

## REPORT ON CORPORATE GOVERNANCE

ANY Security Printing Company Public Limited Company By Shares (the "Company") declares as set forth below and provides the following information regarding corporate governance of the Company:

### Description of governing bodies of the Company

Operation of the Board of Directors

The Company is managed by the Board of Directors consisting of 6 members. Members are elected by the General Meeting of Shareholders (GM) for a maximum 5 year term. Following the expiration of their mandate members can be re-elected.

Members of the Board of Directors on 31 December 2019 (names of independent members are underlined and printed in italics):

Name		Mandate
<u>Dr. Ákos Erdős</u>	chairman	30 April 2023
Gábor Zsámboki	vice-chairman	30 April 2023
<u>Tamás Erdős</u>	member	30 April 2023
<u>Erwin Fidelis Reisch</u>	member	30 April 2023
<u>György Gyergyák</u>	member	30 April 2023
<u>Dr. Gábor Kepecs</u>	member	30 April 2023

The Board of Directors elects its chairman from among its members with a simple majority of votes. Those members who are not employees of the Company decide as a board over the assignment of the Chief Executive Officer. The President of the Board of Directors exercises the employer's rights over the Chief Executive Officer. The Board of Directors establishes its own Rules of Procedure in which it gives orders on the scope of competence and tasks among themselves.

A meeting of the Board of Directors may be convened by the chairman or a member of the Board of Directors indicating the reason and purpose of the meeting. Minutes are kept of the meetings.

### *Tasks and competence of the Board of Directors*

- (a) Any of issues concerning the management and business operations of the Company, which do not fall within the General Meeting's exclusive competence on the basis of the Statutes or provisions of the Civil Code. The Board of Directors is responsible for any of its decisions taken in the frame of the activities of the Company or in the frame of delegated competence and is entitled to place into its competence, decisions on issues, which do not fall within the scope of the exclusive competence of the General Meeting.
- (b) The Board of Directors shall present the report of the Company prepared in accordance with the Accounting Act and the proposal on the appropriation of after-tax profits and the report on corporate governance.
- (c) The Board of Directors shall prepare a report on the management, the financial situation and the business policy of the Company and submit same to the annual ordinary General Meeting at least once every year, and to the Supervisory Board at least once every three months.

- (d) The members of the Board of Directors shall treat business secrets concerning the Company's issues as confidential. Upon the request of the shareholders, the Board of Directors shall provide information on the affairs of the Company, and allow an inspection of its books and documents provided that business interest and business secret of the Company will not be infringed. In the event that the Board of Directors does not comply with such request, upon the request of the shareholder concerned, the Court of Registration will oblige the Company to provide information or to allow inspection.
- (e) The Board of Directors shall ensure that the books of the company, including accounting books and Register of Shareholders, are kept according to the applicable regulations.
- (f) The Board of Directors shall report to the Court of Registration in accordance with the laws and the Statutes and shall take measures on the necessary publications.
- (g) The Board of Directors shall convene the ordinary and the extraordinary General Meeting except the cases set out in the Civil Code.
- (h) The Board of Directors shall prepare and approve the proposals concerning issues in the competence of the General Meeting and present same to the General Meeting.
- (i) The Board of Directors shall decide with respect to the annual and mid-term business plan of the Company, the implementation of which belongs to the scope of competence of the operative management of the Company.
- (j) The Board of Directors shall determine the competence of the General Manager responsible for the operative management. The employer's rights over the General Manager shall be exercised by the members of the Board of Directors who are not employed by the Company acting as a body, they shall decide on the appointment, dismissal and remuneration of the General Manager, whilst the Chairman of the Board of Directors shall exercise the employer's rights himself/herself, in case of his/her incapacity, his/her deputy or a person appointed by the Board of Directors shall exercise such rights.
- (k) The Board of Directors may confer the right to sign on behalf of the Company to the employees of the Company.
- (l) The Board of Directors shall approve the Company's Organizational and Operational Regulations.
- (m) The Board of Directors shall issue and divide consolidated shares.
- (n) On the basis of the General Meeting's authorization, the Board of Directors shall provide for the purchase of treasury shares and shall decide on the sale of treasury shares owned by the Company.
- (o) With the approval of the Supervisory Board granted in advance, the Board of Directors shall approve the interim balance sheet concerning the acquisition of treasury shares, payment of interim dividends and the increase of the share capital by its assets exceeding the share capital.
- (p) The Board of Directors shall increase the share capital according to the Section 17.8 of the Statutes.
- (q) The Board of Directors shall decide on the payment of interim dividends with the approval of the Supervisory Board granted in advance.
- (r) The Board of Directors may set up committees, the members of which may be solely the members of the Board of Directors, and the Board of Directors can transfer a part of its competence to such committees, and the Board of Directors shall be also entitled to set up committees consisting of both the members of the Board of Directors and persons who are not members of the Board of Directors and provide such committees the appropriate authorization.
- (s) The Board of Directors may undertake financial obligations in the scope of ordinary business operations, the individual value of which exceeds 20% of the share capital (e.g.: guarantee, etc.).

- (t) The Board of Directors may undertake any transaction, financial obligation which are neither included in the annual business plan approved by the Board of Directors nor in the ordinary business operations, value of which exceeds 20% of the share capital of the Company; with respect to the threshold, the amount shall be calculated with the aggregated value of transactions concluded in one year (purchase, rental, leasing, sale, investment, sale of investment of assets, providing services which are outside of ordinary business operations, crediting, taking loans, etc.).
- (u) Concluding transactions between the Company and:
  - (i) one of its shareholders holding at least ten per cent. of the voting rights or his/her close relative; or
  - (ii) a person in which a shareholder holding at least ten per cent. of the voting rights or his/her close relative – directly or indirectly or based on an agreement – holds more than fifty per cent. of the voting rights or he/she is entitled to elect or withdraw the majority of its executive officers or its members of the Supervisory Board;
  - (iii) a person which holds more than fifty per cent. of the voting rights – directly or indirectly or based on an agreement – in the shareholder holding at least ten per cent. of the voting rights of the Company or which is entitled to elect or withdraw the majority of the executive officers or members of the Supervisory Board of shareholder holding at least ten per cent. of the voting rights of the Company;
  - (iv) a person in which the person set forth in point (iii) – directly or indirectly or based on an agreement – holds more than fifty per cent. of the voting rights or the majority of whose executive officers or members of the Supervisory Board may be elected or withdrawn by the person set forth in point (iii);

with the exception of transactions of ordinary value within the activities of the Company. The Board of Directors shall prepare a comprehensive annual report on transactions concluded with the persons mentioned above which also includes the transactions of ordinary value falling within the activities of the Company and it shall submit same to the Supervisory Board.

- (v) The members of the Board of Directors attend the General Meeting of the Company with a right of consultation and to make proposals. The Chairman of the Board of Directors or the appointed member thereof must attend the General Meeting and the meetings of the Supervisory Board to which he/she receives an invitation.

The chairman of the Board of Directors convenes and conducts the meetings, appoints the keeper of the minutes from the meeting of the Board of Directors, orders voting and announces its results.

The Board of Directors passes its resolutions with a simple majority of votes. Under extraordinary circumstances, when it is impossible to call for a meeting of the Board of Directors, the chairman of the Board of Directors shall order a written voting. The Rules of Procedure of the Board of Directors contains the applying rules and regulations.

The Board of Directors held 4 meetings in 2019 with 6 persons present as an average.

## **Division of responsibility and duties between the Board of Directors and the Chief Executive Officer / Management**

The operating activities of the Company are directed by the Chief Executive Officer. The Chief Executive Officer is personally liable for performing his/her duties within the framework defined by law, the Statutes, and in accordance with the decisions of the Board of Directors and the General Meeting.

The Chief Executive Officer may delegate his authority to the Company's managers and employees in accordance with the Rules of Organization and Operation within the limits of the Company's internal regulations by means of defining job descriptions and with general or limited authorizations, but limitations on his scope of authority as a member of the Board of Directors shall have no effect with respect to third parties.

The Chief Executive Officer is entitled to make decisions in all affairs not falling within the scope of authority of the General Meeting or the Board of Directors. The Chief Executive Officer concludes a labour contract with the Company, signed by the chairman of the Board of Directors.

The Chief Executive Officer exercises employer's rights with respect to employees of the Company.

In order to carry out the business of the Company, the Chief Executive Officer concludes contracts and represents the firm before third parties, authorities and courts.

### *Competence and tasks of the Chief Executive Officer*

(a) The Chief Executive Officer shall decide with respect to all issues which do not fall within the exclusive competence of the General Meeting, the Board of Directors or the Chairman of the Board of Directors.

(b) The Board of Directors may transfer any of its competence regarding the daily management to the Chief Executive Officer under the provisions and conditions established by it and the Board of Directors may withdraw or change the totality or a certain part of such competences from time to time, however, such transfer does not affect the liability of the Board of Directors.

(c) The Chief Executive Officer shall conclude agreements for the purpose of performing the Company's tasks and represent the Company towards third parties, before courts and other authorities.

(d) The Chief Executive Officer shall prepare the agenda of the General Meeting and the Board of Directors and he/she shall submit proposals concerning decisions.

(e) The Chief Executive Officer shall execute passed resolutions and decisions, and he/she shall manage the performance of tasks within the scope of activities of the Company.

(f) The Chief Executive Officer shall exercise employer's rights over other employees of the Company. The Chief Executive Officer can delegate the exercise of employer's rights over employees in accordance with the Organizational and Operational Regulations of the Company.

(g) The Chief Executive Officer can transfer his/her competence to the executives and employees within the framework of the internal administration of the Company in accordance with the Organizational and Operational Regulations based on a general or an ad-hoc decision, by describing the respective scope of activities, however, the limitation of the competence attached to his/her membership of the Board of Directors shall be null and void against third parties.

The Board of Directors may delegate a portion of its authority, with restrictions and conditions determined at its discretion, to the Chief Executive Officer, and it may withdraw or change all or any portion of such authority from time to time, but such delegation shall not affect the liability of the Board of Directors.

Members of the management on 31 December 2019:

- Gábor Zsámboki chief executive officer
- László Balla deputy chief executive officer
- Dr. István Ignác chief security officer
- Tamás Karakó chief financial officer
- Gábor Péter chief IT officer
- Lajos Székelyhidi chief research and development officer
- Zoltán Tóth chief technical and production officer

## **Evaluation and remuneration of the management**

The Board of Directors is making a continuous assessment of the management's activity, and makes an additional extensive performance evaluation once a year. The remuneration of managers (Chief Executive Officer) has an established system at the Company. On top of the base salary, managers are entitled to receive bonus if the development of the Company meets the long term targets and targets of the relevant business year. The bonus is linked to the fulfilment of planned sales revenues and planned earnings per share (EPS) and to the fulfilment of most important specific tasks set in advance for the business year.

The Board of Directors is entitled to work out the detailed guidelines of the Management Share Option Programme according to the decision of the 2009 Annual General Meeting. The members of the management are entitled to the acquisition of the Company's shares in a preferential way within the framework of this Programme.

## **The Supervisory Board**

The Supervisory Board consists of six members who are elected by the General Meeting for a maximum five-year term. One third of the members of the Supervisory Board is designated by the Factory Council, following a statement of opinion of the trade unions operating at the Company. The General Meeting is obliged to elect these employee members for the period unless statutory grounds for disqualification exist in respect of the nominees.

The members of the Supervisory Board elect the chairman by a simple majority of votes at their first meeting. The Chairman convenes and conducts the meetings of the Supervisory Board, appoints the person keeping the minutes, orders the voting and announces its results.

The meeting of the Supervisory Board may be convened by any member indicating the reason and purpose thereof if his/her request for convening the meeting has not been fulfilled by the chairman within 8 days.

### *Tasks and competence of the Supervisory Board*

- (a) The Supervisory Board may request information from the executive officers or employees in executive positions of the Company and may inspect the books and documents of the Company.
- (b) The Supervisory Board shall inspect all important business reports appearing in the agenda of the General Meeting and all other submissions concerning the issues falling within the exclusive competence of the General Meeting.

- (c) The General Meeting may pass resolutions on the report prepared in accordance with Accounting Act and on the appropriation of after-tax profits and on the report on corporate governance only after having the written report of the Supervisory Board.
- (d) Members of the Supervisory Board shall treat business secrets concerning the Company's issues as confidential.
- (e) Members of the Supervisory Board shall take part at the General Meeting of the Company with a right of consultation.
- (f) If the Supervisory Board finds the activities of the management in violation of the laws, the Statutes or the resolutions of the General Meeting, or otherwise infringes the interests of the Company or its shareholders, the Supervisory Board shall convene an extraordinary General Meeting and shall make a proposal regarding its agenda.
- (g) The Supervisory Board must previously provide its consent to the interim balance sheet to be approved by the Board of Directors, concerning the acquisition of treasury shares, payment of interim dividends, increase of its share capital by its assets exceeding the share capital.

The Supervisory Board defines its Rules of Procedure and submits them to the General Meeting for approval. Minutes are kept of the meetings of the Supervisory Board.

Members of the SB on 31 December 2019 (names of independent members are underlined and printed in italics):

Dr. Tamás Sárközy<sup>1</sup> chairman  
Dr. Istvánné Gömöri vice-chairman  
Ferenc Berkesi  
Dr. Imre Repa  
Dr. János Stumpf  
Katalin Hegedüs  
László Hanzsek  
Gábor Kun

The Supervisory Board convened 5 times in 2019 and with an attendance of 5 members as an average.

## **The Audit Committee**

The Audit Committee consists of three members elected by the General Meeting from the independent members of the Supervisory Board.

### *Tasks and competence of the Audit Committee*

- a) approval of the report prepared pursuant to the Accounting Act
- b) proposal on the person and remuneration of the auditor
- c) preparation of the contract with the auditor, signing of the contract on behalf of the Company which is authorized by the Statutes

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<sup>1</sup> Dr. Tamás Sárközy passed away on 4th February 2020.

- d) monitoring of enforcement of professional requirements and conflict-of-interest regulations towards the auditor, cooperation with the auditor, and – if necessary – proposal to the Board of Directors or the Supervisory Board on certain provisions
- e) evaluation of the operation of the financial reporting system and proposal on certain provisions, and
- f) assistance of the tasks of the Board of Directors and the Supervisory Board in controlling the financial reporting system properly.

Members of the Audit Committee on 31 December 2019:

Dr. Istvánné Gömöri chairwoman

Dr. Tamás Sárközy<sup>2</sup>

Dr. Imre Repa

The Audit Committee convened 4 times in 2019 and full attendance was recorded at any meeting.

The Company has no Nomination Committee and no Remuneration Committee, these functions are carried out by the independent members of the Board of Directors without formal setup as a committee.

## **The Auditor**

The Auditor of the Company is elected following the recommendation of the Audit Committee for a maximum five-year period from among those internationally recognized auditing companies that have an office in Hungary.

### *Tasks and competence of the auditor*

The Company shall have the auditor examine the authenticity and legal compliance of the report prepared in accordance with the Accounting Act. Without a statement of opinion by the auditor, the General Meeting may not decide on the report prepared in accordance with the Accounting Act.

- (b) The auditor shall examine all substantial business reports proposed to the General Meeting from the aspect of whether such reports contain true data and comply with all legal regulations.
- (c) The auditor may inspect the books of the Company, may request information from the members of the Board of Directors and the Supervisory Board and the employees of the Company and may examine the bank account, the petty cash, the stocks of securities and goods and the agreements of the Company.
- (d) The auditor shall treat all business secrets related to the operation of the Company as confidential.
- (e) The auditor shall participate at the General Meeting but his/her absence does not prevent the holding of the meeting.
- (f) If it is required, the auditor may be invited to attend the meeting of the Board of Directors with a right of consultation, or the auditor himself may initiate his/her attendance at the meetings. In this latter case, the request of the auditor may be refused only in exceptionally justified cases.
- (g) The auditor may attend the meeting of the Supervisory Board with a right of consultation, Upon the invitation of the Supervisory Board, the auditor is required to attend the meeting of the Supervisory Board. The Supervisory Board shall put on the agenda the issues proposed for consideration by the auditor.

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<sup>2</sup> Dr. Tamás Sárközy passed away on 4th February 2020.

- (h) If the auditor ascertains or otherwise learns that a considerable decrease in assets of the Company is probable, or perceives any other issue which entails the liability of the members of the Board of Directors or the Supervisory Board as set forth in the Civil Code, he/she shall request that the General Meeting be convened. If the General Meeting is not convened, or if it fails to render the resolutions required by laws, the auditor shall inform the Court of Registration exercising legal supervision.

The Auditor of the Company has not carried out any activities which are not related to auditing.

### **Disclosure policy of the Company**

The Company's disclosures are managed in compliance with the rules of the Budapest Stock Exchange. In quarterly reports, annual reports the Company publishes results, and in form of extraordinary reports makes all information public that are occurring in the operations with direct or indirect relevance to the share price or information that is necessary to the most important investment decisions of market participants. The Company participates regularly in the forums of investor coverage by way of road-shows, conferences. In addition, it keeps contact with investors continuously and is available for investors in answering their questions.

### **The Company's guidelines regarding insider trading**

ANY Security Printing Company Plc has created a regulation compulsory for all of its subsidiaries and joint ventures to execute the Capital Market Act so that the prohibition of insider trading is effective. The regulation states that it is prohibited to make trades for securities and stock exchange products concerned by the insider information using insider information, or to give a commission for such trade and to pass on the insider information to another person with the goal of trading. Based on the law's use of terms and phrases, the Company's regulation defines the scope of insider information and insider persons. The members of the Board of Directors, the Supervisory Board of ANY Security Printing Company Plc, its senior officers, and its employees involved in balance sheet preparation are not allowed to buy or sell shares issued by the Company in the periods defined by law. The insider person must publish the transaction and announce it to the Hungarian National Bank in 2 days after the transaction. In case of the Board of Directors, the Supervisory Board and senior officers, ANY Security Printing Company Plc meets these requirements based on the statement of those obliged for the announcement.

### **Exercising shareholder rights and presentation of rules on the conducting of the general meeting**

The share capital of the Company consists of 14,794,650 pieces of dematerialised ordinary shares with a par value of HUF 98 each.

Each shareholder who owns Series 'A' shares has one voting right per share at the General Meeting.

The Board of Directors of the Company or its proxy assigned according to the rules of the law on capital market keeps a share ledger containing at least the following information:

- shareholder's, nominee's name (company);
- shareholder's, nominee's address (headquarters);
- number of shares, interim shares of shareholder (shareholder's stake) as per type and series of shares.



The Register of Shareholders is accessible to anyone for inspection. Change in ownership is settled by the securities account keeper who simultaneously notifies the Board of Directors, or an entrusted organisation to register the shareholder in the Register of Shareholders, unless otherwise provided by the shareholder. A shareholder whose name does not appear in the Register of Shareholders may not exercise shareholder's rights.

The supreme organ of the Company is the General Meeting consisting of all the shareholders. Invitations to the General Meeting are publicly announced in the same manner as required for announcements of the Company 30 days prior to the planned General Meeting by the Board of Directors. Separate notification of the General Meeting is sent to the members of the Board of Directors and the Supervisory Board, as well as to the auditor of the Company.

All invitations to, and announcements of, the General Meeting should indicate the name and headquarters of the Company, the venue and date of the General Meeting, its agenda, the conditions of exercising voting rights, the venue and the date of the reconvened meeting if the General Meeting fails to achieve a quorum.

The General Meeting has a quorum if more than half of the shareholders entitled to vote are either present in person or represented by proxy. Authorization for such representation is included in a notarial document or a private document of full force which is presented not later than at the beginning of the General Meeting to the person keeping the minutes at the place and date indicated in the invitation to the General Meeting. Authorization for representation is valid for one General Meeting, including the General Meeting reconvened due to failure to achieve a quorum.

In case the General Meeting fails to achieve a quorum, the General Meeting has to be reconvened. Such a reconvened General Meeting has a quorum with respect to the issues included in the agenda of the original General Meeting irrespective of the number of shareholders present. At least 10 days may pass between the dates of the original and reconvened General Meeting.

Shareholders may exercise their shareholders rights personally or through representatives.

a, In case of personal attendance, shareholders must prove their identity with an ID card while their ownership is certified by their certificates of ownership of the shares. The shareholder registered in the register of shareholders who does not bring a certificate of ownership of the shares, may participate at the General Meeting but cannot exercise his/her voting right and cannot make proposals.

b, In case of a mandate, authorizations shall be submitted to the Company in the form of a notarial document or private document representing conclusive evidence. The authorisation shall be given to the representative of the Board of Directors before the General Meeting. As for certificate of ownership, Section a, is governing.

c, The securities account manager included in the Register of Shareholders as a shareholder delegate shall act as specified in the Capital Market Act in the representation of the shareholder.

Shareholders may exercise their shareholders rights if the shareholder or the representative is registered in the Register of Shareholders before the date of the General Meeting. The securities account managers shall provide for the registration of the shareholder in the Register of Shareholders based on the assignment of the shareholder. Securities account managers shall give information to the shareholders on the deadline of executing the assignments of registry in the Register of Shareholders. The Company does not accept responsibility for execution of assignments given to securities account managers and for the consequences of their failures.

The Chairman of the Board of Directors, or if he/she is unable to be present, the vice-Chairman of the Board of Directors, or if he/she is also unable to be present, the person appointed by the Board of Directors prior to the General Meeting shall chair the General Meeting. The appointment of the Chairman of the General Meeting shall be effectuated prior to the discussion on the agenda issues, and as long as same does not take place, the General Meeting cannot render resolutions on the merits of the agenda issues.

The chairman of the General Meeting appoints the person keeping the minutes, conducts the meeting on the basis of the agenda, orders voting and announces results of voting and the resolutions of the General Meeting. In accordance with the provisions of the Company Act, minutes are kept of the General Meeting.

In the above description ANY Security Printing Company Plc is providing comprehensive overview of corporate processes and practices. Detailed rules to any function summarized in this report can be found in the Statutes, freely available on the company website ([www.any.hu](http://www.any.hu)).

## DECLARATION

on Corporate Governance on Compliance with the Corporate Governance Recommendations (1<sup>st</sup> August, 2018)

ANY Security Printing Company Public Limited Company by Shares (hereinafter referred to as 'The Company') states the following on Corporate Governance:

### Level of compliance with the Recommendations

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

## 1. Shareholders' rights and the General Meeting

### 1.1. General Principles

1.1.1. Does the Company have an organisational unit dealing with investor relationship management, or a designated person to perform these tasks?

Yes

No (Explanation)

1.1.2. Are the Company's Articles of Association available on the Company's website?

Yes

No (Explanation)

1.1.3. Does the Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights also when they are not present in person?

Yes

No

Explanation: The Company's Articles of Association do not allow shareholders to exercise their rights in absentia.

1.1.4. If the Company's Articles of Association allow shareholders to exercise their rights in their absence, did the Company publish the methods and conditions of doing so, including all necessary documents?

Yes

No

Explanation: The Company's Articles of Association do not allow shareholders to exercise their rights in absentia.

### 1.2. Convening the General Meeting

1.2.1. Did the Company publish on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders?

Yes

No (Explanation)

**1.2.2. Did the Company publish the exact date when the range of those eligible to participate in a given company event is set (record date), and also the last day when the shares granting eligibility for participating in a given company event are traded?**

Yes

No (Explanation)

**1.2.3. Did the Company hold its General Meetings in a manner providing for maximum shareholder participation?**

Yes

No (Explanation)

**1.2.4. Did the Company determine the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account?**

Yes

No (Explanation)

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

Yes

No (Explanation)

**1.2.6. The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting. (Answer Yes, if not)**

Yes

No (Explanation)

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

Yes

No (Explanation)

### **1.3. Conducting the General Meeting**

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

**1.3.2.2. The Articles of Association of the Company did not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there. (Answer Yes, if not)**

Yes

No (Explanation)

**1.3.3. The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals, or set any preconditions for these with the exception of some measures taken to conduct the General Meeting in a correct manner and as intended. (Answer Yes, if not)**

Yes

No (Explanation)

**1.3.4. By answering the questions raised at the General Meeting, did the Company ensure compliance with the information provision and disclosure principles set out in legal and stock exchange requirements?**

Yes

No (Explanation)

**1.3.5. Did the Company publish on its website the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting within 3 working days following the General Meeting, or an official statement explaining why it refrained from giving answers?**

Yes

No (Explanation)

**1.3.6. Does the annual report of the Company prepared as specified in the Accounting Act contain a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation?**

Yes

No (Explanation)

**1.3.7. Did the Chairman of the General Meeting order a recess or suggest that the General Meeting be postponed when a proposal or proposal relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting?**

Yes

No (Explanation)

**1.3.8.1. The Chairman of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board members. (Answer Yes, if not)**

Yes

No (Explanation)

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

Yes

No (Explanation)

**1.3.9. Prior to discussing agenda items concerning the amendment of the Articles of Association, did the General Meeting pass a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific way?**

Yes

No (Explanation)

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

Yes

No (Explanation)

#### **1.4. *Other issues concerning the General Meeting***

**1.4.1. In line with Section 1.4.1, did the Company pay dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents?**

Yes

No (Explanation)

## 1.5. Remuneration

**1.5.1.1. Did the Board of Directors/Governing Board or a committee consisting of Board of Directors/Governing Board members establish guidelines and rules concerning the performance review and remuneration of the Board of Directors/Governing Board, the Supervisory Board and the management?**

Yes

No (Explanation)

**1.5.1.2. Were the tasks and the level of responsibility of each member, the rate of achievement of the Company's objectives and its economic/financial position taken into consideration for establishing performance-based remuneration for the members of the management?**

Yes

No (Explanation)

**1.5.1.3. Were the remuneration guidelines established by the Board of Directors/Governing Board or a committee consisting of Board of Directors/Governing Board members assessed by the Supervisory Board?**

Yes

No (Explanation)

**1.5.1.4. Were the guidelines (and any major changes thereof) for the remuneration of Board of Directors/Governing Board and Supervisory Board members approved by the General Meeting?**

Yes

No (Explanation)

**1.5.2.1. Does controlling the performance of and establishment of the remuneration for the executive management fall within the competence of the Board of Directors/Governing Board?**

Yes

No (Explanation)

**1.5.2.2. Were the terms for extraordinary benefits provided to management members (and any major changes thereto) approved by the General Meeting in a separate agenda item?**

Yes

No (Explanation)

**1.5.3.1. Did the General Meeting approve the principles of the stock-based remuneration schemes?**

Yes

No (Explanation)

**1.5.3.2. Did shareholders receive detailed information before the General Meeting decided about the stock-based remuneration schemes (at least as specified in Section 1.5.3)?**

Yes

No (Explanation)

**1.5.4. Does the Company have a remuneration scheme in place which does not incentivize the staff to focus only on short-term maximisation of the share price?**

Yes

No (Explanation)

**1.5.5. Does Supervisory Board members receive a fixed-amount remuneration which does not include any elements linked to share price?**

Yes

No (Explanation)

## **1.6. Transparency and Publication**

**1.5.6. Did the Company prepare a report ('Remuneration Statement') for the owners about the remuneration principles relating to and containing the actual remuneration of Board of Directors/Governing Board, Supervisory Board and management members (with the content and the level of detail set out in industry regulations binding for the Company), and did the Company present it to the General Meeting? Did the Remuneration Statement present the remuneration of Board of Directors/Governing Board and Supervisory Board members, as well as the guidelines used to assess their activities and establish their remuneration? Did this information include the disclosure of the total remuneration for Board of Directors/Governing Board and Supervisory Board level, the details of all fixed and variable elements, any other remunerations as well as a presentation of the guidelines for the remuneration scheme and any major changes to those compared to the previous financial year?**

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)



**1.6.2.1. Does the Company have an internal publication policy in place which covers the processing the information listed in Section 1.6.2 of the Recommendations document?**

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

**1.6.3. Did the Company publish its annual company event calendar?**

Yes

No (Explanation)

**1.6.4. Did the Company publish its strategy, business ethics and policies regarding other stakeholders?**

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

**1.6.7.1. Did the Company publish its remuneration guidelines in line with the recommendations set out in Section 1.5?**

Yes

No (Explanation)

**1.6.7.2. Did the Company publish its remuneration statement in line with the recommendations set out in Section 1.5?**

Yes

No (Explanation)

**1.6.8. Did the Company publish its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management?**

Yes

No (Explanation)

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

Yes

No (Explanation)

**1.6.9.2. Did the Company disclose the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company, as well as the extent of their interest under the equity-based incentive system in the annual report or in some other way?**

Yes

No (Explanation)

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

Yes

No (Explanation)

**1.6.11. Did the Company publish its information in English as well, in line with the provisions of Section?**

Yes

No (Explanation)

**1.6.12. Did the Company inform its investors about its operation, financial situation and assets on a regular basis, but at least quarterly?**

Yes

No (Explanation)

## **2. Governance, Control, Risk Management**

## **2.1. Distribution of responsibilities and competences within the Company**

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

Yes

No (Explanation)

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

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

Yes

No (Explanation)

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

Yes

No (Explanation)

## **2.3. Supervisory Board**

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

Yes

No (Explanation)

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

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

## ***2.6. Independence of Governing Board / Supervisory Board members***

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

**2.7. *Conflict of interest of Board of Directors / Governing Board and Supervisory Board members – insider trading***

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

Yes

No (Explanation)

**2.7.2. Were transactions and assignments between members of boards/ members of the management/individuals closely associated with them and the Company/subsidiaries of the Company carried out in accordance with the Company's general business practice but applying more stringent transparency rules compared to general business practice, and were they approved?**

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

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

Yes

No (Explanation)

## **2.9. External Advisor, Auditor**

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

Yes

No (Explanation)

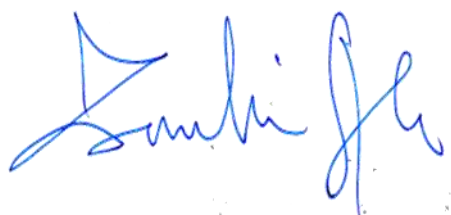
**2.9.2. Did the Board of Directors / Governing Board invite the Company's auditor in an advisory capacity to the meetings on financial reports ?**

Yes

No (Explanation)

Budapest, 30 April 2020

on behalf of ANY Security Printing Company PLC



**Gábor Zsámboki**

Chief Executive Officer,

Vice-chairman of the Board of Directors