. The report needs to be developed in this respect, data and information gathering should be started as soon as possible,
 - ✦ requires reporting on all relevant disclosures linked to the material issues. The company should select and focus on disclosures that measure real impact e.g., in case of market presence, even establishing own disclosures. Data and information gathering should be initiated in this respect as well, as soon as possible.
- ✦ The report could be further strengthened with national and international benchmarks, especially related to the material issues of market presence or customer satisfaction.

Budapest, 12th of September 2022

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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