

# SELF-EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS - 2019



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# 1. ROLE AND MEMBERS OF THE BOARD

## General Information

- 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 Board of Directors operates in compliance with the laws, the [Articles of Association](#) and its [Rules of Procedure](#).
- The members of the Board of Directors shall conduct the management of the Company by giving primacy of the interests of the Company.
- The Board of Directors is not an operative management body and 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. While the Board of Directors has delegated the daily management of the Company to the Management Committee<sup>1</sup> chaired by the Chief Executive Officer, it has retained certain formally defined issues within its exclusive authority.
- The Board of Directors shall be comprised of a minimum of six (6), and a maximum of eleven (11) members. The members of the Board of Directors shall be elected by the General Meeting. 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 then their assignment lasts until the date thereof.
- 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.
- **On December 31, 2019, the Board of Directors had six members, with one internal (executive) and five external (non-executive) members.**

<sup>1</sup> The Management Committee was terminated as of January 1, 2020.

## 2. BOARD MEETINGS

### Meetings

- In business year 2019 the Board of Directors held four meetings in accordance with its Preliminary Meeting Schedule at which the overall rate of attendance of the members (either personally or by telephone conference) was 93%. The Board of Directors adopted resolutions without holding a meeting in writing in five cases.
- The rules of the voting procedure shall be described in detail by the Rules of Procedure of the Board of Directors.
- The members of the Board of Directors received accurate and adequate documentation prior to the meetings and prior to the circular decisions.
- In accordance with the relevant law, the Articles of Association and the Rules of Procedure of the Board of Directors and the Supervisory Board, the Board of Directors has furnished quarterly reports to the Supervisory Board on the management, financial status and business policy of the Company.

# 3. MOST IMPORTANT ISSUES DISCUSSED

Items

- Monitoring financial and non-financial KPIs;
- Decisions on the bonus achievement in year 2018 and on the fine tuning of bonus targets for the year 2019 for the members of the Management Committee, based on recommendation of the Remuneration and Nomination Committee;
- Proposal to the General Meeting on the approval of the year 2018 financial statements, the use of the profit after tax and the dividend;
- Business planning for years 2020-2023;
- Cooperation with Deutsche Telekom;
- Decision on the termination and modification and establishment of the employment contract of certain Management Committee members;
- Organizational changes;
- Corporate Governance Simplification Project/Termination of the Management Committee
- M&A decisions;
- Risk management of Magyar Telekom Group;
- Review of the compliance program.



## 4. STRATEGY OBJECTIVES

### Strategic objectives

- The Board of Directors and the management have developed close and constructive working relations for the implementation of the strategic objectives.
- Magyar Telekom **maintained its leading position** in its Hungarian fixed voice, broadband, pay TV, mobile and ICT businesses in 2019 and successfully improved customer retention and delivered strong volume figures. Based on our improved network capabilities **we aim to provide services to all segment and customer** on voice, TV broadband and IT markets.
- The strategic objective in the mid-term is to become more agile, enhance efficiency, simplify the product and services portfolio, increase process automation and online customer servicing. As an **integrated provider**, we continue to deliver a **unique customer experience** supported by our leading brand and best technology.
- While anticipating new competencies required by the changing customer behaviour, technological advances, and new business models, we **aim to exploit our abilities to become a leader in all digital services** around the home for both customers and third parties.
- Following our strategy enables us **to exploit and develop our extended customer base, improve efficiency and capture growth opportunities** in an extended market of information and communications technology and related industries, which secures stable cash generation in the long run.
- The Board of Directors continued to pay special attention to **acquisition opportunities** since the exploration and successful implementation of value-creating acquisition opportunities is a key strategic objective for Magyar Telekom in the medium term. Our ability for non-organic growth in Hungary through mergers and acquisitions is subject to the approval of, and can be limited by the Competition Authority.



# 5. COMPLIANCE

Guidelines,  
ethics  
standards

- 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.
- As part of the **Corporate compliance program** the members of the Board of Directors completed Compliance and Anti-corruption training.



## 6. ASPECTS IN ASSESSING THE BOARD MEMBERS



**Dr. Robert Hauber**

Chairman of the Board

Master and doctoral degree in business administration.  
Over 10 years of experience as a senior finance executive.



**Péter Ratatics**

Graduated in economics. Over 10 years of management experience in various positions.

Independent member of the Board.



**Ralf Nejedl**

University degree in business administration. Over 15 years of experience in telecommunications in various management positions.



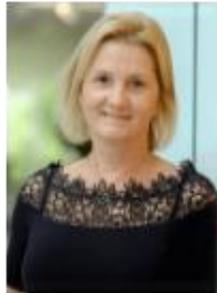
**Tibor Rékasi**

Graduated from the Budapest Foreign Trade College. Over 20 years of sales experience in the corporate sector in various managerial positions. Directed Magyar Telekom's Enterprise (T-Systems Hungary) and Residential businesses as a Chief Officer.



**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.



**Éva Somorjai-Tamássy**

Completed her studies at the College for Commerce and Catering. Over fifteen years of experience in the telecommunications industry in various management positions.