

# Corporate Governance Report 2021

AKKO Invest Plc.

Prepared on the basis of the Recommendations of the Budapest Stock Exchange Ltd., which entered into force on 1 January 2021.

22 March 2022

## Contents

Information regarding the Corporate Governance Report .....	3
Brief overview of the operation of the Governing Board, presentation of the sharing of responsibilities and tasks between the Governing Board and the management.....	3
Presentation of the members of the Governing Board and of the organisation of the committees .....	4
Governing Board.....	4
Audit Committee .....	6
Other committees .....	7
Presentation of the number of meetings of the Governing Board and of the Committees held in the period considered .....	7
Presentation of the work of the Governing Board, the Audit Committee, the management, as well as the aspects considered during the assessment of each member Reference to the fact that the assessment made during the period considered has led to a change. ....	7
Presentation of the functioning of the Audit Committee.....	7
Presentation of the internal control system, assessment of the activity in the period considered. Description of the efficiency and effectiveness of risk management procedures.....	8
Information regarding the auditor's activities not related to audit .....	8
Overview of the Company's disclosure policy and policy on trading by insiders.....	8
Overview of the manner in which shareholders' rights are exercised.....	9
Brief overview of the rules relating to the conduct of the General Meeting .....	10
Corporate Governance Report on compliance with the Corporate Governance Recommendations...	12

## Information regarding the Corporate Governance Report

Issuers are required to make two types of statements on their corporate governance practices. In their mandatory Corporate Governance Report to be presented to the Annual General Meeting, companies must report on their corporate governance practices of the given business year accurately, comprehensively and in an easily understandable manner. When doing so, they must address their corporate governance policy and present any special circumstances, including the following aspects:

Brief overview of the operation of the Governing Board, presentation of the sharing of responsibilities and tasks between the Governing Board and the management

Pursuant to the mandate given by Act V of 2013 on the Civil Code and the provisions of the Articles of Association, instead of a Governing Board and a Supervisory Board, a Governing Board is in place, which is implementing a single governance system, whereby the Governing Board performs the statutory tasks of the Governing Board and of the Supervisory Board.

Members of the Governing Board may be re-elected and recalled.

The Governing Board elects its chairman and vice-chairman from among its members. The Governing Board decides its rules of procedure and adopts them with the vote “in favour” of more than half of the members of the Governing Board.

The Governing Board, as the executive body of the Company, represents the Company vis-à-vis third parties, before the courts and other public authorities (corporate representation).

The Governing Board is competent to take any decision or measure which, pursuant to any of the provisions of Act V of 2013 on the Civil Code and the Articles of Association, does not fall under the exclusive competence of the General Meeting or under the competence of any other body or person.

The Governing Board establishes and manages the work organisation of the Company, determines the financial management of the Company and ensures its sound financial management. The exercise of employer’s rights vis-à-vis the employees of the Company is the responsibility of the Governing Board. Pursuant to the mandate given by the Articles of Association, employer’s rights are exercised by executive officers, more specifically by the chairman of the Governing Board. The Governing Board exercises employer’s rights vis-à-vis the chairman of the Governing Board.

Members of the Governing Board attend the General Meeting of the public limited company in an advisory capacity.

The submission of the public limited company's financial statements specified in the Accounting Act and of the proposal regarding the use of the profit after tax is the responsibility of the Governing Board.

The Governing Board draws up a report to the General Meeting at least once a year on the executive management, the assets and the business policy of the Company.

The Governing Board ensures the regular management of the business books and share register of the public limited company.

The establishment of the Company, the amendment of the Articles of Association, the rights, facts and details registered in the company register and any amendment thereof must be notified to the Company Court by the executive officers.

For the purpose of taking the necessary measures, the Governing Board is required to convene the General Meeting within eight days if it becomes aware of the fact that (a) the equity of the public limited company has decreased to two-thirds of the share capital as a result of the loss, or (b) its equity has decreased below the amount set as the minimum share capital of the public limited company in Act V of 2013 on the Civil Code, or (c) the public limited company is at risk of becoming insolvent or it has ceased its payments and its assets do not cover its debts.

The Governing Board is responsible for making statutory notifications and reporting to public authorities and for complying with the information obligation to public authorities.

The Governing Board is entitled to adopt an accounting statement in relation to the acquisition of treasury shares, the payment of interim dividends and the discretionary increase of the share capital by charging the assets in excess of the share capital.

The Governing Board may acquire the treasury shares of the Company without the prior authorisation of the General Meeting if the shares are acquired in order to avoid a serious damage representing a direct threat to the Company or in the context of court proceedings conducted to settle a claim to which the Company is entitled.

## Presentation of the members of the Governing Board and of the organisation of the committees

### Governing Board

- Name: Zoltán Prutkay
- Mother's name at birth: Judit Herczeg
- Place and date of birth: Tata, 19 October 1983
- Address: 1101 Budapest, Albertirsai út 6. B. ép. fszt. 3.
- Starting date of election mandate: 23 January 2019
  
- Name: Zoltán József Kalmár
- Mother's name at birth: Edit Misota
- Place and date of birth: Pécs, 12 December 1968
- Address: 1037 Budapest, Szépvölgyi út 49-55. A. ép. 2. em. 11.
- Starting date of election mandate: 23 January 2019
- Duration (expiry) of election mandate: 03 March 2021

- Name: Dr. László Csizma
  - Mother's name at birth: Irén Szabó
  - Place and date of birth: Budapest, 18 December 1952
  - Address: 1025 Budapest, Mandula utca 35. 1. em. 6.
  - Starting date of election mandate: 23 January 2019
  - Duration (expiry) of election mandate: 01 February 2021
- 
- Name: Imre Attila Horváth
  - Mother's name at birth: Brigitta Szécsényi
  - Place and date of birth: Szarvas, 29 October 1972
  - Address: 5540 Szarvas, Jókai Mór utca 41.
  - Starting date of election mandate: 20 February 2020
- 
- Name: Gábor Varga
  - Mother's name at birth: Ilona Juhász
  - Place and date of birth: Miskolc, 14 February 1970
  - Address: 2096 Üröm, Kárókatona u. 68.
  - Starting date of election mandate: 20 February 2020
- 
- Name: Gábor Székely
  - Mother's name at birth: Katalin Szalai
  - Place and date of birth: Nagykőrös, 09 June 1970
  - Address: 2750 Nagykőrös, Filó Lajos utca 20.
  - Starting date of election mandate: 03 September 2020
- 
- Name: István Matskási
  - Mother's name at birth: Emőke Eszter Balogh
  - Place and date of birth: Budapest, 15 October 1970
  - Address: 1039 Budapest, Királyok útja 297. E. épület 3/534.
  - Starting date of election mandate: 01 February 2021
- 
- Name: Péter Márk Bosánszky
  - Mother's name at birth: Éva Bánhidi
  - Place and date of birth: Budapest, 25 August 1980
  - Address: 1101 Budapest, Pongrácz köz 3. fszt. 1.
  - Starting date of election mandate: 03 March 2021

## Audit Committee

Committee members elected by the General Meeting of the Company from among the independent members of the Governing Board:

Name: Zoltán József Kalmár

Mother's name at birth: Edit Misota

Place and date of birth: Pécs, 12 December 1968

Address: 1037 Budapest, Szépvölgyi út 49-55. A. ép. 2. em. 11.

Starting date of election mandate: 23 January 2019

Duration (expiry) of election mandate: 03 March 2021

Name: Dr. László Csizma

Mother's name at birth: Irén Szabó

Place and date of birth: Budapest, 18.12.1952

Address: 1025 Budapest, Mandula utca 35. 1.em. 6.

Starting date of election mandate: 23 January 2019

Duration (expiry) of election mandate: 01 February 2021

Name: Gábor Székely

Mother's name at birth: Katalin Szalai

Place and date of birth: Nagykőrös, 09 June 1970

Address: 2750 Nagykőrös, Filó Lajos utca 20.

Starting date of election mandate: 03 September 2020

Name: István Matskási

Mother's name at birth: Emőke Eszter Balogh

Place and date of birth: Budapest, 15.10.1970

Address: 1039 Budapest, Királyok útja 297. E. épület 3/534.

Starting date of election mandate: 01 February 2021

Name: Péter Márk Bosánszky

Mother's name at birth: Éva Bánhidi

Place and date of birth: Budapest, 25.08.1980

Address: 1101 Budapest, Pongrácz köz 3. fszt. 1.

Starting date of election mandate: 03 March 2021

## Other committees

The Company has no Nominating Committee and no Remuneration Committee. The relevant functions are performed by the members of the Governing Board. The Company has not established a specific work organisation and internal control activity.

## Presentation of the number of meetings of the Governing Board and of the Committees held in the period considered

In 2021, the Governing Board held 12 meetings, of which 3 meetings were Governing Board meetings held within the competence of the General Meeting, with an attendance rate of 100%, and one General Meeting held with an attendance rate of 83%.

In 2021, the Audit Committee held 3 meetings, with an attendance rate of 100%.

Presentation of the work of the Governing Board, the Audit Committee, the management, as well as the aspects considered during the assessment of each member Reference to the fact that the assessment made during the period considered has led to a change.

The Governing Board and the Audit Committee of the Company performed the tasks provided for in their rules of procedures and in the Articles of Association of the Company, in accordance with the legislation. The Company does not assess the work of individual members.

## Presentation of the functioning of the Audit Committee

The Audit Committee is competent for:

- (a) delivering an opinion on the reports as specified in the Accounting Act;
- (b) making a proposal for the person and the remuneration of the auditor;
- (c) preparing the contract to be concluded with the auditor and signing it on behalf of the Company;
- (d) monitoring the application of the professional requirements and incompatibility provisions regarding the auditor, performing the tasks related to the cooperation with the auditor, as well as making proposals regarding the measures to be taken by the Governing Board, where necessary;
- (e) assessing the operation of the financial reporting system and making proposals regarding the measures to be taken; and
- (f) assisting the work of the Governing Board in order to appropriately control the financial reporting system.

In the period considered, the Audit Committee did not take any contrary decision vis-à-vis the Governing Board.

## Presentation of the internal control system, assessment of the activity in the period considered. Description of the efficiency and effectiveness of risk management procedures

Internal control tasks are performed by the Governing Board, whose activity is controlled by the Audit Committee.

In the period considered, the administration of the Company did not justify the setting-up of an autonomous internal control system, therefore no result descriptions were produced.

## Information regarding the auditor's activities not related to audit

Pursuant to Act C of 2000 on Accounting, the financial statements of the Company are subject to mandatory audit by an independent auditor. In 2021, audit activities were carried out by UNIKONTO Számvitelkutatási Kft. (1092 Budapest, Fővám tér 8. III/317.3.; tax number: 10491252-2-43; Chamber registration number: 001724).

On behalf of UNIKONTO Számvitelkutatási Kft., it is Mr. Dr. László Péter Lakatos (auditor's card number: 007102) who is responsible for performing the auditor's tasks.

Pursuant to the Accounting Act, the annual auditing fee is HUF 1.300.000 + VAT for the audit of consolidated financial statements drawn up according to the International Financial Reporting Standards (IFRS). The auditor did not perform any other activity for the Company.

## Overview of the Company's disclosure policy and policy on trading by insiders



The Company complies with its disclosure obligations in accordance with the provisions of Decree 24/2008 (of 15 August) of the Ministry of Finance on the Detailed Rules of Disclosure Obligations related to Publicly Traded Securities and in accordance with the provisions of the General Business Policy of the BSE.

The Company applies the disclosure obligations laid down in its disclosure policy, the legislation, the BSE Policies and the Company's Articles of Association.

The Company makes its disclosures at the following sites:

- website of the Budapest Stock Exchange ([www.bet.hu](http://www.bet.hu)),
- website operated by the National Bank of Hungary ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)),
- website of the Company ([www.akkoinvest.hu](http://www.akkoinvest.hu)).

Based on its own opinion, the management of the Company decides whether specific information has a direct or indirect effect on the value or the yield of the shares or the perception of the Company and whether that effect must be made public.

The Company prohibits the share transactions of insiders or persons closely associated with them for the prohibition period and the period during which insider information is possessed, otherwise, it does not apply any other limitation on those transactions. Transactions conducted by persons discharging managerial responsibilities are published without delay, using the forms provided for in the MAR Regulation.

The Company's insiders fall under the scope of the Rules on Insiders, the MAD/MAR European Regulations and the provisions of the Capital Market Act.

## Overview of the manner in which shareholders' rights are exercised

Shareholders are entitled to attend the General Meeting, to request information in accordance with Act V of 2013 on the Civil Code and the Articles of Association, to make comments, to submit proposals and to vote in possession of voting shares. Regarding any agenda item of the General Meeting, at the written request of any shareholder submitted at least eight days before the General Meeting, the Governing Board has the obligation to give the necessary information during the discussion of the agenda item. The Governing Board may only refuse to give information if it considers that it would affect the business secret of the public limited company. In that case, the provision of information is mandatory if the resolution made by the General Meeting obliges the Governing Board to do so. The provision of information not containing any business secret cannot be limited. However, shareholders are not entitled to consult the business books and other business documents of the Company.

Shareholders who possess at least one percent of the votes, may request from the Governing Board in writing to include an item in the agenda of the General Meeting. Shareholders may exercise this right within eight days from the publication of the announcement on the convocation of the General Meeting. Within eight days from the publication of the announcement on the convocation of the General Meeting, shareholders who possess at least one percent of the votes, may also submit draft resolutions in relation to the agenda items.

## Brief overview of the rules relating to the conduct of the General Meeting

The Company discloses, at least twenty-one days before the General Meeting, the essential figures of the draft report drawn up in accordance with the Accounting Act and the essential figures of the report of the Governing Board, the summary statements on the number of shares and voting rights existing at the date of the convocation (including the summary statements on each class of shares), as well as the summaries of proposals related to the agenda items and the draft resolutions according to the provisions of the Articles of Association regarding the publication of the announcements of the Company. If the shareholders use their rights provided for in Section 3:259 of the Civil Code, and this entails the amendment of the agenda of the General Meeting, the publication mode of the supplemented agenda and of the draft resolutions proposed by the shareholders is governed by that provision accordingly.

The submissions related to the agenda items of the General Meeting and the draft resolutions are available at the website of the Company ([www.akkoinvest.hu](http://www.akkoinvest.hu)) and at the following disclosure sites ([www.bet.hu](http://www.bet.hu); [www.kozzetetelek.hu](http://www.kozzetetelek.hu)). In addition to making disclosures at disclosure sites, shareholders wishing to receive notifications by electronic means must also be notified electronically. If there is a difference between the announcement and the notification sent to the shareholders electronically, the information included in the announcement prevails.

Members of the Governing Board from 3 September 2020:

Zoltán Prutkay (chairman of the Governing Board)  
Zoltán József Kalmár (vice-chairman of the Governing Board)  
Dr. László Csizma  
Imre Attila Horváth  
Gábor Varga  
Gábor Székely

Members of the Governing Board from 1 February 2021:

Zoltán Prutkay (chairman of the Governing Board)  
Zoltán József Kalmár (vice-chairman of the Governing Board)  
Imre Attila Horváth  
Gábor Varga  
Gábor Székely  
István Matskási

Members of the Governing Board from 3 March 2021:

Zoltán Prutkay (chairman of the Governing Board)  
Imre Attila Horváth (vice-chairman of the Governing Board)  
Gábor Varga  
Gábor Székely  
István Matskási

Members of the Audit Committee from 3 September 2020:

Gábor Székely (chairman)  
Dr. László Csizma  
Zoltán József Kalmár

Members of the Audit Committee from 1 February 2021:

Gábor Székely (chairman)  
Zoltán József Kalmár  
István Matskási

Members of the Audit Committee from 3 March 2021:

Gábor Székely (chairman)  
István Matskási  
Péter Márk Bosánszky

## Corporate Governance Report on compliance with the Corporate Governance Recommendations

As part of the Corporate Governance Report, the Company makes a statement regarding the extent to which it has implemented in its own corporate governance practice the recommendations and proposals specified in the relevant sections of the Corporate Governance Recommendations issued by the Budapest Stock Exchange Ltd., by completing the following tables.

These tables provide an overview for the investors of the extent of the compliance - by the relevant company - with certain requirements set out in the Corporate Governance Recommendations, and enable easy comparison of the practices of the specific companies.

The Recommendations contain both recommendations that are binding for all issuers and non-binding proposals. Issuers may derogate both from binding recommendations and non-binding proposals. In the event of derogation from the recommendations, issuers are required to publish and justify the derogation in their corporate governance reports ('comply or explain'). This enables issuers to take industry and company-specific requirements into account. Accordingly, even issuers derogating from the recommendations can comply with corporate governance requirements under specific circumstances. Concerning the proposals, issuers should indicate whether they apply a given guideline or not, and they can also explain any derogation from the proposals.

The basic principle and purpose of the Corporate Governance Report is to have companies give a report on their previous business year and to reveal the extent of their compliance with the Recommendations. The Recommendations may, however, include recommendations and proposals relating to events which did not occur at the issuer in the given period. In accordance with the current practice, these 'event type' questions can be answered with 'YES' also when the relevant event did not occur in the business year (for instance, no dividend was paid, or no shareholders' comments were received for the proposals to be submitted prior to the General Meeting) if the Company would have responded to the occurrences of such events as set forth in the Recommendations, in line with the provisions of its Articles of Association or its practices. In a situation like that, the solution that comes closest to the principle of transparent operation is for the issuer to select YES and also to add an explanation that though the event in question did not occur in the previous business year, there are appropriate mechanisms in place to handle it.

### Level of compliance with the Recommendations

The Company indicates whether it follows the relevant recommendation or not, and if not, briefly explains the reasons why it did not follow that specific recommendation.

**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:

**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.

Yes

**No**

Explanation:

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

Yes

**No**

Explanation: The Company has no Supervisory Board, but if it had a Supervisory Board in place, its opinion would be consultable.

**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.

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: It has never happened before, but if it had happened, the Company would have acted in the manner described above.

**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: It has never happened before, but if it had happened, the Company would have acted in the manner described above.

**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.

Yes

No

Explanation:

**1.3.8.2.** For executive officers or Audit Committee 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: The Company published only draft resolutions and resolutions.

**Issues outside the scope of section 1.5 have been repealed<sup>1</sup>**

**1.6.1.1.** Do the Company's disclosure policy cover the procedures for electronic, online disclosure?

Yes

**No**

Explanation:

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

Yes

**No**

Explanation:

**1.6.2.1.** Does the Company have an internal disclosure 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 disclosure?

Yes

**No**

Explanation:

**1.6.2.3.** Did the Governing Board assess the efficiency of the disclosure processes?

Yes

**No**

Explanation:

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

Yes

**No**

Explanation: It has never happened before.

**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 Governing Board, Supervisory Board and management members in its annual report or on the company website?

Yes

**No**

Explanation:

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<sup>1</sup> See footnote no. **Hiba! A könyvjelző nem létezik.** on page 12.

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

Yes

**No**

Explanation:

**Issues outside the scope of sections 1.6.7.1 to 2 have been repealed<sup>2</sup>**

**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: It is regulated in MAD / MAR.

**1.6.9.2.** Did the Company disclose the share of the Governing Board, Audit Committee and management members in the securities issued by the Company in the annual report or in some other way?<sup>3</sup>

Yes

**No**

Explanation:

**1.6.10.** Did the Company publish the relationship of Governing Board, Audit Committee 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 Governing Board?

Yes

**No**

Explanation:

**2.2.1.** Does the Governing Board have rules of procedure in place, which set out 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 Governing Board?

Yes

**No**

Explanation:

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<sup>2</sup> See footnote no. **Hiba! A könyvjelző nem létezik.** on page 12.

<sup>3</sup> See footnote no. **Hiba! A könyvjelző nem létezik.** on page 12.



**2.2.2.** Does the Company disclose the procedure for nominating members of the Governing Board<sup>4</sup>?

Yes

**No**

Explanation:

**2.3.1.** Does the Audit Committee 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 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 Governing Board and the Audit Committee 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: In most of the cases they did, but because of urgent decision making, this was not always feasible.

**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 Governing Board and the Audit Committee?

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 Governing Board and the Audit Committee 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**

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<sup>4</sup> See footnote no. **Hiba! A könyvjelző nem létezik.** on page 12.

Explanation: At the last occasions, the identity of new executive member(s) could be made public at the General Meeting, upon the shareholders' proposals, therefore the identity of the member(s) intended to be elected was not made public in advance.

**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 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 Supervisory Board / Audit Committee 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 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 / Audit Committee members and the applied independence criteria on its website?

**Yes**

**No**

Explanation: The Company acts in accordance with the Civil Code.

**2.6.4.** Does the Audit Committee of the Company have any members who has held any position in the Governing Board 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 Governing Board inform the Governing Board (Audit Committee) 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: It has never happened before, but if it had happened, members of the Governing Board would have informed the members of the Audit Committee of this fact.

**2.7.2.** Were transactions and assignments between members of boards and 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 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 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?

Yes

**No**

Explanation: The Company has no specific internal control body. This function is assumed by the accountant and operative employees, and the chairman of the Governing Board.

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

Yes

**No**

Explanation: If there were such a body, it would receive any necessary access to perform its work.

**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: Compliance tasks are performed by a law firm on behalf of the Company.

**2.8.5.1.** Is the 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 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 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 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

The Company must state whether it follows the relevant proposal included in the Corporate Governance Recommendations, or not (Yes / No). The Company can also explain any derogation from it.

**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: By a power of attorney)

**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: It has never happened before, but if it had happened, the Company would have taken the shareholders' request into account.)

**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 Governing Board and the Audit Committee represented at the General Meeting?

Yes

**No**

(Explanation: )

**1.3.1.2.** In the event the Governing Board and the Audit Committee 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 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.

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.

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: No dividend was paid.)

**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.** The Company should inform its investors about its operation, financial situation and assets on a regular basis, but at least quarterly.

**Yes**

**No**

(Explanation: The Company informed its investors/shareholders on its functioning on a half-yearly basis.)

**2.9.1.** Does the Company have in place internal procedures regarding the use of external advisor(s) and outsourced activities?

**Yes**

**No**

(Explanation: )