

Rules of Procedure of the Remuneration and Nomination Committee of  
Magyar Telekom Telecommunications Public Limited Company

## **Preamble**

The Remuneration and Nomination Committee is established by the Board of Directors of Magyar Telekom Telecommunications Public Limited Company (hereinafter referred to as the "Company"), to function as supporting body of the Board of Directors of the Company regarding the remuneration and certain nomination related issues of the members of the corporate bodies and the top executives of the Company in accordance with these Rules of Procedure. The reason for combining certain tasks regarding the remuneration and nomination is to make the decision making procedure of the Board of Directors more efficient in personnel matters, and to ensure the complex handling thereof.

### **1. Composition of the Remuneration and Nomination Committee**

1.1. The Remuneration and Nomination Committee (hereinafter referred to as the "Committee") of the Company consists of three (3) members elected by the Board of Directors from among its members.

### **2. Powers of the Committee**

2.1. The tasks of the Committee are as follows:

2.1.1. Tasks related to the Chief Executing Officer and the Chief Officers of the Company (hereinafter referred to as "top executives"):

- makes recommendations to the Board of Directors on the establishment and/or termination of employment, and the modification of the employment contract of the top executives;
- annually reviews the remuneration package of top executives and makes proposal on its modification to the Board of Directors;
- makes proposal to the Board of Directors on the annual individual targets of top executives and on the evaluation of the performance of these targets.

2.1.2. Tasks related to the remuneration of members of the corporate bodies:

- makes proposal to the General Meeting on the compensation of the members of the Board of Directors, the Supervisory Board and the Audit Committee.

2.1.3. Tasks related to nomination to corporate bodies:

- reviews the procedures regarding the election of members of the Board of Directors;
- elaborates the standard requirements for nomination of the members of the Board of Directors, the Supervisory Board and the Audit Committee;
- participates in the preparation of the personal changes in the Board of Directors, the Supervisory Board and the Audit Committee, in order to solve the succession in corporate bodies smoothly, with the continuation of the work of the Company, and as part of this, reviews and opines the nomination proposals to the Board of Directors.

#### 2.1.4. Other tasks:

- considers stock option and other equity-based compensation plans for the top executives, supervises the status of equity plans, including options and other awards granted, vested, exercised and cancelled;
- carries out any other tasks that the Board of Directors may from time to time direct to its competence.

2.2. Proposals prepared by the Committee shall be valid upon their approval of the Board of Directors.

### **3. Procedure**

#### 3.1. Convocation of the meetings

3.1.1. Meetings of the Committee shall be held as necessary according to the annual work plan but at least two (2) times per year. The work plan of the Committee should be harmonized with the work plan of the Board of Directors. Meetings shall be called by the Chairman of the Committee.

3.1.2. In addition to the members of the Committee, the following persons shall be invited to the meetings of the Committee:

- the Chief Executive Officer,
- the Chief Human Resources Officer.

3.1.3. Members of the Committee may request presence of guests (e.g. experts) who can attend the entire or a part of a meeting related to the agenda item. Based on the decision of the Chairman of the Committee, the Secretariat of the Chairman and the CEO (the "Secretariat") shall arrange the invitation of such invitee.

3.1.4. Notices of Committee meetings shall be prepared in English and shall be sent to all members by mail or e-mail to the address communicated by the members of the Committee as members of the Board of Directors, or if none is so available, to the last known address of the member of the Board of Directors.

3.1.5. The notice shall contain the agenda, venue, date and time of the meeting. All supporting materials shall be attached likewise to the notices.

3.1.6. Notices of the meetings of the Committee shall be sent, when possible, at the latest on the fifth (5th) day prior to the date of the meeting, and shall be deemed delivered with a confirmation of successful transmission to the given address or via e-mail which was successfully relayed to the registered e-mail address of the member of the Committee.

3.1.7. The Chairman of the Committee shall be supported by the Head of the Secretariat in organizing the meetings.

#### 3.2. Chairman of the Committee, Chairing the meetings

- 3.2.1. The members of the Committee shall elect the Chairman of the Committee from among its members, with majority votes.
- 3.2.2. The Chairman of the Committee shall convoke the meetings of Committee pursuant to these Rules of Procedure.
- 3.2.3. If a member of the Committee wishes to discuss an issue that is not on the agenda, the Committee may discuss it and vote on such issue provided that the majority of the present Committee members give their consent to discuss and decide on such an issue.
- 3.3. Quorum and decisions
  - 3.3.1. The Committee shall have a quorum provided that at least majority of the members of the Committee are present at meeting.
  - 3.3.2. Any members of the Committee may participate a meeting of the Committee via conference call or similar communication tools provided that all those present at the meeting can communicate with each other at the same time. Participation by such means shall be deemed presence at a meeting in person and it has to be included the minutes of the meeting.
  - 3.3.3. Each member of the Committee shall have one vote.
  - 3.3.4. Any member of Committee may vote in favor or against or may abstain from voting.
  - 3.3.5. As general rule, the resolutions will be adopted at the meeting of the Committee.
  - 3.3.6. If there is a quorum to hold the meeting of the Committee, resolutions of the Committee shall be adopted by simple majority of votes of the present members.
  - 3.3.7. Resolutions may be adopted by the Committee without holding a meeting by votes in writing if at least two (2) Committee members cast his/her vote in writing within the deadline given in the notice of the resolution proposal. The written votes of Committee members shall be attached to the minutes, containing the resolution.
- 3.4. Proceedings of meetings, Recording the Events
  - 3.4.1. Meetings of the Committee shall be conducted in English.
  - 3.4.2. Minutes of the meetings shall be taken in English. If necessary, a Hungarian translation shall be prepared.
  - 3.4.3. The keeper of the minutes is nominated by the Chief Human Resources Officer.
  - 3.4.4. The Chairman and the keeper of the minutes shall sign the minutes of the meeting.
  - 3.4.5. The minutes of the meeting shall contain at least the following information: venue and time of the meeting, name of the Chairman, name of the keeper of the minutes, the number of affirmative and negative votes cast, and abstentions.

- 3.5. In order to prepare decisions that require special expertise, the Committee may use the services of external advisors at the expense of the Company, in accordance with the relevant internal regulations of the Company.
- 3.6. The Chairman of the Committee regularly informs the Board of Directors about the meetings of the Committee, and the Committee prepares at least one report for the Board of Directors in the given business year.

### **Enclosure**

These Rules of Procedure were approved by the Board of Directors of Magyar Telekom Telecommunications Public Limited Company on September 20, 2013 by Resolution No. 11/16 (09.20.2013).