

A photograph of two young women at an outdoor festival. The woman in the foreground is sitting and looking at a smartphone, wearing a yellow festival wristband with '2018' on it. The woman behind her is leaning over her shoulder, also looking at the phone. They are both wearing colorful, patterned tops. The background is filled with green foliage and out-of-focus festival lights, creating a bokeh effect.

SUSTAINABILITY REPORT

2018



EGYÜTT. VELED



7.

CORPORATE GOVERNANCE

7.1 Sustainability coordination.....44

Public companies are increasingly expected to clearly state their corporate governance principles and to what extent those principles are implemented. As a company listed on the Budapest Stock Exchange, Magyar Telekom is highly committed to come up to these expectations and to meet legal and stock exchange requirements.

To increase the transparency of the company's corporate governance practices Magyar Telekom provides several information on [this](#) website.

Information on annual general meetings and the resolutions adopted at them is available on [this](#) website.

7.1
SUSTAINABILITY COORDINATION

The group-level governance of corporate sustainability operations is shown on the diagram below. The Group-level coordination is being maintained by the Group Sustainability Coordination Council (GSCC). The levels of development and management of the corporate sustainability strategy are separated from the operative implementation level within the operation of the GSCC, thus the process of implementing sustainability activities is divided to the following levels:

1. Strategy development and strategy management level operating under the auspices of the GSCC:
- development of strategic concepts
 - implementation of the strategy
 - relevant communication with national and international organizations
2. Operative implementation level managed by relevant organisations of the governance areas and business units
- actual operative activities
 - task management
 - data provision etc.

The GSCC's operation is regulated by a group level directive: on the regulation of Magyar Telekom Group's sustainability operation and the responsibilities and competence of stakeholders.

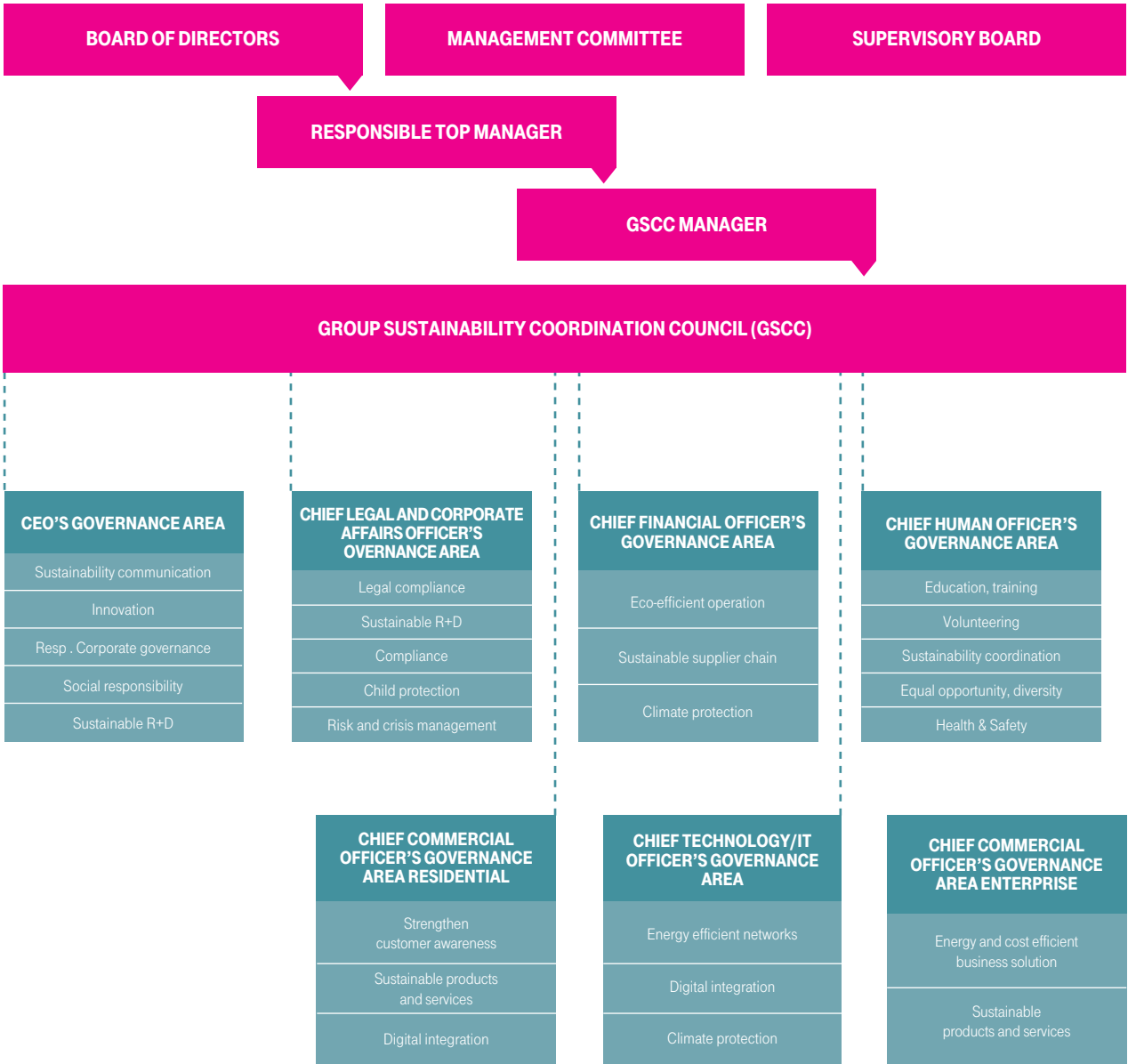
As the operative leadership of Magyar Telekom Group, the Management Committee (MC) receives annual track-report on the Group Sustainability Strategy tasks and related significant sustainability activities, results, potential exposures and opportunities.

The annual track-report allows the MC to be up-to-date about the latest sustainability trends and respond to the stakeholder feedback in the annual report. The Committee may also decide on the amendment of the strategy based on the annual report. The MC keeps contact with the stakeholders through the GSCC. Incoming inquiries are received by the respective professional areas and critical comments regarding sustainability are transferred to the responsible staff members by the GSCC members. According to the relevant group directive the strategic tasks are allocated to the respective Chief Officers.

Communication is based on the results of the above activities a key element of which is the annual Sustainability Report. The professional management of the data collection and editing process of the report is being carried out by the Corporate Sustainability Center under the supervision of the Chief Human Resources Officer.

COMPETENCE	RESPONSIBLE
determination of main directions, decision on key issues	Management Committee (MC)
ensuring the necessary framework and supervision of the activities	responsible senior manager – Chief Human Resources Officer (CHRO), member of the MC
making the decisions and resolutions necessary for the operation, ensuring the coordination for the performance of tasks	Group Sustainability Coordination Council (GSCC)
professional management; harmonized implementation of group level tasks; participation in the Hungarian and international professional activities	GSCC manager - leader of the HR-VFK
implementation of tasks of the management area/organization/member company, information, participation in meetings, data supply, implementation of operative tasks	GSCC members

SUSTAINABLE DEVELOPMENT MANAGEMENT OF
MAGYAR TELEKOM IN 2018:



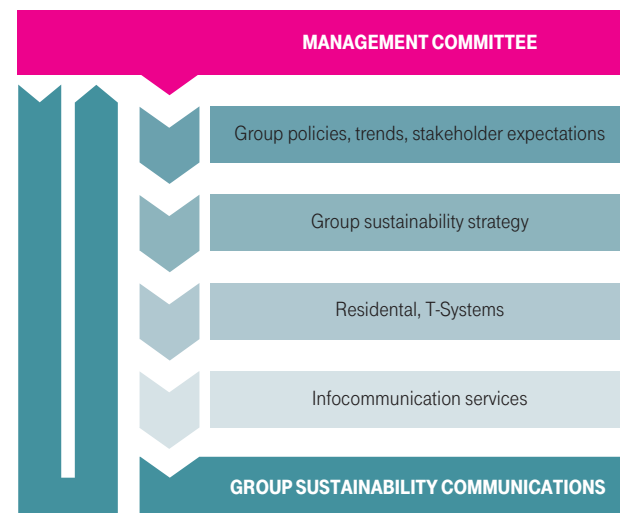
Hierarchy of the sustainability activities

The hierarchy of the sustainability activities of Magyar Telekom Group has not changed lately, only the structure of the Group changed that can be followed in the annual sustainability reports. The sustainability strategy was determined in line with various policies of the Group, Hungarian and international trends (climate protection, electromagnetic fields, responsible content services, etc.) and in consideration of the stakeholders' expectations (i.e. proposals made had roundtable discussions and at various sustainability forums, stakeholder-feedback correspondence, survey results, etc.). The updated strategy serves as a basis for our tasks and objectives.

All our activities are supervised by the Management Committee, based on our regular reports. In order to manage risks that may have an impact on the business we established the sustainable supplier chain management process. Incidents are managed by a work group established by the GSCC and based on them we elaborate measures to mitigate potential future exposures.

REGULATION OF THE SUSTAINABILITY ACTIVITIES, GROUP SUSTAINABILITY PROCESS, ENVIRONMENTAL COORDINATION

The sustainability management process covers Magyar Telekom Group's entire sustainability activity (including environment protection).



THE CONNECTION OF SUB-PROCESSES AND ACTIVITIES ARE SHOWN IN THE FOLLOWING FIGURE:

