

CORPORATE GOVERNANCE REPORT

During the operation **DUNA HOUSE HOLDING Nyilvánosan Működő Részvénytársaság** (headquarters: 1016 Budapest, Gellérthegy utca 17.; commercial register code: Cg. 01-10-048384, hereinafter referred to as "**Company**") fully complies with the applicable legal requirements, in particular, with the provisions of Act V of 2013 on the Civil Code ("**Civil Code**") and of Act CXX of 2001 on capital markets ("**Act on capital markets**"), as well as the regulations of the Budapest Stock Exchange ("**BSE**") and those of the Hungarian National Bank ("**HNB**").

The organisational structure and operating conditions of the Company are contained in the prevailing statutes and rules of procedure of its individual bodies in addition to the fact that the functioning of the Company and of its individual bodies at all times complies with the principles contained in this Corporate Governance Report.

I. A Brief Presentation of the Board of Directors' Operation

The Board of Directors functions as the Company's management.

Among the objectives and activities of the Board of Directors the shareholder value, the efficiency and increasing profitability are of key importance. All these are implemented in such a way that the operation fully complies with the external regulations and business ethics. The powers of the Board of Directors are determined by the legislation, Company's Statutes and Rules of Procedure of the Board of Directors.

The competence of the Board of Directors includes making decisions on all matters which do not fall within the exclusive competence of the General Meeting, including, in particular:

- a) Convening the Company's ordinary and extraordinary general assemblies; adoption of the rules of procedure of the Board;
- b) Submission of the Annual Report in accordance with the Accounting Act and of a proposal for the use of the profit after tax to the Supervisory Board and the General Meeting;
- c) Preparation and submission to the Annual General Meeting of the report on the management, on the Company's financial situation and its business policy;
- d) Making decisions related to the Company's general business and development policy concept, as well as on the annual and medium-term plans;
- e) Making decisions related to the acquisition of another company, or acquisition of a part of its registered capital (share capital) and/or establishment of another company;
- f) Increasing the registered capital on the basis of the General Meeting's authorising resolution;
- g) Making decisions regarding taking or provision of loans;
- h) Acquisition of own shares based on the authorisation of the General Meeting, their disposal;
- i) Making decisions on the acceptance of a public purchase offer made for the own share;
- j) Registering rights, facts and data that are required by law and are to be registered in the company register at the Companies Court;
- k) Authorising the Company's employees to represent the Company in a group of issues;

The Company's organisational structure is developed by the Board of Directors.

The Rules of Procedure are adopted by the Board of Directors itself.

The Board of Directors makes its decisions by a simple majority of votes, unless provided otherwise in respect of certain issues in the rules of procedure of the Board of Directors.

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Members of the Board of Directors are elected by the General Meeting, and the Board membership is established upon acceptance. The Board of Directors does not have independent members, the Company expects independence only from the Supervisory Board members performing the audit.

The Board membership shall be terminated:

- a) in case of fixed-term mandate, upon expiry of the mandate,
- b) in case of mandates with a terminating condition, upon occurrence of the condition,
- c) upon removal,
- d) upon resignation,
- e) upon the board member's death,
- f) upon limiting a board member's legal capacity in the scope required to carry out his or her activity, or
- g) upon occurrence of an excluding or incompatibility reason affecting the board member.

The Company's Statutes make it possible for the Board members to fill executive and supervisory board positions in business entities whose main economic activity is identical to that of the Company's. The primary reason for this is the circumstance that the Company is a member of the DUNA HOUSE Group within which there are further business organisations whose principal business activities are the same as those pursued by the Company.

Members of the Board:

Gay Dymischiz, appointed for an indefinite period with effect from 31 March 2015.

Doron Dymischiz, appointed for an indefinite period with effect from 31 March.

Ferenc Máté, appointed for a period from 1 March 2015 until 31 March 2017.

Zoltán Varga, Board Member, appointed for a period from 31 March 2015 until 1 March 2017.

The Company's representation is performed by the members of the Board of Directors.

For a given category of issues, the Board of Directors may grant the right of representation to the Company's employees. An employee authorised to represent may not transfer his or her right of representation to others.

The Board members shall be entitled to sign on behalf of the Company as follows:

- a) Gay Dymischiz together with any other board member,
 - b) Doron Dymischiz together with any other board member,
 - c) Ferenc Máté together with Gay Dymischiz or with Doron Dymischiz,
 - d) Zoltán Varga together with Gay Dymischiz or with Doron Dymischiz
- in accordance with the specifications contained in the specimen signature or in the signature sample countersigned by an attorney.

The Board of Directors elects its Chairman from among its members.

The Board of Directors exercises its rights and responsibilities as a body. The division of responsibilities and powers among the members of the Board of Directors - including the exercise of employer's rights - is set in the Rules of Procedure adopted by the Board of Directors.

Members of the Board of Directors take part in the Company's General Meeting in an advisory capacity.

A board meeting can be convened by the Chairman of the board or by a member of the board by indicating the reason and purpose of the meeting. Minutes of the meeting must be kept. The Chairman of the Board conducts the board meeting, appoints the person to keep the minutes of the meeting, orders the voting and announces its results. Resolutions are passed by a simple majority.

Every year, the annual ordinary General Meeting includes in its agenda the evaluation of the work performed by the Board of Directors in the previous business year, and makes a decision on the indemnification to be granted to the Board.

II. Presenting the Division of Responsibilities and Duties Between the Board of Directors and the Management

In the periods between the meetings of the Board of Directors, the Company's operational management is performed by the following members of the Company's Board: Doron Dymshiz, Gay Dymshiz and Ferenc Máté, while the strategic management of the Company is the responsibility of board members Gay Dymshiz and Doron Dymshiz.

With individual responsibility, the operational management deals with issues in the context of the legislation in force, the Statutes, the Rules of Procedure of the Board of Directors and in the framework of the decisions made by the General Meeting and the Board of Directors.

The operational management can delegate its powers - generally or by way of ad hoc provisions, in the scope of the company's internal administration - to its managers and employees with a job description with the understanding that the possible limitation of the powers of the members of the Management arising from the membership has no legal effect against third parties.

The Chairman of the Board - in case of hindrance Gay Dymshiz, board member - has the entitlement to make decisions in all matters that do not fall within the competence of the General Meeting or the Board of Directors.

The Chairman of the Board of Directors implements the resolutions and decisions made, and manages the performance of tasks within the scope of activities carried out by the Company.

III. A Brief Presentation of the Supervisory Board's Operation

Following the dual management structure, there is a Supervisory Board at the Company which carries out the supervision of the Company's management and business. The principle of independence is fully enforced with respect to all members of the Supervisory Board.

The Supervisory Board consists of at least three members.

The Supervisory Board establishes its own rules of procedure.

Members of the Supervisory Board are obliged to personally participate in the work of the Supervisory Board.

Members of the Supervisory Board are independent of the legal person's management and cannot be instructed in their activities.

Members of the Supervisory Board are elected by the General Meeting. The Supervisory Board membership is established upon acceptance.

The Supervisory Board membership is terminated:

- a) in case of fixed-term mandate, upon expiry of the mandate,
- b) in case of mandates with a terminating condition, upon occurrence of the condition,
- c) upon removal,
- d) upon resignation,
- e) upon the Supervisory Board member's death;
- f) upon limiting the Supervisory Board member's legal capacity in the scope required to carry out his or her activity;
- g) upon occurrence of an excluding or incompatibility reason affecting the Supervisory Board member.

The powers and duties of the Supervisory Board include, among others, the following:

- a) control the Board
- b) provide opinion on all significant business policy reports as well as on the corporate governance report submitted to the General Meeting
- c) provide opinion on the Company's report prepared in accordance with the Accounting Act and International Financial Reporting Standards, as well as on the Board's proposal for the use of the after-tax

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profit of the Company

- d) setting up internal audit systems of the Company, management and implementation of the internal control

The Supervisory Board has the entitlement to inspect the Company's documents, accounting registers, the books, to request information from the Board members and the employees, to inspect the Company's payment account, cash-desk and its contracts with the involvement of an expert. The Supervisory Board may request information from the executive officers and from the Company's senior managers.

The General Meeting can make a decision on the Company's financial statements under the Accounting Law only in possession of the Supervisory Board's written report.

At least 21 days prior to the annual ordinary General Meeting, but in any case in time in accordance with applicable laws, the Supervisory Board must prepare a written report to the General Meeting containing conclusions on issues that are within its remit.

If the Supervisory Board considers that the activities of the board violate the law, the Statutes and/or the resolutions of the General Meeting, or otherwise are detrimental to the interests of the company or of the shareholders, it shall convene an extraordinary session of the Assembly and shall propose its agenda.

The Supervisory Board acts as a body. It elects a Chairman from among its members.

The Supervisory Board shall have a quorum if two-thirds, but at least three of its members are present. Its members shall act in person, there shall be no representation in the activities of the Supervisory Board. The members in this capacity cannot be instructed by the Company's shareholders or by their employer. In case of failure or improper fulfilment of their obligation to implement control, the supervisory board members bear responsibility for damages caused to legal entities in conformity with the rules of liability for damage caused by breach of contract to the legal entity.

The Supervisory Board determines the Rules of Procedure itself, to be approved by the General Meeting. It holds sessions as necessary, but at least four times a year.

It can mandate any of its members with an inspection task, or can share the control related tasks among the members on a permanent basis.

The Supervisory Board shall meet at the times it deems necessary, but at least four times a year. The Supervisory Board makes its decisions by a simple majority of those present, unless the Rules of Procedure of the supervisory board provide otherwise.

Members of the Supervisory Board:

Károly Redling, appointed for a period from 28 October 2015 until 31 May 2017.

Balázs Sándorfi, appointed for a period from 28 October 2015 until 31 May 2017.

Dr. Hajdu György Martin, appointed for a period from 28 October 2015 until 31 May 2017.

IV. A Brief Presentation of the Audit Committee's Operation

The Audit Committee is a body assisting the work of the Company's Supervisory Board in the provision of opinion, evaluation and in making recommendations. Its powers are defined by law, the Company's Statutes, the resolutions of the General Meeting and the Rules of Procedure.

The Audit Committee consists of three members elected by the General Meeting from among the members of the Supervisory Board. At least one member of the Audit Committee must have accounting or auditing qualifications.

The competence of the Audit Committee shall cover

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- a) provision of opinion on the financial statements prepared in accordance with the Accounting Act;
- b) follow-up the audit of the financial statements prepared in accordance with the Accounting Act;
- c) making a proposal for the person of the auditor and his/her remuneration;
- d) Monitoring the enforcement of the professional requirements with respect to the auditor and the requirements related to the auditor's independence and conflict of interest, and - if necessary - making proposals for the supervisory board on measures to take; and
- e) Assisting the work of the Supervisory Board for a proper control of the financial reporting system.

Members of the Supervisory Board:

Károly Redling, appointed for a period from 28 October 2015 until 31 May 2017.

Balázs Sándorfi, appointed for a period from 28 October 2015 until 31 May 2017.

Dr. Hajdu György Martin, appointed for a period from 28 October 2015 until 31 May 2017.

V. Statutory Auditor

The statutory auditor of the Company is elected by the General Meeting.

Keeping the principle of independence in mind, this position shall not be filled by the Company's shareholder, executive officer (member of the Board of Directors), a member of the Supervisory Board, their relative, or by the Company's employee during the existence of such legal status and for three years following its termination.

The appointment of an auditor is for a fixed period which shall not be longer than five years. The auditor may be re-elected. The auditor's mandate can be terminated by recalling by decision of the General Meeting, upon expiry of the period covered by the contract concluded with the auditor, upon the occurrence of the statutory grounds for disqualification, and upon termination by the auditor of the contract.

The Auditor is responsible for carrying out audits in accordance with the standards, and for presenting his/her findings in an independent auditor's opinion as to whether the company's financial statements comply with the relevant legislation, and for providing a true and fair view of the company's assets, liabilities, financial and earnings situation and the economic results of the operation.

The Company's statutory auditor on the date of adoption of this Corporate Governance Report:

BDO Magyarország Könyvvizsgáló Korlátolt Felelősségű Társaság (registered office: 1103 Budapest, Kőér utca 2/A. C. ép.; Commercial register code: Cg. 01-09-867785).

Person responsible for the audit: Péter Kékesi (1158 Budapest, Neptun u. 90.).

The statutory auditor is appointed for a period from 28 October 2015 until 31 May 2017. The

Company invites the Auditor to the General Meeting which adopts financial statements.

The auditor did not perform any other activities in addition to the audit activities carried out for the Company.

VI. Disclosure Policy

In order to present the Company's disclosure policy, the fact that shall be primarily emphasized is that the public trading of the Company's shares has not yet started at the Budapest Stock Exchange. Nevertheless, the Company pays special attention to the principle of transparency and to the provision of accurate and fast information establishing the right economic decisions to the shareholders and prospective investors. In this regard, the Company's disclosure policy complies with the relevant provisions of the Act on capital markets and of the BSE, even though on the date of adoption of this Corporate Governance Report they were not binding on the Company.

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In providing information, the Company ensures that all shareholders and market participants are treated equally. The Company's disclosure related guidelines ensure that the information intended to be published is published as soon as possible.

Each year, the Board of Directors informs the annual ordinary General Meeting of the strategic business objectives of the given business year, and of the policies on the main activities and business ethics. In accordance with the disclosure rules, the Company publishes the proposals prepared for the General Meeting and the resolutions adopted by the General Meeting.

At least twenty-one days prior to the General Meeting, the Company publishes on its website the following

- a) aggregated data on existing shares at the time of the assembly and on the proportion of the voting rights (including separate totals for each class of shares),
- b) proposals relating to the issues included in the agenda, the Supervisory Board reports related to those, as well as draft resolutions, and
- c) forms to be used in voting by proxy if they are not directly sent to the shareholders.

The Company has detailed risk management rules covering all types of risks arising from the nature of its activities. Information on the Company's risk management practices is provided in the annual report.

VII. Exercising Shareholders' Rights

The Company's Board of Directors ensures that shareholders always receive the information necessary to exercise their rights in the right time by promoting accurate, appropriate and timely disclosure of information in compliance with its disclosure policy.

The Board of Directors is obliged to provide information relating to the Company to its shareholders in accordance with the applicable regulations and those laid down in the Statutes. The Board of Directors can make the provision of information subject to making a written declaration of confidentiality.

The Board of Directors may refuse to provide the requested information to a shareholder if that would violate trade secrets of the Company or of its affiliates, if the shareholder requesting information abuses his or her right, or if - despite a call to make a declaration of confidentiality - the shareholder fails to comply with it.

In its share structure the Company applies the principle of "number of votes equal to the nominal value", the same rights are attached to the shares except that the shares owned by employees provide a dividend priority to the shareholders.

The Company's share register is managed by Központi Elszámolóház és Értéktár Zrt. (KELER) in which the company keeps track of the shareholder's (in the case of jointly owned shares - the common representative's) name, place of residence or registered office, for each series of shares the number of the shareholder's shares or temporary shares and the shareholder's stake. If data recorded in an issued share which is also recorded in the share register changes, the management shall amend the share register as well.

For a proof of share ownership the Company accepts securities account statements issued by KELER and by organizations authorised to manage securities accounts, as well as shareholder identifications conducted in accordance with KELER's procedural rules.

Shareholders may exercise their right to participate and vote at the General Meeting in person or by proxy. A shareholder may not exercise his or her right to vote by mail before the General Meeting.

Participation and voting by shareholders in the General Meeting is subject to registration for the shareholder or the proxy by proof of ownership in the Company's share register.

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The date of making the registration in the share register prior to the General Meeting, as well as other relevant deadlines (eg. closing the share register) are governed by the provisions of the Civil Code and other relevant regulations (eg. General Business Rules of KELER Zrt.) in force.

Having regard to the shareholder's legal relationship, during the term of the Company, the Company can fulfil payment for a shareholder from its own capital in cases defined in the Civil Code and from the current year's profit after tax, as well as from the current year's profit after tax complete with free cumulative reserves.

VIII. Annual General Meeting

The General Meeting is the Company's highest decision-making body.

The General Meeting shall be convened at least once a year (*annual general meeting*) at the Company's head office or other place specified by the Board of Directors. The annual ordinary General Meeting shall be held at the date required by the applicable legislation.

The annual ordinary General Meeting adopts the financial statements prepared in accordance with the Accounting Act and International Financial Reporting Standards, and decides on the use of the profit after tax.

The General Meeting is convened by the Company's Board of Directors by way of publication of the invitation, which also ensures that the invitation for the general meeting is published on the company's website at least thirty days before the opening day of the General Meeting.

The General Meeting shall have a quorum if more than half of the shares embodied by the shareholders and entitled to vote are present. If the General Meeting has no quorum, the reconvened General Meeting shall constitute a quorum in the issues on the original agenda regardless of the proportion of the vote represented by those present. A minimum of ten days has to elapse between the General Meeting with no quorum and the reconvened meeting, but this period may not be longer than twenty-one days.

The Company's statute lists the following under the exclusive competence of the General Meeting:

- a) Deciding on establishing and amending the Statute (unless the law or the Company's statute provides otherwise),
- b) Making decisions on changing the operational form of the company,
- c) Making decisions on the Company's reorganization, merger, demerger or termination without legal successor,
- d) Appointing and/or recalling members of the board of directors, members of the supervisory board and the auditor, determining their remuneration and making decisions related to the major conditions of the agreement to be concluded with the auditor,
- e) Making decisions on the guidelines determining the long-term remuneration of, and incentive system for, the board members, supervisory board members and senior employees,
- f) Approval of financial statements prepared in accordance with the Accounting Act and making decisions on the use of the profit after tax,
- g) Changing the rights attached to individual series of shares, and amending individual share types and classes,
- h) Making decisions on issuing convertible bonds with subscription rights or quick-change bonds,
- i) Making decisions on increasing the registered capital,
- j) Making decisions authorizing the board to increase the registered capital,
- k) Making decisions on decreasing the registered capital,
- l) Making decisions on the exclusion of the preferential right of subscription and on authorising the Board to limit and to exclude the preferential right of subscription,
- m) Making decisions on requesting to delist shares from the stock exchange,
- n) Making decisions on authorising the Board to acquire own shares,
- o) Making decisions on granting indemnification to the members of the Board of Directors,
- p) Making decisions on adopting the corporate governance report.

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In addition, the exclusive competence of the General Meeting includes decision-making on all issues in which the exclusive competence of the General Meeting is granted by law or the Statutes.

Unless relevant laws or the Company's Statutes provide otherwise, the General Meeting makes its decisions by simple majority.

The Chairman of the Board of Directors may invite any person to the General Meeting, and may ensure to that person the right to provide opinion and comment if in the Chairman's opinion that person's presence is required and it facilitates the provision of information to the shareholders and the adoption of the decisions by the General Meeting.

In accordance with the relevant provisions the Civil Code, an attendance list shall be prepared at the General Meeting. The attendance sheet is authenticated by the signature of the Chairperson of the General Meeting and of the person taking the minutes.

IX. Remuneration Statement

According to the Company's Statutes, the General Meeting has the authorisation to determine the fees to be paid to the board members, the supervisory board members and to the members of the Audit Committee.

The Board of Directors continuously evaluates the work of the management. The management have an established system of remuneration which currently consists of a basic salary and a bonus potential. The Company operates a share-based compensation system in accordance with applicable internal rules.

**Corporate Governance Report
on Compliance with the Corporate Governance Recommendations**

As part of the Corporate Governance Report, by filling out the tables below, the Company declares to what extent the recommendations and suggestions made in the specified sections of the Corporate Governance Recommendations ("CGR") published by Budapesti Értéktőzsde Zrt. were applied by the Company in its corporate governance practices.

By making an overview of the tables, market participants can easily obtain information about the extent to which each company's corporate governance practices are in compliance with the specific requirements included in the CGR, and it also makes the practices of certain companies easily comparable.

Level of Compliance with the Recommendations

The Company marks whether it applies the relevant recommendation or not, and if it does not, it provides brief information on the reasons why it does not apply to the specific recommendations.

- A 1.1.1 The Management Board/Board of Directors made it possible for the shareholders to receive access to the information necessary to exercise their rights at the appropriate time.
Supported
- A 1.1.2 The Company applies the principle of "one share - one vote".
No
- Explanation: The Company applies the principle of voting rights proportional to the nominal value of the share, each share representing 50 votes.
- A 1.2.8 The Company ensures that shareholders may participate in the General Meeting by meeting the same criteria.
Supported
- A 1.2.9 The agenda of the General Meeting includes only issues whose topic was precisely defined and described.
Supported
- The proposals touched upon the suggestion made by the Supervisory Board, and included a detailed explanation of the effects of the decision.
Supported
- A 1.2.10 The Shareholders' comments and complementary suggestions made with respect to the items on the agenda were published no later than two days prior to the General Meeting.
Supported
- A 1.3.8 The shareholders had the possibility to become acquainted with the comments made with respect to the items on the agenda of the General Meeting simultaneously with registration at the latest.
Supported
- The written comments made with respect to the items on the agenda were published two business days prior to the General Meeting.
Supported

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A 1.3.10 Election and recall of the senior officers took place for each person individually in separate resolutions.
Supported

A 2.1.1 The responsibilities of the Management Board/Board of Directors include those laid out in Section 2.1.1.
Supported

A 2.3.1 The Management Board/Board of Directors held regular meetings scheduled in advance.
Supported

The Supervisory Board held regular meetings scheduled in advance. Supported

The Rules of Procedure of the Management Board/Board of Directors provides for the conducting of unscheduled meetings and decision-making through electronic communications channels.
Supported

The Rules of Procedure of the Supervisory Board provides for the conducting of unscheduled meetings and decision-making through electronic communications channels.
Supported

A 2.5.1 The Company's Management Board/Supervisory Board has a sufficient number of independent members to ensure impartiality.
Supported

The Company does not operate a Management Board implementing a unified management system. Instead, there is a Board of Directors and a Supervisory Board. The control function at the Company is performed by the Supervisory Board, while the executive function by the Board of Directors. All members of the Supervisory Board are independent of the Company.

A 2.5.4 At regular intervals, the Management Board/Supervisory Board (in connection with the CG Report) requested a confirmation of their independent status from those members considered independent.
Supported

A 2.5.6 The Company has published on its website the guidelines concerning the independence of the Board of Directors/Supervisory Board and the applied criteria of independence.
No

Explanation: The Company uses the statutory requirements for independence, hence it has not elaborated separate specific guidelines in this regard.

A 2.6.1 A member of the Board of Directors/Management Board informed the Board of Directors/Management Board (Supervisory Board/Audit Committee) if in connection with a transaction of the Company (or any of its subsidiaries) he or she (or another person associated with the member) had a personal interest.
Supported

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A 2.6.2 Transactions between the board and the management members (and persons associated with them) and the company (or its subsidiary) were carried out in compliance with the company's overall business practices, but - compared to the general business practice - based on stricter transparency rules.
Supported

Transactions under Section 2.6.2 which are different from the company's overall business practice and their terms and conditions were approved by the Supervisory Board (Audit Committee).

Supported

A 2.6.3 The board member informed the Supervisory Board/Audit Committee (Nomination Committee) if they received a request for board membership or management membership at a company which does not belong to the group.

Supported

A 2.6.4 The Board of Directors/Management Board developed its guidelines for the flow of information within the company and on the handling of insider information, and monitored compliance with those guidelines.

Supported

The Management Board/Management Board established its guidelines on insider trading in securities and monitored compliance with those guidelines.

Supported

A 2.7.1 The Board of Directors/Management Board formulated remuneration guidelines regarding the evaluation and remuneration of the work performed by the Board of Directors/Management Board, the Supervisory Board and the management.

No

Explanation: The Company has not adopted a remuneration policy.

The Supervisory Board commented on the remuneration guidelines.

No

Explanation: The Company has not adopted a remuneration policy.

The principles related to the remuneration of the Board of Directors/Management Board and the Supervisory Board and their changes were approved by the General Meeting as a separate agenda item.

No

Explanation: The Company has not adopted a remuneration policy.

A 2.7.2. The Board of Directors/Management Board evaluated the work it carried out in the given business year.

Supported

A 2.7.2.1 The Supervisory Board evaluated the work it carried out in the given business year.

No

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A 2.7.3 Supervision of the management's performance and determining its remuneration is within the competence of the Board of Directors/ Management Board.
Supported

The budget related to the benefits for the members of the management other than the usual benefits as well as their changes were approved by the general meeting as a separate agenda item.

Supported

A 2.7.4 The principles of the share-based remuneration schemes were approved by the General Meeting.
No

Explanation: Determining the principles of the share-based remuneration schemes is within the powers of the Board of Directors.

Before the decision made by the General Meeting on the share-based remuneration schemes the shareholders received detailed information (at least in line with the provisions of Section 2.7.4)

No

Explanation: The definition of share-based remuneration schemes principles of the Board of Directors of powers

A 2.7.7 The Company prepared the Remuneration Statement and presented it to the General Meeting.
No

Explanation: The Company did not prepare a remuneration statement.

The Remuneration Statement includes the remuneration of the Board of Directors/Management Board, the Supervisory Board and the individual members of the management.

No

Explanation: The Company did not prepare a remuneration statement.

A 2.8.1 The Board of Directors/Management Board or the committee operated by it is responsible for the overall risk management monitoring and controlling of the Company.
Supported

With a specified regularity the Board of Directors/Management Board requests information on the efficiency of the risk management procedures.

Supported

The Board of Directors/Management Board has taken the necessary steps to identify the major risk areas.

Supported

A 2.8.3 The Board of Directors/Management Board has formulated the principles regarding the system of internal controls.
Supported

The system of internal controls established by the management ensures management of the risks which affect the Company and achieving the Company's objectives.

Supported

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- A 2.8.4 When developing the system of internal controls, the Board of Directors/Management Board took into consideration the viewpoints listed in Section 2.8.4.
Supported
- A 2.8.5 It is the management's responsibility and task to establish and maintain a system of internal controls.
Supported
- A 2.8.6 The company has created an independent internal audit function which has a reporting requirement towards the Audit Committee/Supervisory Board.
No
Explanation: The Company's internal audit function is performed directly by the Audit Committee and the Supervisory Board.
The internal audit group at least once reported to the Audit Committee/Supervisory Board on the risk management, the internal audit mechanisms and the corporate governance functions.
No
Explanation: The Company's internal audit function is performed directly by the Audit Committee and the Supervisory Board.
- A 2.8.7 The internal audit activities are performed by the internal audit based on authorisation from the Audit Committee/Supervisory Board.
No
Explanation: The Company's internal audit function is performed directly by the Audit Committee and the Supervisory Board.
The internal audit is organisationally separate from the management which performs the operational management. Supported
- A 2.8.8 The internal audit plan is approved by the Board of Directors/Management Board (Supervisory Board) based on the recommendation of the Audit Committee.
No
Explanation: The Company has not adopted an internal audit plan, the internal audit is performed by the Supervisory Board and the Audit Committee.
- A 2.8.9 The Board of Directors/Management Board has prepared its report for the shareholders on the operation of the internal controls.
No
Explanation: The Company does not produce such a report.
- A 2.8.10 The Board of Directors/Management Board has developed its procedures related to receiving and processing reports on the operation of internal controls, as well as those on preparing its own report.
No

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Explanation: The Company does not produce such a report.

A 2.8.11 The Board of Directors/Management Board has identified the substantial deficiency in the system of internal controls, and reviewed and re-evaluated the activities related to this.
Supported

A 2.9.2 The Board of Directors/Management Board, the Supervisory Board and the Audit Committee were in all cases notified, if the auditor's mandate, by its nature, could involve significant expense, could cause a conflict of interest, or may have any other significant impact on the business.
Supported

A 2.9.3 The Board of Directors/Management Board informed the Supervisory Board that it had entrusted the business organization performing the audit and an external advisor with a task related to an event significantly affecting the Company's operations.
Supported

In its decision the Board of Directors/Management Board set down in advance the kind of circumstances which significantly affect the Company's operations.

No

Explanation: No preliminary Board decision had been made as to which events are to be regarded as having a significant influence on the company's operations with the view to make a decision based on a consideration of the combination of the event and the other circumstances whether the given event indeed has a significant affect on the operation of the Company.

A 3.1.6 The company has published on its website those tasks which it had delegated to the Audit Committee, the objectives, the rules of procedure and the composition of the committee (indicating the name, brief CV and the date of appointment).
No

Explanation: The Company is in compliance with all the legal requirements of disclosure and publication. The necessary information can be found on the Company's website and in other places of disclosure as defined in the legislation. The formulated above details delegated to the Audit Committee have not been published separately.

A 3.1.6.1 The company has published on its website those tasks which it had delegated to the Nomination Committee, the objectives, the rules of procedure and the composition of the committee (indicating the name, brief CV and the date of appointment).
No

Explanation: The Company does not operate a Nomination Committee.

A 3.1.6.2 The company has published on its website those tasks which it had delegated to the Remuneration Committee, the objectives, the rules of procedure and the composition of the committee (indicating the name, brief CV and the date of appointment).
No

Explanation: The Company does not operate a Remuneration Committee.

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A 3.2.1 The Audit Committee/Supervisory Board monitored the efficiency of the risk management, the functioning of the internal control system and the activities of the internal audit as well.
Supported

A 3.2.3 The Audit Committee/Supervisory Board received accurate and detailed information on the work programme of the internal inspector and of the independent auditor, and received the report on the problems discovered during the audit.
Supported

A 3.2.4 The Audit Committee/Supervisory Board requested from the new candidate for the auditor the disclosure statement according to Section 3.2.4.
Supported

A 3.3.1 The Company has a Nomination Committee.
No

Explanation: The role of the Nomination Committee is performed by the Board of Directors.

A 3.3.2 The Nomination Committee provided for the preparation of the personnel related changes.
No

Explanation: The role of the Nomination Committee is performed by the Board of Directors.

The Nomination Committee reviewed the procedures for the selection and appointment of the management members.

No

Explanation: The Company has no Nomination Committee.

The Nomination Committee evaluated the activities performed by the board and management members. No

Explanation: The Company has no Nomination Committee.

The Nomination Committee examined all the proposals regarding the nomination of board members which had been submitted by shareholders or the Board of Directors/Management Board.
No

Explanation: The Company has no Nomination Committee.

A 3.4.1 The Company has a Remuneration Committee.
No

Explanation: The role of the Remuneration Committee is performed by the Board of Directors.

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A 3.4.2 The Remuneration Committee made a proposal for a system of remuneration for the boards and the management (individual level and structure of remuneration), and carries out its monitoring.

No

Explanation: The Company has no Remuneration Committee.

A 3.4.3 The remuneration of the management was approved by the Board of Directors/Management Board based on a proposal made by the Remuneration Committee.

No

Explanation: No Remuneration Committee is operated at the Company.

The Board of Directors'/Management Board's remuneration was approved by the General Meeting based on the proposal of the Remuneration Committee.

No

Explanation: The remuneration shall be approved by the General Meeting, but not based on a proposal of the Remuneration Committee. There is no Remuneration Committee at the Company.

The Remuneration Committee checked the share option system, as well as the system of cost reimbursements and other benefits.

No

Explanation: The Company has no Remuneration Committee.

A 3.4.4 The Remuneration Committee made proposals regarding the remuneration principles.

No

Explanation: The Company has no Remuneration Committee.

A 3.4.4.1 The Remuneration Committee made proposals regarding the remuneration of individual persons.

No

Explanation: The Company has no Remuneration Committee.

A 3.4.4.2 The Remuneration Committee reviewed the terms of the contracts concluded with the members of the management.

No

Explanation: The Company has no Remuneration Committee.

A 3.4.4.3 The Remuneration Committee checked if the Company complied with the obligation to provide information regarding remuneration issues.

No

Explanation: The Company has no Remuneration Committee.

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A 3.4.7 The majority of the members of the Remuneration Committee are independent.

No

Explanation: The Company has no Remuneration Committee.

A 3.5.1 The Board of Directors/Management Board disclosed its reasons for merging the Remuneration and the Nomination Committees.

No

Explanation: According to the Company's Statutes, election of the members of the Board of Directors, of the Supervisory Board and the Audit Committee and establishing their remuneration falls within the competence of the General Meeting; the Company does not operate a Remuneration and a Nomination Committee.

A 3.5.2 The Board of Directors/Management Board carried out the tasks of the Nomination Committee, and it provided information on the reasons for doing it.

No

Explanation: According to the Company's Statutes, election of the members of the Board of Directors, of the Supervisory Board and the Audit Committee and establishing their remuneration falls within the competence of the General Meeting.

A 4.1.1 In the Company's disclosure guidelines the Board of Directors/Management Board defined those principles and procedures which ensure that everything concerning the company and the important information that has an impact on the rate of the Company's securities is disclosed in an accurate, complete and timely manner.

Supported

A 4.1.2 In the course of providing information, the Company ensured that all shareholders and operators were treated equally.

Supported

A 4.1.3 In its disclosure guidelines the Company specifies the procedures for electronic and online disclosure.

Supported

The Company develops its website by taking into consideration the disclosure criteria and by bearing in mind the provision of information to investors.

Supported

A 4.1.4 The Board of Directors/Management Board assessed the efficiency of the disclosure processes.

Supported

A 4.1.5 The Company published its corporate events calendar on its website.

No

Explanation: The Company did not made the event calendar available on its website.

A 4.1.6 In its Annual Report and on its website the Company informed the public of its strategic objectives, its main activities, business ethics and about its policies regarding other stakeholders.

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No

Explanation: The Company did not provide such information.

- A 4.1.8 In the annual report the Board of Directors/Management Board made a declaration about the nature and size of any other assignments received by the auditing firm responsible for auditing the annual financial statements from the company or its subsidiaries.

No

Explanation: The annual report does not include this.

- A 4.1.9 In its annual report and on its website the Company discloses the information on the professional career of the members of the Board of Directors/Management Board, of the Supervisory Board and the Management.

Supported

- A 4.1.10 The Company provided information on the internal organisation and functioning of the Board of Directors/Management Board and the Supervisory Board.

Supported

- A 4.1.10.1 The Company provided information on the work carried out by the Board of Directors/Management Board and the Management, as well as on the criteria taken into consideration when making assessment of individual members.

Supported

- A 4.1.11 In the remuneration declaration contained in the Annual Report and on the website the Company provided information to the public on the remuneration guidelines applied by it and, within it, about the remuneration of the members of the Board of Directors/Management Board and the Management.

No

Explanation: The Company complied with its obligation to provide information in its Annual Report.

- A 4.1.12 The Board of Directors/Management Board disclosed its risk management policy in which it described the system of internal controls, the applied risk management principles and the fundamental rules, as well as a review of the major risks.

No

Explanation: The Board of Directors did not publish its risk management guidelines.

- A 4.1.13 In order to inform the operators, every year, when releasing its annual report, the Company publishes its corporate governance report.

Supported

- A 4.1.14 On its website the Company publishes the insiders' guidelines on trading in the Company's securities.

No

Explanation: The Company does not publish these risk management guidelines separately on its website.

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The Company disclosed the shares members of the Board of Directors/Management Board, of the Supervisory Board and of the Management have in the company's securities as well as the interest they have in the share-based incentive scheme in the annual report and on the Company's website.

No

Explanation: The Company does not publish the above information on its website

A 4.1.15 In the annual report and on its website the Company disclosed the relationship between the members of the Board of Directors/Management Board/Management and any third parties which can affect the company's operations.

Supported

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Level of Compliance with the Suggestions

The company must indicate whether it applies the relevant recommendation of the FTA, or not (Yes/No).

J 1.1.3	The company has an organisational unit which deals with investor relations.	Supported
J 1.2.1	The Company published on its website the summary document on conducting the General Meeting and on exercising voting rights by the shareholders (including voting via proxy).	Supported
J 1.2.2	The Company's Statutes can be viewed on the Company's website.	Supported
J 1.2.3	The information according to Section 1.2.3 (on the record date of corporate events) has been disclosed on the Company's website.	Supported
J 1.2.4	Information on general meetings according to Section 1.2.4 and documents (invitations, proposals, recommendations, resolutions, minutes) was published on the Company's website.	Supported
J 1.2.5	The Company held its General Meeting in a way that made it possible for the largest number of shareholders to attend.	Supported
J 1.2.6	Within five days of the receipt, in a manner equivalent to the original publication of the invitation to the general meeting, the Company published the additions to the agenda.	Supported
J 1.2.7	The voting procedure applied by the Company ensured that the owners' decision is determined in a clear, concise and fast manner.	Supported
J 1.2.11	At the request of shareholders the Company sent the information on the general meeting electronically as well.	Supported
J 1.3.1	The General Meeting of the Company approved the chairman of the General Meeting before the beginning of the substantive discussion of the items on the agenda.	Supported
J 1.3.2	The Board of Directors/Management Board and the Supervisory Board were represented at the General Meeting.	No
J 1.3.3	The Company's Statutes provide an opportunity that, on the initiative of the Board of Directors/Management Board or the Company's shareholders, a third party can be invited to take part in the general meetings of the company, and can be granted the right to provide comments and opinion at the General Meeting when discussing the related agenda.	Supported
J 1.3.4	The Company did not limit the right of the shareholders attending the General Meeting to request information and to make comments or proposals, and did not pose any prerequisites either.	Supported
J 1.3.5	On its website the Company published within three days its answers to those questions which it was unable to answer in a satisfactory way at the General Meeting. The Company disclosed its explanation for refusing to provide answers.	Supported
J 1.3.6	The Chairman of the General Assembly and the Company ensured that in answering the questions raised at the meeting the information and disclosure related principles enshrined in the laws and those formulated in stock exchange regulations are not violated, but are complied with.	Supported

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J 1.3.7	The Company issued a press release on the decisions made at the General Meeting and held a press conference as well.	No
J 1.3.11	On certain amendments of the Statutes the General Meeting of the Company decided in separate resolutions.	Supported
J 1.3.12	The Company published the decisions and the minutes of the General Meeting containing the presentation of draft resolutions and important questions and answers regarding the draft resolutions within 30 days after the General Meeting.	Supported
J 1.4.1	The Company paid the dividends to its shareholders within 10 business days, for which the shareholders provided all the necessary information and documentation.	No
J 1.4.2	The Company disclosed its policy regarding anti-takeover prevention.	Supported
J 2.1.2	The Rules of Procedure of the Board of Directors/Management Board contain the structure of the Board of Directors/Management Board, the tasks related to the preparation and implementation of the meetings and drafting the resolutions, as well as other issues regarding the operation of the Board of Directors/Management Board.	Supported
J 2.2.1	The Supervisory Board details the operation and duties of the board in its rules of procedure of its work schedule, as well as those administrative rules and processes which the Supervisory Board followed.	Supported
J 2.3.2	Board members had access to the proposals of the given meeting at least five days prior to the board meeting.	Supported
J 2.3.3	The procedures regulate the regular or occasional participation at the board meetings of persons who are not board members.	Supported
J 2.4.1	The election of the members of the Board of Directors/Management Board takes place in a transparent way, the information on the candidates was made public at least five days prior to the general meeting.	Supported
J 2.4.2	The composition of the bodies and the number of members comply with the principles set out in Section 2.4.2.	Supported
J 2.4.3	In the Company's introductory programme the newly elected non-operational board members had an opportunity to familiarize themselves with the structure and operations of the Company, as well with as their duties as members of the board.	Supported

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J 2.5.2	The division of the Chairman's and the CEO's competences is stipulated in the Company's main documents	No
J 2.5.3	The Company disclosed information on what means it will use in case of combining the office of the Chairman and the CEO to ensure that the Board of Directors/Management Board will stay objective in assessing the Management's activities.	No
J 2.5.5	None of the members of the Company's Supervisory Board held a position in the Company's Board of Directors or Management in the three years prior to their nomination.	Supported

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J 2.7.5	Developing the remuneration system for the Board of Directors/Management Board, the Supervisory Board and the Management of the Company serves the strategic interests of the Company and, through this, of the shareholders.	Supported
J 2.7.6	For Supervisory Board members the Company applies a fixed remuneration and does not apply a remuneration component linked to the share price.	Supported
J 2.8.2	The Board of Directors/Management Board developed the risk management principles and the fundamental rules together with those members of the Management who are responsible for planning, implementation and control of the risk management processes, as well as for integrating those into the Company's daily operations.	No
J 2.8.10	When evaluating the system of internal controls, the Board of Directors/Management Board took into account the aspects specified in Section 2.8.10.	No
J 2.8.12	The Company's auditor assessed and evaluated the Company's risk management systems and the risk management activities pursued by the Management, and submitted a report on this to the Audit Committee/Supervisory Board.	No
J 2.9.1	The rules of procedure of the Board of Directors/Management Board includes the procedure to be followed when employing an external advisor.	No
J 2.9.1.1	The rules of procedure of the Supervisory Board includes the procedure to be followed when employing an external advisor.	No
J 2.9.1.2	The rules of procedure of the Audit Committee includes the procedure to be followed when employing an external advisor.	No
J 2.9.1.3	The rules of procedure of the Nomination Committee includes the procedure to be followed when employing an external advisor.	No
J 2.9.1.4	The rules of procedure of the Remuneration Committee includes the procedure to be followed when employing an external advisor.	No
J 2.9.4	The Board of Directors/Management Board can invite the company's auditor to attend in an advisory capacity the meetings on which agenda items of the general meeting are discussed.	Supported
J 2.9.5	The Company's internal audit cooperated with the auditor in order to successfully carry out the audit.	Supported
J 3.1.2	The chairman of the Audit Committee regularly reports to the Board of Directors/Management Board on each of the committee meetings, and the Committee	

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	epared at least one report to the Executive Board and the Supervisory Board in the given business year.	Supported
J 3.1.2.1	The chairman of the Nomination Committee regularly reports to the Board of Directors/Management Board on each of the committee meetings, and the Committee prepared at least one report to the Executive Board and the Supervisory Board in the given business year.	No
J 3.1.2.2	The chairman of the Remuneration Committee regularly reports to the Board of Directors/Management Board on each of the committee meetings, and the Committee prepared at least one report to the Executive Board and the Supervisory Board in the given business year.	No

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J 3.1.4	The Company's committees are made up of members who have the capabilities, expertise and experience required to perform their duties.	Supported
J 3.1.5	The rules of procedure of committees operating at the Company include the aspects detailed in Section 3.1.5.	Supported
J 3.2.2	The members of the Audit Committee/Supervisory Committee were fully informed about the accounting, financial and operational peculiarities.	Supported
J 3.3.3	The Nomination Committee prepared at least one evaluation for the Chairman of the Board of Directors/Management Board on the operation of the Board of Directors/Management Board, and on the work and suitability of certain members of the Board of Directors/Management Board in the given business year.	No
J 3.3.4	The majority of the members of the Nomination Committee are independent.	No
J 3.3.5	The rules of procedure of the Nomination Committee includes the aspects set out in Section 3.3.5.	
J 3.4.5	The Remuneration Committee ensured that the remuneration statement is prepared.	No
J 3.4.6	The Remuneration Committee consists exclusively of the non-operational members of the Board of Directors/Management Board.	No
J 4.1.4	The Company's disclosure guidelines cover at least those aspects which are contained in Section 4.1.4.	Supported
	The Board of Directors/Management Board informed the shareholders in the annual report of the results of the examination of the efficiency of the disclosure processes.	No
J 4.1.7	The Company prepares its financial statements in accordance with IFRS principles.	
	Supported	
	The Company's consolidated financial statements are prepared in accordance with IFRS principles.	
	The Company's annual report was prepared in accordance with the Accounting Act.	
J 4.1.16	The Company prepares and discloses the information also in the English language.	
	Supported	