

**RULES OF PROCEDURE OF THE AUDIT COMMITTEE OF  
MAGYAR TELEKOM PLC.**

June 10, 2020

## 1. GENERAL PROVISIONS

- 1.1. The Audit Committee 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 and the Rules of Procedure of the Supervisory Board 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 Audit Committee.
- 1.3. For the purposes of the Rules of Procedure, the expression ‘in writing’ shall include both hard copies and electronic copies of documents. Notices to Audit Committee 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 Audit Committee 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 Audit Committee in Hungarian and English language versions. In case of discrepancies, the Hungarian version shall prevail. Notices, submissions, minutes and other documents referred to in the Rules of Procedure shall be prepared in Hungarian or in English. In case of bilingual submissions to be submitted to the Supervisory Board or the General Meeting, the Hungarian language version shall prevail in the operation of the Audit Committee. Meetings of the Audit Committee shall be conducted in Hungarian.

## 2. ORGANISATION

- 2.1. The Chairperson of the Audit Committee shall be elected by the members of the Supervisory Board out of the members of the Audit Committee. If the Chairperson of the Supervisory Board is also a member of the Audit Committee, the Chairperson of the Supervisory Board shall be deemed to be elected as the Chairperson of the Audit Committee as well.
- 2.2. Tasks of the Chairperson:
  - (i) convening the meetings of the Audit Committee,
  - (ii) proposing a closed meeting to be held,
  - (iii) nominating the keeper of the minutes and the Audit Committee member who authenticates the minutes, puts issues on the vote and announces the result of the voting,
  - (iv) ensuring that materials for any circular resolution are distributed,
  - (v) deciding on the invitation of ad hoc participants to Board meetings,
  - (vi) deciding on the notice period to be applied in case of urgency,
  - (vii) chairing meetings. Should the Chairperson be absent, the meeting shall be chaired by the meeting shall be chaired by an acting Chairperson elected with majority vote from among the Audit Committee members present.
- 2.3. The administrative tasks related to the operation of the Audit Committee 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 their tasks,
  - (ii) providing administrative and technical conditions required for the operation of the Audit Committee, including document management tasks,

- (iii) providing information and coordinating within the Company in relation to the operation of the Audit Committee.

### 3. PROCESS OF PASSING AUDIT COMMITTEE RESOLUTIONS

- 3.1. Resolutions may be adopted by the Audit Committee at a meeting or in writing, without holding a meeting (circular resolutions).
- 3.2. The Audit Committee shall have four (4) regular meetings every year, based on a work plan to be adopted by the end of the previous calendar year. Extraordinary meetings may be initiated by any Audit Committee member with giving appropriate reasons. In a justified case the statutory Auditor may request the Chairman to convene the meeting.
- 3.3. Other than the Audit Committee members, the following persons shall be permanent invitees to the Audit Committee meetings:
  - (i) the Chief Financial Officer and/or other Chief Officer delegated by the Chief Executive Officer;
  - (ii) head of the Company's Internal Audit organization;
  - (iii) chief legal counsel of the Company;
  - (iv) head of the Company's Compliance organization;
  - (v) representatives of the Secretariat.
- 3.4. Other than the Audit Committee members and the permanent invitees, the statutory Auditor of the Company can be an ad hoc invitee to the Audit Committee meetings if the Audit Committee initiated his hearing at the meeting, or if the statutory Auditor requests to participate at the Audit Committee meeting. Any Audit Committee member may propose the ad hoc invitation of persons other than the ones listed above.
- 3.5. If justified due to the sensitive nature of a matter, the Audit Committee may with a simple majority vote of the members present and based on the proposal of the Chairperson hold closed sessions, where only Audit Committee members, the keeper of the minutes and persons explicitly invited by the Chairperson shall be present.
- 3.6. Invitations to Audit Committee meetings shall be sent in writing, preferably on the fifth (5th) business day prior to the date of the meeting.
- 3.7. The invitation to an Audit Committee meeting shall contain
  - (i) the date, time and place of the meeting, and
  - (ii) the proposed agenda of the meeting.
- 3.8. Submissions to the agenda items, including resolution proposals, shall be sent to the members of the Audit Committee preferably at the same time when sending the Invitation, but no later than the working day before the Audit Committee meeting. The agenda may contain items for decision and items for information purposes. In case of decision items, the Audit Committee 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 Audit Committee.
- 3.9. Any Audit Committee member may submit items for the agenda.
- 3.10. The Audit Committee may discuss and vote on a matter not on the proposed agenda as distributed prior to the meeting, provided that all Audit Committee members are present at the meeting and agree that the matter should be added to the agenda.

- 3.11. The Audit Committee has a quorum if 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.
- 3.12. Resolutions of the Audit Committee are adopted with simple majority of the votes of members present. Each Audit Committee member has one vote; the vote may be in favour or against the resolution proposal and members may abstain from voting.
- 3.13. Resolutions of the Audit Committee shall be effective as of the date they are adopted, unless otherwise stated in the resolution.
- 3.14. Minutes of Audit Committee meetings shall be taken by the Secretariat in Hungarian and if necessary, it must be translated to English. In case of any conflict between the Hungarian and the English version, the Hungarian version shall prevail.
- 3.15. For the purposes of keeping accurate minutes, meetings shall be – unless otherwise decided by the Chairperson of Audit Committee- voice recorded.
- 3.16. 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) the agenda,
  - (iv) names and signatures of the Audit Committee member chairing the meeting, the keeper of the minutes and the Audit Committee member appointed to be authenticator of the minutes,
  - (v) main events of the meeting,
  - (vi) resolutions and a breakdown of the votes (yes, no, abstention).
- 3.17. At the request of any participant the contributions, opinions and objections shall be recorded in the minutes verbatim.
- 3.18. The minutes shall be prepared and sent to Audit Committee members as soon as reasonably practicable after the meeting. Audit Committee Members shall have fifteen (15) days to comment on the minutes.
- 3.19. In case of circular resolutions, the submission including the proposed resolution is sent to Audit Committee members in writing, who in turn cast their votes in writing.. A circular resolution is passed if the majority of Audit Committee members vote in favour of the resolution proposal by the deadline. Votes cast by Audit Committee members in writing shall be attached to the memorandum prepared by the Secretariat on the circular resolution. Provisions of this section 3 of the Rules of Procedure shall apply accordingly 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 Audit Committee members voted in favour of the resolution proposal.
- 3.20. 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 3.6 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 AUDIT COMMITTEE

Without prejudice to its scope of authority set out in the Civil Code, the Capital Markets Act or other applicable laws and the Articles of Association of the Company, the Audit Committee shall have the tasks set out in this section.

The Audit Committee:

- 4.1. reviews and evaluates:
  - (i) (a) the consolidated and separate financial reports prepared according to International Financial Reporting Standards as endorsed by the European Union (“IFRS”) and (b) proposals regarding the acceptance of such reports and (c) proposals on the use of the profit after tax prior to their submission to the Supervisory Board;
  - (ii) financial reports pertaining to those of regular information provision as prescribed by the Capital Markets Act;
  - (iii) the Working Program of the statutory Auditor and the quality of work performed by the statutory Auditor;
  - (iv) the letter containing the recommendations of the Auditor (Recommendation Letter);
  - (v) the internal audit workplan;
  - (vi) the report on the internal audit activity;
  - (vii) the decisions related to the establishment and termination of employment of the head of the Internal Audit organization, and the determination of his/her remuneration;
  - (viii) the decisions related to the establishment and termination of employment of the head of the Compliance organization, and the determination of his/her remuneration.
- 4.2. oversees the work of the head of the Compliance organization in accordance with the scope described in the Corporate Compliance Program Manual and the related directives and policies
- 4.3. works out procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- 4.4. at least annually, and every time before making a proposal with respect to the election of the statutory Auditor, obtains and reviews a written report from the nominated Auditor describing all relationships between the Auditor, any of the individuals appointed to undertake audit work for the Company or any of its affiliates on behalf of the Auditor or any of the partners in the Auditor’s firm or any of their close relatives (as defined in the Civil Code) and (i) the Company or any of its affiliates, or (ii) any member of the Board of Directors, the Supervisory Board or the Management Committee of the Company or any of its affiliates;
- 4.5. pre-approves the agreement to be entered with the statutory Auditor, as well as the services provided by the statutory Auditor to the Company and the related fees pursuant to the Pre-approval Policy as defined by the Audit Committee and approved by the Supervisory Board
- 4.6. upon the assignment of the Supervisory Board, conducts an independent internal investigation into matters that relate to questionable accounting, internal accounting controls or auditing matters;
- 4.7. in the exercise of its powers, may propose recommendations to the supervised persons and bodies of the Company, and may propose measures to be taken by the Supervisory Board
- 4.8. completes any other tasks that the Supervisory Board assigns to it.

## FINAL CLAUSE

These Rules of Procedure were accepted by the Audit Committee on June 10, 2020 with resolution no. 4/2 (06.10.2020); and approved by the Supervisory Board on June 10, 2020 with resolution no. 3/4 (06.10.2020).