

**RULES OF PROCEDURE OF THE BOARD OF DIRECTORS OF  
MAGYAR TELEKOM PLC.**

September 22, 2020

## 1. GENERAL PROVISIONS

- 1.1. The Board of Directors (hereinafter the “**Board**”) of Magyar Telekom Telecommunications Public Limited Company (hereinafter the “**Company**”) operates based on these Rules of Procedure.
- 1.2. The Rules of Procedure shall be interpreted with a common-sense approach, in accordance with mandatory provisions of the Civil Code and other applicable laws, as well as with the provisions of the Articles of Association of the Company. The Corporate Governance Recommendations of the Budapest Stock Exchange as amended from time to time shall be considered and complied with to the highest possible extent in the operations of the Board of Directors.
- 1.3. For the purposes of the Rules of Procedure, the expression ‘in writing’ shall include both hard copies and electronic copies of documents or any electronic means of communication including online communication or decision support systems or solutions. Notices to Board members may be sent by mail or courier to the address or by e-mail to the e-mail address communicated for this purpose by the Board members. Notices shall be deemed as delivered upon confirmation of receipt, except in case of e-mails which shall be deemed as delivered at the end of the day they are sent.
- 1.4. The Rules of Procedure shall be approved by the Board in Hungarian and English language versions. In case of discrepancies, the English version shall prevail. Notices, submissions, minutes and other documents referred to in the Rules of Procedure shall be prepared in English. In case of bilingual submissions to the Supervisory Board or the General Meeting, the English language version shall prevail in the operation of the Board. Meetings of the Board shall be conducted in English.

## 2. ORGANISATION

- 2.1. The Board shall elect from among its members a Chairperson and a Deputy Chairperson with majority vote. Nominations may be made by any member of the Board.
- 2.2. Tasks of the Chairperson, or in their absence, the Deputy Chairperson:
  - (i) ensuring that regular Board meetings are called and calling any extraordinary Board meeting,
  - (ii) ensuring that materials for any circular resolution are distributed,
  - (iii) deciding on the invitation of ad-hoc participants to Board meetings,
  - (iv) deciding on the notice period to be applied in case of urgency,
  - (v) deciding on holding closed sessions,
  - (vi) chairing meetings.

Should both the Chairperson and the Deputy Chairperson be absent, the meeting shall be chaired by an acting Chairperson elected with majority vote from among the Board members present.
- 2.3. The administrative tasks related to the operation of the Board shall be performed by supporting persons appointed within the work organisation of the Company (hereinafter the “**Secretariat**”). Tasks of the Secretariat:
  - (i) supporting the Chairperson in carrying out its tasks,
  - (ii) providing administrative and technical conditions required for the operation of the Board, including document management tasks,
  - (iii) providing information and coordinating within the Company in relation to the operation of the Board.

### 3. PROCESS OF PASSING BOARD RESOLUTIONS

- 3.1. Resolutions may be adopted by the Board at a meeting or in writing, without holding a meeting (circular resolutions).
- 3.2. The Board shall have four (4) regular meetings every year, based on an annual work plan to be adopted by the end of the previous calendar year. Extraordinary meetings may be initiated by any Board member with giving appropriate reasons.
- 3.3. Other than the Board members, the following persons shall be regular invitees to Board meetings:
  - (i) Chief Officers of the Company,
  - (ii) Chairperson of the Supervisory Board,
  - (iii) Chief Legal Counsel of the Company,
  - (iv) Chairperson of the Audit Committee to agenda items relating to compliance issues,
  - (v) representatives of the Secretariat.

Any Board member may propose the ad-hoc invitation of persons other than the ones listed above.

- 3.4. If justified due to the sensitive nature of a matter, the Board may hold closed sessions, where only Board members, the keeper of the minutes and persons explicitly invited by the Chairperson shall be present.
- 3.5. Invitations to Board meetings shall be sent in writing by no later than on the fifth (5th) business day prior to the date of the meeting.
- 3.6. The invitation to a Board meeting shall contain
  - (i) the date, time and place of the meeting,
  - (ii) the proposed agenda of the meeting,
  - (iii) submissions to the agenda items, including resolution proposals.
- 3.7. The agenda may contain items for decision and items for information purposes. In case of decision items, the Board passes a resolution. In case of information items, no resolution is passed, but the minutes of the meeting shall record that the relevant information was given to the Board.
- 3.8. Any Board member and any Chief Officer of the Company may submit items for the agenda.
- 3.9. The Board may discuss and vote on a matter not on the proposed agenda as distributed prior to the meeting, provided that all Board members are present at the meeting and agree that the matter should be added to the agenda.
- 3.10. The Board has a quorum if the majority of its members are present at the meeting, regardless of whether they are attending in person or participating by means of any electronic communication enabling direct and simultaneous discussion between the participants of the meeting. Quorum shall be monitored throughout the meeting.
- 3.11. If there is a quorum, resolutions of the Board are adopted with simple majority of the votes of members present. Each Board member has one vote; the vote may be in favour or against the resolution proposal and members may abstain from voting. If a Board member is absent from a Board meeting they may cast their votes in writing on any agenda item in accordance with the submission prior to the start of the meeting. In such case the so absent Board member shall be considered to be present for the purposes of determining the quorum with respect to voting on the given resolution proposal and the votes so cast shall be valid and recorded accordingly in the minutes of the Board meeting.

- 3.12. Resolutions of the Board shall be effective as of the date they are adopted, unless otherwise stated in the resolution, and shall be binding on all employees of the Company. Relevant Chief Officers shall make all necessary steps for the implementation of Board resolutions, including without limitation the issuance of corresponding internal regulations, if necessary. If the Board resolution so requires, responsible Chief Officers shall inform the Chairperson of the Board on the implementation of the Board resolution via the Secretariat.
- 3.13. Minutes of Board meetings shall be taken by the Secretariat. For the purposes of keeping accurate minutes, meetings shall be voice recorded. The minutes of the meeting shall contain:
- (i) the date, time and place of the meeting,
  - (ii) names of the participants with a reference to the way of participation (personal or by electronic means),
  - (iii) names and signatures of the Board member chairing the meeting, the keeper of the minutes and the Board member appointed to be authenticator of the minutes,
  - (iv) main events of the meeting,
  - (v) resolutions and a breakdown of the votes (yes, no, abstention).
- 3.14. The minutes shall be prepared and sent to Board members as soon as reasonably practicable after the meeting. Board members shall have fifteen (15) days to comment on the minutes following the receipt of the minutes.
- 3.15. In case of circular resolutions, the submission including the proposed resolution is sent to Board members in writing, who in turn cast their votes in writing. A circular resolution is passed if the majority of Board members vote in favour of the resolution proposal by the deadline. Votes so cast by Board members shall be duly recorded to the memorandum prepared by the Secretariat on the circular resolution. Provisions of 1.3. and this section 3 of the Rules of Procedure shall apply to passing circular resolutions. The date when a circular resolution is passed shall be the last day of the voting deadline, or, in exceptional cases, if the Chairperson so determines, the day when the majority of Board members voted in favour of the resolution proposal.
- 3.16. In case of extraordinary meetings and circular resolutions, a notice period (or voting deadline, as the case may be) shorter than the one set out in section 3.5. may be applied, if this is justified by the urgency of the matter, such justification being in the sole discretion of the Chairperson.

## 4. SCOPE OF AUTHORITY OF THE BOARD OF DIRECTORS

Without prejudice to its scope of authority set out in the Articles of Association of the Company, the Civil Code or other applicable laws, the Board shall have the tasks set out in this section:

### 4.1. Strategy and planning

- (i) Approval of the vision, mission and strategy of Magyar Telekom Group.
- (ii) Approval of the entry into new, non-telecommunications product or service markets, and establishment of new line of business.
- (iii) Approval of the Annual and Four-year Business Plans of Magyar Telekom Group (including the approval of the Capex plan and the financing strategy).
- (iv) Approval of Capex increases to the Annual Business Plan of Magyar Telekom Group exceeding HUF 3 bn, or if the increase exceeds 15% of the annual Capex plan.

#### 4.2. Subsidiaries

- (i) Approval of the purchase or sale of a company or business activity (whether through either sale/purchase of securities, assets, business interests, or in any other way), except for acquisition which does not result from active actions of the Company (such as acquisition as a result of a composition agreement).
- (ii) Establishment, termination, liquidation, merger or amalgamation with another company, demerger, transformation into another company form, and increase or decrease of the registered capital.

#### 4.3. Financial transactions

- (i) Decision on the dividend policy of the Company.
- (ii) Financial decision beyond the plan, if, with the given decision, the Board threshold applicable for the movement of capital and funds is exceeded, where:
  - “financial decision beyond the plan” means: (i) taking loans or issuing debt securities, (ii) capital investments, including financial lease, and (iii) undertaking guarantees not included in the Annual Business Plan approved by the Board; provided that movement of capital and funds between Magyar Telekom Group companies does not qualify as financial decision beyond the plan;
  - “Board threshold applicable for the movement of capital and funds” means: HUF 3 bn in total in the given business year for the given decision type.

#### 4.4. Transfer of assets

Utilization of tangible assets, if the Board threshold applicable for the utilization of tangible assets is exceeded, where:

- “utilization of tangible assets” means: sale, long-term lease or utilization of real estates and other tangible assets, except for the case where the depreciation of which is in excess of 80% of the original price; provided that utilization of tangible assets between Magyar Telekom Group companies does not qualify as utilization of tangible assets under this section;
- “Board threshold applicable for the utilization of tangible assets” means: HUF 3 bn.

#### 4.5. Personnel decisions

- (i) Establishment, modification and termination of the employment relations of the Chief Executive Officer and the chief officers.
- (ii) Claim for damages or application of other disadvantageous legal consequences against the Chief Executive Officer.

#### 4.6. Organisational decisions

- (i) Approval of the management rules of the Company,
- (ii) determination of the number and titles of the chief officers and the governance areas (Units), and
- (iii) amending the ROO Base Volume of the Company accordingly.

#### 4.7. Related party transactions

- (i) Approval of material transactions with related parties, excluding the transactions listed below:
  - a) transactions entered into in the ordinary course of business and concluded on normal market terms,
  - b) transactions entered into between the Company and its subsidiaries provided that they

are wholly owned or that no other related party of the Company has an interest in the subsidiary undertaking or that adequate protection of interests of the Company, of the subsidiary and of their shareholders who are not a related party is provided by law, including minority shareholders in such transactions,

- c) clearly defined types of transactions for which approval by the general meeting is required by law, provided that fair treatment of all shareholders and the interests of the Company and of the shareholders who are not a related party, including minority shareholders, are specifically addressed and adequately protected in such provisions of law,
- d) transactions regarding remuneration of the members of the Board of Directors and the Supervisory Board and the Chief Officers, or certain elements of their remuneration, awarded or due on the basis of the remuneration policy of the company in force,
- e) transactions offered to all shareholders on the same terms where equal treatment of all shareholders and protection of the interests of the company is ensured.

Where the related party transaction involves a person directly, that person shall not take part in the decision-making, including when the person concerned is the related party.

- (ii) Adopting the principles of an internal procedure which prevents the related party from taking advantage of its position and provide adequate protection for the interests of the company and of the shareholders who are not a related party, including minority shareholders. Such internal procedure shall ensure that related party transactions are not less beneficial to the Company than if the same transaction would be entered into with a non-related party on usual market terms ("arm's length principle").
- (iii) Adopting the principles of an internal procedure in relation to transactions not subject to Board approval to periodically assess whether the conditions are fulfilled. The related parties shall not take part in that assessment.
- (iv) For the purpose of this section, material transactions are transactions with a value that exceeds one percent (1%) of the Adjusted Revenue in the preceding business year accounted for in accordance with International Financial Reporting Standards (IFRS) 15 'Revenue from Contracts with Customers'.

#### 4.8. Dispute settlement

Approval of settlement in Legal disputes if the settlement involves the payment, set-off or release of more than HUF 3 bn.

## APPROVAL

These Rules of Procedure were approved by the Board of Directors of the Company on September 22, 2020 with resolution no. 6/2 (09.22.2020).