



SUSTAINABILITY REPORT 2020



EGYÜTT. VELED

Publicly listed companies are increasingly expected to clearly state their corporate governance principles and the extent to which, those principles are implemented. As a company listed on the Budapest Stock Exchange, Magyar Telekom is highly committed to measuring up to these expectations and to meeting legal and stock exchange requirements.

To increase the transparency of the company's corporate governance practices Magyar Telekom provides abundant information on **this** website.

Information on general meetings and the resolutions adopted at them is available on **this** website.

SUSTAINABILITY COORDINATION

The group-level governance of corporate sustainability operations in 2020 is shown on the diagram below. The Group-level coordination is implemented under the auspices of the Sustainability Committee (SC) from 2020 (previously: Group Sustainability Coordination Council). In the operation of the SC, strategy formulation and strategy management are separate, so that sustainability activity is carried out at two levels:

1. Strategy development and strategy management

Within the SC, the strategic vision is developed, and the implementation of the strategy is managed, communications are prepared and relations with various national and international organisations are managed.

2. The operative implementation level

Operational activities, execution of tasks, data reporting, etc. are carried out within the organisations of the management areas and business lines.

The SC's operation is regulated by a group level directive: on the regulation of Magyar Telekom Group's sustainability operation and the responsibilities and competence of stakeholders. According to the directive, the SC meets regularly, at least quarterly, to coordinate company and group sustainability tasks effectively, with decisions taken by SC members through voting.

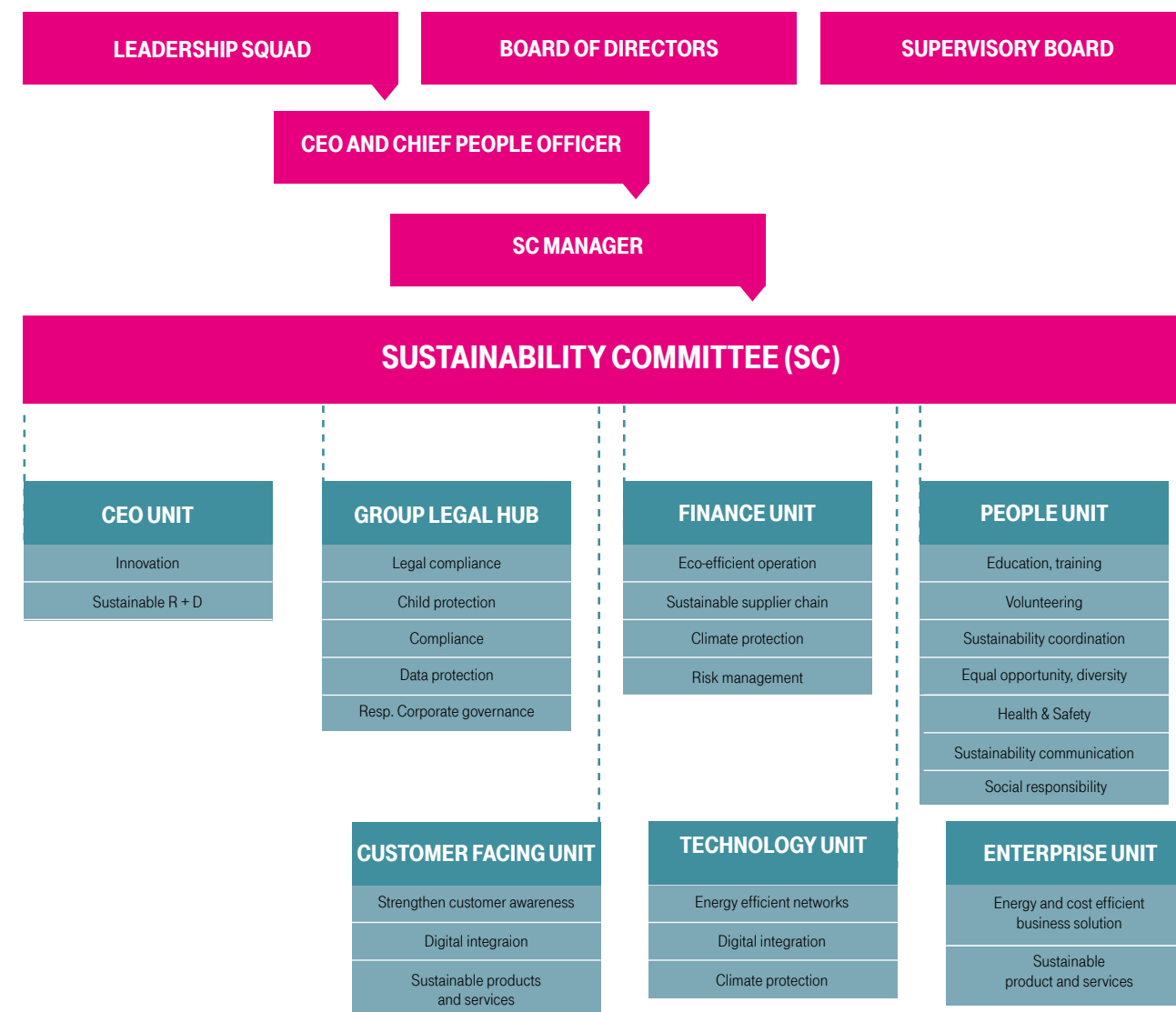
The SC provides regular reports and presentations to the Chief Executive Officer (CEO) and the Chief People Officer, on the basis of which they set the main direction of the Magyar Telekom Group's sustainability activities and make decisions on the following topics, with the input of the members of the Leadership Squad:

- Group policies
- Group Sustainability strategy
- Group Sustainability goals
- Group Sustainability development tasks
- Group Sustainability communication roadmap

The Leadership Squad liaises with stakeholders directly or through the SC. Inquiries received are channelled to the individual areas, with critical sustainability-related inquiries being forwarded by SC members to the relevant people.

Communication is based on the results of the above activities, one important element of which is the annual Sustainability Report, which in 2020 was overseen by the senior sustainability manager, the CPO, professionally managed by the Corporate Communication HUB and with Planet Fanatics' Network LLC. as sustainability advisor.

SUSTAINABILITY MANAGEMENT OF MAGYAR TELEKOM IN 2020



Hierarchy of the sustainability activities

The changes in the hierarchy of the Magyar Telekom Group's sustainability activities and in the structure of the Group As a resulted from the agile transformation are presented in the annual sustainability reports.

The sustainability strategy was determined in line with various policies of the Group, Hungarian and international trends (climate protection, electromagnetic fields, responsible content services, etc.) and in consideration of the stakeholders' expectations (i.e. proposals made had various sustainability forums, email messages, survey results, etc.). The continuously- updated strategy then served as a basis of our tasks and objectives.

All our activities are supervised by the CEO and the CPO, based on our regular reports. In order to manage risks that may have an impact on the business we established the sustainable supplier chain management process. Incidents are managed by a work group established by the SC and based on them we elaborate measures to mitigate potential future exposures.

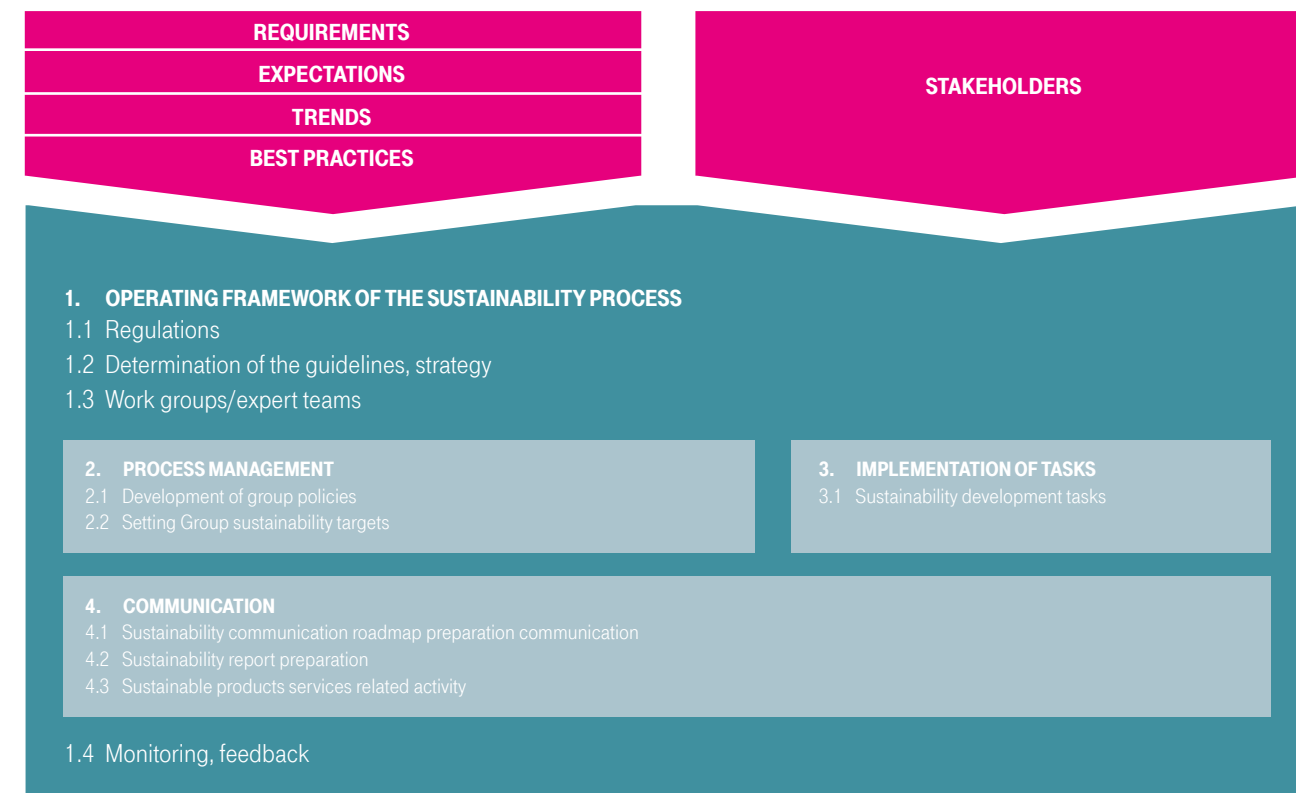
COMPETENCE	RESPONSIBLE
determination of main directions, decision on key issues	CEO and Chief People Officer
ensuring the necessary framework and supervision of the activities	Chief People Officer, member of Leadership Squad
making the decisions and resolutions necessary for the opeation, ensuring the coordination for the performance of tasks	Sustainability Committee (SC)
professional management; harmonized implementation of group level tasks; participation in the Hungarian and international professional activities	SC manager - Corporate Communication HUB Lead
implementation of tasks of the management area/organization/member company, information, participation in meetings, data supply, implementation of operative tasks	SC members

REGULATION OF THE SUSTAINABILITY ACTIVITIES, GROUP SUSTAINABILITY PROCESS, ENVIRONMENTAL COORDINATION

The sustainability management process covers Magyar Telekom Group's entire sustainability activity (including environment protection).



THE CONNECTION OF SUB-PROCESSES AND ACTIVITIES ARE SHOWN IN THE FOLLOWING FIGURE:



CORPORATE COMPLIANCE

Magyar Telekom Group's Corporate Compliance Program has been elaborated with the aim of ensuring that Magyar Telekom Group conducts its business with maximum awareness and commitment, in accordance with relevant laws and regulations, in harmony with the strictest possible business ethics standards.

To this end we have issued directives addressing the potential compliance risks, operate the procedures contained by them and provide continuous training for our employees. Clear processes are in place for whistle-blowing, investigation, monitoring and remedy of suspected cases of non-compliance.

The Corporate Compliance Program is supervised by the Group Compliance Manager. The Group Compliance Manager reports directly to the Audit Committee and is in direct contact with the Board of Directors, the Supervisory Board and the management. The central point of the Compliance Program is the Code of Conduct that summarises the relevant requirements and the applicable ethical norms. Employees may ask compliance-related questions through the Ask me! portal.

RISK MANAGEMENT

It is our **policy** that all disclosures made by us to our shareholders and the investment community be accurate and complete, and present fairly our financial condition and results of operations in all material respects. Such disclosures should be made on a timely basis as required by applicable laws, rules and regulations. To achieve these objectives, we developed and have continuously enhanced our risk management policies.

Our risk management includes identification, assessment and evaluation of risks, development of necessary action plans, as well as monitoring of performance and results. For risk management to be effective, we must ensure that management take business decisions with a full understanding of all relevant risks.

In 1999 we established a formal risk management system. This system has been operating in an integrated manner with the risk management system of Deutsche Telekom since 2002.

All risks related to material internal and external operations, financial and legal compliance and certain other risks are evaluated and managed by a well-defined internal mechanism. A risk management handbook and an internal regulation on risk management were issued. A risk management course was developed for employees responsible for risk management in all organisational areas.

The Company verified the cases of unethical conduct reported during the year and launched appropriate investigations if it was considered necessary. In the cases where the action of fraud was verified, necessary remedial actions were duly taken. Complaints and comments related to issues and violations of internal and external regulations can be submitted to Magyar Telekom Group's Tell me! Portal.

Risk items affecting our operations are reviewed quarterly throughout the Company. All of our subsidiaries, business units, divisions and entities are obliged to identify and report their operational risks on a quarterly basis. After evaluation of these risks, results are reported to our management, to the Board of Directors and to the Audit Committee.

For the sake of prompt disclosure of all risk items influencing investors' decisions, we enhanced our risk management procedures with a new element, we complemented our quarterly risk reporting system with a continuous reporting procedure which requires all of our departments and subsidiaries to report on a real-time basis any new material fact, information or risk that comes to their knowledge. Information thus submitted is monitored and evaluated by the risk management area and the CFO is notified when a new material risk or information is identified.

An internal regulation has been issued to define responsibilities of each employee in risk monitoring and management.