



# **CORPORATE GOVERNANCE AND MANAGEMENT REPORT OF MAGYAR TELEKOM PLC. FOR THE 2023 BUSINESS YEAR**

Submitted to the General Meeting by the Board of Directors of Magyar Telekom Plc. on February 22, 2024 with Resolution No. 2/14 (02.22.2024) and approved by the Supervisory Board on March 6, 2024 with Resolution No. 1/6 (03.06.2024).  
**The Corporate Governance and Management Report was approved with Resolution No. 9/2024 (IV.16.) by the Annual General Meeting of the Company held on April 16, 2024.**



## INTRODUCTION

The Board of Directors of Magyar Telekom Telecommunications Public Limited Company (hereinafter “Magyar Telekom” or “Company”) based on the Corporate Governance Recommendations (“CGR”) of the Budapest Stock Exchange Zrt. (“BSE”), and the provisions of Act V of 2013 on the Civil Code (“Civil Code”), submits to the Annual General Meeting with the approval of the Supervisory Board the below Corporate Governance and Management Report for the 2023 business year.

### 1. A BRIEF PRESENTATION OF THE OPERATION OF THE BOARD OF DIRECTORS, AND A DESCRIPTION OF THE DIVISION OF RESPONSIBILITY AND DUTIES BETWEEN THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

Magyar Telekom’s Board of Directors (“Board” or “Board of Directors”) shall be the management body of the Company and shall represent the Company with regard to third parties, in court and before other authorities. The Board of Directors exercises its rights and performs its obligations as an independent body.

The members of the Board of Directors shall conduct the management of the Company by giving primacy of the interests of the Company. The members of the Board of Directors shall be held liable for damages caused to the Company resulting from their management activities in accordance with the rules pertaining to damages for loss caused by breach of contract. The Company shall be held liable for damages caused to a third party by the members of the Board of Directors in connection with their conduct in such capacity. The Board of Directors and the Company shall be held jointly and severally liable, if the damage was caused intentionally by the members of the Board of Directors.

The Board of Directors is not an operative management body, in other words, the Board of Directors is not involved in the Company’s daily business. The Board of Directors is responsible for all matters relating to the Company's management and course of business not otherwise reserved to the General Meeting (“General Meeting”) or to other corporate bodies by the Articles of Association of the Company (“Articles of Association”) or by the law. Among other responsibilities, it approves the Company’s strategy, business plan, major organizational changes and key transactions, concludes employment agreements with and removes the Chief Executive Officer (“CEO”) and the Chief Officers.

### 2. THE INTRODUCTION OF THE MEMBERS OF THE BOARD OF DIRECTORS, THE SUPERVISORY BOARD AND THE EXECUTIVE MANAGEMENT (IN THE CASE OF BOARD MEMBERS, INCLUDING THE STATUS OF INDEPENDENCE OF THE DIFFERENT MEMBERS), A DESCRIPTION OF THE STRUCTURE OF COMMITTEES

Introduction of the members of the Board of Directors, the Supervisory Board of Magyar Telekom (“Supervisory Board”) and the management is available at the website of Magyar Telekom:

[http://www.telekom.hu/about\\_us/investor\\_relations/corporate\\_governance/board\\_of\\_directors](http://www.telekom.hu/about_us/investor_relations/corporate_governance/board_of_directors)

[http://www.telekom.hu/about\\_us/investor\\_relations/corporate\\_governance/supervisory\\_board](http://www.telekom.hu/about_us/investor_relations/corporate_governance/supervisory_board)

[https://www.telekom.hu/about\\_us/investor\\_relations/corporate\\_governance/management](https://www.telekom.hu/about_us/investor_relations/corporate_governance/management)

The Board of Directors shall be comprised of a minimum of five (5), and a maximum of eleven (11) members. The members of the Board of Directors shall be elected by the General Meeting. On December 31, 2023, the Board of Directors had eight (8) members. The assignment of the members of the Board of Directors, unless otherwise provided by the General Meeting, lasts for a term of three years until May, 31 of the third year subsequent to the date of the said General Meeting with the exception, that if the General Meeting in the third year is held prior to May 31 than their assignment lasts until the date thereof. The members of the Board of Directors can be removed or re-elected at any time by the General Meeting. Unless otherwise provided by a separate arrangement, the removal of, or failure to re-elect, a member of the Board of Directors shall not affect the employment rights of such person in respect of the Company where such member of the Board of Directors is also an employee of the Company.

The Board of Directors operates based on its Rules of Procedure.

The Civil Code does not include requirements with regard to the independency of the members of the Board of Directors if besides the Board of Directors there is also a supervisory board operating at the company. Independent members of the Board of Directors: Gábor Fekete, Frank Odzuck and Péter Raticics.



According to the Articles of Association the Supervisory Board shall be comprised of five (5) members. The members shall be elected by the General Meeting. The assignment of the members of the Supervisory Board, unless otherwise provided by the General Meeting, lasts for a term of three years until May, 31 of the third year subsequent to the date of the said General Meeting with the exception, that if the General Meeting in the third year is held prior to May 31 then their assignment lasts until the date thereof. Three members of the Supervisory Board must be independent from time to time in accordance with the applicable provisions of the Civil Code and two members of the Supervisory Board must be employees of the Company. The Supervisory Board carries out its activities based on its Rules of Procedure that is established by the Supervisory Board.

Independent members of the Supervisory Board according to the Civil Code: Prof. dr. Attila Borbély, Krisztina Dorogházi and András Szakonyi.

The detailed rules on the tasks, competences and operation of the Board of Directors and the Supervisory Board are contained in their Rules of Procedures:

[https://www.telekom.hu/static-tr/sw/file/20230919\\_MT\\_BoD\\_RoP\\_ENG.pdf](https://www.telekom.hu/static-tr/sw/file/20230919_MT_BoD_RoP_ENG.pdf)

[https://www.telekom.hu/static-tr/sw/file/20210608\\_MT\\_SB\\_RoP.pdf](https://www.telekom.hu/static-tr/sw/file/20210608_MT_SB_RoP.pdf)

### 3. THE NUMBER OF MEETINGS HELD IN THE RELEVANT PERIOD BY THE BOARD OF DIRECTORS, SUPERVISORY BOARD AND COMMITTEES, INCLUDING THE NUMBER OF MEMBERS ATTENDING

Section 5 discusses the work of the individual committees in detail, therefore, we describe here the above parameters with regard to the Board of Directors and the Supervisory Board.

In business year 2023 the Board of Directors held four (4) meetings in accordance with its Preliminary Meeting Schedule at which the overall rate of attendance of the members (either personally or by means of any electronic communication) was 100%. The Board of Directors adopted resolutions without holding a meeting in writing in two (2) cases.

The most important issues discussed by the Board of Directors in year 2023 were as follows:

- Magyar Telekom Group strategy, Objectives and Key results of the Company;
- business planning for years 2024-2027;
- monitoring financial performance;
- proposals to the General Meeting, including proposal on the approval of the year 2022 financial statements, the use of the profit for the year earned in 2022 and the dividend;
- shareholder remuneration policy implementation for the profit earned in 2022;
- cooperation with Deutsche Telekom AG;
- risk management of Magyar Telekom Group;
- review of the Compliance program and the results of compliance risk assessment;
- review of the activities of the Company's Internal Audit organization including the Annual Audit Plan;
- decision on the amendment and the termination of the employment contract of a Top Executive.

The Supervisory Board held four (4) meetings in business year 2023 at which the average rate of participation (either personally or by means of any electronic communication) was 95%.

The most important issues discussed by the Supervisory Board in 2023 were as follows:

- submissions on the agenda of the General Meeting, including the proposal to the General Meeting regarding the election and remuneration of the Statutory Auditor;
- Magyar Telekom Group strategy, Objectives and Key results of the Company
- Business Plan of the Magyar Telekom Group 2023-2026 and 2024-2027;
- report of the Board of Directors on the management, financial status and the business policy of the Company;
- reports on the activity of the Company's Internal Audit organization;
- Annual Audit Plan of the Company's Internal Audit organization;
- review of the Compliance program and the results of compliance risk assessment;
- the annual self-evaluation of the Board of Directors;
- report on the activities performed by the Audit Committee in 2022.



#### 4. THE PRESENTATION OF VIEWPOINTS CONSIDERED WHEN EVALUATING THE WORK OF THE BOARD OF DIRECTORS, THE SUPERVISORY BOARD, THE EXECUTIVE MANAGEMENT, AS WELL AS OF THE DIFFERENT MEMBERS. REFERENCE TO WHETHER EVALUATION CARRIED OUT IN THE RELEVANT PERIOD HAS RESULTED IN ANY CHANGES

The year 2023 self-assessment of the Board of Directors is published on the web site of the Company. The self-assessment primarily focused on:

- the performance of tasks belonging to the scope of authority according to the Articles of Association and the Rules of Procedure of the Board of Directors;
- the shareholder relations;
- the enforcement of the strategic and business plans of the Company;
- compliance; and
- the assessment of the legal and ethical requirements.

The following aspects were considered in assessing the Board of Directors members:

- Daniel Daub: Master's degree in business administration. Over 15 years of experience in various management positions in the international telecommunication sector. Chairperson of the Board of Directors.
- Daria Dodonova: Master degree in International Finance. Over 15 years of experience in various management positions. Chief Financial Officer of the Company.
- Gábor Fekete: Holds a Mechanical Engineer degree. Thorough his career, he has gained experience in several managerial positions. Independent member of the Board of the Directors.
- Elvira Gonzalez: University degree in Telecommunication Engineering and Business Administration. Over 15 years of experience in telecommunications in various management positions.
- Frank Odzuck: Degree in economics. Many years of professional experience in the position of managing director of the Hungarian subsidiaries of international corporations. Independent member of the Board of Directors.
- Péter Ratatics: Graduated in economics. Over 10 years of management experience in various positions. Independent member of the Board of Directors.
- Tibor Rékasi: Graduated from the Budapest Foreign Trade College. Over 20 years of experience in various managerial positions. Directed Magyar Telekom's Enterprise and Residential businesses as a Chief Officer. Chief Executive Officer of the Company.
- Melinda Szabó: Holds a degree in Marketing Economics and Business Administration. Over 15 years of experience in the telecommunications industry in various management positions.

Within the framework of the year 2023 performance evaluation of the Supervisory Board the following viewpoints – among others - were taken into account:

- whether the organization and members of the Supervisory Board, the operation of the Supervisory Board was ensured in business year 2023 as prescribed in the Rules of Procedure of the Supervisory Board;
- whether the Supervisory Board, based on its legal status, scope of authorities and responsibilities as included in its Rules of Procedure, properly fulfilled its tasks in business year 2023;
- whether the Supervisory Board deems it necessary to take further actions or follow-up steps in the individually assessed cases.

Within the framework of the evaluation of the year 2023 performance of the Supervisory Board the following viewpoints were taken into account at the assessment of the individual members and also whether based on these viewpoints their relevant competence was ensured:

- Prof. Dr. Attila Borbély: Expertise in finance, experience in sales and marketing field, as well as in higher education. Over 20 years of experience in various management positions and as chairman and member of Supervisory Board of many companies. Independent member and chairperson of the Supervisory Board.
- Gyula Bereznai: Experience in customer care, marketing and process management area, as official of the Workers' Council, as vice-chairman of T-Net Trade Union and as chairman of the Central Workers' Council.



- Krisztina Dorogházi: Expertise in finance, experience as audit manager. In her current position at a global company, listed on the New York Stock Exchange, she is leading a global organization of 500+ finance professionals responsible for internal controls, SOX compliance and closing the books according to USGAAP and several high impact transformational projects. Over 20 years of experience in various management positions. Independent member of the Supervisory Board.
- András Szakonyi: Expertise in corporate finance, experience as CFO and financial management positions. Over 20 years of experience in various senior management positions. Independent member of the Supervisory Board.
- Endre Szepesi: Expertise in information technology area, experience in technical field, as member of Telecommunication Trade Union (TÁVSZAK) and as member of the Workers' Council.

**5. REPORT ON THE OPERATION OF DIFFERENT COMMITTEES, INCLUDING THE INTRODUCTION OF THE MEMBERS OF THE COMMITTEES (PROFESSIONAL BACKGROUND), THE NUMBER OF MEETINGS HELD, THE NUMBER OF MEMBERS ATTENDING THE MEETINGS, AS WELL AS THE MOST IMPORTANT ISSUES DISCUSSED AT THE MEETINGS AND THE GENERAL OPERATION OF THE COMMITTEE. IF THE BOARD OF DIRECTORS HAS PASSED A RESOLUTION ON AN ISSUE CONTRARY TO THE RECOMMENDATIONS OF THE AUDIT COMMITTEE, THE PRESENTATION OF THE OPERATIONS OF THE AUDIT COMMITTEE SHALL INCLUDE THAT FACT (AS WELL AS THE REASONS OF THE BOARD OF DIRECTORS FOR DOING SO). IT IS RECOMMENDED THAT REFERENCE BE MADE TO THE COMPANY'S WEBSITE, WHERE THE TASKS DELEGATED TO THE COMMITTEES, THE RULES OF PROCEDURE OF THE COMMITTEES AND THE DATE OF APPOINTING THE MEMBERS SHOULD BE DISCLOSED.**

#### **Audit Committee of Magyar Telekom ("Audit Committee")**

Members of the Audit Committee:

- Prof. Dr. Attila Borbély
- Krisztina Dorogházi
- András Szakonyi

Introduction of the members of the Audit Committee is available at the web site of Magyar Telekom: [http://www.telekom.hu/about\\_us/investor\\_relations/corporate\\_governance/audit\\_committee](http://www.telekom.hu/about_us/investor_relations/corporate_governance/audit_committee)

The General Meeting elects a 3-member Audit Committee from the independent members of the Supervisory Board for the same period as the membership of the relevant members in the Supervisory Board.

The purpose of the Audit Committee is to support the Supervisory Board in supervising the financial reporting system, in selecting the statutory Auditor and in cooperating with the statutory Auditor.

The Audit Committee operates based on its Rules of Procedure. The Audit Committee establishes its own Rules of Procedure which is approved by the Supervisory Board.

The Audit Committee held four (4) meetings in accordance with its Preliminary Meeting Schedule in business year of 2023, with 92% average participation rate, and made further written resolutions without holding a meeting on four (4) occasions.

The Chief Financial Officer, the chief legal counsel of the Company, the head of the Company's Internal Audit organization, the head of the Company's Compliance organization and the representatives of the statutory Auditor, Deloitte Consulting and Auditing Ltd. participated at the meetings of the Audit Committee – except for the discussion of agenda items discussed within the framework of closed meetings by the decision of the Audit Committee.

The Audit Committee, during the cooperation with the statutory Auditor - inter alia - discussed the below subject matters with the statutory Auditor:



- formal written statement of the Auditor specifying its relationship with the Company in accordance with the respective law;
- Y2022 financial statements audit;
- independent auditor's report on the Y2022 Consolidated Financial Statements of the Company prepared according to the International Financial Reporting Standards ("IFRS") and the Y2022 Separate Financial Statements of the Company prepared according to the IFRS;
- proposal on the election and, determining the remuneration of the statutory Auditor;
- enforcement of the professional requirements and conflict of interest stipulations towards the Auditor;
- Y2022 Recommendation Letter and the response of the management of the Company;
- planning report of the statutory Auditor for Y2023, including Y2023 financial statements audit.

The Audit Committee – inter alia – discussed the below important issues at its meetings:

- the services provided by the statutory Auditor and their fees;
- audit contract to be entered with the Statutory Auditor for Y2023;
- reports on the activities of the Company's Internal Audit organization;
- Annual Audit Plan of the Company's Internal Audit organization;
- review of the Compliance program and the results of compliance risk assessment;
- Y2022 Consolidated Financial Statements of the Company prepared according to the IFRS and the Y2022 Separate Financial Statements of the Company prepared according to the IFRS, and the proposals for the acceptance of these financial statements;
- the proposal for the use of the profit for the year earned in 2022;
- Internal Control System ("ICS") compliance;
- risk management of Magyar Telekom Group.

The detailed rules on the tasks, competences and operation of the Audit Committee are contained in its Rules of Procedure: [https://www.telekom.hu/static-tr/sw/file/20221214\\_MT\\_AC\\_RoP.pdf](https://www.telekom.hu/static-tr/sw/file/20221214_MT_AC_RoP.pdf)

#### Remuneration and Nomination Committee of Magyar Telekom ("Remuneration and Nomination Committee")

Members of the Remuneration and Nomination Committee:

- Daniel Daub
- Elvira Gonzalez
- Frank Odzuck

Introduction of the members of the Remuneration and Nomination Committee is available at the web site of Magyar Telekom:

[https://www.telekom.hu/about\\_us/investor\\_relations/corporate\\_governance/compensation](https://www.telekom.hu/about_us/investor_relations/corporate_governance/compensation)

The Remuneration and Nomination Committee is comprised of three members elected by the Board of Directors from among its members. The assignment of the members is the same period as their assignment as members of the Board of Directors.

The purpose of the Remuneration and Nomination Committee 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 its Rules of Procedure.

In 2023 the Remuneration and Nomination Committee held three (3) meetings with 100% participation rate and adopted resolutions in writing without holding a meeting in two (2) cases.

The issues discussed were as follows:

- proposal on the evaluation of the year 2022 bonus targets of Magyar Telekom Group's Top Executives;
- target setting of the year 2023 for Magyar Telekom Nyrt.'s Top Executives;
- proposal on the evaluation of the year 2022 EU Game Changer Incentive (GCI) target of Magyar Telekom Nyrt.'s Top Executives;
- proposal on the approval of the EU Game Changer Incentive 2023 of Magyar Telekom Nyrt.'s Top Executives;
- proposal on KPI Realizations and Payment of the 2019 Long-Term Incentive (LTI) program of Magyar Telekom Nyrt.'s Top Executives;



- amendment of the Terms & Conditions of Long-term Incentive program and Share Matching Plan (SMP); reviewing and opening the nomination proposal to the Board of Directors;
- proposal on the Remuneration report 2022;
- proposal on the amendment of the Remuneration Policy;
- proposal on the termination and modification of the employment contract of certain Executives;
- report to the Board of Directors of Magyar Telekom Plc. on the operation of the Remuneration and Nomination Committee in 2022;

The detailed rules on the tasks, competences and operation of the Remuneration and Nomination Committee are contained in its Rules of Procedure:

[https://www.telekom.hu/static-tr/sw/file/20200101\\_MT\\_RNC\\_RoP\\_ENG.pdf](https://www.telekom.hu/static-tr/sw/file/20200101_MT_RNC_RoP_ENG.pdf)

## 6. THE PRESENTATION OF THE SYSTEM OF INTERNAL CONTROLS AND THE EVALUATION OF THE ACTIVITY IN THE RELEVANT PERIOD. REPORT ON THE EFFICIENCY AND EFFECTIVENESS OF RISK MANAGEMENT PROCEDURES. (INFORMATION ON WHERE THE REPORT ON INTERNAL CONTROLS BY THE BOARD OF DIRECTORS MAY BE VIEWED BY SHAREHOLDERS.)

The presentation of the system of **internal controls**, evaluation of the activity in the relevant period.

Magyar Telekom's management is committed to establish and maintain an adequate internal control system to ensure the reliability of the financial reports, and minimize operating and compliance risks. Magyar Telekom's internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in conformity with International Financial Reporting Standards (IFRS) as adopted by the European Union.

For the business year 2023 control documentation and evaluation were accomplished in the IT supported ICS-Tool system. Transaction Level Controls describe the controls built into the business processes of Magyar Telekom that have been designed and operated to ensure that material misstatements in each significant financial account and disclosure within the financial statements of the Company are prevented or detected in a timely manner.

Complete evaluation of the internal control system of Magyar Telekom is based on the method established in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The operation of the internal control system is supported also by the independent internal audit function. It contributes to the improvement of the internal control processes and the reduction of existing risks by performing audits according to the risk based internal audit work plan and by testing ICS controls. The Internal Audit area follows up the implementation of the measures defined based on the audits. The Supervisory Board and the Audit Committee inter alia also receive regular reports on the findings of the audits and related measures, and on measure fulfilment.

In line with the criteria of the adopted internal control framework, management evaluates the effectiveness of internal control system within each financial year. Management's assessment for 2023 is finished and based on the collected information internal control system has been operating effectively to prevent potential material misstatements in the financial statements, and minimize operating and compliance risks.

The Company's shareholders are being informed about the operation of the internal control system through its public reports.

The management and Board of Directors of Magyar Telekom are committed to conduct all business activities of Magyar Telekom Group according to the highest legal and ethical standards. Based on this commitment the Board of Directors established the Corporate compliance program of Magyar Telekom.

The Corporate compliance program is applicable to all bodies, organizations, employees of Magyar Telekom Group, and advisors, agents, representatives as well as to all persons and organizations that work on behalf of the Company or its subsidiary.

The Corporate compliance program of Magyar Telekom ensures that the business activities of the Group are conducted with observing and in compliance with the relevant laws to the outmost extent, according to the highest standards of training and commitment. It requires the realization of guidelines and processes that manage potential compliance risks and implement specific processes in order to report, investigate, monitor and correct suspected or actual lack of compliance.



## RISK MANAGEMENT GUIDELINES

### Introduction

As Hungary's leading telecommunications provider, Magyar Telekom is subject to uncertainties and changes of the telecommunications and IT industry. To operate successfully in this continuously changing environment risks have to be systematically identified, assessed and managed. Risk management system is not only needed from a business point of view, but as a company listed in the stock market, Magyar Telekom is obliged to operate a risk management system and prepare a risk report to inform its investors.

Upon the establishment of the comprehensive risk management system the Company acts in line with the relevant requirements of the Budapest Stock Exchange, as well as the rules laid down in the applicable international standards.

The Group level risk management system covers strategic, operational, financial, compliance and legal risks, which is also applicable to the consolidated subsidiaries of the Company. The objective is to identify, monitor and manage these risks in an early phase.

### Risk management guidelines

It is Magyar Telekom Plc.'s policy that disclosures to its shareholders and market participants should give an accurate and complete picture of Magyar Telekom Group and fairly present the financial and operational results of the Company in all material respects. Such disclosures are made on a timely basis as required by the applicable laws, rules and regulations.

### The risk management organization and process

To meet these objectives, the Company continuously improves and regularly reviews the functionality and effectiveness of the elements of its risk management system. The risk management of Magyar Telekom includes identification, assessment and evaluation of risks, development of necessary action plans, as well as monitoring of performance and results.

Magyar Telekom performs its risk management activities in accordance with the risk management guidelines developed by the Group level risk management organization and approved by the Board of Directors.

The risk owners of the individual organizations are responsible for identifying, reporting, assessing and monitoring risks on a continuous basis, in line with the framework of the risk management process, under the governance of the central risk management organization

During the annual planning process the management takes into account potential risks.

The established risk management standard provides a process framework:

- The identification of risks through the involvement of all organizations.
- Following the identification of risks, they are analyzed, assessed and quantified in details (by estimating their probability of occurrence and potential impact) according to a predefined methodology. Risk assessment allows management to focus more effectively on those risks that have significant impact on the Group's strategic objectives.
- A decision is then taken on the specific course of action to be taken to reduce the risks.
- The relevant risk owner implements, monitors, and evaluates the relevant actions.

These steps are repeated as necessary to reflect current developments and decisions.

To operate the risk management system effectively, Magyar Telekom needs to ensure that management makes business decisions based on knowledge of all relevant risks, supported by regular Magyar Telekom Group-wide risk reporting. At the same time, risks related to the business plans are continuously assessed and managed and considered in the risk management process.

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





Once these risks have been evaluated, the results are communicated to the Board of Directors, the Audit Committee and Deutsche Telekom's Risk management area in form of a group-level risk report. This regular reporting ensures that the most significant risks are monitored, that up-to-date risk mitigation measures are in place and that they are regularly followed up.

Risk items affecting the operations of the Company are reviewed regularly and proactively throughout the Group. In this context, all the organisations and subsidiaries must immediately report any new facts, information or risks that come to their attention that meet the criteria for mandatory reporting. The risk management function evaluates the information communicated and notifies the Chief Financial Officer if significant new risks or information emerge. Responsibilities of employees on monitoring and managing risks are governed by internal regulations.

The risk assessment is carried out for a three-year period by Magyar Telekom Group. If there are significant risks beyond the forecast period, such risks are monitored on a continuous basis.

Besides the systematic management of risks the identification of opportunities and their strategic and financial assessment are also essential part of the annual planning process of Magyar Telekom Group. This allows the Company to take these opportunities into account in its forecasts.

## 7. INFORMATION ON WHETHER THE AUDITOR HAS CARRIED OUT ANY ACTIVITIES NOT RELATED TO AUDITING

Based on the effective Pre-approval Policy of the Audit Committee the statutory Auditor – upon the general pre-approval or the specific pre-approval of the Audit Committee – provided the below services for the Company in business year 2023 besides the audit of the financial statements type of services:

- other audit related services.

## 8. A DETAILED PRESENTATION OF THE COMPANY'S DISCLOSURE POLICY, AND ITS POLICY ON TRADING BY INSIDERS

### Disclosure policy of the Company

The Company is committed that the financial statements disclosed by the Company to its shareholders or the investors should be accurate and complete, and provide a true and fair view of the Company's assets, financial position and results of operations in all important aspects, and such disclosures should be made in time to meet the requirements of the applicable laws and requirements of BSE.

The controls and procedures currently used by the Company are designed to ensure that: regular information required by the laws to be disclosed by the Company as well as any and all other written information that the Company discloses from time to time to the investment community and to the public is recorded, processed, summarized, and reported accurately and on a timely basis as well as that the information is collected and transferred to the management to ensure that timely decisions are made on the disclosure.

Within the framework of the ICS (Internal Control System) the Company reviews its disclosure processes each year.

Material information to the investors and to the public is available at the web site of Magyar Telekom:

[https://www.telekom.hu/about\\_us/investor\\_relations](https://www.telekom.hu/about_us/investor_relations)

### Policy in connection with the prohibition of insider trading

With the aim of ensuring enforcement of all relevant regulations Magyar Telekom created its internal regulation which applies to all organizations of Magyar Telekom, to persons having access to inside information, as well as to persons discharging managerial responsibilities at Magyar Telekom and persons closely associated with them. The regulation prohibits: insider dealing, and the unlawful disclosure of inside information.



The internal regulation of Magyar Telekom defines the scope of inside information, the definition of insider dealing. It also draws up general principles of classification of inside information, handling the information in accordance with the respective security level, the disclosure / delaying of the inside information, as well as specific limitations for trading in securities. It gives advice on the announcement of transactions concluded by persons discharging managerial responsibilities or persons closely associated with them, and determines the fundamental rules of keeping the registry of persons with access to inside information (insider list).

Magyar Telekom basically encourages investment in Magyar Telekom shares by members of the Board of Directors, members of the Supervisory Board and its employees. However, in addition to the aforementioned trading guidelines, in accordance with the provisions of relevant regulations, Magyar Telekom's internal regulation defines certain limitations for the timing of transactions of persons discharging managerial responsibilities (30 days closed periods before the announcement of annual and quarterly financial reports).

Persons whose names are listed in the insider list may not trade in Magyar Telekom shares from the date of their entry into the list until their deletion from the list or until the list is closed due to any other reason.

In certain cases transactions must be announced to the authority and to the public by the person discharging managerial responsibilities, by persons closely associated with them and by Magyar Telekom in accordance with the relevant laws. In order to support compliance with the announcement obligations persons discharging managerial responsibilities and persons closely associated with them shall, without delay, fill in and send the form specified in the internal regulation to Magyar Telekom, if they concluded a transaction with Magyar Telekom shares and Magyar Telekom shall file the necessary announcements and disclosures required to be made by it. In addition to the above, persons discharging managerial responsibilities and persons closely associated with them shall, without delay, directly inform the authority on transactions concluded by them.

Every person having access to inside information has the individual responsibility to comply with the internal regulation of Magyar Telekom. A person having access to inside information may, from time to time, have to forego a proposed transaction in Magyar Telekom securities even if he or she planned to make the transaction before learning of the inside information and even though the insider person believes he or she may suffer an economic loss or forego anticipated profit by waiting.

## 9. A DETAILED DEMONSTRATION OF THE METHODS OF EXERCISING SHAREHOLDERS' RIGHTS

Shareholders shall be entitled to exercise shareholders' rights in dealing with the Company based on a certificate of ownership, following their entry into the Share Register. Shareholders whose names have not been entered into the Share Register and shareholders who acquired their shares in violation of the restrictions to the transfer and the acquisition of shares shall not be allowed to exercise their rights attached to such shares vis-à-vis the Company.

The keeper of the Share Register is the Board of Directors of the Company or its agent appointed to be the keeper of the Share Register. The keeper of the Share Register maintains the Share Register of the shareholders, including holders of interim shares, and the nominees, in which the name and the address or registered seat of shareholders, and the nominees, or in the case of jointly owned shares the joint representative, the number of shares or interim shares, and the ownership ratio of shareholders for each series of shares.

Shareholders shall have the right to participate at the General Meeting, and if holding shares with voting rights, to vote. The holder of each Series "A" ordinary share shall be entitled to one vote at the General Meeting of the Company. The names of shareholders and nominees who intend to participate at the General Meeting shall be registered in the Share Register on the second working day prior to the starting date of the General Meeting. Shareholders' rights may be exercised at the General Meeting only by the persons whose names are contained in the Share Register at the time it was closed. Transfer of shares prior to the starting date of the General Meeting does not affect the right of persons registered in the Share Register to participate at the General Meeting and to exercise their shareholders' rights thereat.

Shareholders shall have the right to request information, make remarks and motions at the General Meeting. The Board of Directors shall provide the necessary information, at the latest three days before the date of the General Meeting, to all shareholders with respect to the agenda items of the General Meeting, upon written request submitted at least eight days prior to the date of the General Meeting. If shareholders together controlling at least one per cent of the votes in the Company notify the Board of Directors - in accordance with the provisions on setting the items of the agenda - of the supplementation of the agenda, or the resolution proposal with respect to the items on or to be added to the agenda within eight days following the publication of the notice for the convocation of the General Meeting, the Board of Directors



publishes a notice on the supplemented agenda and the resolution proposals submitted by shareholders following the receipt of such proposal. The matter published in the notice shall be construed to have been placed on the agenda.

Shareholders shall be entitled to receive a share from the Company's taxed profit that is available and has been ordered for distribution by the General Meeting in proportion with the nominal value of their shares. Shareholders shall be entitled to dividend who are registered in the Share Register at the record date of the dividend payment identification process ordered by the Company.

A group of shareholders together controlling at least one per cent of the votes in the Company shall have entitlement to exercise minority rights.

The detailed rules of exercising shareholder's rights are contained in the Articles of Association:

[https://www.telekom.hu/static-tr/sw/file/20231207\\_Articles\\_of\\_Association.pdf](https://www.telekom.hu/static-tr/sw/file/20231207_Articles_of_Association.pdf)

## 10. A BRIEF PRESENTATION OF RULES ON THE CONDUCTING OF THE GENERAL MEETING

The General Meeting is the highest decision-making body of the Company. The decisions of the General Meeting, which are referred to as resolutions, are binding upon the shareholders, the other organs and the officers of the Company.

The Company shall hold a General Meeting at least once each year (the Annual General Meeting) where the financial statements prepared according to the Accounting Act of the Company are approved. The Annual General Meeting shall be held no later than April 30 of the year immediately subsequent to the business year in question. In addition to the Annual General Meeting, the Company may hold extraordinary General Meetings at any time, if necessary.

Notice of the General Meeting of the Company shall be published in the manner stipulated by the applicable law and these Articles of Association for the publication of the Company's notices and advertisements thirty days prior to the date of the General Meeting, unless otherwise provided by law. The public notice of the General Meeting of the Company shall be published by the body responsible for or entitled to the convocation of the General Meeting either by law or by the Articles of Association.

The General Meeting shall have a quorum if shareholders representing more than half of the shares carrying voting rights are present in person or by proxy at the time stipulated in the public notice convening the General Meeting.

If the General Meeting fails to have a quorum, the reconvened General Meeting shall have a quorum for the issues of the original agenda irrespective of the voting rights represented by those present. Such reconvened General Meeting may also be convened for the same day as the General Meeting fails to have a quorum, however, the period between the two general meetings shall not exceed twenty-one days.

The General Meeting shall adopt its resolutions by a simple majority vote except for resolutions on issues listed in Sections 5.2. (a), (c)-(f), (l), (m) of the Articles of Association which shall require at least a three-quarters majority of the votes of the shareholders present.

The detailed rules of conducting the General Meeting are contained in the Articles of Association:

[https://www.telekom.hu/static-tr/sw/file/20231207\\_Articles\\_of\\_Association.pdf](https://www.telekom.hu/static-tr/sw/file/20231207_Articles_of_Association.pdf)

## 11. REMUNERATION POLICY

### Compensation of Members of the Board of Directors, Supervisory Board and the Chief Executive Officer and other Chief Officers of the Company

The remuneration and evaluation of the work performed by members of the Board of Directors, the Supervisory Board, and the Chief Executive Officer and other Chief Officers of Magyar Telekom Plc. (hereinafter Magyar Telekom or the Company) focusing on the Company's continuous development and growth are conducted along the Remuneration Policy adopted by the Company's General Meeting.

The Remuneration Policy is available at the website of Magyar Telekom:

<https://www.telekom.hu/static-tr/sw/file/20230419-remuneration-policy.pdf>

Magyar Telekom aims to achieve leadership position in terms of customer experience, as well as technological and business productivity alike. The Company's Strategy rests upon four pillars:



1. Undisruptable Telekom
2. Digitally native business
3. #1 choice of customers
4. Most admired community

The pillars serving the purpose of retaining the market leadership position call for continuous transformation and organizational innovation, for which it is indispensable to have efficient bodies and top executives in place with long-term engagement.

The objective of the Remuneration Policy is that a competitive remuneration structure be elaborated for those who fall within the personal scope of the Policy that supports, recognizes and provides motivation for their decisions and measures adopted with the aim to implement the four pillars of the Strategy, and also takes into account the responsibilities commensurate with the position. The Remuneration Policy promotes the Company's Business Strategy, long-term interests and sustainability through its short and long-term incentive systems. Remuneration paid under the Remuneration Policy may not jeopardize the sustainability of the financial status and the effective operation of Magyar Telekom.

The remuneration paid to members of the Board of Directors and the Supervisory Board is determined by the General Meeting, while the decision about the remuneration of the Chief Executive Officer and other Chief Officers is adopted by the Company's Remuneration and Nomination Committee.

The introduction of a remuneration element not included in this Remuneration Policy or the modification of existing elements may be carried out solely for the purpose of the long-term interests and sustainable operation of the Company upon the proposal by the Remuneration and Nominating Committee of the Company. The amendment should not jeopardise the objectives and principles set out in the Remuneration Policy.

## REMUNERATION PACKAGE COMPONENTS

### 1. Board of Directors

- Members of the Board of Directors are paid remuneration.
- The amount of the remuneration is determined by the General Meeting based on the proposal of the Remuneration and Nomination Committee.
- The amount of the remuneration is determined in line with the Hungarian benchmark.
- The amount of the remuneration can be revised upon the initiative of the Remuneration and Nomination Committee.
- The Board of Directors evaluates its performance along principles determined in advance (strategy, business performance, compliance, efficiency, dividend policy, information flow) each year. As part of the evaluation, the self-evaluation conducted by the specific members of the Board of Directors along predetermined aspects are also reviewed.
- The members of the Board of Directors are entitled to infocommunication services and to the reimbursement of the reasonable costs arising in connection with their participation at the meetings, or directly connected to their membership (e.g. cross-border travel) in accordance with the applicable internal regulations of the Company effective from time to time.
- Insurance (liability, travel) in accordance with the applicable insurance conditions of the Company effective from time to time.

### 2. Supervisory Board

- Members of the Supervisory Board are paid remuneration.
- The amount of the remuneration is determined by the General Meeting based on the proposal of the Remuneration and Nomination Committee.
- The amount of the remuneration is determined in line with the Hungarian benchmark.
- The amount of the remuneration can be revised upon the initiative of the Remuneration and Nomination Committee.
- Upon the itemized review of the tasks defined as part of its Rules of Procedures, the Supervisory Board evaluates the work performed in the specific year aimed at fulfilling the different tasks and determines the performance of which activity/activities must be improved. In the framework of the above, it evaluates the skills and experience of the specific members of the Supervisory Board that are necessary for the performance of the Supervisory Board's work.
- The members of the Supervisory Board are entitled to infocommunication equipments and services and to the reimbursement of the reasonable costs arising in connection with their participation at the meetings, or directly



connected to their membership in accordance with the applicable internal regulations of the Company effective from time to time.

- Insurance (liability, travel) in accordance with the applicable insurance conditions of the Company effective from time to time.
- Those independent members of the Supervisory Board who are member of the Audit Committee of the Company are entitled to remuneration too as members of the Audit Committee, in the amount resolved by the General Meeting of the Company.
- 

Remuneration of Members of the Board of Directors the Supervisory Board and the Audit Committee as of December 31, 2023 are as follows:

The Chairman of the Board of Directors:	HUF 600 000 per month
The Members of the Board of Directors:	HUF 500 000 per month
The Chairman of the Supervisory Board:	HUF 600 000 per month
The Members of the Supervisory Board:	HUF 350 000 per month
The Chairman of the Audit Committee:	HUF 560 000 per month
The Members of the Audit Committee:	HUF 280 000 per month

### 3. Chief Executive Officer and other Chief Officers

- The size of the components included in the remuneration package are determined by the Remuneration and Nomination Committee upon consideration of the Hungarian remuneration benchmarks.
- The remuneration package is revised as required and needed but at least in every three year. The Company's relevant internal policies are revised once a year by the Company's People Unit.
- The remuneration package consists of the following:

#### 3.1. Annual On-Target Earnings

The annual on-target earnings consist of the (fixed) monthly base wage defined in the employment contract and the bonus determined as a percentage of the base wage the amount of which varies subject to the annual performance. The ratio of the base wage and the bonus within the annual on-target earnings is 51%/49% for the CEO, 52%/48% for other Chief Officers, and 70%/30% in case an agreement is included in the employment contract regarding the different ratio.

##### a) Annual base wage

The annual base wage is a (fixed) annual amount determined for individual that differs in different positions and is paid in identical allotments on a monthly basis.

##### b) Annual bonus

The bonus is a set percentage of the base wage paid proportionately to the performance levels of strategic, financial and sustainability targets derived from the strategic objectives defined for the specific business year.

The Remuneration and Nomination Committee adopts the annual targets and their performance levels annually in light of the Company's strategic objectives and corporate responsibility principles (our corporate responsibility programs focus on digital education and volunteer work, but we also put emphasis on supporting NGOs by means of tariff packages designed specifically for them).

Bonus advance payments are not made, bonus is paid on a scale of 0-150% subject to the evaluation of the performance of the relevant targets when the financials of the closed business year are final.

After payment is made, the bonus may not be reclaimed.



### 3.2. Extraordinary, per-case bonus

In case of outstanding performance of targets set forth by the Remuneration Policy, the extra performance demonstrated by individuals may be recognized by per-case bonus.

The amount of the reward shall be fixed by the Remuneration and Nomination Committee.

### 3.3. Mid-term and long-term incentive programs

Magyar Telekom launches / may launch mid-term and long-term incentive programs, the purpose of which is to provide incentive to management for the long-term and sustainable value increase of the Company, thus bringing the interests of the management and the shareholders into closer harmony.

Such programs may include share purchase (option call) matched/provided by the Company

- dependent on / independent of the share price and/or
- cash-based / share-based and/or
- one-time / recurring and/or
- frozen for a period / not frozen for a period and/or
- based on utilizing a portion of the bonus or
- at a predetermined share price / from a predetermined date.

Program components may include incentive elements offered, sold or granted by an affiliate company of Magyar Telekom (i.e. Deutsche Telekom AG).

#### a) Mid-term incentive plans

Currently, there is no mid-term incentive plan in place at the Company.

#### b) Long-term Incentive Plan (LTI)

The LTI is a cash-based long-term incentive program that is linked to the performance of four indicators of the mother company considered of special strategic priority. Performance criteria may not be changed during the term of the program. Participation in the program is subject to the performance of the central indicators determined for the previous year, and the achievable amount is 30% of the annual on-target earnings.

As part of the program launched in 2015, a four-year program is introduced each year.

Commencing on January 1, 2023 the prerequisite of participating in LTI is the participation in the Share Matching Plan (SMP) and making a personal investment accordingly.

Payment is always made after the program's expiry and the evaluation of the targets' performance levels on a scale of 0-150%.

The detailed rules, the amount that may be utilized for the specific incentive and the actual performance levels at the end of the programs' duration are determined by the Remuneration and Nomination Committee.

#### c) Share Matching Plan (SMP)

Participation in the program is mandatory for the Company's Chief Executive Officer and for the Chief Officers considering their participation in LTI. The program may be launched, if the previous year's DT Group Free Cash-Flow target is achieved. Participants must spend a part (minimum 5%) of their gross annual bonus on Deutsche Telekom shares. The investment must not exceed 1/2 of their annual bonus ("personal investment" assuming 100% achievement of the previous year's bonus in case of the CEO and that of the specific year in case of other Chief Officers).

Participants must hold their shares for at least 4 years (freeze) and may freely use them upon the expiry of the freeze.

As part of the program Deutsche Telekom grants a certain number of shares free of charge to the participants based on the number of Deutsche Telekom shares they purchased.

The proportion of the number of additional shares thus granted depends on the individual's management level: CEO: 1:1, other Chief Officers: 1:2.

The detailed rules of the program are determined by the Remuneration and Nomination Committee.

#### d) Game Changer Incentive program

Game Changer Incentive is a long-term incentive program paid in cash that is linked to the performance of two equally weighted indicators (50% financial and 50% customer centricity).



The program is a four-year program, from January 1, 2022 to December 31, 2025. For each program-year different base amount, rising in sequence, has been determined. Payment condition for the given program-year is that the target achievement level of the two performance indicators are each at least 50%. The base amount payable for the program-years depend on how many times in uninterrupted succession the necessary condition has been met (sequence of payment). If the necessary condition for payment is not met in a program-year, the payment sequence will recommence with the base amount determined for the first program year. The program currency is euro. Payment is always made after the program-year's expiry and the evaluation of the targets' performance levels on a scale of 0-150%. The detailed rules are determined by the Remuneration and Nomination Committee. The rules of participation in the program are included in the regulation adopted by the Remuneration and Nomination Committee. After payment is made, the incentive may not be reclaimed.

#### **3.4. Additional benefits**

The additional benefits are elaborated upon consideration of Hungarian benchmarks and in light of cost efficiency reasons, taking into account the form and structure of the benefits granted to employees. Such benefits include the provision of fringe benefits, work-related means, reimbursements and other remuneration (e.g. benefit cars; telecommunication services; business travel costs; insurances such as life and accident-, health-, travel-, liability insurance; education/trainings; business credit card; housing subsidies to expatriates; other expatriate costs etc.).

The additional benefits constitute 5-7% of the annual on-target earning, which may alter in case of foreign employees.

The additional benefits are provided by Magyar Telekom as set forth by the relevant employment contracts and the Company's applicable internal policies (e.g. car policy, work-related infocommunication services directive, car policy, travel policy, credit card regulation) effective from time to time.

In case of foreign employees employed under expatriate contract the Global Mobility Policy and the Global Compensation Guideline effective from time to time are to be applied.



## CORPORATE GOVERNANCE DECLARATION ON THE COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

### Level of compliance with the Recommendations

1.1.1. Does the Company have an organisational unit dealing with investor relationship management, or a designated person to perform these tasks?

Yes No

Explanation:

1.1.2. Are the Company's Articles of Association available on the Company's website?

Yes No

Explanation:

1.1.4. If the Company's Articles of Association allow shareholders to exercise their rights in their absence, did the Company publish the methods and conditions of doing so, including all necessary documents?

Yes No

Explanation: The Articles of Association currently does not allow shareholders to exercise their rights in their absence (per mail or electronically). If the Articles of Association was amended in a way that it would allow shareholders to exercise their rights in their absence, then the Company will act in accordance with the recommendation.

1.2.1. Did the Company publish on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders?

Yes No

Explanation:

1.2.2. Did the Company publish the exact date when the range of those eligible to participate in a given company event is set (record date), and also the last day when the shares granting eligibility for participating in a given company event are traded?

Yes No

Explanation:

1.2.3. Did the Company hold its General Meetings in a manner providing for maximum shareholder participation?

Yes No

Explanation:

1.2.6. The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting. (Answer Yes, if not)

Yes No

Explanation:

1.2.7. For proposals for the agenda items, were the Board of Directors' draft resolution and also the Supervisory Board's opinion disclosed to the shareholders?

Yes No

Explanation:

1.3.3. The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals, or set any preconditions for these with the exception of some measures taken to conduct the General Meeting in a correct manner and as intended. (Answer Yes, if not)

Yes No

Explanation:

1.3.4. By answering the questions raised at the General Meeting, did the Company ensure compliance with the information provision and disclosure principles set out in legal and stock exchange requirements?

Yes No





Explanation:

1.3.5. Did the Company publish on its website the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting within 3 working days following the General Meeting, or an official statement explaining why it refrained from giving answers?

Yes

No

Explanation:

1.3.7. Did the Chairman of the General Meeting order a recess or suggest that the General Meeting be postponed when a proposal or proposal relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting?

Yes

No

Explanation:

1.3.8.1. The Chairman of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board members. (Answer Yes, if not)

Yes

No

Explanation:

1.3.8.2. For executive officers or Supervisory Board members, whose nominations were supported by shareholders, did the Company disclose the identity of the supporting shareholder(s)?

Yes

No

Explanation:

1.3.9. Prior to discussing agenda items concerning the amendment of the Articles of Association, did the General Meeting pass a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific way?

Yes

No

Explanation:

1.3.10. Did the Company publish the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting?

Yes

No

Explanation:

1.6.1.1. Do the Company's publication guidelines cover the procedures for electronic, online disclosure?

Yes

No

Explanation:

1.6.1.2. Does the Company design its by considering the aspects of disclosure and the information of investors?

Yes

No

Explanation:

1.6.2.1. Does the Company have an internal publication policy in place which covers the processing the information listed in Section 1.6.2 of the Recommendations document?

Yes

No

Explanation:

1.6.2.2. Do the internal regulations of the Company cover the methods for the assessment of events judged to be important for publication?

Yes

No

Explanation:

1.6.2.3. Did the Board of Directors/Governing Board assess the efficiency of the publication processes?

Yes

No

Explanation:



1.6.2.4. Did the Company publish the findings of the efficiency assessment of the publication process?

Yes No  
Explanation:

1.6.3. Did the Company publish its annual company event calendar?

Yes No  
Explanation:

1.6.4. Did the Company publish its strategy, business ethics and policies regarding other stakeholders?

Yes No  
Explanation:

1.6.5. Did the Company publish the career information of Board of Directors / Governing Board, Supervisory Board and management members in its annual report or on the company website?

Yes No  
Explanation:

1.6.6. Did the Company publish all relevant information about the internal organisation and the operation of the Board of Directors / Governing Board and the Supervisory Board, about the work of the management, the assessments of these and the changes in the current year?

Yes No  
Explanation:

1.6.8. Did the Company publish its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management?

Yes No  
Explanation:

1.6.9.1. Did the Company publish its guidelines relating to the trading of its shares by insiders?

Yes No  
Explanation:

1.6.9.2. Did the Company disclose the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company in the annual report or in some other way?

Yes No  
Explanation:

1.6.10. Did the Company publish the relationship of Board of Directors / Governing Board, Supervisory Board and management members may have with third parties which could affect the operation of the Company?

Yes No  
Explanation:

2.1.1. Does the Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors / Governing Board?

Yes No  
Explanation:

2.2.1. Does the Board of Directors / Governing Board have a rules of procedure in place defining the organisational structure, the actions for arranging for and conducting the meetings, and the tasks regarding the adopted resolutions, as well as other issues related to the operation of the Board of Directors / Governing Board?

Yes No  
Explanation:

2.2.2. Does the Company publish the procedure used for nominating Board of Directors / Governing Board members?

Yes No  
Explanation:



2.3.1. Does the Supervisory Board provide a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it, in its rules of procedure and work plan?

Yes No

Explanation:

2.4.1.1. Did the Board of Directors / Governing Board and the Supervisory Board hold meetings periodically at a predefined interval?

Yes No

Explanation:

2.4.1.2. Did the rules of procedure of the Board of Directors / Governing Board and the Supervisory Board provide rules for the conduct of meetings that cannot be planned in advance, and for decision-making using electronic telecommunications means?

Yes No

Explanation:

2.4.2.1. Did board members have access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting?

Yes No

Explanation:

2.4.2.2. Did the Company arrange the proper conduct of the meetings, the drawing up of the meeting minutes and management of the resolutions made by the Board of Directors / Governing Board and the Supervisory Board?

Yes No

Explanation:

2.4.3. Do the rules of procedure provide for the regular or ad hoc participation of non-board members at respective board's meetings?

Yes No

Explanation:

2.5.1. Were the members of the Board of Directors / Governing Board and the Supervisory Board nominated and elected in a transparent process, and was the information about the candidates made public in due time before the General Meeting?

Yes No

Explanation:

2.5.2. Does the composition and size of the boards comply with the principles set out in Section 2.5.2 of the Recommendations?

Yes No

Explanation:

2.5.3. Did the Company ensure that the newly elected Board of Directors / Governing Board and Supervisory Board members became familiar with the structure and operation of the Company and their tasks were carried out as members of the respective boards?

Yes No

Explanation:

2.6.1. Did the Governing Board / Supervisory Board request (in the context of preparing the annual corporate governance report) its members considered to be independent to confirm their independence at regular intervals?

Yes No

Explanation:

2.6.2. Does the Company provide information about the tools which ensure that the Board of Directors / Governing Board assesses objectively the management's activities?

Yes No

Explanation:



2.6.3. Did the Company publish its guidelines concerning the independence of its Governing Board / Supervisory Board members and the applied independence criteria on its website?

Yes No

Explanation:

2.6.4. Does the Supervisory Board of the Company have any members who has held any position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation?

Yes No

Explanation:

2.7.1. Did members of the Board of Directors / Governing Board inform the Board of Directors / Governing Board and (if applicable) the Supervisory Board (or the Audit Committee if a uniform governance system is in place) if they, or individuals they have business relations with, or their relatives have interest in any business transactions of the Company (or any subsidiaries thereof) which excludes their independence?

Yes No

Explanation:

2.7.2. Were transactions and assignments between members of boards/ members of the management/individuals closely associated with them and the Company/subsidiaries of the Company carried out in accordance with the Company's general business practice but applying more stringent transparency rules compared to general business practice, and were they approved?

Yes No

Explanation:

2.7.3. Did board members inform the Supervisory Board / Audit Committee (Nominating Committee) if they had received an appointment for board membership or management position of a company not belonging to the Company Group?

Yes No

Explanation:

2.7.4. Did the Board of Directors / Governing Board develop guidelines for the flow of information and the management of insider information within the Company, and monitor compliance with them?

Yes No

Explanation:

2.8.1. Did the Company create an independent internal audit function that reports directly to the Audit Committee / Supervisory Board?

Yes No

Explanation:

2.8.2. Does Internal Audit have unrestricted access to all information necessary for carrying out audits?

Yes No

Explanation:

2.8.3. Did shareholders receive information about the operation of the system of internal controls?

Yes No

Explanation:

2.8.4. Does the Company have a function ensuring compliance (compliance function)?

Yes No

Explanation:

2.8.5.1. Is the Board of Directors / Governing Board or a committee operated by it responsible for the supervision and management of the entire risk management of the Company?

Yes No

Explanation:



2.8.5.2. Did the relevant organisation of the Company and the General Meeting received information about the efficiency of the risk management procedures?

Yes No

Explanation:

2.8.6. With the involvement of the relevant areas, did the Board of Directors / Governing Board develop the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company?

Yes No

Explanation:

2.8.7. Did the Board of Directors / Governing Board define the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives?

Yes No

Explanation:

2.8.8. Did internal control systems functions report about the operation of internal control mechanisms and corporate governance functions to the competent board at least once a year?

Yes No

Explanation:

2.9.2. Did the Board of Directors / Governing Board invite the Company's auditor in an advisory capacity to the meetings on financial reports?

Yes No

Explanation:

#### Level of compliance with the Proposals

1.1.3. Does the Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights also when they are not present in person?

Yes No

(Explanation:)

1.2.4. Did the Company determine the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account?

Yes No

(Explanation:)

1.2.5. Does the voting procedure used by the Company ensure a clear, unambiguous and fast determination of voting results, and in the case of electronic voting, also the validity and reliability of the results?

Yes No

(Explanation:)

1.3.1.1. Were the Board of Directors/Governing Board and the Supervisory Board represented at the General Meeting?

Yes No

(Explanation:)

1.3.1.2. In the event the Board of Directors/Governing Board and the Supervisory Board was absent, was it disclosed by the Chairman of the General Meeting before discussion of the agenda began?

Yes No

(Explanation:)



1.3.2.1. The Articles of Association of the Company did not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors/Governing Board and being granted the right to express their opinion and to add comments there if that person's presence and expert opinion is presumed to be necessary or help provide information to the shareholders and help the General Meeting make decisions. (Answer Yes, if not)

Yes No  
(Explanation:)

1.3.2.2. The Articles of Association of the Company did not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there. (Answer Yes, if not)

Yes No  
(Explanation:)

1.3.6. Does the annual report of the Company prepared as specified in the Accounting Act contain a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation?

Yes No  
(Explanation:)

1.4.1. In line with Section 1.4.1, did the Company pay dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents?

Yes No  
(Explanation:)

1.6.11. Did the Company publish its information in English as well, in line with the provisions of Section 1.6.11?

Yes No  
(Explanation:)

1.6.12. Did the Company inform its investors about its operation, financial situation and assets on a regular basis, but at least quarterly?

Yes No  
(Explanation:)

2.9.1. Does the Company have in place internal procedures regarding the use of external advisors and outsourced activities?

Yes No  
(Explanation:)