

Report and Statement on Responsible Corporate Governance

Appenninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (registered office: H-1118 Budapest, Kelenhegyi út 43. B. ép. 5. em. 1., hereinafter: "Company") discloses the following summary report and statement with regard to responsible corporate governance:

By this report and statement the Company guarantees the easy comprehension and transparency of its operation for its owners, investors and every other market participant.

The Company has expanded the principles of the Responsible Corporate Governance to the subsidiaries in its ownership.

1.) A BRIEF DESCRIPTION OF THE OPERATION OF THE BOARD OF DIRECTORS, AND OF THE DIVISION OF RESPONSIBILITIES AND DUTIES BETWEEN THE BOARD OF DIRECTORS AND THE MANAGEMENT

Instead of a directorate and a supervisory board, the managing body of the Company is a Board of Directors of five natural persons, who implement uniform management. The members of the Board of Directors elect the chairperson among themselves with simple majority.

The Board of Directors convenes meetings whenever necessary, but at least once in three months. The meetings of the Board of Directors are held at the time specified during the previous meeting, in the absence of which, the meeting must be convened within 3 months following the date of the previous meeting.

The meeting of the Board of Directors is convened by the chairperson of the Board of Directors. If the chairperson is prevented from doing so, the Board of Directors should be convened jointly by two members.

An invitation to the meeting is sent to the members of the Board of Directors at least 8 days prior to the relevant date – including the agenda, venue and time – in writing by way of postal delivery, fax or e-mail. Written proposals and decision proposals related to the items on the agenda, assisting the decision-making process must also be sent with the agenda.

Any member of the Board of Directors may request the convention of the Board of Directors in writing, simultaneously specifying the cause and purpose of the meeting. In such a case, the chairperson is obliged to convene the meeting of the Board of Directors within 15 days after the submission of the written request. If the chairperson does not fulfil this obligation within 5 days, any member of the Board of Directors may directly convene the meeting.

The meeting of the Board of Directors may also be held without a regular convention if all the members of the Board of Directors are present.

The meeting of the Board of Directors has a quorum if it has been convened in compliance with the regulations and 3 members are present.

The decisions of the Board of Directors are made by a simple majority; and in the case of a tie, the chairperson's vote decides. If the significance and urgency of a matter justifies, the Board of Directors may make a decision outside of regular meeting. In such a case, quorum is decided on the basis of the total headcount of the Board of Directors.

Special decision-making is only possible if at least two members of the Board of Directors support it.

The members of the Board of Directors cast their votes in writing by way of a signed facsimile, or by a scanned signed document attached to an e-mail, or by the original signed document sent by way of delivery (approval, rejection or abstention).

A vote in approval should include a clear reference to the alternative to the proposed decision. The members of the Board of Directors may only cast their votes on the textual proposal included in the proposed decision.

Should the vote specify a condition or a different proposal, it is considered as a rejection.

The members of the Board of Directors must authenticate their votes in all cases by their signatures, which should completely match the signature indicated on their respective specimen signatures countersigned by an attorney.

If none of the proposed amendments is given the necessary number of supportive votes, the matter is repeatedly put on the agenda of the following meeting.

The members of the Board of Directors are informed about the outcome of an the special resolution by the chairperson of the Board of Directors in writing within 3 business days after the deadline set for casting the votes by sending the minutes on the voting and on the approved resolution.

The procedural rules of the Board of Directors must include the tasks falling in the competence of the Board of Directors. The Company's work schedule is managed by the Board of Directors.

At its meeting held on 14 October 2019, the Company's General Meeting resolved to establish a position for a chief executive officer with independent representation rights and authorised to sign for the company, who manages daily operation in order to facilitate the Company's efficient operation. The Company's chief executive officer is appointed by the General Meeting, and the chief executive officer attends to his or her duties in an employment relationship. In respect of the chief executive officer, the Board of Directors exercises the employer's rights. The chief executive officer may also be a member of the Board of Directors. The chief executive officer is authorised to decide in all matters that are not referred to the exclusive competence of the General Meeting or of the Board of Directors. The chief executive officer exercises the employer's right over the employees of the Company.

2.) Tasks of the Board of Directors and of the Audit Committee, and criteria for the evaluation of the individual members

The Board of Directors has exclusive competence to perform the following:

As per Section VII of the Company's Statutes. Download from:

<https://appenninholding.com/alapszabaly/>

The following falls into the competence of the Audit Committee:

As per Section VIII of the Company's Statutes. Download from:

<https://appenninholding.com/alapszabaly/>

Evaluation of the work performed by the executive officers and the employees

At the Company, the Board of Directors is competent to establish the remuneration of the chief executive officer. In the course of attending to this duty, the Board of Directors takes account of the actual achievement of the objectives. Currently, no share option programme and non-standard benefits have been established by the Company. The remunerations included in the employment contracts concluded by the Company are focused on the Company's long-term goals and do not encourage the members of the management to maximize share prices in the short term.

As from 14 October 2019, the chief executive officer has competence to evaluate the performance of the management and of the employees according to the market value of the given position determined and put down in a separate employment contract. When entering into employment contracts, the Company took into consideration the tasks and level of responsibility for each employee and the Company's financial situation. The Company has no other performance-based remuneration schemes in place.

The Company has no share remuneration program in place.

3.) Description of the members of the Board of Directors, the Supervisory Board and the Management, and a presentation of the structure of the committees

The Company operates in the form of a uniformly governed company limited by shares, and thus there is no supervisory board at the Company; the management and supervisory duties of the Company are performed by the Board of Directors.

3.1.) Members of the Board of Directors (bw. 01/01/2019 and 31/12/2019)

Board of Directors:

- Tamás Bernáth – Member of the Board of Directors (as from 23/04/2019), Chairman of the Board of Directors, Chief Executive Officer (as from 14/10/2019)
- Dr Nóra Szabó — Member of the Board of Directors (as from 14/10/2019)
- Dr Judit Tóth – Member of the Board of Directors (as from 23/08/2018);
- Zoltán Malik – Member of the Board of Directors (as from 23/08/2018);
- György Vilmos Guttmann – Member of the Board of Directors (as from 14/10/2019)

Members of the Board of Directors prior to the amendment of the Statutes:

- Gellért Jászai – (bw. 20/04/2018 and 14/10/2019)
- Aladin Linczényi – (bw. 23/08/2018 and 14/10/2019)
- János Tima – (bw. 23/08/2018 and 23/04/2019)

3.2.) Audit Committee (bw. 01/01/2019 and 31/12/2019)

The Company has a three-member Audit Committee, with members elected by the General Meeting.

Members of the Audit Committee:

- Dr Judit Tóth – Member of the Audit Committee (as from 23/08/2018)
- Zoltán Malik – Member of the Audit Committee (as from 23/08/2018)
- György Vilmos Guttmann– Member of the Audit Committee (as from 14/10/2019)

Members of the Audit Committee prior to the amendment of the Statutes:

- Tamás Bernáth – (bw. 23/04/2019 and 14/10/2019)
- János Tima – (bw. 23/08/2018 and 23/04/2019)

The members of the Audit Committee receive comprehensive information about the Company's accounting, financial and operational features.

The members of the Audit Committee have the expertise necessary for the performance of their duties, and up-to-date financial and accounting background and experiences relevant for the subject. In order for them to perform their jobs the Audit Committee receives accurate and detailed information on the work schedule of the

Auditor, and also receives the Auditor's Report including the problems revealed during the audit.

3.3) Other committees

The Company has no nomination committee or remuneration committee. The relevant functions are fulfilled by the members of the Board of Directors without setting up a formal body. The Company has not set up a separate work organisation or internal control activities.

4.) Record of the meetings held by the Board of Directors and by the Audit Committee in the period reviewed

BD meetings, 2019

7 February, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda item:

1. Decision on the sale of the shares issued by the Company and on granting the authorisation related to the transaction

18 February, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda item:

1. Decision on the transfer of 100 per cent of the shares of a subsidiary constituting the Company's exclusive ownership.

22 March, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda item:

1. Decision on the convention of the Company's regular annual General Meeting for 23/04/2019 in its registered office at H-1062 Budapest, Andrásy út 59.

1 April, 2019

Agenda items:

1. Report by the Board of Directors on the 2018 business activity.
2. Information to the Board of Directors about the Audit Committee's report about the year 2018.
3. Information to the Board of Directors about the Auditor's report about the year 2018.
4. With knowledge of the information provided under agenda items 2 and 3, decision on the Company's separate (non-consolidated) annual IFRS report for 2018, and its consolidated annual IFRS report for 2018.
5. Decision on the use of the profit/loss after taxes and on dividend.
6. Decision on the Report on Responsible Corporate Governance.
7. Decision on whether or not the management activity performed by the members of the Board of Directors in 2018 was satisfactory and on granting the exemption that established satisfaction.
8. Decision on the election of the Company's new permanent auditor and on the establishment of its remuneration, as well as on the amendment of the Company's Statutes necessary for the election of the auditor.

19 June, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda item:

1. Decision on the approval of the sale of a real property in the exclusive ownership of the Company's subsidiary.

25 June, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda items:

1. Decision on the termination of a contract for services.
2. Decision on the termination of the contract for services with a subsidiary constituting the Company's exclusive ownership.

4 September, 2019

Agenda items:

1. Decision on convening a special General Meeting of the Company.
2. Decision on the Company's registered office.
3. Decision on the amendment of the Company's Statutes, with a view to the change in the registered office.
4. Decision on the sale of 238/10,000 of a real property in the 7507/10,000 ownership of the Company's subsidiary.
5. Decision on the approval of the sale of a real property in the exclusive ownership of the Company's subsidiary.

16 September, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda items:

1. Decision on the intention to sell properties in the ownership of the Company.

19 September, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda item:

1. Decision on disclosures related to the special General Meeting of the Company.

25 September, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda items:

1. Decision on the interim consolidated report prepared in accordance with the IFRS about the Company's H1 2019 performance.
2. Decision on the Company's 2019 annual business plan.

2 October, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda item:

1. Decision on convening a special General Meeting of the Company.

10 October, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda item:

1. Decision on disclosures related to the special General Meeting of the Company.

7 November, 2019

Agenda items:

1. Decision on the adoption of the Company's Work Safety Regulation.
2. Decision on the approval of a mandatory proposal.
3. Other agenda items (the executive officer's monthly report; Accounting Policy)

11 November, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda item:

1. Decision on the conditions of the Company's participation in the Bonds Purchase programme under the Funding for Growth Scheme announced by MNB.

13 November, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda item:

1. amendment of resolution 1/2019.(11.11.) of the Board of Directors on the conditions of the Company's participation in the Bonds Purchase programme under the Funding for Growth Scheme announced by MNB.

27 November, 2019

Agenda items:

1. Decision on the compilation of a Letter of Intent.
2. Decision on the conclusion of a contract for the valuation of the real property portfolio
3. Decision on the conclusion of a real estate agent contract
4. Decision on the conclusion of a contract by the Company's subsidiary

6 December, 2019 (Adoption of a decision by the Board of Directors without a meeting convened)

Agenda item:

1. Decision on the conclusion of a contract for the evaluation of the development projects

12 December, 2019

Agenda items:

1. Decision on the adoption of Consolidated Group and Separate Parent Company Accounting Policies according to the IFRS standards
2. Decision on the approval of the Disclosure Regulation
3. Decision on the establishment of the new procedural rules of the Board of Directors
4. Decision on the takeover bids received
5. Decision on the derecognition of irrecoverable claims from the books
6. Decision on loan redemption

BD and AC meetings, 2019

1 April, 2019

Agenda items:

1. Decision on the submissions and draft resolutions made for the following Agenda Item 1 at the Company's annual General Meeting convened for the 23/04/2019 "Report by the Board of Directors on the 2018 business activity."
2. Decision on the submissions and draft resolutions made for the following Agenda Item 2 at the Company's annual General Meeting convened for the 23/04/2019 "Information to the Board of Directors about the Audit Committee's report about the year 2018."
3. Decision on the submissions and draft resolutions made for the following Agenda Item 3 at the Company's annual General Meeting convened for the 23/04/2019 "Information to the Board of Directors about the Auditor's report about the year 2018." |
4. Decision on the submissions and draft resolutions made for the following Agenda Item 4 at the Company's annual General Meeting convened for the 23/04/2019 "With knowledge of the information provided under agenda items 2 and 3, decision on the Company's separate (non-consolidated) annual IFRS report for 2018, and its consolidated annual IFRS report for 2018."
5. Decision on the submissions and draft resolutions made for the following Agenda Item 5 at the Company's annual General Meeting convened for the 23/04/2019 "Decision on the use of the profit/loss after taxes and on dividend."
6. Decision on the submissions and draft resolutions made for the following Agenda Item 6 at the Company's annual General Meeting convened for the 23/04/2019 "Decision on the Report on Responsible Corporate Governance."
7. Decision on the submissions and draft resolutions made for the following Agenda Item 7 at the Company's annual General Meeting convened for the 23/04/2019 "Decision on whether or not the management activity performed by the members of the Board of Directors in 2018 was satisfactory and on granting the exemption that established satisfaction."
8. Decision on the submissions and draft resolutions made for the following Agenda Item 8 at the Company's annual General Meeting convened for the 23/04/2019 "Decision on the election of the Company's new permanent auditor and on the establishment of its remuneration, as well as on the amendment of the Company's Statutes necessary for the election of the auditor."
9. Decision by the Audit Committee in relation to the resolutions adopted by the Board of Directors in the course of Agenda Item 1-8.

29 May, 2019

Agenda item:

1. Decision on the adoption of 2018 financial statements of the companies in the Company's 100 per cent direct or indirect ownership ("Subsidiaries"), and if required, on their business reports, on the use of their profit after taxes, and on granting exemption to the managements of the Subsidiaries.

11 September, 2019

Agenda item:

1. Decision about the person and remuneration of the Company's auditor

24 October, 2019

Agenda items:

1. Decision on the election of Officers
2. Decision on the approval of the Company's Organisational and Operational Rules
3. Decision on the adoption of the Company's regulation regarding insider trading

5.) Presentation of the system of internal controls

The members of the Audit Committee, elected from among the members of the Board of Directors, attend to the duties of internal control, and report their findings to the members of the Board of Directors. The members of the Audit Committee have unlimited access to all the required information, documents, data and persons affected by the audited procedures.

Division of the decision-making powers

The decision-making powers of the General Meeting, the Board of Directors and the Audit Committee are specified in the Company's Statutes, and in the procedural rules of the Board of Directors and the Audit Committee. The decision-making powers of employees are specified in their respective job descriptions.

Reporting hierarchy

Within the scope of its management activity, the Board of Directors makes resolutions. Directives are issued with regard to the Company's activities, operation, and organisation and in matters related to all or a significant part of the employees. This category also includes directives that specify business, accounting, financial, information technological, statistical and data supply measures.

Appointments and employment

The chief executive officer exercises the employer's rights with regard to the Company's employees, and the Board of Directors with regard to the chief executive officer.

Representation

The person authorised to sign on behalf of the Company should sign his/her own name, corresponding to his/her authentic company signature statement or his/her own specimen signature countersigned by an attorney below the Company name.

6.) Audit

The duty of the auditor elected by the supreme body of a business organisation is to arrange for the performance of the audit specified in the Accounting Act and to establish, in the course of his activity, whether or not the financial statements of the business organisation compiled in accordance with the accounting act and the relevant PM decree complies with the statutory regulations and whether or not it provides a true and fair view of the company's equity and financial position and the results of its operation.

The Auditor, in order to perform his/her duties, may inspect the company's books, request information about

the executive officers and the employees of the company, and inspect the company's bank accounts, accounting and contracts.

The auditor of the Company is elected by the General Meeting for a period not exceeding 5 years. On 14 October 2019, the Company appointed Ernst & Young Könyvvizsgáló Korlátolt Felelősségű Társaság to act as its new auditor for a definite period of time ending on 31 May 2022. In 2019 the auditor appointed by the Company did not perform any duties unrelated to audit.

7.) Description of the Company's disclosure policy and insider trading policy

Rules of investors' access to the Company

Unless the Company's Statutes otherwise provide, the Board of Directors and the person authorised by them are entitled to make statements and inform the investors on behalf of the Company.

The members of the Board of Directors, and the person authorised by them can be contacted during the Company's business hours by phone or e-mail.

The accurate contact details of the Company (postal address, telephone number, e-mail address) are available on the Company's website (www.appeninholding.com), and the investors may also get such information at the Company's registered seat.

The Company's business hours are the following:
On business days. between 9:00 AM and 16:00 PM

The Company makes its disclosures in accordance with the statutes in force. Consequently, it reports its economic activities in the form of interim reports, periodical executive reports and in annual reports, and in the cases specified by law and by the stock exchange rules, it also provides special information on its website, at www.bet.hu and at www.kozzetetelek.hu, and sends regulated information to an online media editorial board.

The Company has a separate regulation for trading by insiders. With regard to the matters related to trading by insider persons, the Company proceeds in all cases in accordance with the laws and regulations in effect and the rules of the stock exchange. The Company registers insider persons, and separately calls the attention of those interested to the obligations specified in the laws and regulations and the rules of the stock exchange.

The exercise of shareholder rights

The share capital of the Company is made up of 47,371,419, i.e. forty seven million three hundred and seventy one four hundred and nineteen dematerialised ordinary shares of a nominal value of HUF 100, i.e. a hundred Hungarian forints each.

Each ordinary share of a nominal value of HUF 100 carries 1, i.e. one vote.

The rights and obligations related to the shares are specified in Sections III, IV, and V in the Company's Statutes.

Rules of organising General Meetings

The meeting of the General Meeting is convened at least once a year before 30 April every year (regular general meeting). The rules of the General Meeting are regulated by the Civil Code. The Company details the rights related to the convention and conduct of and participation in General Meetings. In this document, reference is made to Sections IV and V of the Company's effective and disclosed Statutes, and they are not repeated below.

8.) Statement of Remuneration

The Company's remuneration statement is included in the annex to the Responsible Corporate Governance Report.

Responsible Corporate Governance Report about compliance with the provisions of the

Responsible Corporate Governance Recommendations

As part of the Responsible Corporate Governance Report, the Company communicates in the following tables, the application of recommendations (R) and suggestions (S) specified in certain points of the Responsible Corporate Governance Recommendations ("Recommendation") issued by Budapest Értéktőzsde Zrt. in its own corporate governance practice.

Level of compliance with the Recommendations

The Company communicates whether or not it applies a certain recommendation, and if not, it also explains why the recommendation is not applied.

1.1.1. The Company has an organisational unit for maintaining investor relations, or there is a specific person assigned to perform such duties

Yes No

1.1.2. The Company's Statutes are available on the Company's website.

Yes No

1.1.4. If the Company's Statutes allow the shareholders to exercise rights while absent, the Company must disclose the method and conditions of such exercise on its website, including the necessary documents

Yes No

Explanation: The Company's Statutes does not allow the shareholders to exercise rights while absent.

1.2.1. The Company has disclosed on its website the rules related to the conduct of General Meetings and the exercise of the voting rights by the shareholders.

Yes No

1.2.2. The Company disclosed the date for which the circle those entitled to attend a particular Company event is specified, specifies the accurate date (record date), and the last day, when the shares granting rights to attend the given Company event are traded

Yes No

1.2.3. The Company provided access to as many shareholders as possible to its General Meeting.

Yes No

1.2.6. The Company does not restrict the delegation of separate representatives by the shareholder for each securities account to the General Meeting.

Yes No

1.2.7. With regard to the recommendations prepared for the agenda items, besides the decision recommendation of the Board of Directors, the shareholders can also familiarise themselves with the opinion of the Supervisory Board.

Yes No

Explanation: The Company does not have a Supervisory Board.

1.3.3. The Company did not limit the right of the shareholders present at the General Meeting related to receive information, give comments and make recommendations, or subject the same to any precondition, except for the measures taken for the regular and proper conduct of the General Meeting.

Yes No

1.3.4. The Company, when responding to the questions asked at the General Meeting, ensured the compliance with the information and disclosure principles specified in the laws and regulations and the stock exchange requirements

Yes No

1.3.5. The Company disclosed the answers to the questions on its website, to which no satisfactory answers were given by the representatives of the Company's bodies or auditor at the General Meeting, or the Company disclosed the reasons for refraining from answering

Yes **No**

Explanation: No such event took place during the general meetings held by the Company last year.

1.3.7. The chairperson of the General Meeting orders a break or proposes the suspension of the General Meeting if a motion or recommendation is submitted for any of the agenda item the shareholders had not had the opportunity to familiarise themselves with prior to the General Meeting.

Yes **No**

Explanation: There was no such event during the Company's General Meetings.

1.3.8.1. The chairman of the General Meeting did not apply the joint vote method to elect and dismiss executive officers and the members of the supervisory board.

Yes No

1.3.8.2. In the case of executive officers and supervisory board members nominated with shareholder support, the Company provided information on the person(s) of the supporting shareholder(s).

Yes No

1.3.9. Prior to the discussion of the agenda items related to the amendment of the Statutes, in a separate resolution the General Meeting decided whether they wished to decide on the individual sections of the amendment of the Statutes separately, jointly or grouped according to certain considerations.

Yes **No**

Explanation: As in the reporting year there was no corporate event that affected several agenda items and shareholder rights, the adoption of a separate resolution was not justified.

1.3.10. The Company published minutes containing the resolutions, presentation of the proposals for resolutions, and the important questions and answers related to the proposals for resolutions within 30 days following the meeting of the General Meeting.

Yes No

1.5.1.1. The Directorate / Board of Directors or the committee

established from the members of the Board of Directors worded guidelines and regulations for the evaluation of the work performed by the Board of Directors and the Audit Committee, and for their remuneration.

Yes **No**

Explanation: The Company does not have such a Board.

1.5.1.2. When determining a performance-based remuneration for the members of the management, the members' duties and scopes of responsibility were taken into account besides the Company's achievement of its goals and the Company's business and financial standing.

Yes **No**

Explanation: The management's performance-based remuneration relating to the internal regulations is in the process of the acceptance.

1.5.1.3. The supervisory board expressed its opinion on the remuneration principles worded by the Board of Directors and the committee set up of the members of the Directorate / Board of Directors.

Yes **No**

Explanation: The Company does not have a supervisory board, its functions are performed by the Board of Directors. There is no separate remuneration committee. The principles of remunerating the Board of Directors and the supervisory board, and their amendments have been approved by the General Meeting under a separate agenda item.

1.5.1.4. The principles of remunerating the members of the Directorate / Board of Directors and the supervisory board (and their major amendments) have been approved by the General Meeting under a separate agenda item.

Yes **No**

Explanation: The executive officers remuneration was determined by the General Meeting, the Company's Remuneration Policy is in the process of the acceptance

1.5.2.1. The Directorate / Board of Directors has competence to control performance by the management and to establish their remuneration.

Yes No

1.5.2.2. The framework of non-standard benefits due to the members of the management, and any modifications thereof were approved by the General Meeting as a separate agenda item.

Yes No

Explanation: The remuneration applied by the Company does not differ from the usual.

1.5.3.1. The General Meeting approved the principles of share-based remuneration plans.

Yes No

Explanation: The Company does not have a shares-based remuneration plan.

1.5.3.2. Prior to the General Meeting's decision on share-based remuneration plans, the shareholders had been provided detailed information (at least as described in Section 1.5.3).

Yes No

Explanation: In the given year the Board of Directors did not apply any such plan.

1.5.4. The Company set up its remuneration system in a way not to exclusively encourage the short-term maximization of share prices.

Yes No

Explanation: The remunerations included in the employment contracts concluded by the Company are focused on the Company's long-term goals and do not encourage the members of the management to maximize share prices in the short term.

1.5.5. In the case of the members of the supervisory board, a fixed amount remuneration system is in place and there is no remuneration linked to share prices.

Yes No

Explanation: There is no supervisory board, see: Remuneration for the Board of Directors.

1.5.6. The Company compiled a notice about the principles of remunerating the members of the Board of Directors, the supervisory board and the management and about their actual remuneration ("Declaration of Remunerations"), with the content and details specified in the prevailing sectoral statutory regulations mandatorily applicable to it and submitted it to the General Meeting. The Declaration of Remuneration presented the emoluments paid for the members of the Directorate / Board of Directors and of the supervisory board, as well as the guidelines that provide the basis for the evaluation of their activities and for the establishment of their remuneration. The notice includes a disclosure of the information on the board-level remuneration of the Board of Directors and the supervisory board, detailing the fixed and variable components and other benefits; the presentation of the basic principles of the remuneration scheme and their changes relative to the previous financial year.

Yes No

1.6.1.1. In its disclosure policy, the Company also touches upon the procedures of electronic and Internet-based disclosure.

Yes No

1.6.1.2. The Company develops its website with a view to the disclosure criteria and to investor information.

Yes No

1.6.2.1. The Company has an internal regulation on public disclosure, which also discusses the management of the information listed in Section 1.6.2 of the Recommendations.

Yes No

1.6.2.2. The Company's internal regulation discusses the rating of events that are material for public disclosure.

Yes No

1.6.2.3. The Directorate / Board of Directors assessed the efficiency of disclosure procedures.

Yes No

1.6.2.4. The Company published the findings of the audit of disclosure procedures.

Yes No

1.6.3. The Company published its calendar of corporate events.

Yes No

1.6.4. The Company published its strategy, code of business conduct, and policy related to other stakeholders.

Yes No

1.6.5. In the annual report or on its website the Company published information on the professional careers of the members of the Directorate / Board of Directors, of the supervisory board and of the management.

Yes No

1.6.6. The Company disclosed the appropriate information on the work performed by the Directorate / Board of Directors, the supervisory board and the management, its evaluation and changes in the reporting year.

Yes No

1.6.7.1. In accordance with the recommendations worded in Section 1.5, the Company disclosed its remuneration policy.

Yes No

Explanation: The executive officers remuneration was determined by the General Meeting by a fixed amount. The Company published the Remuneration Report. The Remuneration Policy is in the process of the acceptance.

1.6.7.2. In accordance with the recommendations worded in Section 1.5, the Company disclosed its remuneration policy.

Yes No

1.6.8. The Company disclosed the risk management principles and its information on the system of internal controls, major risks and the principles of their management.

Yes No

Explanation: The Risk management Policy is in the process of the acceptance

1.6.9.1. The Company disclosed its policy related to the insider trade in the Company's shares.

Yes No

Explanation: In compliance with the relevant statutory regulations, the Company has a regulation on insider trading, accessible for all persons falling within the scope of such regulation. The Company appropriately disclosed the interests the members of the Directorate / Board of Directors and of the management hold in the Company's securities and in the share-based incentive scheme in its annual report and on the Company's website in compliance with the Capital Market Act and the rules of Market Abuse Directive of the National Bank of Hungary.

1.6.9.2. The Company appropriately disclosed the interests the members of the Directorate / Board of Directors and of the management hold in the Company's securities and in the share-based incentive scheme in its annual report or otherwise.

Yes No

1.6.10. The Company disclosed any relationship between the members of the Directorate / Board of Directors and of the management with any third party if it affects its operation.

Yes No

Explanation: There is no relationship that would affect the operation.

2.2.1. The Directorate / Board of Directors has procedural rules for the determination of the actions required for the preparation and arrangement of meetings, for the adoption of resolutions and for other matters affecting the

operation of the Directorate / Board of Directors.

Yes No

2.2.2. The Company disclosed the procedure of nominating people for members of the Directorate / Board of Directors and the principles of their remuneration.

Yes No

2.3.1. In its procedural rules and work plan of the supervisory board gives details of the operation, powers and responsibilities of the board, and the administrative rules and procedures the supervisory board respects during its action.

Yes No

Explanation: The Company does not have a Supervisory Board. In its procedural rules and work plan of the Audit Committee gives details of the operation, powers and responsibilities of the board, and the administrative rules and procedures the Audit Committee respects during its action.

2.4.1.1. The Directorate / Board of Directors and the supervisory board held meetings at predefined regular intervals.

Yes No

2.4.1.2. The procedural rules of the Directorate / Board of Directors and the supervisory board regulate the implementation of meetings that cannot be planned in advance and decision-making by electronic means of telecommunication.

Yes No

2.4.2.1. The board members had access to the submissions to be made at the given meeting at least five working days before the meeting of the panel concerned.

Yes No

2.4.2.2. The Company provided for the proper proceedings of the meetings, for taking minutes of them, and for handling the documentation of and resolutions adopted by the Directorate / Board of Directors.

Yes No

2.4.3. The procedural rules regulate the regular and ad hoc participation of non-panellists in panel meetings.

Yes No

2.5.1. The members of the Directorate / Board of Directors and the supervisory board were nominated and elected in a transparent way, and the information on the nominees were disclosed in time before the General Meeting.

Yes No

2.5.2. The composition and headcount of the various panels fulfil the principles determined in Section 2.5.2 of the Recommendations.

Yes No

2.5.3. The Company provided an opportunity for the newly elected panellists to familiarize themselves with the Company's structure and operation, and with their responsibilities as panellists.

Yes No

2.6.1. At regular intervals the Directorate / Board of Directors requested(in relation to the preparation of its report on responsible corporate governance) its members considered independent to confirm their independence.

Yes No

2.6.2. The Company provides information on the means that ensure that the Directorate / Board of Directors makes an objective assessment of the activities of the management.

Yes No

Explanation: The evaluation criteria are recorded in advance in the employment contract.

2.6.3. On its website the Company disclosed its policy regarding the independence of the Board of Directors / supervisory board and the applied criteria of independence.

Yes **No**

Explanation: The criteria for the independence of the members of the Board of Directors are set out in Section 3:286 of the Civil Code.

2.6.4. The supervisory board of the Company does not have any member who had held an office in the Company's Directorate or management, excluding the cases of ensuring employee participation.

Yes **No**

Explanation: The Company has no supervisory board.

2.7.1. The member of the Directorate / Board of Directors informed the Directorate / Board of Directors (supervisory board / Audit Committee) if he or she (or any person in business relations with him or her, or any of his relatives) had a significant personal interest in any transaction conducted by the Company (or any of its subsidiaries) that ruled out his or her independence.

Yes No

2.7.2. Transactions and commissions between the members of panels and of the management (and the persons in close relationship with them) and the Company (and its subsidiaries) were implemented and approved according to the Company's general business practice but based on transparency rules that are stricter than the general business practice.

Yes **No**

Explanation: No such transaction was performed.

2.7.3. The panellist informed the supervisory board / Audit Committee (nomination committee) of any request made to him or her for a position in a panel or management of a company outside the company group.

Yes No

2.7.4. The Directorate / Board of Directors developed its policy regarding the flow of information within the Company and the management of insider information, and monitors compliance with these rules.

Yes No

2.8.1. The Company developed an independent internal control function reporting to the Audit Committee / supervisory board.

Yes **No**

Explanation: The internal audit function is performed by the audit committee according to the Company's Statutes and the organizing and operating regulations.

2.8.2. Internal Control has unlimited access to all the information required for the investigations.

Yes No

2.8.3. The shareholders were informed of the operation of the internal control system.

Yes **No**

Explanation: The internal audit function is performed by the audit committee according to the Company's Statutes and the organizing and operating regulations

2.8.4. The Company has a compliance function.

Yes No

2.8.5.1. The Directorate / Board of Directors or the committed operated by it is in charge of the supervision and control of the Company's complete risk management.

Yes No

2.8.5.2. The Company's appropriate body and the General Meeting received information on the efficiency of the risk management procedures.

Yes No

2.8.6. With the involvement of the affected areas, the Directorate / Board of Directors elaborated the risk management principles corresponding to the sectoral and corporate features.

Yes **No**

Explanation: The Risk management Policy is under development.

2.8.7. The Directorate / Board of Directors worded the principles relating to the system of internal controls to ensure the management and control of the risks affecting the Company's activity, and the achievement of the Company's performance and profit objectives.

Yes No

2.8.8. The internal control systems reported at least once to the authorized body about the operation of the internal control actions and corporate governance functions.

Yes No;

2.9.2. The Directorate / Board of Directors invited the Company's auditor to participate in an advisory capacity in its meetings held for the discussion of its financial statements.

Yes **No**

Explanation: The findings of the reporting year's audit were not explained.

Level of compliance with the Recommendations

The Company must specify whether or not it applies the relevant recommendation made for responsible corporate governance (Yes / No). The Company also has the option to justify departure from the recommendations.

1.1.3. The Company's Statutes allow shareholders to exercise their voting rights in their absence.

Yes **No**

(Explanation:) Shareholders may exercise their voting right by power of attorney.

1.2.4. The venue and date of any General Meeting requested by Company's shareholders were determined with due consideration to the motion of the requesting shareholders.

Yes **No**

(Explanation:)_No such request has been received.

1.2.5. The voting procedure applied by the Company ensures the clear, unambiguous and fast establishment of the results of voting, and in the case of an electronic vote, its truthfulness and reliability.

Yes No

1.3.1.1. The Directorate / Board of Directors and the supervisory board were represented at the meeting of the General Meeting.

Yes No

1.3.1.2. The chairman of the General Meeting provided proper information of the absence of the Directorate / Board of Directors and the supervisory board before the effective discussion of the agenda items.

Yes No

Explanation: No such event took place during the general meetings held by the Company last year.

1.3.2.2. The Company's Statutes do not limit invitation to any person to make contributions and give his or her opinion at the meeting of the Company's General Meeting on the initiative of the Company's shareholders who request additions to the agenda items.

Yes No

1.3.6. The Company's annual report prepared according to the Accounting Act contains a brief, easy to understand and illustrative summary including the essential information related to the Company's annual operation.

Yes No

In accordance with the provisions of Section 1.4.1, the Company paid dividend within 10 workdays to its shareholders who had given all the information and documents required for this purpose.

Yes No

1.6.11. In accordance with the provisions of Section 1.6.11, the Company also published its notices in English.

Yes No

1.6.12. The Company informed its investors of its operation, financial standing and assets on a regular basis but at least once in a quarter.

Yes No

Explanation: In accordance with the Capital Market Act, the Company complied with its public notice obligations.

2.9.1. The Company has regulated the internal procedures to be followed if external advisor(s) and their outsourced services are used.

Yes No

Explanation: The internal procedures are being developed.

Declaration about Remuneration

Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (registered office: **01 10 046538**, registered by the Companies Court of the Court of Budapest, hereinafter referred to as: Company) provided the following benefits and paid the following fees to the members of the Board of Directors and to those of the Audit Committee to the debit of its budget in the business year 2019:

Name of the member of the Board of Directors	Titles of benefits provided by the Company in 2019 period of payment	Pecuniary benefits (HUF)
Dr Judit Tóth member of the Board of Directors and of the Audit Committee	Payment of the 2019 honorariums to the members of the Board of Directors and of the Audit Committee (recognised among 2019 expenses).	400,000
Tamás Bernáth Chairman of the Board of Directors	Payment of the 2019 honorarium to the member of the Board of Directors (recognised among 2019 expenses).	300,000
Zoltán Malik member of the Board of Directors and of the Audit Committee	Payment of 2019 honorariums to the members of the Board of Directors and of the Audit Committee (recognised among 2018 expenses).	300,000
György Vilmos Guttmann Chairman of the Board of Directors and of the Audit Committee	Payment of the 2019 honorariums to the members of the Board of Directors and of the Audit Committee (recognised among 201 expenses).	400,000
Dr Nóra Szabó, member of the Board of Directors	Payment of the 2019 honorarium to the member of the Board of Directors (recognised among 201 expenses).	300,000

The Company does not provide any non-pecuniary allowances in addition to the above benefits. Pursuant to the Statutes, the members of the Board of Directors and of the Audit Committee may be remunerated after the report of the General Meeting has been approved.

The Company recognised the maximum amount payable for a full year's service in 2019, i.e. HUF 300,000 per member to the 5 members of the Board of Directors and HUF 100,000 per member to the 3 members of the Audit Committee and recognised them among the expenses and accruals in its 2019 report.

Budapest, 26 March, 2020

Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság