



**SUSTAINABILITY
REPORT**

2021



**Együtt.
Veled**

CORPORATE GOVERNANCE

16 PEACE AND JUSTICE
STRONG INSTITUTIONS

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

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

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

Sustainability Coordination

The group-level governance of corporate sustainability operations in 2021 is shown on the diagram below. From 2020 to the end of 2021 the Sustainability Committee (SC) (previously: Group Sustainability Coordination Council) was responsible for group-level coordination.

From January 1, 2022 a renewed organization, the Sustainability Squad took charge of the coordination tasks. In the operation of the Sustainability Squad, strategy development and strategy management are separate, so sustainability activity is carried out at two levels:

COMPETENCE	RESPONSIBLE
Determination of main directions, decision on key issues	CEO and CPO
Ensuring the necessary framework and supervision of the activities	CPO, member of Leadership Squad
Making the decisions and resolutions necessary for the operation, ensuring the coordination for the performance of tasks	Sustainability Squad ¹
Professional management; harmonized implementation of group level tasks; participation in the Hungarian and international professional activities	Sustainability Squad manager - Corporate Communication HUB Lead
Implementation of tasks of the management area/organization/member company, information, participation in meetings, data supply, implementation of operative tasks	Sustainability Squad members

¹ From January 1, 2022 a renewed organization, the Sustainability Squad took charge of the coordination tasks.

1. Strategy development and strategy management

Within the Sustainability Squad, the strategic vision is developed, and the implementation of the strategy is managed, communications are prepared and relations with various national and international organizations are managed.

2. Operative implementation level

Operational activities, execution of tasks, data reporting, etc. are carried out within the organizations of the management areas and business lines.

The operation of the Sustainability Squad is regulated by a group level directive called "About the regulation of Magyar Telekom Group's sustainability operation and the responsibilities and competence of stakeholders".

In compliance with the directive the Sustainability Squad meets regularly, at least quarterly, to coordinate company and group sustainability tasks effectively, with decisions taken by Sustainability Squad members through voting.

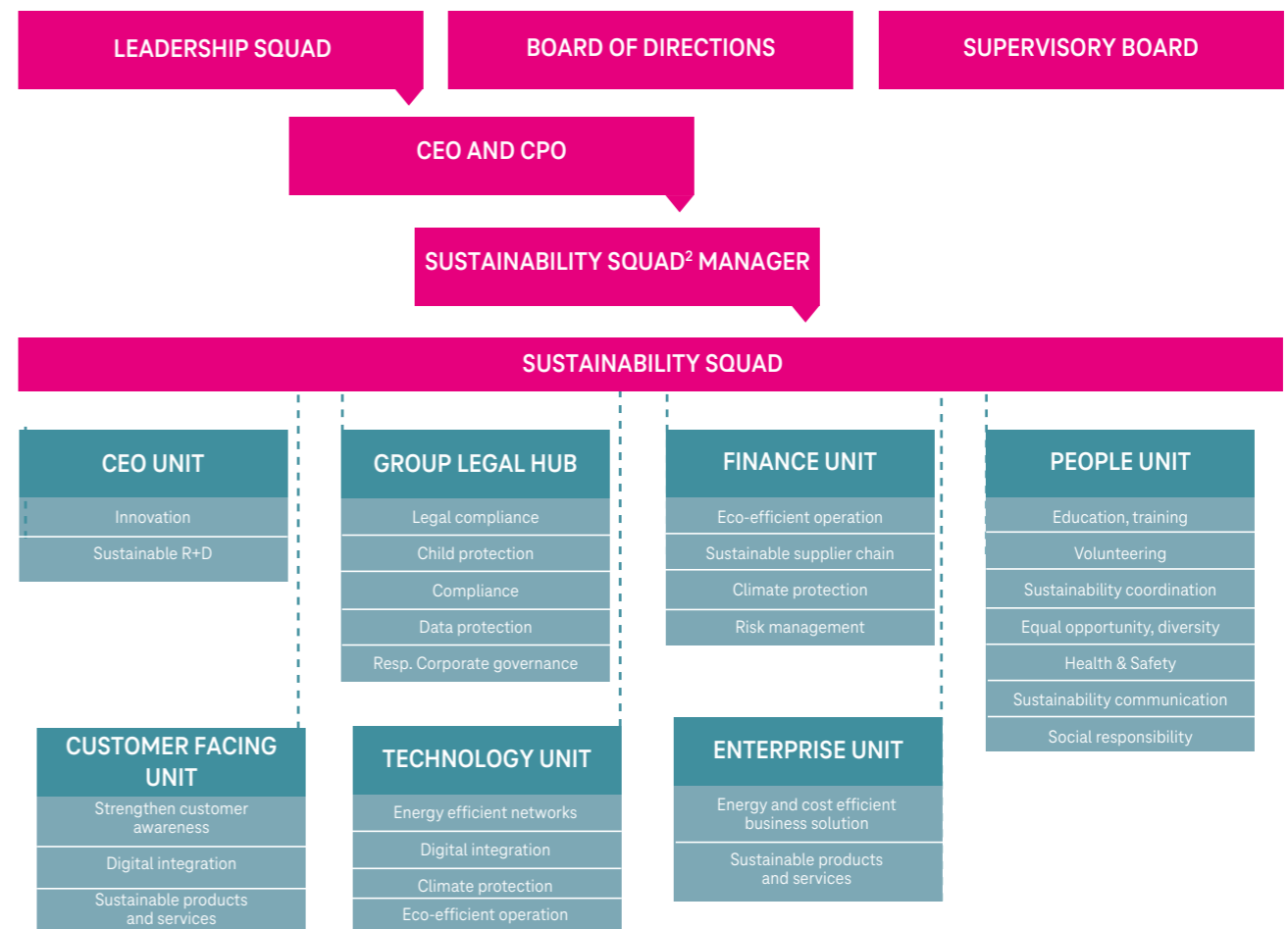
The Sustainability Squad provides regular reports and presentations to the Chief Executive Officer (CEO) and the Chief People Officer (CPO), on the basis of which they set the main direction of the Magyar Telekom Group's sustainability activities and make decisions on the following topics, with the input of the members of the Leadership Squad:

- Group policies
- Group sustainability strategy
- Group sustainability development tasks
- Group sustainability communication roadmap

The Leadership Squad liaises with stakeholders directly or through the Sustainability Squad. Inquiries received are channeled to the individual areas, with critical sustainability-related inquiries being forwarded by SC members to the relevant people.

Communication is based on the results of the above activities, one important element of which is the annual Sustainability Report, which in 2021 was overseen by the senior sustainability manager, the CPO, professionally managed by the Corporate Communication HUB and with Planet Fanatics' Network LLC. as sustainability advisor.

Sustainability Management of Magyar Telekom in 2021



Hierarchy of the sustainability activities

The changes in the hierarchy of Magyar Telekom Group's sustainability activities and in the structure of the Group as a result of the agile transformation are presented in the annual sustainability reports.

The sustainability strategy is 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 at roundtable

² From January 1, 2022 a renewed organization, the Sustainability Squad took charge of the coordination tasks.

discussions and various sustainability forums, email messages, survey results, etc.). The continuously updated strategy then serves as a basis of our tasks and objectives.

All our activities are supervised by the CEO and the CPO, based on our regular reports. In order to manage risks that may have an impact on the business we established the

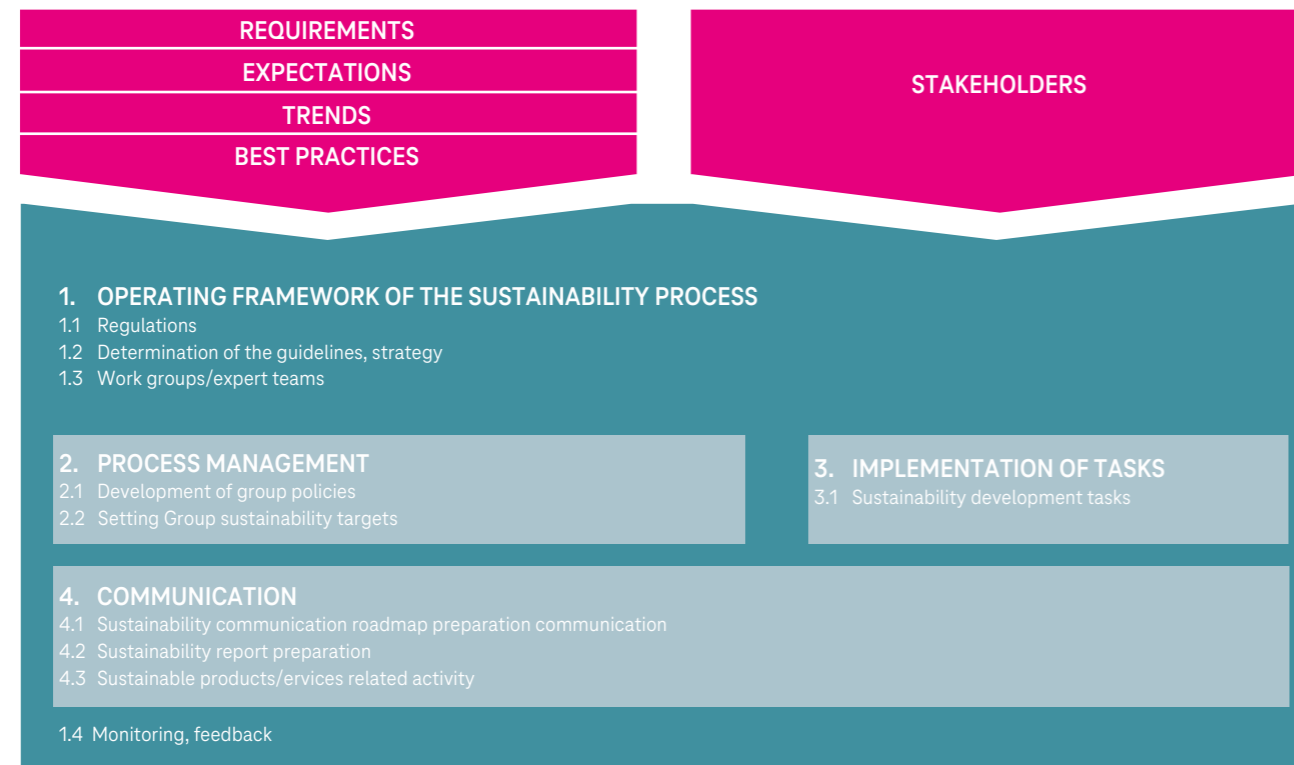
REGULATION OF THE SUSTAINABILITY ACTIVITIES, GROUP SUSTAINABILITY PROCESS, ENVIRONMENTAL COORDINATION

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

sustainable supplier chain management process. Incidents are managed by a work group established by the Sustainability Squad and based on them we elaborate measures to mitigate potential exposures.



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



CORPORATE COMPLIANCE

Magyar Telekom Group's Corporate Compliance Program has been elaborated with the aim of ensuring that Magyar Telekom Group conducts its business with maximum awareness and commitment, in accordance with relevant laws and regulations, in harmony with the strictest possible business ethics standards.

To this end we have issued directives addressing the potential compliance risks, operate the procedures contained by them and provide continuous training for our employees. Clear processes are in place for whistle-blowing, investigation, monitoring and remedy of suspected cases of non-compliance.

The Corporate Compliance Program is supervised by the Group Compliance Manager. The Group Compliance Manager reports directly to the Audit Committee and is in direct contact with the Board of Directors, the Supervisory Board and the management. The central point of the Compliance Program is the Code of Conduct that summarizes the relevant requirements and the applicable ethical norms. Employees may ask compliance-related questions through the Kérdezz! (Ask) portal.

The Company verified the cases of unethical conduct reported during the year and launched appropriate investigations if it was considered necessary. In the cases where the action of fraud was verified, necessary remedial actions were duly taken. Complaints and comments related to issues and violations of internal and external regulations can be submitted to Magyar Telekom Group's Mondde! (Tell us) portal.

RISK MANAGEMENT

It is our **policy** that all our disclosures our shareholders and the investment community be accurate and complete, and fairly present our financial and operational results in all material respects. Such disclosures are made on a timely basis as required by the applicable laws, rules and regulations.

To achieve these objectives, we continuously develop and regularly review the functionality and effectiveness of the elements of our risk management system. Our risk management 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 Boards 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.

Magyar Telekom's Group level risk report is regularly submitted to the Board of Directors, the Audit Committee and the Supervisory Board as well as to Deutsche Telekom's risk management organization.

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

For risk management to be effective, Telekom must ensure that the management takes business decisions with full understanding of all relevant risks that we support through Magyar Telekom's regular Group level risk report.

Risk items affecting our operations are reviewed regularly throughout the Company. All of our subsidiaries and entities are obliged to identify and report their operational risks. After evaluation of these risks, results are reported to the Company's management, to the Board of Directors, to the Audit Committee and the Supervisory Board. This regular reporting ensures that the most significant risks are monitored, up-to-date risk mitigation measures are implemented and regularly monitored.

Our risk reporting system is complemented by a continuous reporting procedure, which requires all of our departments and subsidiaries to report on a real-time basis any new material fact, information or risk that comes to their knowledge. Information thus submitted is monitored and evaluated by the risk management area and the Chief Financial Officer is notified when a new material risk or information is identified. An internal regulation has been issued to define responsibilities of each employee in risk monitoring and management.

The risk assessment is carried out for a two-year period. This is also our forecast period. If there are significant risks beyond the forecast period, such risks are monitored on a continuous basis.