

**RULES OF PROCEDURE OF THE MANAGEMENT COMMITTEE  
OF MAGYAR TELEKOM TELECOMMUNICATIONS PUBLIC  
LIMITED COMPANY**

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## **1. MEMBERS OF THE MANAGEMENT COMMITTEE**

The Management Committee (hereinafter: the MC) of Magyar Telekom Plc. (hereinafter: the Company) is a committee established by the Board of Directors the members of which are the Chief Executive Officer (hereinafter: the CEO) and the Chief Officers of the Company, effective from time to time.

## **2. TERM OF MC MEMBERSHIP**

MC membership shall last from the date of the assignment or from the date, set forth therein as the date of the assignment, to the termination of the assignment, due to any reasons.

## **3. CHAIRMAN, VICE-CHAIRMAN OF THE MC**

The Chairman of the MC shall be the CEO who is responsible for the operation of the body as set forth in the Rules of Procedure.

The Chairman's tasks are:

- to convene the MC,
- to chair the MC meetings,
- to confirm memos and adopted resolutions, to announce the resolutions.

When the Chairman is prevented from exercising his duties, the Vice-Chairman shall substitute for him. The Vice-Chairman of the MC shall be the Chief Financial Officer.

## **4. THE PARTICIPANTS OF MC MEETINGS**

### **4.1. Permanent participants:**

- Members of the MC,
- Head of the Secretariat of the Chairman and the CEO (hereinafter: the Secretariat),
- Keeper of the Minutes.

### **4.2. Occasional invitees:**

- Occasional invitees shall be invited to attend the discussion of specific items of the agenda with consultancy rights.

## **5. QUORUM, VOTING**

### **5.1. The MC has a quorum if the majority of the members are present.**

- 5.2. The presence of the Chairman or the Vice Chairman is needed to constitute a quorum of the MC.
- 5.3. The MC shall pass resolutions by simple majority of the votes cast.
- 5.4. Each MC Member shall have one vote. In case of tie of votes, the vote cast by the presiding chairman (the Chairman or Vice-Chairman of the MC) shall be decisive.
- 5.5. As a substitute for an MC member, a colleague in a position of a Director (or above) or the head of the organizational unit directly reporting to the MC Member (the chief officer of T-Systems Magyarország Zrt. for the Chief Commercial Officer Enterprise area) may participate at the Meeting and exercise the rights of a consultant (with no voting right).
- 5.6. The Secretariat shall arrange for the convocation of Meetings postponed due to lack of quorum or any other reason.
- 5.7. Any Member of the MC may participate at a meeting of the MC via conference call or similar communication tools provided that all those present at the meeting can communicate with each other simultaneously. Participation by such means shall be deemed presence at a meeting in person and it has to be included the Minutes of the meeting.

## 6. LANGUAGE OF THE MEETINGS AND SUBMISSIONS

MC meetings shall be conducted in English. If required by any participant, remarks made in Hungarian shall be translated simultaneously into English, while remarks made in English shall be translated simultaneously into Hungarian. Written submissions to the MC shall be in English (submissions may include Hungarian language attachments originally prepared and/or to be submitted to the General Meeting and/or Hungarian authorities in Hungarian). Minutes of the meetings shall be taken in English.

## 7. DATE AND SCHEDULING OF MC MEETINGS

- 7.1. The MC shall hold its regular meetings on Tuesday mornings, with a duration depending on the agenda. The Chairman of the MC may decide to convene the meeting at a different time.
- 7.2. The Chairman of the MC may convene extraordinary meetings.
- 7.3. Both the normal and the extraordinary meeting can be held via telephone conference, as decided by the Chairman (or, in his absence, the Vice-Chairman).
- 7.4. Resolutions without holding a meeting by electronic means can be made primarily via online voting, with the "Online MC" function (OMC) of the "MCTool System" (hereinafter: "MCTool"), or via fax voting. The Chairman, or in his absence, the Vice-Chairman may decide on the application of this provision.

## 8. RESOLUTIONS OF THE MC

8.1. The adopted resolutions, following the certification by the Chairman - with the exception of decisions requiring internal corporate regulation - take effect without any special execution directive and are published in the MCTool by 14:00 p.m. on the third working day following the date of the MC meeting. Subject to the Chairman's decision, communication on relevant MC resolutions shall be sent to the relevant managers by 14:00 p.m. on the third working day following the date of the MC meeting.

### 8.2. Implementation of MC Resolutions

Responsibility for implementation of MC resolutions shall lie with the top manager (CEO or Chief Officer, director or the head of the organizational unit directly reporting to a chief officer, the chief officer of T-Systems Magyarország Zrt. for the Chief Commercial Officer Enterprise area) having oversight of the organizational unit tasked with implementation. The Resolutions adopted by the MC shall be registered by the Secretariat in the MCTool immediately after the Chairman's (in his absence the Vice-Chairman's) signing the Memo with the indication "draft".

Subsequent to authentication the members of the MC may object to the content of the Memo within two working days at the authenticator with the simultaneous notification of the Secretariat.

The Memo is amended with possible comments upon the approval of the Chairman and is subsequently deemed as authenticated.

The manager in charge shall inform the Secretariat, the area responsible for the follow up of the implementation of the resolutions, regarding the implementation of the resolutions (or any potential delay) upon the expiry of the deadline. At the beginning of every month the Secretariat shall prepare and forward to the MC members the report on the implementation of the resolutions with deadlines that expired in the previous month.

## 9. SCOPE OF AUTHORITY OF THE MC

9.1. The MC has its scope of competence delegated by the Board of Directors. The MC shall make decisions on all issues that do not fall within the exclusive scope of authority of the General Meeting, the Board of Directors or other bodies of the Company on the basis of any statutes, the Company's Articles or the Rules of Procedure of the Board of Directors.

The MC discusses submissions on matters that fall into the scope of authority of the Board of Directors or General Meeting except if the submission is made by another authorized corporate body of the Company or by a member of the Board of Directors.

### 9.1.1. Scope of authority regarding organizational transformation

- Approval of organizational transformation affecting at least two MC members' governance area and approval of transfer of activities (e.g. relocation of activities, centralization, decentralization) which does not fall into the scope of authority of the Board of Directors.

#### 9.1.2. Powers regarding movements of capital and funds

- As for commitments created beyond the ordinary course of business, and in excess of sums approved in the financing strategy based on the Annual Business Plan, taking loans or issuing debt securities if the amount of loan or debt securities is less than or equal to HUF 3 billion in the respective fiscal year;
- Taking loans contained in the financing strategy based on the Group's Annual Business Plan, and granting loans as transactions if the pertinent amount exceeds HUF 3.5 billion in the respective fiscal year;
- Capital investments (inclusive of financial leasing) less than or equal to HUF 3 billion in the respective fiscal year, and not approved in the Annual Business Plan;
- Undertaking guarantees or granting securities less than or equal to HUF 3 billion in the respective fiscal year, and not approved in the Annual Business Plan;
- Undertaking guarantees or granting securities contained in the Group's Annual Business Plan if the pertinent amount exceeds HUF 3.5 billion in the respective fiscal year.

#### 9.1.3. Powers concerning the utilization of tangible assets

- Selling or letting out real estates, premises or equipment owned by any company within the Group, outside the Magyar Telekom Group if the amount of the transaction is less than or equal to HUF 3 billion in the respective business year, and is not approved in the Annual Business Plan (except for the sale of obsolete equipment, the depreciation of which is in excess of 80% of the original price);
- Sale or exchange of real estate approved in the Annual Business Plan, if the current accounting net book value of real estate exceeds HUF 300 million;
- Letting out or tenure of real estate approved in the Annual Business Plan, if the current accounting net book value of the real estate exceeds HUF 200 million, considering the annual rental value as a basis;
- Alienation of rights having pecuniary value and related to real estate (right to rent, right of use, easement) approved in the Annual Business Plan, if the current accounting net book value of these rights of pecuniary value exceeds HUF 100 million.

#### 9.1.4. Scope of authority regarding subsidiaries

- Resolutions on proposed amendments to the Articles of Association or Deed of Foundation of subsidiaries solely owned by Magyar Telekom, concerning legal technicalities which do not impact the content and delegation of pertinent power to the organization exercising the right of approval.

#### 9.1.5. Powers related to strategy and business/financial planning

- Resolution on new, non-telecommunications developments to be implemented over multiple years;
- Drafting the Group's Strategic Plan and submitting it to the Board of Directors;
- Drafting the Group's uniform Annual and Four-year uniform Business Plans, and their submission to the Board of Directors. (In the draft Group Annual Business Plan the MC may request authorization in matters that otherwise fall into the scope of authority of the Board of Directors but do not belong to the scope of non-transferable competences);
- Determination of the targets for the Group's Annual Business Plans;
- Approval of Group-level action plans and the criteria for priority determination levels;
- Determination of action plans of key importance;

- Approval of consolidated financial plans prepared for action plans deemed critical;
- Approval of Capex increases due to amendments of business targets when the Group Capex increase is below or equal to HUF 3 billion, in compliance with the Board's prevailing decision;
- Approval of simultaneous changes in Group Capex structure, if their amounts exceed 10 % in the Group's Capex, in compliance with the Board's prevailing decision;
- Approval of quality management program and report;
- Elaboration of planning strategies;
- Approval of qualifying a given project as top strategic project;
- Determination of the resources for unplanned top strategic projects within the framework of business plan.

#### 9.1.6. Scope of authority concerning Court Procedures

- Settlements or agreements concerning litigation or arbitration procedures, if the amount payable as a result of such agreement is in excess of HUF 100 million, but below or equal to HUF 3 billion.

## 10. THE MC REPORTS TO THE BOARD OF DIRECTORS AND SUPERVISORY BOARD

The MC shall report quarterly to the Board of Directors and to the Supervisory Board on the current operations and status of Magyar Telekom Group (hereinafter referred to as Group). The MC shall prepare and forward a report on its quarterly activities to each Board member and the Supervisory Board's Secretariat taking into account the deadlines specified in the Rules of Procedure of these bodies.

## 11. PREPARATION FOR MC MEETINGS, DUTIES OF THE SECRETARIAT, TASKS OF MC CONTACT PERSONS

11.1. The invitation for the meeting and the documents in full shall be available exclusively in the MCTool. Duties of the Secretariat to facilitate the preparation for MC meetings and the decision-making activity of the MC shall be the following:

- to receive topics proposed for the agenda of MC meetings,
- to prepare the rolling meeting schedule and submit it to the MC for approval,
- to prepare the agenda of the next meeting and submit it to the MC for approval,
- to prepare the time-schedules of meetings for the members of the MC,
- taking into consideration the importance and urgency of the topics, to propose to the Chairman to convene extraordinary meetings in exceptional cases,
- to publish the submissions of the MC meeting in the MCTool, and to send the invitations of the MC meeting to the participants, in accordance with the approved agendas,
- to prepare the memos of the meetings, and have the MC resolutions confirmed within 48 hours and entered in the MCTool,
- to monitor the implementation of MC resolutions continuously, and elaborate monthly reports for the MC on execution,
- to follow up regularly the deadline and fulfilment of the tasks related to the submissions and raised during the MC meetings, and to introduce a status report at each meeting (if there are overdue tasks).

## 11.2. MC contact persons and their tasks

MC contact persons play a coordinating and supporting role to keep contact between the Secretariat and the governance area of MC members pursuant to their being appointed by the heads of organizational units.

MC contact persons shall

- collect topics proposed for the agenda of MC meetings, and forward them to the Secretariat,
- monitor the preparation of each submission by deadline (alignment, approval), on the basis of the approved agendas,
- monitor the implementation of Resolutions carried, and notify the Secretariat.

## 12. TYPES OF TOPICS TO BE DISCUSSED BY THE MC

### 12.1. Submissions requiring decision

may be entered in the agenda

- for the approval of documents to be submitted to the Board of Directors, or
- regarding tasks outlined in Section 9.1. of these Rules of Procedure, or
- based on internal regulations (CEO and Chief Officer level directives), or
- based on the decision of the Chairman of the MC.

### 12.2. Informative material

- information that merely informs the participants and does not contain resolution proposal,
- they may be entered in the agenda upon the proposal of the MC or an MC member.

### 12.3. Sharing general information

- verbal information on the most important developments of the governance areas of the MC members. It is not possible to make decisions under this item.

## 13. ARRANGEMENTS FOR AND AGENDAS OF MC MEETINGS

### 13.1. Proposed topics, rolling meeting schedule

Proposals for topics requiring decision as well as informatives shall be recorded at the MCTool by the user entitled for this purpose with the approval of the competent manager (CEO or Chief Officer) according to the Rules of Procedure.

The proposals for topics to be discussed shall contain the following information:

- Precise identification of the subject,
- The suggested date of discussion/decision,
- The names of invitees,
- The responsible submitter's name,
- The list of organizations to be involved in the alignment,

- Name of the person who prepared the submission,
- Whether the material requires decision or it is an informative,
- Time demanded for discussion,
- Confidentiality classification level of the proposal.

Based on the proposals the Secretariat presents the rolling meeting schedule at the first meeting of each month or upon request.

### 13.2. Approval of agendas

Within the framework of the last agenda item, the MC approves the agenda of its next meeting. When preparing agendas, the Secretariat shall consider urgent issues arising after the approval of the rolling meeting schedule. In addition to these approved agendas, a new item may be put on the agenda only if the Chairman of the MC has approved it, in exceptional cases.

### 13.3. Provision of agendas to the Group Compliance Officer

Following a meeting of the MC, the Secretariat shall forward the approved agenda of the next meeting to the Group Compliance Officer.

The Group Compliance Officer shall evaluate whether the items in the agenda may have compliance implications, and, where appropriate, indicate to the Head of the Secretariat its request to be included in the discussion regarding those agenda items.

## 14. ALIGNMENT OF SUBMISSIONS

### 14.1. Submission requiring decision

It is obligatory to upload and make available these submissions in the MCTool for alignment to the Group Legal Directorate and the Controlling Directorate as well as to the affected organizations and to the Secretariat at the latest by 2:00 p.m. on the seventh working day prior to the date of the respective meeting.

At least three working days shall be ensured for the purpose of the alignment. The respective organizations have to establish their standpoint within this timeframe. Whenever it is possible the requested modifications have to be incorporated into the material. In the event that there are conflicting standpoints that cannot be resolved the material has to be attached to the submission separately and, if applicable, the above fact has to be mentioned in the executive summary.

The aligned material, together with possible conflicting standpoints, must be uploaded in the MCTool by the submitter at the latest by 10:00 a.m. on the third working day prior to the date of the MC meeting. Materials submitted after the deadline shall not be discussed by the MC unless the Chairman grants permission thereto.

The Secretariat shall publish the submissions requiring decision in the MCTool at the latest by 18.00 p.m. on the third working day prior to the date of the MC meeting.

#### 14.2. Informative material

There is no need for prior alignment.

The informative materials have to be uploaded at the MCTool by the submitters at the latest by 10:00 a.m. on the third working day prior to the date of the MC meeting. Materials submitted after the deadline shall not be discussed by the MC unless the Chairman grants permission thereto.

The Secretariat shall publish the informative materials in the MCTool at the latest by 18.00 p.m. on the third working day prior to the date of the MC meeting.

The affected organizations may present their opinion or contrary opinion at the meeting.

#### 14.3. Sharing general information

There is no need for prior alignment and specification of the subject.

### 15. "PRE-VOTING" OF THE SUBMISSIONS IN THE MCTOOL SYSTEM

To enhance the efficient time management of the MC, the decision items submitted to the MC can be approved, and the information items can be acknowledged by using the "pre-voting" function of the MCTool.

MC members do "pre-voting" on the submissions available in the MCTool from the publication of the submissions until 12:00 p.m. the day prior to the MC meeting.

All MC members shall be considered as present in the course of the "pre-voting".

If, during the "pre-voting", any of the MC members regarding any agenda items requests - with reasoning -, the submission to be discussed at the meeting then the given agenda item shall be discussed at the meeting. If, during the "pre-voting" none of the MC members request the submission to be discussed at the meeting and there is the majority necessary to adopt the resolution in accordance with Section 5.3., the submission and the resolution proposal is approved or acknowledged.

The result of the "pre-voting" is recorded at the MC meeting and the submissions approved or acknowledged during the "pre-voting" shall not be discussed and/or presented on the MC meeting.

### 16. FORMAL AND CONTENT-RELATED REQUIREMENTS OF SUBMISSIONS, SUBMITTAL AND APPROVAL

#### 16.1. Submissions requiring decision

##### 16.1.1. Record of proposals for topics

Record of proposals for topics and alignment of the submission shall be done, in the MCTool, in which the persons designated to do the alignment (or in their absence, their designated substitutes) shall indicate the completion of the alignment, indicating their difference in opinion, if any. At the end of the alignment process, the Secretariat receives an email notification. The process, which contains the approval of the responsible submitter(s), shall be completed by the deadline set out in the third paragraph of Section 14.1. Only MC members may be responsible submitters.

#### 16.1.2. Resolution proposal

The mandatory elements of the submission are as follows:

- description of the task
- name of the manager, contributor responsible for the execution
- deadline.

#### 16.1.3. Executive summary

The Executive Summary is an obligatory part of a submission. It shall summarize on 1 page the most important information selected from the detailed document indispensable for making a decision. The executive summary shall contain answers to the following questions:

- What is the goal of the submission?
- What is the financial impact (if any)?
- What is the impact on customers (if any)?
- What are the substantive legal comments (if any)?
- What is the impact on colleagues?
- What are the risks?

#### 16.1.4. Detailed exposition

It is to be as brief as possible (max. 8 pages) to provide a reasoned basis for decision.

#### 16.1.5. Tasks list and communication summary

The last page of the submission is the task list and communication summary. The task list in relation to the submission sets out the relevant tasks, such as the most important steps and milestones regarding the given project or the implementation of the resolution.

The purpose of the communication summary is to summarize the content and the essence of the submission, be guidance for any further communication by the MC members, and by this ensures the unified conveyance of the content of the submissions.

### 16.2. Informative material

#### 16.2.1. Record of proposals for topics

Record of the proposals for topics shall be done, in the MCTool. The process, which contains the approval of the responsible submitter(s), shall be completed by the deadline set out in the second paragraph of Section 14.2. Only MC members may be responsible submitters.

### 16.2.2. Executive summary

The Executive Summary is an obligatory part of a submission. It shall on 1 page summarize the most important information selected from the detailed document indispensable. The executive summary shall contain answers to the following questions:

- What is the goal of the submission?
- What is the financial impact (if any)?
- What is the impact on customers (if any)?
- What is the impact on colleagues?
- What are the risks?

### 16.2.3. Detailed exposition

It is to be as brief (max. 8 pages) as possible to provide a reasoned basis for decision.

### 16.2.4. Tasks list and communication summary

The last page of the submission is the task list and communication summary. The task list in relation to the submission sets out the relevant tasks, such as the most important steps and milestones regarding the given project.

The purpose of the communication summary is to summarize the content and the essence of the submission, be guidance for any further communication by the MC members, and by this ensures the unified conveyance of the content of the submissions.

### 16.3. Sharing general information

There are no requirements on either its form or content, it is a verbal informative in the first place.

## 17. DOCUMENTS TO BE PREPARED ON MC MEETINGS

17.1. Within 48 hours or the shortest reasonable period after the meeting, the Secretariat shall prepare a memo of the meeting and send such memo to the MC members to allow eventual clarification of the contents of the memo. The memo shall contain the following items:

- date and place of the meeting;
- list of participants;
- items on the agenda;
- brief description of the topic, if necessary;
- brief description of the debate, if necessary;
- comments required by the contributor to be minuted;
- resolutions on the individual items on the agenda;
- names of those responsible for implementing tasks and collaborators;
- the deadline of implementing the resolution.

17.2. The authenticated memo shall be sent to the Statutory Auditor of the Company for information purposes.

## 18. MISCELLANEOUS PROVISIONS

18.1. MC submissions and memos marked as “Confidential – Magyar Telekom Plc.’s secret business information!” or “Strictly confidential – Magyar Telekom Plc.’s top secret business information!” shall be handled in compliance with the prevailing Directive effective from time to time. All documents qualified as enhanced (“Medium” in MCTool) protection level shall be encrypted and all documents qualified as high (“Top” in MCTool) protection level shall be generated and managed in the eTÜK system.

18.2. The Rules of Procedure of the MC shall be executed in the Hungarian and English languages; however the English version shall be the prevailing one.

18.3. The MCTool System shall be operated and updated by Secretariat.

18.4. The Rules of Procedure of the MC shall take effect upon the approval thereof by Board of Directors.

### ENCLOSURE:

These Rules of Procedure were approved by the Board of Directors of Magyar Telekom Telecommunications Public Limited Company, as of April 21, 2017 by Resolution No. 6/23 (04.21.2017).