

## Corporate Governance Report

### Introduction

Appeninn Vagyonkezelő Holding Nyilvánosan Működő Részvénytársaság (in English: Appeninn Asset Management Holding Public Limited Company) (registered office: 1022 Budapest, Bég utca 3-5., company registration number: 01-10-046538, hereinafter referred to as: “**Company**”), shall report its corporate governance practice employed in the financial year 2022 in relation to corporate governance. The corporate governance principles are to be employed in relation to the subsidiary companies owned by the Company.

### **1. Brief description of the board of directors, presentation of the division of liabilities and tasks between the Board of Directors and the management**

#### **1.1. Brief description of operation of the Board of Directors:**

The management body of the Company, instead of the Board of Directors and the Supervisory Board, is the Board of Directors, which implements a unified management system and is composed of at least 5 and up to 9 natural persons. The Board of Directors shall elect its Chairperson from among its members.

The Board of Directors exercise its rights and tasks as a body. The provisions concerning the activities of the Board of Directors are governed by the Rules of Procedures adopted by the Board of Directors, which set out in details.

- (i) legal status of its members,
- (ii) the tasks regarding the competence of the Board of Directors,
- (iii) the order of meetings,
- (iv) the order of representation of the Company and the exercise of employer’s rights.

The Rules of Procedures of the Board of Directors set out the following main rules of operation:

- (i) The Board of Directors meets as required, but at least once every three months. The meeting of the Board of Directors is to be held at a time defined at the previous meeting, in the absence of the hereof, such a meeting is deemed to be convened within 3 months as of the day of the previous meeting.
- (ii) The Board of Directors shall be convened by the Chairman. In place of the Chairperson, two members of the Board of Directors, jointly, shall convene the said meeting. The venue of the Board of Directors shall be indicated in the invitation, which may also be any place different from the registered office of the Company.
- (iii) The meeting shall be announced in writing, at least 5 days prior to the date of the start – indicating the agenda item, the venue and the time – by means of an invitation letter addressed to the members of the Board of Directors, and sent via ordinary post, or fax, or e-mail. In case of emergency the meeting can be convened within 5 days via fax or e-mail. Along with the agenda items, the detailed written submissions and draft resolutions making the decision-making possible and related to each agenda item shall be sent respectively.
- (iv) Any member of the Board of Directors may request a meeting of the Board of Directors in writing, stating the reason and the purpose. In such cases, the Chairperson is obliged to convene the meeting of the Board of Directors within 8 days following the receipt of the aforesaid written request. To the extent that the Chairperson does not perform such request within 5 days

following the receipt of the thereof request, then any member of the Board of Directors shall convene the meeting directly.

- (v) The meeting of the Board of Directors shall be held accordingly, without convocation if all and each member(s) of the Board of Directors are/is present.
- (vi) Invitees recommended by the Chairman of the Board of Directors or by two members of the Board of Directors may attend at the meeting of the Board of Directors in an advisory capacity if the attendance of the invitee is approved by the majority of the Board of Directors at the start of the meeting.
- (vii) All members of the Board of Directors shall have the right to propose items of agenda.
- (viii) Only those items of agenda may be discussed in the meetings of the Board of Directors which had been delivered together with the invitation, except for the case specified in Subsection (v) hereinabove. The questions not included in the agenda sent may be discussed by the Board of Directors only if all members are present and decide to do so unanimously. The items of agenda set for the meeting of the Board of Directors but not discussed to due lack of quorum or time shall be included in the agenda in the next meeting, except if the items of agenda became redundant due to the lapse of time.
- (ix) Any question that falls within the competence of the Board of Directors and that requires decision-making may be included as an item on the agenda of the meetings of the Board of Directors. Questions that do not require decision-making and are related any topic other than the items of agenda may be submitted to the Board of Directors or verbal notification may be given to the Board of Directors. At the next ordinary meeting, the Chairperson of the Board of Directors is obliged to notify the Board of Directors of the significant events that have occurred since the previous meeting and of the status of the realisation of the resolutions adopted in the previous meeting of the Board of Directors.
- (x) A meeting of the Board of Directors is quorate if 3 of its members are present.
- (xi) The resolutions of the Board of Directors are to be made by simple majority of the votes, and in the case of a tied vote the Chairperson of the meeting shall have a casting vote.
- (xii) Any member of the Board of Directors who is personally interested in any matter shall not cast a vote. If, in the course of the discussion of any matter any member of the Board of Directors considers himself/herself/itself personally interested in the matter concerned, then such member of the Board of Directors shall give notice of his/her/its partiality, and such member shall not participate in the debate before the decision and in decision-making. The notification shall be recorded in the minutes separately.
- (xiii) Any person who is not able not participate in the voting shall be disregarded for the establishment of the quorum.
- (xiv) Resolutions in the meeting of the Board of Directors shall be adopted by open vote. Subject to the majority proposal of the members of the Board of Directors who are present at the meeting, the chair presiding over the meeting may order that any of the matters be decided by secret ballot, which fact shall be recorded in the minutes separately.
- (xv) In their absence, members of the Board of Directors may attend meetings of the Board of Directors by using voice transmission electronic telecommunications service (telephone) or voice or voice and picture data transmission service (video call) instead of attending in person.

- (xvi) The Chairman of the Board of Directors shall have the option to convene a conference meeting. In this case, attending the meeting of the Board of Directors in person is not required for any of the members of the Board of Directors, and all members of the Board of Directors shall participate in the meeting of the Board of Directors exclusively by using voice transmission electronic telecommunications service (telephone) or voice or voice and picture data transmission service (video call).
- (xvii) If holding the meeting is not justified, the Chairperson of the Board of Directors may invite the members to take a decision outside the meeting by sending the draft resolution at the same time (decision without a meeting). The decision without a Meeting may be initiated by two members of the Board of Directors jointly, instead of the Chairman of the Board of Directors. The draft of the decision without a Meeting may be sent to the members of the Board of Directors by the Chairman of the Board of Directors or by any other person acting on behalf of 2 (two) members of the Board of Directors (for example, an employee of the Company).
- (xviii) To the extent that the votes of each member are not received within the time limit included in the notification then at the determination of the votes validity the quorum shall be declared in line with the general rules.
- (xix) If the draft resolution, or in case of the draft resolution containing alternatives none of the alternatives gets the required number of votes in favour thereof, then the matter shall be put on the agenda at the next Board of Directors meeting, except if the matter had become redundant.
- (xx) The members of the Board of Directors are to be informed by the Chairperson of the Board of Directors or by the person acting on behalf of the thereof on the results developed in the course of the decision without a meeting within 3 working days following the time limit for votes past due.

## **1.2. Presentation of the division of liabilities and tasks between the Board of Directors and the management**

### **1.2.1. In line with the Articles of Association and the Rules of Procedure of the the Board of Directors and other internal regulators of the Company the tasks referred to the competence of the Board of Directors are as follows:**

- (i) to define the principles of the Company's business policy;
- (ii) to convene the General Meeting, except in the cases provided for in the Civil Code;
- (iii) to prepare the Company's financial report in accordance with the Accounting Act and the proposal for the distribution of profits and to submit them to the General Meeting;
- (iv) to approve the Organizational and Operational Rules and the regulators of the Company;
- (v) to draft the operational rules and to approve the rules of procedures;
- (vi) to report on the Company's management, assets and business policy at least once a year to the General Meeting and every 3 (three) months to the Audit Committee on the Company's management, equity capital and business policy;
- (vii) to ensure the proper keeping of the Company's business records;

- (viii) share register keeping;
- (ix) to ensure the submission of the minutes of the General Meeting or an extract thereof with the Company Registry Court, together with a certified copy of the relevant attendance sheet, any amendments to the Articles of Association, the rights, facts and data contained in the company documents and any changes thereto;
- (x) to monitor the Company's operations and business management, to decide on the Company's business and development concepts and strategic plan, and to decide on the adoption of the annual business plan and, as part of this, to approve the annual credit line;
- (xi) to take measures for the publication and filing of the Company's balance sheet in accordance with the rules on publishing;
- (xii) to appoint the Chief Executive Officer; to exercise employer's rights over the Chief Executive Officer and executive employees of the Company;
- (xiii) to perform all statutory duties in relation to companies operating with the participation of the Company, including the decision on the authorisations to hold meetings of the supreme body of the said companies, with the exception of the decisions on the registered offices, places of business and branch businesses of the referred companies, and on the scope of activities thereof, which belong to the competence of the chief executive officer;
- (xiv) to approve the interim balance sheet on which the payment of the interim dividend is based;
- (xv) in the event of authorisation by the General Meeting, to decide on the disposal of own shares in the Company acquired in any form or by any means;
- (xvi) to decide on the increase of share capital – unless otherwise provided for in the Civil Code – within the framework of the Articles of Association and the authorization of the General Meeting;
- (xvii) to decide on any matter which the Board of Directors tenders under its competence from the CEO and do not belong to the exclusive competence of the General Meeting.

1.2.2. In line with the Articles of Association and the internal rules of the Company tasks referred to the competence of the Chief Executive Officer

The General Meeting of the Company held on 14 October 2019 made decision on establishing the post of the chief executive officer entitled to independent representation and authorized signature rights in the interest of promoting the effective and daily operation of the Company. The aforementioned Chief Executive Officer of the Company is designated by the Board of Directors as of 30 September 2020. The Chief Executive Officer shall hereby perform its tasks upon employment relationship. It is the Board of Directors who is entitled to exercise employer's rights over the Chief Executive Officer. The Chief Executive Officer shall also be the member of the Board of Directors.

Decision-making on matters not belonging to the exclusive competence of the General Meeting or the Board of Directors is referred to the competence of the Chief Executive Officer, herewith

- (i) as the ultimate leader of the Company, the Chief Executive Officer shall be responsible for the execution of the tasks and duties specified for the Company by the applicable laws, as well as the Articles of Association and the other internal rules and regulations of the Company. In the framework of this duty, the Chief Executive Officer shall be responsible for the appropriate

preparation, regular review and operation of the rules and regulations of the Company, as well as the personal and material conditions thereof, and shall be responsible for the execution of the resolutions of the General Meeting and the Board of Directors;

- (ii) shall establish the internal work organisation and work processes of the Company, and shall direct and control the activity of the Company;
- (iii) shall compile the proposals of the Company for the development of the business plans, shall organise the implementation of the business plans,
- (iv) ensures a proper keeping of Company's business books and Share Register, and the preparation of the balance sheet, the profit and loss account and cash flow;
- (v) shall make the operative decisions in line with the strategy of the Company – approved by the Board of Directors – and the effective annual business plan of the Company, not including the conclusion of contracts for the sale and purchase of real estate or business shares, as well as the conclusion of financing contracts, the approval of which type of contract falls within the exclusive competence of the Board of Directors;
- (vi) shall inform the Board of Directors of the activity of the Company regularly;
- (vii) shall represent the Company to third parties, and especially in business relations and marketing communication, within the scope of representing the Company, and the Chief Executive Officer shall have independent power of decision regarding contracts/statements for commitments for any amount less than gross HUF 50 000 000, including lump-sum contracts, as well as contracts for continuous payment obligation, in which the payment obligation does not exceed the threshold amount specified above during the no more than 12-month term of the contract;
- (viii) coordinates the Company's international relationships;
- (ix) exercises the employer's rights – with the exception of the executive employees – over the employees of the Company;
- (x) decides on the registered office, place of business, branch business and the scope of activities of the companies operating with the Company's participation.

## **2. Introduction of the Board of Directors and the management (in the case of board members, including the indication of the independence status of each member), description of the structure of the committees.**

### **2.1. The Board of Directors**

The five-member Board of Directors is the Company's managing body. Its powers and duties are set out in the Articles of Association and the Rules of Procedures of the Board of Directors and other internal rules. The independent members of the Board of Directors do not participate in the day-to-day running of the Company. By virtue of the Rules of Procedure the Chairperson of the Board of Directors of the Company is elected by the Board of Directors for an indefinite term of office.

- (i) Kertai Zsolt – as of 30 September 2020, independent member of the Board of Directors, and as of 06 May 2022, the chairperson of the Board of Directors;
- (ii) Szathmáriné Szűcs Györgyi Magdolna – as of 29 April 2022, non-independent member of the Board of Directors (at the same time as of 01 August 2022, Chief Executive Director of the Company);

- (iii) dr. Illés Tibor Endre – as of 29 April 2022, non-independent member of the Board of Directors;
- (iv) Törő Csaba – as of 16 November 2022, independent member of the Board of Directors;
- (v) Jombik Zoltán – as of 16 November 2022, independent member of the Board of Directors.

The General Meeting appoints its members of the Board of Directors for an indefinite term.

## **2.2. The Audit Committee**

According to the Company's Articles of Association, the Company has a three-member Audit Committee, whose members are elected by the General Meeting from among the independent members of the Board of Directors for a term of office equal to their term of office on the Board of Directors. The Audit Committee shall elect its Chairperson from among its members and shall take its decisions by a simple majority of its members.

- (i) Kertai Zsolt – as of 30 September 2020;
- (ii) Törő Csaba – as of 16 November 2022;
- (iii) Jombik Zoltán – as of 16 November 2022;

are the members of the Audit Committee. Jombik Zoltán holds the necessary qualification included in the legal regulations needed to the operation of the Audit Committee.

Powers of the Audit Committee:

- (i) providing an opinion on the financial report in accordance with the Accounting Act and follow-up of the audit;
- (ii) proposing the identity and remuneration of the Auditor;
- (iii) preparation of the contract with the Auditor;
- (iv) monitoring the enforcement of the professional requirements and the conflict of interest and independence requirements for the Auditor, performing duties related to the cooperation with the Auditor, monitoring the services provided by the Auditor to the Company other than the audit of the financial report in accordance with the Accounting Act, and, if necessary, proposing measures to the Board of Directors;
- (v) assessing the functioning of the financial reporting system and proposing the necessary measures to be taken;
- (vi) assisting the Board of Directors to ensure proper control of the financial reporting system;
- (vii) monitoring the effectiveness of the internal control and risk management system.

The rules governing the meeting and functioning of the Board of Directors shall apply *mutatis mutandis* to the meeting and functioning of the Audit Committee.

## **2.3. Performance of the management duties**

The day-to-day managerial and operative management duties of the Company shall be performed by the Chief Executive Officer independently.

As of 01 August 2022, Szathmáriné Szűcs Györgyi Magdolna is the Chief Executive Officer of the Company, who is, at the same time, the board of directors member of the Board of Directors.

Taking into consideration the size of the association, the management duties adjusted to the activity of the Company are not distributed, the Chief Executive Officer shall be responsible for such duties independently, and the work of the Chief Executive Officer shall be assisted by employees in non-management level positions.

**3. Description of the number of meetings of the Board of Directors and the boards during the given period upon providing the rate of attendance**

**3.1. Meetings of the Board of Directors**

The Board of Directors met 6 (six) times in 2022 with the participation of all Board of Directors members, and it formed its opinion on the topic concerned and adopted its resolutions in an additional 24 (twenty-four) cases without a meeting, by voting in writing. In case of decisions without a meeting, all members entitled to vote in the specific matters voted, with that in 1 (one) case, 1 (one) vote was cast beyond the time limit, therefore that vote was disregarded in the course of the establishment of the rate of attendance and the voting ratio.

**3.2. Meetings of the Audit Committee**

The Audit Committee met 1 (one) time in 2022 with the participation of all members, and it formed its opinion on the topic concerned and adopted its resolutions in 1 (one) additional case without a meeting, by voting in writing. In case of decisions without a meeting, all members voted.

**4. Presentation of the work performed by the Board of Directors and the Management, and the aspects taken into account as of the assessment of a member. Reference to whether the assessment performed in the said period resulted any changes**

**4.1. Assessment of the work performed by the Board of Directors**

The Board of Directors shall perform the management and control duties of the Company in the unified management system and in compliance with the applicable laws, the Articles of Association of the Company, as well as the provisions of the Rules of Procedure of the Board of Directors. The Company does not assess the work of the individual board members. The General Meeting of the Company shall decide on the discharge certifying the compliance of the activity of the members of the Board of Directors carried out in the financial year concerned simultaneously with the approval of the annual accounts of the year in question.

**4.2. Assessment of the work of the Management**

The Chief Executive Officer, elected by the Board of Directors of the Company, performs his/her duties on an employment basis as the Company's operating officer. The Board of Directors is entitled to practice employer's rights over the Chief Executive Officer and to determine his/her remuneration.

Within the scope of the assessment of the work of the Chief Executive Officer the determination of the requirements for premium is referred to the competence of the Board of Directors, by performance thereof the Chief Executive Officer may be entitled to receive herein premium. The conditions of premium are to be defined upon the adoption of the business plan, but not later than within two months following the adoption of the herein business plan. The hereof target shall include the maximum amount of the premium, the task to be performed, and the date of evaluation. Evaluation of the tasks and accounting shall be performed as of the day of the approval of the report closing the financial year but not later than within two months following the hereof. To the extent that the tasks defined in

advance, or the targets are not performed in 100%, the Board of Directors shall hereby make decision on the proportionate payment of the premium.

Taking into consideration the size of the association, the management duties adjusted to the activity of the Company are not distributed, the Chief Executive Officer shall be responsible for such duties independently, and the work of the Chief Executive Officer shall be assisted by employees in non-management level positions.

As of 14 October 2019, the assessment in respect of the work of the employees is referred to the competence of the Chief Executive Officer. Upon the determination of the value of the remuneration, the Company is seeking to realize remuneration which is considered to be reasonable, rewarding real performance, promoting implementation of economic aims, and encouraging effective work by compiling with the remuneration policy adopted by the General Meeting of the Company. Regarding the changing component related to the remuneration, the Company shall, in particular, set premium, upon fulfilling the defined conditions, and bonus, on the basis of individual assessment, and respectively shall provide the herein for the employees. The Company shall hereby revise the benefits, and as of the components provided for the employees following the current year as of 31 January, and to the extent that the Company introduces some changes, such changes – unless otherwise provided – are to be effective as of the day of 31 January. The changes introduced are to be affected by the wage data of companies of similar importance classified as premium category by BSE, and by the general wage policy employed by the Company, and respectively, by the quality of work performed upon widening or narrowing the level of responsibility and liability. Upon stating the amount of the remuneration, the Company shall take the principles of equal treatment, transparency, proportionality and non-discrimination.

At present, the employees at the Company are entitled to receive fix benefits, changing benefit component attached to their performance is not a part of their remuneration.

**5. The Report on functioning of each committee, including the professional introduction of the members of the committee, and the number of the meetings held, and the rate of participation, and, moreover, the important topics discussed at the meetings, and the presentation of the general operation in respect to the committee<sup>1</sup>**

There is no other committee in addition to the Audit Committee operating at the Company, the Board of Directors did not delegate tasks to any of the committees.

We present the operation of the Audit Committee and the term of the designation of the members in Points 2.2 and 3.2. There has not been such a case when the Board of Directors made a decision on an opinion contrary to the Audit Committee's.

**6. Introduction of the internal controls system, and the assessment of the activity of the said period. Report on the efficiency and effectiveness of the risk management procedures. (Information on where the shareholders can inspect the report on the operation of the internal controls of the Board of Directors.)**

The decision-making powers of the General Meeting, the Board of Directors, and the Audit Committee are determined by the Articles of Association of the Company and the rules of procedure of the Board of Directors and the Audit Committee, within the framework of the legal provisions in force. The

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<sup>1</sup>The introduction of the operation of the Audit Committee shall cover the decision made by the Board of Directors on an other issue than the proposal of the committee (detailing the reasons of the the Board of Directors). It is appropriate to refer to the website of the Company, where the tasks delegated to the committees and the date of the appointment of the members are to be disclosed. (If the aforesaid information is not to be available on the website of the Company, then they should be included in the Corporate Governance Report.)



decision-making powers of the employees are determined by their job descriptions defined by the practitioner exercising employer's rights.

The Board of Directors shall make rules within the framework of its management activity. Decisions are made in the form of resolutions.

The members of the Audit Committee designated from the members of the Board of Directors shall perform the internal auditor function.

Taking into consideration the size of the association, there are no rules and regulations applicable to internal control mechanisms, and the Board of Directors does not prepare a separate report on the internal control mechanism. Any matter that does not fall within the scope of competence of the Board of Directors shall be subject to the scope of power of the Chief Executive Officer independently, and there are no lower-level manager positions. The Chief Executive Officer shall be responsible for organising the work, managing and instructing the other employees, and for controlling the fulfilment of the tasks and duties.

The Chief Executive Officer is the member of the Board of Directors, and she collaborates closely with the Board of Directors regarding her work, she informs regularly the members of the Board of Directors on the operation and business of the Company. The Board of Directors evaluates the work of the Chief Executive Officer on the meeting held for the the annual financial statement discussion.

The Board of Directors shall be responsible for the controlling and management of the risk management of the Company, taking into consideration the risk management guidelines published on the website of the Company.

The Company identifies risk as all elements, events or circumstances inherent in the activity or business of the Company the occurrence of which adversely affects or could adversely affect the operation of the Company. The Company establishes the extent of the risk as the product of the probability of the threat and the extent of the damage caused.

In the course of the assessment of the possible risks, the Company shall classify the risk factors in high, medium and low categories, taking into consideration the probability of the risk factors as well, and based on this classification the Company shall determine the risk factors which are considered significant and the control measures that could mitigate the given risk, and the Company shall examine whether additional controls are necessary, or what type of monitoring is necessary.

**7. Information on whether the auditor has performed an activity that is not related to the audit**

With regard to the financial year 2022, the appointed auditor of the Company did not perform any activities not related to the audit.

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

Pursuant to the Articles of Association of the Company, the Board of Directors, and the persons authorized by thereof are entitled to make declarations on behalf of the Company, and to inform the investors.

With respect to the disclosures, the Company shall act in line with the legislations in force in the European Union and with the national legal regulations, and in accordance with the stock exchange and internal rules. In accordance with the content included in the legal regulations, the Company disclose reports on its management in the form of half year reports and annual reports, and, in the cases

regulated by the legal regulations and stock exchange rules, it discloses extraordinary information. It shall be enforced as a general principle that all information shall be disclosed in the framework of extraordinary notice which could affect the price of the shares of the Company. Such information shall be classified by the Board of Directors, and the Board of Directors shall decide to disclose such information or – within the framework allowed by law – to delay such information.

The Board of Directors examined the efficiency of the publication processes concurrently with the report for the year 2022, and the Board of Directors acknowledge that thereof is adjusted and appropriate to the present structure and size of the organisation.

The Company shall display its disclosures in Hungarian and in English on its website, on the websites [www.bet.hu](http://www.bet.hu) and [www.kozzetetelek.hu](http://www.kozzetetelek.hu), and shall send the regulated information to an online media editorial office.

In addition to the hereinabove, the Company and its subsidiaries pay particular attention to informing the shareholders of the Company and the players of the financial and capital markets about their activities or events, in the form of paid publications or statements to the press, in other forums, in addition to the publication of information in official publications.

The Company announced its renewed strategy in February 2022, and in the year preceding the financial year concerned, the Company shall publish its corporate events calendar, in which the Company shall notify the investors of the crucial events expected in the next year.

In matters related to insider trading, the Company always acts in accordance with the applicable legislation and stock exchange rules in force, its internal rules are adjusted accordingly. The Company shall keep records on the inside persons, and pay attention of the persons involved, in particular, to the commitments included in the legal regulations and stock exchange rules, and to the sanctions and penalties related to the breach of the commitments.

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

The share capital of the Company consists of 47 371 419 shares, namely forty-seven million-three-hundred-and-seventy-one-thousand-four-hundred-and-nineteen shares, of equity shares at the nominal value of HUF 100, namely one-hundred Hungarian Forints, produced by dematerialized mode. Each equity share at the nominal value of HUF 100, namely one-hundred Hungarian Forints, shall mean 1, namely one, vote, with that, when establishing the quorum and exercising the subscription (acquisition) priority right of the general meeting, the own shares shall be disregarded.

The rights and commitments attached to the shares are defined in the Articles of III., IV., and V. of the Articles of Association.

The shareholder is entitled to exercise shareholder's rights by, in line with the legal regulations, possessing ownership receipt, and following the registration into the share register. The share register of the Company is kept by the Board of Directors. Where the owner's identification procedure is requested by the Company, the keeper of the shareholder register shall delete all data contained in the shareholder register at the time of the identification procedure, and shall simultaneously enter the data obtained upon the identification procedure into the shareholder register. The shareholder may inspect the shareholder register.

Shareholders may also exercise their shareholder rights by proxy. A member of the Board of Directors, the Auditor or an executive employee of the Company may not be a proxy. The authorization shall be issued and submitted to the Company in the form of an authentic instrument or a private document of full probative force.

The shareholder may grant power of attorney to a shareholder's proxy in for exercising the shareholder's right against the Company; after recording in the share register, such shareholder's proxy may exercise the shareholder's rights on his/her/its own behalf and to the benefit of the shareholder.

Shareholders are entitled to attend at the General Meeting, to ask for information therein, to make comments and motions and, if they hold shares with voting rights, to vote.

The shareholders shall be entitled to receive a share (dividend) from the Company's taxed profit that is available pursuant to Section 3:261(1) of the Civil Code, and has been ordered for distribution by the General Meeting in the percentage consistent with the nominal value of his shares.

The detailed rules of the shareholder's minority rights (therefore in particular the right to amend the agenda, the right to convene the General Meeting, the right to order an audit) are included in Chapter V of the Articles of Association, which is available on the Company's website.

#### **10. Brief description of the rules relating to the conduct of the General Meeting.**

The rules related to the convocation and conduct of the General Meeting are included in the Act on Civil Code and the Articles of Association.

The General Meeting shall be convened at least once a year, by 30 April of the respective year (Ordinary General Meeting).

The General Meeting shall be convened by the Board of Directors, unless otherwise provided for in the Civil Code. The General Meeting may be held at a place other than the registered office of the Company, the venue of such General Meeting being determined by the Board of Directors. The General Meeting shall be convened by means of an invitation to be published according to the provisions to be applied to the notices of the Company at least 30 (thirty) days before the date on which it is to begin.

The key data of the financial report in accordance with the Accounting Act and the report of the Board of Directors and the Audit Committee, the aggregate number of shares and voting rights existing at the time of convening the meeting, the recommendation and the draft resolutions on the matters on the agenda and the form to be used for voting by representative shall be published in accordance with the rules on the publication of Corporate notices at least 21 (twenty-one) days before the General Meeting.

Attendance sheet on the shareholders present at the General Meeting is to be done.

The General Meeting shall constitute a quorum if shareholders representing more than half of the votes represented by shares carrying voting rights is present. If the general meeting does not have a quorum, in respect of the items on the original general meeting's agenda, the repeated general meeting shall have a quorum regardless of the number of shareholders present. A minimum of 10 (ten) days must elapse between the failure to constitute a quorum and the reconvened General Meeting, but this period may not exceed 21 (twenty-one) days.

The General Meeting shall be chaired by the chairperson designated for the said General Meeting.

Passing a resolution at the General Meeting is performed by open voting, by presenting ballot papers, by voting machines, by show of hands, or in a manner determined on the spot. The General Meeting shall adopt its resolutions by the ratio of votes required by the Civil Code.

The members of the Board of Directors, the members of the Audit Committee and the Auditor have the right to participate in the General Meeting in an advisory capacity, to comment on the agenda and to make motions.

The General Meeting may be suspended for a maximum of 30 (thirty) days by a decision of the General Meeting.

The Articles of Association regulates the possibility of holding a conference general meeting.

Other detailed regulations related to the General Meeting are included in Article VI of the Articles of Association, which is available on the website of the Company.

**11. The demonstration of that, how the Issuer meets the regulations included in Chapter IV of the Act LXVII of 2019 on the promotion of long-term shareholder engagement and the amendment of certain laws for the purpose of legal harmonization.**

Subject to the provisions of Chapter IV of Act LXVII of 2019 on the promotion of long-term shareholder engagement and the amendment of certain Acts for the purpose of legal harmonisation, the Company adopted on 30 September 2020, following the decision of the General Meeting to express its opinion, the remuneration policy of the Company applicable from the financial year 2021.

The Remuneration Policy of the Company defines the exact guidelines, incentive system and remuneration elements relevant to the members of the Board of Directors and to the remuneration of the Chief Executive Director upon covering remuneration principles related to other employees of the Company.

Pursuant to the provisions of the aforementioned Act and the Remuneration Policy, the Company is required to prepare an annual remuneration report on the fulfilment of the provisions of the Remuneration Policy, starting from the financial year 2021. The purpose of the Report is to provide a comprehensive overview of the total remuneration awarded or payable to each member of the Board of Directors, and the Chief Executive Officer in respect of the said financial year and the extent to which the remuneration practices applied in the current year complied with the Remuneration Policy for that period.

## **12. Corporate Governance Report (CGR) on compliance with the Corporate Governance Recommendations**

The Company, as part of the Corporate Governance Report, by means of filling hereinunder chart, shall declare that to which extent the defined recommendations and proposals set out in the Corporate Governance Recommendations issued by Budapest Stock Exchange are employed in the course of its own corporate governance practice.

The Company shall indicate whether the relevant recommendation is employed or not, and in the event of the answer being in the negative the Company shall provide a short information on the reasons why the given recommendation is not to be employed. If any of the events did not occur at the Company during the period under review, but the Company would have acted in accordance with the recommendations in case such event did occur, then the Company shall answer “yes” to the relevant suggestion, recommendation, with including a reference to such circumstance.

### **12.1. The level of compliance with the recommendations**

#### **1. Shareholders' rights and the General Meeting**

##### **1.1. General principles**

###### **1.1.1. The Company has an organizational unit dealing with investor relations or a person appointed for this purpose performs these tasks.**

Yes.

###### **1.1.2. The Company's Articles of Association can be viewed on the Company's website.**

Yes.

###### **1.1.4. Where the Company's Articles of Association allow shareholders to exercise their rights in their absence, the Company has published on its website the terms and conditions, including the necessary documents.**

Yes.

##### **1.2. Convening the General Meeting**

###### **1.2.1. The Company has published a summary document on its website regarding the rules for conducting General Meetings and exercising shareholder voting rights.**

No.

Explanation: The Invitation Letter to the General Meeting available on the website included the above information in all cases, a separate document was not prepared regarding this. Simultaneously, the Articles of Association of the Company was uploaded to the website, which also contains the necessary information.

- 1.2.2. By indicating the exact date, the Company has disclosed with respect to which date the number of persons entitled to participate in the given corporate event will be determined (the record date) and the date on which the shares entitling to participation in the given corporate event will be last traded.**

Yes.

- 1.2.3. The General Meetings of the Company were held in such a way so as to allow as many shareholders as possible to appear.**

Yes.

- 1.2.6. The Company did not restrict the shareholder to appoint a separate representative for each general meeting for each securities account.**

No.

Explanation: one shareholder may have only one representative.

- 1.2.7. In the case of the submissions prepared for the items on the agenda, in addition to the draft resolutions of the Board of Directors, the opinion of the Supervisory Board was also available for the shareholders.**

No.

Explanation: One-tier management system operates at the Company, the managing body of the Company – in place of the Directorate and the Supervisory Board – is the Board of Directors, herewith supervisory board is not operating at the Company.

### **1.3. Conduct of the General Meeting**

- 1.3.3. The Company did not restrict the right of shareholders participating in the General Meeting to get information, comment and make any proposals, and did not impose any preconditions for that, except for the measures taken to ensure the regular and proper conduct of the general meeting.**

Yes.

- 1.3.4. By answering the questions raised at the General Meeting, the Company ensured compliance with the information and disclosure principles set forth in legal and stock exchange regulations.**

Yes.

- 1.3.5. Within three working days after the General Meeting, the Company published on its website the answers to the questions which the present representatives of the Company's bodies at the General Meeting or the auditor could not answer satisfactorily, or published information on the reasons for not responding.**

Yes.

Notes: there was not such an event, but the Company would act in accordance with the recommendation.

- 1.3.7. The Chairman of the General Meeting ordered a break or proposed to suspend the General Meeting if the issues included in the agenda of the General Meeting received a motion or proposal that the shareholders could not get acquainted with before the General Meeting.**

Yes.

Notes: there was not such an event, but the Company would act in accordance with the recommendation.

**1.3.8.**

- 1.3.8.1. The Chairperson of the General Meeting did not employ a consolidated voting procedure in deciding on the election and removal of the executive officers and the members of the Supervisory Board.**

Yes.

- 1.3.8.2. In the case of executive officers and members of the Supervisory Board nominated with shareholder support, the Company provided information on the identity of the supporting shareholder(s).**

Yes.

Notes: there was not such an event, but the Company would act in accordance with the recommendation.

- 1.3.9. Prior to the discussion of the agenda items related to the amendment of the Articles of Association, the General Meeting decided by a separate resolution whether it intends to decide on certain items of the amendment to the Articles of Association separately or by consolidated resolutions, or resolutions consolidated from a certain aspect.**

No.

Explanation: separate decision was not made, but the chair presiding the General Meeting informed the shareholders that the General Meeting would decide on all amendments in separate resolutions.

- 1.3.10. The Company published the minutes of the General Meeting containing the resolutions and the description of the proposed resolutions, as well as the relevant questions and answers related to the proposed resolutions, within 30 days after the General Meeting.**

Yes.

Notes: draft resolutions and resolutions were, minutes were not disclosed.

**1.6. Transparency and disclosure**

**1.6.1.**

- 1.6.1.1. The Company's disclosure policies cover both electronic and Internet disclosure procedures.**

Yes.

**1.6.1.2. The Company will design its website with disclosure considerations and investor information in mind.**

Yes.

**1.6.2.**

**1.6.2.1. The Company has internal disclosure regulations that cover handling of the information listed in Point 1.6.2 of the Recommendations.**

Yes.

**1.6.2.2. The Company's internal regulations shall cover classification of events that are significant from the point of disclosure.**

Yes.

**1.6.2.3. The Board of Directors assessed the effectiveness of the disclosure processes.**

Yes.

**1.6.2.4. The Company has published the results of its examination of disclosure processes.**

Yes.

**1.6.3. The Company has published its annual corporate calendar.**

Yes.

**1.6.4. The Company has disclosed its strategy, business ethics and policies for other stakeholders.**

No.

Explanation: The Company has disclosed its new strategy. The Company does not have a separate business ethics and policies for other stakeholders.

**1.6.5. The Company has published information on the professional careers of the members of the Directorate/the Board of Directors, the Supervisory Board and the management in the annual report or on its website.**

Yes.

Notes: the professional careers of the members of the Board of Directors are available as part of the proposal for the General Meetings which will decide on their election.

**1.6.6. The Company has disclosed relevant information on the work of the Directorate/the Board of Directors, the Supervisory Board and the management, their evaluation and changes during the current year.**

Yes.



**1.6.8. The Company has published its risk management guidelines and information on the system of internal controls, as well as the main risks and their management principles.**

Yes.

Notes: With regard to the size of the association, there are no rules related to the internal control mechanism.

**1.6.9.**

**1.6.9.1. The Company has disclosed insider guidelines regarding trading of the Company's shares in securities.**

Yes.

**1.6.9.2. The Company shall disclose the shareholding of the members of the Directorate/the Board of Directors, the Supervisory Board and the management in the Company's securities in the annual report or otherwise.**

Yes.

**1.6.10. The Company has disclosed the relationship of the members of the Directorate/the Board of Directors, the Supervisory Board and the Management with any third party that may affect its operations.**

Yes.

## **2. Management, control, risk management**

### **2.1. Division of tasks and competence within the Company**

**2.1.1. The Articles of Association of the Company contain clear provisions on the tasks and competence of the General Meeting and the Directorate/the Board of Directors.**

Yes.

### **2.2. Directorate/Board of Directors**

**2.2.1. The Directorate/the Board of Directors has rules of procedure that set out the tasks related to the preparation, conduct of and resolutions passed at the meetings, as well as other issues related to the operation of the Board of Directors.**

Yes.

**2.2.2. The Company shall disclose the procedure for nominating the members of the Directorate/the Board of Directors.**

Yes.

Notes: there was not such an event, but the Company would act in accordance with the recommendation.

### **2.3. The Supervisory Board**

**2.3.1. The Supervisory Board shall detail the operation, powers and tasks of the Board, as well as the administrative rules and processes according to which the Supervisory Board shall act in its rules of procedure and work plan.**

No.

Explanation: One-tier management system operates at the Company, the managing body of the Company – in place of the Directorate and the Supervisory Board – is the Board of Directors, herewith supervisory board is not operating at the Company.

### **2.4. Meetings of the Directorate/the Board of Directors and the Supervisory Board**

#### **2.4.1.**

**2.4.1.1. The Directorate/the Board of Directors and the Supervisory Board met regularly at pre-determined times.**

Yes.

**2.4.1.2. The rules of procedure of the Directorate/the Board of Directors and the Supervisory Board regulate un-planned meetings held, and decision-making by electronic communications equipment.**

Yes.

#### **2.4.2.**

**2.4.2.1. The board members had access to the submissions of the meeting in question at a minimum of five working days prior to the meeting.**

No.

Explanation: regarding the cases requiring necessary decision the deadline was not kept in each case, but thereof did not hinder the Board of Directors in decision-making.

**2.4.2.2. The Company ensured the regular conduct of the meetings and the preparation of the minutes on the meetings, as well as the management of the documentation and resolutions of the Directorate/the Board of Directors and the Supervisory Board.**

Yes.

**2.4.3. The rules of procedure regulate the regular or occasional participation of non-board members in board meetings.**

Yes.

### **2.5. Members of the Directorate/the Board of Directors and the Supervisory Board**

**2.5.1. The members of the Directorate/the Board of Directors and the Supervisory Board were nominated and elected in a transparent manner, and the information about the candidates was made public in due time before the General Meeting.**

Yes.

**2.5.2. The composition and the number of members of the bodies comply with the principles set forth in Section 2.5.2 of the Recommendations.**

Yes.

**2.5.3. The Company ensured that the newly elected members of the board could get acquainted with the structure and operation of the company and the duties to be performed as members of the board.**

Yes.

**2.6. Independence of the members of the Board of Directors / the Supervisory Board**

**2.6.1. At regular intervals (in connection with the preparation of the annual responsible corporate governance report), the Board of Directors / Supervisory Board requested confirmation of independence from its members who were considered independent.**

Yes.

**2.6.2. The Company shall provide information on the tools that ensure that the Directorate/the Board of Directors objectively evaluates the management's activities.**

No.

Explanation: with regard to the size of the association there is no need to form a separate evaluation mechanism.

**2.6.3. The Company has published its guidelines on the independence of the Board of Directors/Supervisory Board and the independence criteria applied, on its website.**

Yes.

**2.6.4. There is no member of the company's Supervisory Board who held a position in the Company's Directorate or management in the five years prior to his or her nomination, except the cases of ensuring employee participation.**

No.

Explanation: One-tier management system operates at the Company, the managing body of the Company – in place of the Directorate and the Supervisory Board – is the Board of Directors, herewith supervisory board is not operating at the Company.

**2.7. Conflict of interest of the members of the Directorate/the Board of Directors, and the Supervisory Board – insider trading**

**2.7.1. A member of the Directorate/Board of Board of Directors has informed the Directorate/Board of Directors (Supervisory Board/Audit Committee) if he/she/it (or a person in business relation with him or her or his or her relative) has a significant personal interest in some transaction of the company (or any of its subsidiaries) that makes him/her/it non-independent.**

Yes.

Notes: there was not such an event, but the Company would act in accordance with the recommendation.

- 2.7.2. Transactions and commissions between board and management members (and persons closely associated with them) and the company (or its subsidiary) were conducted and approved in accordance with the company's general business practice, but subject to stricter transparency rules than general business practice.**

Yes.

- 2.7.3. The board member informed the Supervisory Board/Audit Committee (nomination committee) if he/she/it received a request for the board membership or management position at a company other than belonging to the company group.**

Yes.

Notes: there was not such an event, but the Company would act in accordance with the recommendation.

- 2.7.4. The Directorate/the Board of Directors has developed guidelines for the flow of information within the company, the management of insider information, and monitors compliance with thereof.**

Yes.

## **2.8. Internal control systems and risk management**

- 2.8.1. The Company has established an independent internal control function, which is liable to report to the Audit Committee/the Supervisory Board.**

No.

Explanation: on account of the size of the association thereof is not justified.

- 2.8.2. Internal control has unrestricted access to all information required for the investigations.**

Yes.

Explanation: on account of the size of the association there is no such a function, but if there would be any, the Company would act in line with the Recommendations.

- 2.8.3. Shareholders were informed on the internal controls system operation.**

Yes.

Explanation: on account of the size of the association there is no such a system, but if there would be any, the Company would act in line with the Recommendations.

- 2.8.4. The Company has a compliance assurance function (compliance).**

No.

Explanation: with regard to the size of the association there is no such a separate business unit.

2.8.5.

2.8.5.1. The Directorate/the Board of Directors, or the board operated by the thereof, is responsible for overseeing and managing the overall risk management of the Company.

Yes.

2.8.5.2. The appropriate body of the Company and the General Meeting were informed about the efficiency of the risk management procedures.

Yes.

2.8.6. The Directorate/the Board of Directors developed risk management principles tailored to the specificities of the sector and the company, involving the areas concerned.

Yes.

2.8.7. The Directorate/the Board of Directors shall draft the principles related to the internal controls system, which ensure the management and the control of the risks affecting the activities of the Company, as well as the achievement of the set performance and profit targets of the Company.

No.

Explanation: with view to the size of the association there are no principles set up.

2.8.8. The functions of the internal control systems have reported to the competent body at least once on the operation of the internal control mechanisms and corporate governance functions.

No.

Explanation: with view to the size of the association there are no systems set up.

2.9. External consultant, auditor

2.9.2. The Directorate/the Board of Directors invited the Company's auditor with consultation rights to the meetings discussing the financial statements.

Yes.

12.2. The level of compliance with the recommendations

1. Shareholders' rights and the General Meeting

1.1. General principles

1.1.3. The Company's articles of association provide the possibility for a shareholder to exercise thereof voting rights in his/her/it absence.

Yes.

Notes: with restrictions.

## 1.2. Convening the General Meeting

1.2.3. The Company determined the venue and the date of the General Meeting initiated by the shareholders by taking the initiating shareholders' motion into account.

Yes.

Notes: there was not such an event, but the Company would act in accordance with the recommendation.

1.2.5. The voting procedure applied by the company ensures clear, unambiguous and fast determination of the result of the voting, and in the case of electronic voting, its authenticity and reliability.

Yes.

## 1.3. Conduct of the General Meeting

### 1.3.1.

1.3.1.1. The Directorate/the Board of Directors and the Supervisory Board were represented at the General Meeting.

Yes.

1.3.1.2. The Chairman of the General Meeting provided adequate information on the potential absence of the Directorate/Board of Directors and the Supervisory Board prior to the substantive discussion of the agenda items.

Yes.

Notes: there was not such an event, but the Company would act in accordance with the recommendation.

### 1.3.2.

1.3.2.1. The Company's Articles of Association do not restrict, on the initiative of the Chairman of the Directorate/the Board of Directors, any person be invited to the general meetings of the Company to comment and provide an opinion if it is presumed that the presence and the opinion of that person is necessary, and it facilitates the provision of information to shareholders and the adoption of decisions by the General Meeting.

Yes.

1.3.2.2. The Articles of Association of the Company do not restrict, on the initiation of the shareholders of the Company requesting the completion of the agenda items, any person be invited to the General Meetings of the Company to comment and provide an opinion.

Yes.

1.3.6. The Company's annual report, in accordance with the Accounting Act, contains a short, comprehensible and concise summary for the shareholders, which includes relevant information related to the Company's annual operations.

Yes.

#### **1.4. Issues related to the General Meeting**

- 1.4.1. Pursuant to Section 1.4.1, the company paid the dividend to its shareholders who provided all the necessary information and documents, within 10 working days.**

Yes.

Notes: there was not such an event, but the Company would act in accordance with the recommendation.

#### **1.6. Issues related to the General Meeting**

- 1.6.11. The Company has also published its information in English, in accordance with the provisions of Section 1.6.11.**

Yes.

- 1.6.12. The Company regularly, but at least quarterly, informed its investors about its operations, financial and pecuniary situation.**

No.

Explanation: The Company shall inform its investors on its operation and financial status on a half year basis.

#### **2. Management, control, risk management**

- 2.9.1. The Company shall regulate the internal procedures to be followed in the event of employing external consultant(s) and their outsourced services.**

No.

Explanation: On account of the association size of the Company, a separate internal procedure formation is not justified, the external consultants are responsible for the chief executive officer for their procedures.