

# **Annex 7 to the proposal of the Annual General Meeting of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.**

**Corporate Governance Report of the 2023 business year of Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.**



Corporate Governance Report  
of **Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.**  
concerning business year 2023

**Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.** (hereinafter: the Company) reports in this Corporate Governance Report regarding its corporate governance practices in a transparent manner. The textual part of the Corporate Governance Report presents the Corporate Governance Practice in accordance with the criteria set out in the Corporate Governance Recommendations. The Corporate Governance Statement and Report attached to the textual part cover the cases where the Company's practice differs from the recommendations contained in the Corporate Governance Recommendations. The reasons for the different practices are specified in the Report and the Statement.

**1. A brief introduction to the functioning of the Board of Directors, presentation of division of responsibilities and tasks between the Board of Directors and the Management.**

**The Board of Directors**

The Company operates in a unified control system, the Board of Directors performs the duties of the Governing Board and the Supervisory Board.

The Board of Directors is the management body of the Company, represents the Company before courts and other authorities, and towards third parties. The Board of Directors established the rules of its operation and operated according to its Rules of Procedure. The majority of the members of the Board of Directors is independent.

The Board of Directors performs its activities as a body. It designates the issues necessary to be scheduled for discussion at its meeting from the issues in its jurisdiction, appoints the Board of Directors and/or management member responsible for the preparation of the issue, discusses the issue presented at the meeting of the Board of Directors, passes a resolution in that regard, and has its execution checked. The Board of Directors determines the date of its regular sessions and the expected schedules to the necessary extent between the periods of the yearly balance closing general meetings.

The Board of Directors is responsible for resolving on matters outside the exclusive competence of the General meeting, in particular:

- a.) entitled to resolve on any matter not falling within the exclusive competence of the General meeting,
- b.) defines its business policy principles,
- c.) approves the organizational and operating rules,
- d.) ensures that the Company's books, accounting and other records (in particular the Record of Shareholders) are kept accordingly;
- e.) submits the Company's report pursuant to the Accounting Act and its proposal for the use of the after-tax profit,
- f.) prepares a report for the General meeting once a year on the management, and the financial position and the business policy of the Company;
- g.) performs all the tasks required by law;
- h.) determines the manner of exercising the employer rights over the employees of the Company;
- i.) operates the Company's internal control system;
- j.) resolves on the acquisition of treasury shares in the possession of the prior authorization of the General meeting; in this regard it is entitled to make every other decision specified in the Civil Code, the Articles of Association and the resolution of the General meeting;
- k.) resolves on the acquisition of the Company's treasury shares, if the shares are acquired in order to avoid serious damage that is directly threatening the Company, or if the Company acquires the shares in the course of a legal proceeding or transformation aimed at settling the Company's claim.  
In such cases, the Board of Directors is required to provide information at the next General meeting on the reason for the acquisition of the treasury shares, the number of shares acquired, their total nominal value, and the proportion of these shares to the share capital of the Company and the consideration paid for them.
- l.) prepares its rules of operation (rules of procedure).

- m.) on the basis of the authorisation set out in Section 9.2 of the Articles of Association, it amends the Articles of Association in the subjects specified therein.
- n.) resolution on the acceptance of the public offer for treasury shares;
- o.) resolution on taking measures suitable for disrupting the public offer procedure;
- p.) resolution on any matter that is referred to it by law or the Articles of Association (unless the General meeting decided to resolve on the matter itself), or in respect of any matter that is not within the exclusive competence of the General meeting.
- q.) in the possession of the authorization of the General meeting, it resolves on the increase of the Company's share capital.

The Board of Directors may delegate all tasks to subordinate bodies which are not within its exclusive competence or which are not delegated to it by the General meeting.

### **Operation of the Board of Directors**

The Board of Directors was operating in 2023 according to its approved Rules of Procedure. Main points of the Rules of Procedure:

Convening the meeting: The Board of Directors meets as required, but at least 6 times a year. As the main rule, the chairman convenes the Board of Directors. The meeting shall be convened in writing at least 6 days prior to the commencement of the meeting, indicating the agenda, the venue and the date, and attaching the motions.

The Board of Directors may adopt its resolutions without holding a meeting, by electronic means. If the Board of Directors adopts its resolution without holding a meeting, the chairman of the Board of Directors shall invite the members of the Board of Directors by post, by electronic means of communication or by fax, to vote in writing or by electronic means within five working days, on the basis of the proposal and motion sent to them.

In case of urgency, the meeting of the Board of Directors may be convened directly by any two members, provided that it is properly done. Any Member of the Board of Directors or the Auditor of the Company may request a meeting of the Board of Directors in writing by simultaneously indicating the cause and purpose. In such a case, the chairman shall convene the Board of Directors to be held within 14 days of the written request. If the chairman does not fulfil such a request within 6 days of the date of receipt, the meeting may be convened directly by any member of the Board of Directors.

Participants of the meeting: In addition to the members of the Board of Directors, the Company's auditor is also permanently invited to the meetings of the Board of Directors. Other persons may also be invited to the Board of Directors meetings on an ad hoc basis, depending on the agenda. The permanent and ad hoc invitees participate in the board meeting with consultation right.

Quorum, adoption of resolution: According to the Rules of Procedure in force, the Board of Directors has a quorum if more than half of its members are present at the meeting. The Board of Directors may resolve at any of its meetings on matters falling within its competence without the above preparation, if the preparation is not necessary or impossible.

The members of the Board of Directors have the same voting rights at the meetings of the Board. The Board of Directors adopts its resolutions by a simple majority of the votes cast. In the event of a tie vote, the vote of the elected chairman of the meeting shall decide.

Voting against the motion and abstaining from voting does not mean in itself an objection, it shall be expressly referred to and recorded in the minutes.

The Board of Directors may also adopt resolutions in writing, without holding a meeting. In this case, the members have the opportunity to cast their votes electronically at the invitation of the chairman of the Board of Directors in accordance with the Rules of Procedure in force.

Documentation: Minutes shall be taken of the Board of Directors' meeting.

### **The Management**

The Management is the operative governing body of the Company. The CEOs are leaders of the body further members are the CFO, and other specialty leaders: (**head of finance and accounting department, head of controlling department, head of property operating department, head of service and maintenance department**– from the 3<sup>rd</sup> of February 2023 **head of CAPEX and fit out department** -, **head of property development and construction department, head of sales and marketing department, head of legal department, head of operations department, head of HR department**), from the 1<sup>st</sup> of March 2024 **head of property development directorate to which the field of the head of property development and construction department and the CAPEX and Fit-out department are subordinated**).

The Management is responsible of the governance of the operative operation of the Company. the execution of the operative tasks, and the controlling of the execution, the reporting of the specialties, the preparing and submission of that documents which are submitted before the Board of Directors, and any other tasks which are delegated to them by the General meeting or the Board of Directors or necessary to achieve of these bodies' resolutions.

## **2. Introduction of the members of the Board of Directors and the Management (in case of members of the Board by indicating the independent status of certain member), description of the structure of the committees.**

### **Member of the Board of Directors in 2023:**

- dr. Anna Ungár, Chairwoman of the Board of Directors
- Kristóf Berecz, deputy chairman of the Board of Directors
- Tzvetkov Julian (independent)
- dr. Frigyes Hárshegyi (independent)
- Miklós Vaszily (independent)

### **Member of the Management on 31.12.2023:**

- **Dr. Anna Ungár CEO**
- **Kristóf Berecz CEO**
- **Róbert Hrabovszki Deputy CEO, CFO**
- **Katalin Dr. Horváthné Kalácska head of finance and accounting department**
- **Attila Seres head of property development and construction department**
- **Győző Marton head of controlling department**
- **dr. Anita Kalicz head of legal department**
- **Attila Fábián head of CAPEX and Fit-out department**
- **László Mészáros head of operations department**

**The position of the head of sales department is vacant on 31<sup>st</sup> of December 2023.**

## **3. Information on the number of meetings held by the Board of Directors and the committees over the subject period by indicating the attendance rate.**

The Board of Directors held 3 meeting in 2023 with an average attendance rate of 100 %, furthermore The Board of Directors resolved electronically 10 times in 2023. In addition to the meetings of the Board of Directors, the Audit Committee held 1 meeting in 2023 with an average attendance rate of 100 % and resolved electronically two times in 2023.

## **4. Presentation of the aspects taken into account during the evaluation of the work of the Board of Directors, the Management and the individual members. Indication of whether the evaluation performed during the subject period resulted in any change.**

The Board of Directors acting on behalf of the General meeting with the decision No. 16/2020.04.29. approved the remuneration policy, and its 1<sup>st</sup> amendment in common structure with the decision No. 16/2021.04.27 of the Board of Directors acting on behalf of the General meeting by a non-binding basis. The General meeting of the Company with the decision No. 32/2022.04.29. approved the 2<sup>nd</sup>

amendment of the remuneration policy (“Remuneration Policy”) in common structure by a non-binding basis. The Remuneration Policy had to be applied first in the business year 2021.

In relation to 2023 the Remuneration Policy includes directives on evaluation and remuneration of the work of the Board of Directors, Audit Committee, CEOs, Deputy CEO (CFO). Therefore, the Company shall lay down and publish remuneration report on the year 2023 in accordance with the relevant laws in force.

At the extraordinary General meeting of the Company on August 15, 2017, the General meeting approved the Executive Share Ownership Programme proposed by the Board of Directors and effective from the date of the resolution. In the context of the Executive Share Ownership Programme, no issue of shares took place in the year 2023.

At the Company the evaluation and remuneration of the Management with the exception of the CEO and Deputy CEO (CFO) in the year 2023 was carried out according to the individual CEO’s decision, the result of the evaluation does not differ from the practice of the previous years.

**5. Report on the functioning of the committees, including the professional description of the committee members and information on the number of meetings held, the attendance rate, the main topics discussed at the meetings and the general functioning of the committee. When describing the functioning of the Audit Committee, it should be pointed out if the Board of Directors has decided on a matter contrary to the proposal of the Committee (including the reasons of the Board of Directors). It is advisable to refer to the Company's website where the tasks delegated to the committees, the rules of procedure of the committees and the date of the appointment of the members shall be disclosed. (If these information are not found on the Company's website, then they shall be included in the Corporate Governance Report.**

An Audit Committee operated at the Company in the year 2023.

Nomination Committee did not operate at the Company, the Board of Directors exercised the legal powers and tasks related to nomination.

In relation to the year 2023 the remuneration committee did not operate at the Company.

The remuneration of the members of the Board of Directors and the members of the Audit Committee was approved by the General meeting.

The Articles of Association have been published on the Company's website. According to the Articles of Association the following fall under the competence of the Audit Committee:

- a.) commenting on the report pursuant to the Accounting Act;
- b.) tracking the audition of the report pursuant to the Accounting Act;
- c.) recommendation for the permanent auditor and the remuneration thereof;
- d.) preparation of the contract to be concluded with the permanent auditor;
- e.) tracking the enforcement of professional requirements, incompatibility and independence requirements towards the permanent auditor, performing the tasks related to the cooperation with the permanent auditor, tracking other services provided by the permanent auditor for the Company besides the audit of the report according to the accounting act, and – if necessary – recommendations for the Board of Directors concerning the taking of measures;
- f.) evaluating the operation of the financial reporting system and recommendation for taking the necessary measures;
- g.) helping the work of the Board of Directors in order to appropriately control the financial reporting system; and
- h.) tracking the efficiency of the internal control and risk management system.

The Company did not disclose the Rules of Procedure of the Audit Committee, since it is an internal policy.

The professional presentation of the Audit Committee members can find on the website of the Company.

In 2023 the Audit Committee held one meeting with the attendance rate of 100 % and resolved electronically two times. The most important topics of the subject of the electronic resolving were: the report of the Audit Committee on the annual report of the parent company for 2022 and the annual consolidated report for 2022, proposals for the appointment of the Auditor and fixing the remuneration thereof, approval of the Rules of the Procedure of the Audit Committee, the election of the chairman of the Audit Committee, the acknowledgement of the report of the internal audit activity performed in 2022 and planned for the year of 2023, resolution in connection with the remuneration of the leaders in accordance with the Remuneration Policy.

The Board of Directors did not resolve on any issues contrary to the proposal of the Audit Committee.

**6. Presentation of the system of internal controls, evaluation of the activity of the subject period. Report on the effectiveness and efficiency of risk management procedures. (Information on where the shareholders can view the Board of Directors' report on the operation of internal controls.)**

In 2023 the internal audit tasks were delegated to the Controlling Department at the Company. The Controlling Department submitted the report on the investigations carried out during the year and planned to 2024 to the Audit Committee after the closing of the business year of 2022. The report was proposed on 24<sup>th</sup> August 2023 and acknowledged by the Audit Committee. As there is no legal obligation to disclose it, the Company will not publish the report.

**7. In the year 2023 the auditor did not perform any activities that were not related to auditing.**

**8. An overview of the Company's disclosure policy and insider trading policy.**

The scope, frequency, manner and place of publication of the information to be disclosed by the Company are regulated in detail in the Capital Market Act, the relevant Decree of the Minister of Finance, the policies of the BSE and the Company's Articles of Association. According to the regulations referred to, the disclosure obligation can be fully fulfilled.

The Company has established its rules for the recording of persons who have access to insider information and for the security trading of insiders, which is in line with the Capital Market Act and with the applicable provisions of the European Union and Hungary. The Company does not consider further regulations necessary in addition to them.

**9. Overview on the manner of exercising the shareholder rights.**

The Company's Articles of Association is available on the Company's website. By publishing the Articles of Association, the Company has published on its website its summary document on the conduct of the General meeting and the exercising of the voting rights of the shareholders (including voting via a proxy).

For the purpose of closing the Record of Shareholders prior to the General meeting, the Company requests shareholder identification in accordance with the general business rules of the central securities depository. The shareholder has the right to exercise shareholder rights at the General meeting, if his/her name is included in the Record of Shareholders on the second working day preceding the commencement date of the General meeting. Except for the sale of shares, the shareholder of the Company whose name (or the name of his/her proxy) is not included in the Record of Shareholders and who possesses or owns shares which he/she is not entitled to obtain pursuant to the Civil Code and the Articles of Association.

It is not possible to exclude the person from exercising his/her membership rights at the General meeting, if he/she is the owner of the share according to the Record of Shareholders.

The closing of the Record of Shareholders does not limit the right of the person registered in the Record of Shareholders to transfer his/her shares after the closing of the Record of Shareholders. The transfer of the share prior to the commencement of the General meeting does not exclude the right of the person registered in the Record of Shareholders to participate in the General meeting and exercise his/her shareholder rights.



Each shareholder is entitled to participate in the General meeting and to exercise his/her voting rights in person or via proxy included in the notarial document or in the private document providing conclusive evidence.

The shareholder rights are included in Chapter 6 of the Articles of Association. Here, we emphasize the minority rights of the shareholders:

- Initiation of convening the General meeting: Shareholders representing at least 1% of the voting rights may request the convening the General meeting at any time by indicating the reason and the purpose. If the Board of Directors does not take action within 8 days of the date of receipt of the request to convene the General meeting as early as possible, the General meeting shall be convened at the request of the shareholders by the registry court or it authorises the shareholders to convene the meeting.
- The shareholders making the request shall advance the expected costs of convening and holding the General meeting. The General meeting resolves at the meeting convened at the request on who shall bear the costs, specifying whether the costs shall be borne by the requesting shareholders or the Company
- Right to supplement the agenda: Shareholders representing at least 1% of the voting rights may request in writing from the Board of Directors to place an item on the agenda of the General meeting. The shareholders shall submit the proposal requesting the supplementing of the agenda or the draft resolution concerning an item included or to be included in the agenda, complying with the rules regarding the preparation of the agenda, within eight days from the date of publication of the notice convening the General meeting. The Board of Directors, after receiving the proposal, publishes a notice regarding the supplemented agenda and the draft resolutions submitted by the shareholders. The item specified in the notice shall be deemed to be included the agenda.
- Initiation of the audit of the Parent Company: If the General meeting denies or does not submit for resolution the motion to have the the report prepared pursuant to the last accounting act or an event or commitment taken place in the last two years of the management audited by a separately appointed auditor, the registry court, at the request of shareholders representing at least 1% of the voting rights, orders the audit at the expense of the Company and appoints the auditor. Such a request shall be submitted within a limitation period of 30 days from the date of holding the general meeting.
- Initiation of claim enforcement: If the General meeting denies or does not submit for resolution the motion to enforce the Company's claim against the shareholders, the Board of Directors, or the auditor, the shareholders representing at least 1% of the voting rights may enforce the claim within a limitation period of 30 days from the date of holding the General meeting on behalf of and for the benefit of the Company

**Additional shareholder rights:** Any shareholder may request the judicial review of a resolution adopted by the General meeting which violates the law or is in conflict with the Articles of Association. The legal action shall be commenced against the Company within 30 days of the date on which the claimant became aware of the resolution or could have become aware of the resolution. No legal action may be commenced after the expiration of the limitation period of one year from the date of the resolution's adoption. This right does not apply to those who have themselves contributed with their vote to the adoption of the resolution, except in the case of mistake, deception or threat.

## **10. Brief description of the rules governing the conduct of the General meeting.**

**Convening:** The General meeting shall be convened by notice at least 30 days prior to the date of the meeting. The convocation of the General meeting shall be disclosed in the manner relevant to the Company's announcements.

### **Participation (exercising shareholder rights):**

The shareholder has the right to exercise shareholder rights at the General meeting, if his/her name is included in the Record of Shareholders on the second working day preceding the commencement date of the General meeting. For this purpose, the Board of Directors requests shareholder identification in accordance with the general business rules of the central securities depository prior to the General meeting. The closing of the Record of Shareholders does not limit the right of the person registered in the Record of Shareholders to transfer his/her shares after the closing of the Record of Shareholders.

The transfer of the share prior to the commencement of the General meeting does not exclude the right of the person registered in the Record of Shareholders to participate in the General meeting and exercise his/her shareholder rights.

The closing of the Record of Shareholders does not limit the right of the person registered in the Record of Shareholders to transfer his/her shares after the closing of the Record of Shareholders. The transfer of the share prior to the commencement of the General meeting does not exclude the right of the person registered in the Record of Shareholders to participate in the General meeting and exercise his/her shareholder rights.

Each shareholder is entitled to participate in the General meeting and to exercise his/her voting rights in person or via a proxy included in the official document or in the private document providing conclusive evidence.

The shareholder is entitled to attend the General meeting, to request information within the limits set by the Civil Code and the Articles of Association, to make comments and motions and to vote in the possession of voting shares. In respect of an item placed on the agenda of the General meeting, the Board of Directors is required to provide all shareholders with the necessary information for the discussion of the agenda item, so that the shareholder, at the written request submitted by him/her at least eight days before the date of the General meeting, receives the necessary information at least three days before the date of the General meeting.

Shareholders representing at least 1% of the voting rights may request in writing from the Board of Directors to place an item on the agenda of the General meeting. The shareholders shall submit the proposal requesting the supplementing of the agenda or the draft resolution concerning an item included or to be included in the agenda, complying with the rules regarding the preparation of the agenda, within eight days from the date of publication of the notice convening the General meeting. The Board of Directors, after receiving the proposal, publishes a notice regarding the supplemented agenda and the draft resolutions submitted by the shareholders. The item specified in the notice shall be deemed to be included the agenda.

The members of the Board of Directors and the auditor participate in the General meeting with the right of consultation. They have the right to submit a motion, and they may comment on any agenda and shall comment if any shareholder requests it.

Quorum, adoption of resolution: The General meeting has a quorum if the shareholders or their proxies in private document representing conclusive evidence of in notarial deed representing more than fifty percent of the shares entitled to vote at the General meeting are present.

In the event of lack of quorum of the General meeting and in case of the repeated General meeting convened with unchanged agenda, a minimum of 10 days and a maximum of 21 days shall pass between the original date of the General meeting and the date of the repeated General meeting.

The General meeting convened with unchanged agenda shall have a quorum irrespective of the number of shareholders (proxies) present. At the general meeting, the decision-making process is based on open ballot. The General meeting elects a vote counting committee on the proposal of the Chairman of the General meeting for conducting the voting. At the request of shareholders representing at least 1/3 of the share capital, a secret ballot shall be required on any matter. The General meeting shall decide on the resolutions by simple majority, except in cases where the Civil Code or the Articles of Association sets it out differently.

Conducting the General meeting: The General meeting shall elect the Chairman of the General meeting for that given General meeting on the proposal of the Chairman of the Board of Directors from among the shareholders or members of the Board of Directors. The chairman of the General meeting:

- verifies the identity of the shareholders, the right of representation and the authorisation of the shareholders' proxies,
- determines the quorum of the meeting on the basis of the attendance sheet and, in the event of lack of quorum, adjourns the meeting to the date specified in the notice of the general meeting,
- makes a proposal to the General meeting regarding the members of the vote counting committee and the person of the certifying shareholder,
- appoints the secretary of the meeting,



- chairs the meeting according to the agenda specified in the notice,
- if necessary, limits the duration of individual and repeated speeches in a general manner applying to everyone,
- orders the voting, presents its result and declares the resolution of the General meeting,
- orders breaks,
- ensures the preparing of the minutes and the attendance sheet of the general meeting,
- adjourns the general meeting if a resolution has been adopted on all items on the agenda.

The shareholders may suspend the General meeting, but it shall be resumed within 30 days. At the general meeting held as a continuation of the suspended general meeting, the quorum shall be examined in the same manner as at the commencement of the general meeting. The rules governing the convening of the General meeting and the election of the officers of the General meeting shall not apply at the general meeting held as a continuation of the suspended general meeting. The General meeting may be suspended only once.

Documentation: An attendance sheet and minutes shall be prepared for the general meeting. Within 30 days of the end of the General meeting, the Board of Directors is required to act in accordance with the resolutions of the General meeting before the registry court.

#### **11. Presentation of the issuer's compliance with Section IV. of Act 67 of 2019 on the incentivisation of long-term shareholder participation and harmonization of particular other acts**

In order to comply with the requirements of the Section IV of Act LXVII of 2019 on the incentivisation of long-term shareholder participation and harmonization of particular other acts, the management of the Company prepared the Remuneration Policy of the Company in accordance with the regulation and submitted it to the Board of Directors of the Company in the year 2020, its 1<sup>st</sup> amendment in the year 2021 and its 2<sup>nd</sup> amendment in the year 2022.

The Board of Directors of the Company approved the Remuneration Policy with the decision No. 10/2020. (04.08.) its 1<sup>st</sup> amendment with the decision No. 10/2021. (04.09.) in common structure and its 2<sup>nd</sup> amendment with the decision No. 12/2022 (04.08.) in common structure, then authorized the management to prepare and publish the proposal for the General meeting related to the approved Remuneration Policy and its 1<sup>st</sup> and 2<sup>nd</sup> amendment.

The Board of Directors acting on behalf of the general meeting with the decision No. 16/2020.04.29. approved the remuneration policy, and its 1<sup>st</sup> amendment in common structure with the decision No. 16/2021.04.27 of the Board of Directors acting on behalf of the general meeting by a non-binding basis. The general meeting of the Company with the decision No. 32/2022.04.29. approved the 2<sup>nd</sup> amendment of the remuneration policy ("Remuneration Policy") in common structure by a non-binding basis.

The Remuneration Policy was applied first time in the business year 2021.

The Remuneration Policy shall apply to the members of the Board of Directors or the Audit Committee of the Company, CEOs and Deputy CEO(s).

The remuneration payable in the given business year to the members of the Board of Directors of the Company in connection with their position and responsibilities as Board of Directors' members, including the fixed and variable items of such remuneration, as well as the forms of any bonuses and other benefits which may be provided shall be determined by the annual ordinary general meeting of the

Company, with the addition that the related benefits include the provision of the prestige company car and company mobile for both unlimited personal and business use in Hungary or abroad to the Chairman of the Board of Directors.

The remuneration payable in the given business year to the members of the Audit Committee of the Company in connection with their position and responsibilities as Audit Committee's members, including the fixed and variable items of such remuneration, as well as the forms of any bonuses and other benefits which may be provided shall be determined by the annual ordinary general meeting of the

Company.

The Board of Directors' or Audit Committee's members in such capacities shall not receive any performance-based remuneration.

Elements of the remuneration of the CEO's and the Deputy CEO(s), short-term and long-term incentives:

- Annual base salary and related benefits – fixed annual salary and other related benefits;
- Short-term incentive (bonus) – annual bonus provided in the form of cash payment based on individual and company performances;
- Long-term incentive (share incentive scheme) – the option to purchase Company shares at a preferential price to promote strategic goals.

The Remuneration Policy of the Company and its 1<sup>st</sup> and 2<sup>nd</sup> amendment in common structure was published according to the relevant legal requirements. The Remuneration Report related to 2021 was published first time in 2022, furthermore the Remuneration Report will be published annually in accordance with the relevant law in force.

## 12. Corporate Governance Report

The Corporate Governance Report is attached hereto.

Budapest, 9 April 2024

Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.  
Board of Directors



**Corporate Governance Report of the Budapesti Ingatlan Hasznosítási és Fejlesztési Nyrt.  
on the compliance with the  
Corporate Governance Recommendations**

As part of the Corporate Governance Report, the Company makes a declaration by filling in the following tables on the extent to which it has applied the proposals and recommendations of the Corporate Governance Recommendations (CGR) issued by Budapesti Értéktőzsde Zrt.

By reviewing the tables, market players can easily find out to what extent the Corporate Governance Practice of each Company meets the certain expectations contained in the CGR and makes it easy to compare the practices of each Company

**Level of compliance with the Recommendations**

The Company indicates whether it applies the relevant recommendation or not, and if case not, it gives a brief indication of the reasons for not applying the 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:

According to the Articles of Association of the Company, the General meeting may be attended in person, via a representative or via a proxy. The Articles of Association exclude the possibility of holding a conference meeting.

- 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 Board of Directors’ draft resolution and also the Supervisory Board’s opinion disclosed to the shareholders?

**Yes**

**No**

Explanation: The Company operates in a unified management system, so there is no Supervisory Board. In the motions, the proposal from the Audit Committee was also included.

**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: The event in question did not occur during the business year, but its proper management is ensured.

**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: The event in question did not occur during the business year, but its proper management is ensured.

**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: The event in question did not occur during the business year, but its proper management is ensured.

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

**Yes**

**No**

Explanation: The event in question did not occur during the business year, but its proper management is ensured.

**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: The event in question did not occur in the business year, according to the current practice of the Company, the motions at the General meeting are submitted so that in connection with the amendment to the Articles of Association and in the course of the discussion of the relevant agenda item the General meeting adopts a resolution.

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

**Yes**

**No**

Explanation:

### 1.5. and related questions) repealed

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

**Yes**

**No**

Explanation: There are no disclosure guidelines at the Company, in this regard it does not consider it necessary to regulate this beyond the rules of the Capital Market Act and the applicable provisions of the European Union and Hungary.

**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 publication policy in place which covers the processing the information listed in Section 1.6.2 of the Recommendations?

**Yes**

**No**

Explanation: In this regard it does not consider it necessary to regulate this beyond the rules of the Capital Market Act and the applicable provisions of the European Union and Hungary.

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

**Yes**

**No**

Explanation: In this regard it does not consider it necessary to regulate this beyond the rules of the Capital Market Act and the applicable provisions of the European Union and Hungary.

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

**Yes**

**No**

Explanation: There are no disclosure guidelines at the Company, in this regard it does not consider it necessary to regulate this beyond the rules of the Capital Market Act and the applicable provisions of the European Union and Hungary, thus, the efficiency of the processes has not been measured.

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

**Yes**

**No**

Explanation: There are no disclosure guidelines at the Company, in this regard it does not consider it necessary to regulate this beyond the rules of the Capital Market Act and the applicable provisions of the European Union and Hungary, thus, the efficiency of the processes has not been measured.

**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: In this regard, the Company does not consider a publication to be necessary beyond the requirements of the Capital Market Act.

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation: In this regard, the Company does not consider an information to be necessary beyond the requirements of the applicable laws.

**1.6.7.1 and related questions (1-2) repealed**

**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: In this regard, the Company does not consider an information to be necessary beyond the requirements of the applicable laws.

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

**Yes**

**No**

Explanation: In this regard, the Company did not consider further information necessary beyond the requirements of the Capital Market Act and the applicable provisions of the European Union and Hungary.

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

**Yes**

**No**

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

**Yes**

**No**

Explanation: There was no such relationship, but its proper management is ensured.



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

Yes

**No**

Explanation:

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

Yes

**No**

Explanation:

**2.2.2.** Does the Company publish the procedure used for nominating Board of Directors / Governing Board members and the principles for determining their remuneration?

Yes

**No**

Explanation: In this regard, the Company does not consider further information necessary beyond the requirements of the applicable laws.

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

Yes

**No**

Explanation: There is no Supervisory Board at the Company

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

Yes

**No**

Explanation:

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

Yes

**No**

Explanation:

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

Yes

**No**

Explanation:

The board members at the meeting/during the electronical resolution exceptionally acted otherwise with justified, business reasons based on the previous coordination with the board members.

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

Yes

**No**

Explanation:

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

Yes

**No**

Explanation:

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

Yes

**No**

Explanation:

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

Yes

**No**

Explanation:

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

Yes

**No**

Explanation:

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

Yes

**No**

Explanation:

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

Yes

**No**

Explanation: In this regard, the Company does not consider further information necessary beyond the requirements of the applicable laws.

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

Yes

**No**

Explanation: Regarding the independence, the Company considers regulation beyond the criteria of the Civil Code unnecessary.

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

Yes

**No**

Explanation: No Supervisory Board operates at the Company, but its proper management is ensured.

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

Yes

**No**

Explanation: There was no such transaction, but its proper management is ensured.

**2.7.2.** Were transactions and assignments between members of boards/ members of the

management/individuals closely associated with them and the Company/subsidiaries of the Company carried out in accordance with the Company’s general business practice but applying more stringent transparency rules compared to general business practice, and were they approved?

**Yes**

**No**

Explanation: There was no such transaction, but its proper management is ensured.

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

The Company did not disclose the methodology of the internal audit tasks.

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

The Company did not disclose its practices applied regarding risk management procedures.

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

and the Company?

**Yes**

**No**

Explanation: It is the Management's task and responsibility to develop the principles of risk management.

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

Level of compliance with the Recommendations.

The Company shall specify whether it applies the relevant CGR proposal or not (Yes / No).

The Company also has the opportunity to justify the deviations from the recommendations.

**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: According to the Articles of Association of the Company, the General meeting may be attended in person, via a representative or via a proxy. The Articles of Association exclude the possibility of holding a conference meeting.

**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: The event in question did not occur during the business year, but its proper management is ensured.

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation: There was no justification for providing such information.

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

**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: According to the Articles of Association of the Company, the General meeting is not public, only those entitled to participate may attend.

**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**

**1.6.11.** Do the Company’s publication guidelines cover the procedures for electronic, online disclosure?

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation: The Company has not provided more frequent, quarterly information in this respect beyond the requirements of the applicable legislation.

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

**Yes**

**No**

Explanation:

