

A conceptual image for corporate governance. A hand is shown holding a globe. The globe is composed of a blue wireframe network with glowing nodes. Green leaves are superimposed on the globe. The background is dark with a pinkish-red gradient at the bottom. A solid pink rectangle is in the top left corner.

CORPORATE GOVERNANCE

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Public, listed companies are expected by their professional peers and the investment community to make it clear what governance model they follow and how it is applied in practice. As a corporation listed on the Budapest Stock Exchange, it is of paramount importance for the Company to meet this expectation and to comply with the relevant legal and stock exchange requirements.

In order to ensure transparency in the matter, Magyar Telekom Group provides information on its corporate governance on [this page](#).

Information relevant to the General Meetings and the resolutions adopted at them can be found on [this website](#).

Sustainability coordination

In 2023, sustainability activities were governed in a structure as shown in the chart below. From 2023 onwards, the ESG Squad (formerly the Sustainability Squad) led the coordination at Group level.

From 2020 to 2022, the Chief People Officer (CPO) was the executive responsible for sustainability and the relevant activities were coordinated by the Corporate Communications Hub of the People Unit. From January 01, 2023, the CPO remained in charge of social issues, while corporate governance and environmental tasks, as well as general sustainability coordination tasks were transferred to the Capital Market Relations Hub under the Chief Financial Officer (CFO), where a dedicated ESG expert was put in charge of Group-wide coordination and management of the ESG Squad.

The ESG Squad provides its opinion and assists the responsible area in strategy development and management. Each strategic topic has a CxO-level responsible person and a dedicated sponsor from the leadership team.

Operational implementation is carried out by cross-functional working groups, whose task is to refine objectives, develop business plans and timelines, as well as implement them.

The operation of the ESG Squad is governed by the Group Directive “On the regulation of Magyar Telekom Group’s sustainability operations, responsibilities and powers of participants”.

As required under the Directive, the ESG Squad meets regularly, at least quarterly, in order to effectively coordinate the company and group-wide sustainability tasks, and adopts its resolutions by a simple majority of its members.

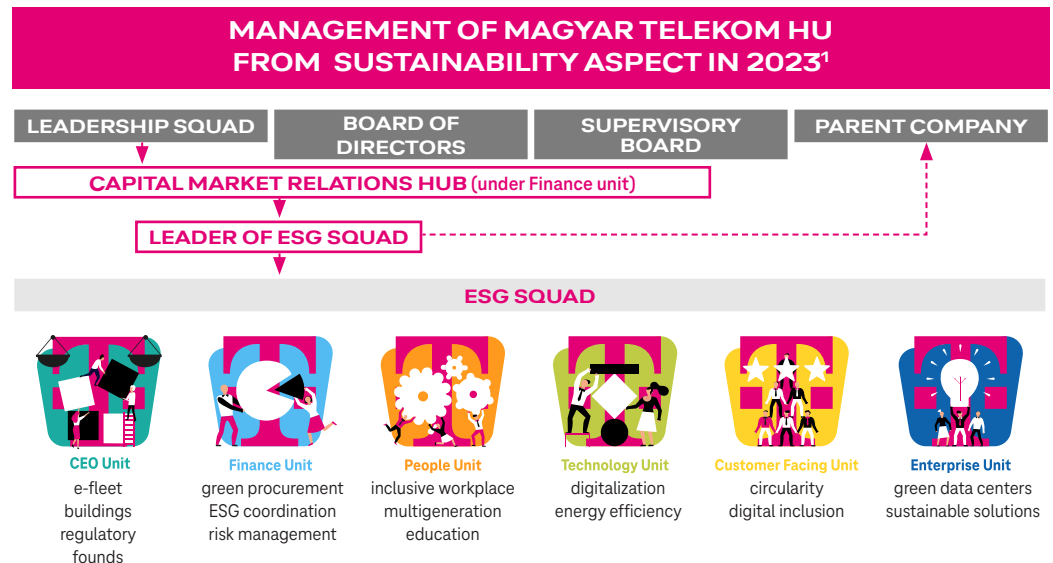
The ESG area submits regular reports and presentations to the management body responsible for corporate governance (hereinafter: Leadership Squad*), based on which it determines the main direction of Magyar Telekom HU’s sustainability activities and adopts decisions on the following topics:

- Group-wide policies
- Group-wide sustainability strategy
- Group-wide sustainability development goals

The Leadership Squad liaises with stakeholders directly or through the responsible unit. Incoming requests are passed on to the individual areas, with critical sustainability-related requests being forwarded to the relevant ESG Squad members. It is important that Magyar Telekom Group is to meet the parent company’s sustainability expectations, therefore regular consultation and reporting on Group level is also a priority.

Communication is based on the results of the above activities, one important element of which is the annual Sustainability Report, which in 2023 was overseen by the CFO, i.e. the executive responsible for sustainability, and compiled by the Capital Market Relations Hub.

COMPETENCE	RESPONSIBLE
Determine main directions of the activities, adopt main decisions.	CEO, CFO
Provide a framework for and supervise the activities.	CFO, member of the Leadership Squad
Adopt the decisions, resolutions necessary for operations, provide a coordination forum to carry out the tasks.	ESG Squad
Professional governance, management; take part in local and international professional activities.	Leader of ESG Squad – ESG expert delegated from the Corporate Communication Hub
Implement the tasks the governance area / unit / affiliate is in charge of, provide information, attend meetings, provide data, carry out relevant operative tasks.	ESG Squad members



¹Social topics has being managed by People Unit.

CASCADE OF SUSTAINABILITY ACTIVITIES

The changes in the hierarchy of Magyar Telekom HU's sustainability activities and in the Group's structure during the agile transformation can be tracked in the annual sustainability reports. Magyar Telekom HU defines its sustainability strategy on the basis of its business strategy, taking into account domestic and international trends (climate protection, electromagnetic fields, responsible content provision, etc.) and the expectations of stakeholders (suggestions made at various sustainability forums, comments received by e-mail, public surveys etc.), as well as the goals and tasks derived therefrom, which are regularly updated.

All activities are supervised by the Leadership Squad.

A sustainable supply chain management process has been developed to manage the risks affecting business operations.

Incidents are managed by working groups established by the ESG Squad and measures are developed to mitigate any risks that may arise.

ENVIRONMENT PROTECTION POLICIES

Magyar Telekom Group first expressed its commitment to sustainable development and, within its context, its efforts and commitments aimed at environmental protection in its [environmental policy](#). The policy contains obligations for the affiliates of Magyar Telekom Group individually and for the Group as a whole, as well.

In addition to the policy, an [Environment Protection Guideline](#) was also published, which defines

in more details the Company's commitments and requirements.

Finally, in 2022, Magyar Telekom Group published its [Biodiversity Policy](#).

CORPORATE COMPLIANCE

In developing Magyar Telekom Group's Corporate Compliance Program, the goal was to ensure that Magyar Telekom Group conduct its business with maximum awareness of and commitment to, as well as in compliance with applicable laws and regulations, and in accordance with the highest standards of ethical business conduct.

To this end, directives have been issued to address any compliance risks that may arise, and the procedures contained therein are applied, with ongoing training provided to the employees on the matter. Clear processes are in place to report, investigate, follow up on and remedy any suspected instances of non-compliance.

The Corporate Compliance Program is overseen by the Group Compliance Manager. The Group Compliance Manager reports directly to the Audit Committee and cooperates with the Board of Directors, the Supervisory Board and management (i.e. the Leadership Squad).

At the heart of the Corporate Compliance Program is a Code of Conduct applicable to all employees, which summarises the company's compliance requirements and ethical standards. Employees can ask compliance-related questions through the „Ask a question” portal.

During the year, the validity of all reports of alleged unethical behavior was checked and, where necessary, the reports were further investigated. Where abuse was found to have occurred, the necessary actions were taken. Complaints and comments regarding violations of internal and external rules can be submitted through Magyar Telekom Group's „Tell us!” portal.

INTERNAL CONTROL SYSTEM

Magyar Telekom Group's management is committed to establishing and operating an adequate level of internal controls to ensure the reliability of financial reporting and to minimize operational and compliance risks. The control environment to ensure the reliability of financial reporting has been designed to provide reasonable assurance that financial reports and financial statements prepared for external purposes comply with the International Financial Reporting Standards (IFRS) adopted by the European Union.

From 2021 onwards, the internal control framework includes Corporate Responsibility as a separate area, with dedicated controls to cover the risks associated with this function, the number of which significantly increased in 2023. For the financial year 2023, the documentation and assessment of controls is supported by an IT system.

The operation of the internal control system is also audited by the independent Internal Audit function, which also monitors the implementation of the measures defined on the basis of the audits. The Supervisory Board and the Audit Committee, among others, are regularly informed of the findings of the audits, the resulting actions and the fulfilment of the tasks.

In line with the requirements of the internal control framework in place, management assesses the effectiveness of the internal control system every financial year. The assessment for 2023 was completed and based on the information gathered, the internal control framework had been effective in preventing any materially incorrect data to be included in the financial statements and mitigating operational and compliance risks

INTERNAL AUDIT

Magyar Telekom HU's internal audit organisation is located in the Group Internal Audit and Risk Management Hub. Functionally, this area reports to the Audit Committee and the Supervisory Board, while administratively it is the responsibility of the Chief Financial Officer. The head of the area also reports regularly to the Board of Directors on the results of audits and other audit activities.

The internal audit function operates in accordance with international standards, following regulated procedures set out in the Group Audit Charter and Group Audit Manual. The internal audit function is independent and objective; its activities encompass assessing and improving the operation, processes and efficiency of organisations and providing advisory services.

The Head of this area is responsible for preparing the annual audit plan, submitting it to the Audit Committee for information and to the Supervisory Board for approval, and regularly reviewing and amending it in accordance with changes affecting Magyar Telekom HU's business, risks, operations, programs, systems and controls.

In developing the plan, due consideration is given to the risks and trends that could potentially impact Magyar Telekom HU, and accordingly ESG considerations were incorporated into the 2023 Annual Audit Plan, supporting the organization in improving the effectiveness of internal controls and processes.

It is the responsibility of the head of the area to ensure that the tasks set out by the annual audit plan are fulfilled. As part of the audit reports, corrective measures and recommendations are made, the implementation and follow-up of which is actively supported by the internal audit function.

RISK MANAGEMENT

It is Magyar Telekom Plc's policy that disclosures to shareholders and market players should give an accurate and complete picture of the Group and reflect in all respects its financial position and operational results. These disclosures are made on a regular basis in accordance with applicable laws, rules and regulations.

In order to meet these objectives, the functionality and effectiveness of the components of the risk management system are regularly reviewed and continuously improved.

The standard risk management process established provides a framework for the following program components:

- Full identification of risks by involving all organizations;
- Once risks have been identified, more detailed analysis, assessment and quantification of risks. Risk assessment allows management to focus more effectively on risks that have a significant impact on the Group's strategic objectives.
- A decision is then taken on the specific course of action to be adopted in order to mitigate the risks.
- The relevant risk owner implements, monitors and evaluates the related actions.
- These steps are repeated as necessary to reflect current developments, decisions.

For the effective operation of the risk management system, it is necessary to ensure that management make its business decisions in possession of all relevant risks, which is supported by regular risk reporting at Magyar Telekom Group level. At the same time, risks related to our business plans are also continuously assessed, managed and taken into account in the risk management process.

Risk factors affecting the operations of Magyar Telekom Group are reviewed regularly. All our subsidiaries and organisations are required to identify and report the risks of their operations.

After the evaluation of these risks, the results are forwarded to the Board of Directors, the Audit Committee and Deutsche Telekom's Risk Management organization. This regular reporting ensures that the most significant risks are monitored, that up-to-date risk mitigation measures are in place and regularly followed up.

Our quarterly risk reporting system is complemented by ongoing proactive reporting at Group level. As part of this, Group entities and subsidiaries are required to report promptly any new facts, information or risks that come to their attention that meet the criteria for mandatory reporting. The information so reported is assessed by the Risk Management function and the Chief Financial Officer is informed, if significant new risks or information emerge. The responsibility of staff for monitoring and managing risks is governed by the relevant directive.

Magyar Telekom Group conducts the risk assessment for a three-year period. If significant risks exist beyond this risk assessment time horizon, they are monitored on an ongoing basis.

In addition to the systematic management of risks, the identification of opportunities and their strategic and financial evaluation is an essential part of Magyar Telekom Group's annual planning process.

Information on the Company's approach to climate risks and opportunities is provided in Climate and environment protection chapter.