



**PannErgy**  
**Public Limited Company**

**Responsible Corporate Governance Report**  
**in accordance with the Responsible Corporate Governance Recommendations**  
**of the Budapest Stock Exchange**  
**for the Annual General Meeting of the Company closing the 2021 financial**  
**year**

**Management Board of PannErgy Plc.**

*This announcement is published in Hungarian and English languages. In case of any contradiction between these two versions, the Hungarian version shall prevail.*

PannErgy Nyrt. (hereinafter: “the Company”) is committed to operate while observing the relevant laws, the MNB’s provisions and the stipulations of the BSE Regulations. The structure and operating conditions of the Company are set out in the Articles of Association adopted by the General Meeting.

As far as responsible governance is concerned, PannErgy Plc. provides the following information.

## **Management Board**

In lieu of a Board of Directors and a Supervisory Board, the Company has a Management Board in order to enable a consistent system of governance. The Management Board carries out the statutory functions of both the Board of Directors and the Supervisory Board. As part of its duties as the Board of Directors, the Management Board defines the Company’s strategic policies and supervises its operation.

The Management Board currently has seven natural person members, elected by the General Meeting for an indefinite term of office. The Chair of the Management Board is elected by the Board members from among their number. The member of the Management Board serving as the Chief Executive Officer or Acting Chief Executive Officer is appointed by the Board members from among their number.

The Management Board takes decisions with a simple majority. It has a quorum if the majority of its current members are present. In the event of a tie, the Chairman of the Management Board shall have the casting vote.

The Management Board shall establish its own rules of procedure, containing a detailed description of its duties and procedures falling within its competence.

The Management Board shall prepare a report to the General Meeting on the Company’s management, financial position and business policy at least once a year.

The Management Board directly governs the Company and is responsible for carrying out financial duties and implementing its resolutions and decisions. The employer’s rights over the Company’s direct employees are exercised by the Acting Chief Executive Officer.

The Management Board shall comprise the following members:

- Balázs Bokorovics, Chair – independent
- Dénes Gyimóthy, member – non-independent
- Gábor Briglovics – independent
- Katalin Gyimóthy, member – non-independent
- Attila Juhász member – independent
- Lilla Marianna Martonfalvay – independent

Kálmán Rencsár – independent

The Management Board member serving as the managing director:

Dénes Gyimóthy, Acting Chief Executive Officer

In 2021, the Management Board met on 7 occasions, with an average participation rate of 65%, and adopted written various resolutions without a meeting.

## **Audit Committee**

In order to ensure that the functions of the Management Board are carried out and sound decisions are made, the Company's General Meeting has elected a three-member Audit Committee out of the independent members of the Management Board.

The Audit Committee's duties include commenting on the report prepared in accordance with the IFRS, assessing the functioning of the financial reporting system, making proposals on the appointment and remuneration of the auditor, preparing the auditor's contract and carrying out the tasks related to the cooperation with the auditor. Moreover, the Audit Committee regularly monitors whether the classification of transactions between the Company and related parties was appropriate in terms of the identification, public disclosure and regular handling of significant related transactions.

The Audit Committee lays down the rules governing its operation and decision-making. In the 2021 financial year, the members of the Audit Committee were as follows:

Attila Juhász, Chair

Balázs Bokorovics

Gábor Briglovics

In 2021, the Audit Committee met on 5 occasion, at a participation rate of 85%.

## **Other committees**

The Company does not have a nominations committee or a remuneration committee. These functions are fulfilled by the members of the Management Board as appropriate. The Company operates with a small number of staff and with a narrow scope of activities, therefore establishing various committees and management bodies offers doubtful benefits.

## **Auditor**

The Company's auditor is elected by the General Meeting for a term of 1 year.

The Company's auditor: Venilia Vellum Könyvvizsgáló és Adótanácsadó Kft.

The auditor is proposed by the Audit Committee; the proposal is put forward by the presiding officer of the General Meeting that elects the auditor. In the event the candidate of the Audit Committee does not get elected by the General Meeting as the Company's auditor, the Audit Committee shall nominate another person.

The auditor is responsible for auditing the Company's books, submitting a report to the General Meeting on the audit of the reports of the Company under the Accounting Act and the proposal

by the Management Board on the distribution of profit and the calculation of dividends, and exercising other rights and carrying out other duties under the law.

During the 2021 financial year, the auditor carried out no activities for the Company other than auditing and the related statutory obligations.

### **The Company's disclosure policy**

With respect to its disclosure policy, the Company acts in accordance with the applicable legislation and stock exchange rules. The Company shall publish its notices on its own website, the website of the Budapest Stock Exchange and on a website specified by the MNB. The publication of notices on the Company's website ([www.pannergy.com](http://www.pannergy.com)) shall replace all other disclosure obligations unless otherwise provided by the law and other applicable regulations.

### **The Company's insider trading policy**

With respect to insider trading, the Company acts in accordance with the applicable legislation and stock exchange rules. It has an Insider Trading Policy regulating the relevant activities, and holds records on the permanent and ad hoc insiders.

### **Exercising shareholder rights, presence at the General Meeting**

The Company's capital stock consists of 21,054,655 dematerialised registered ordinary shares of the nominal value of HUF20 (twenty) each, representing equal membership rights and constituting a single series of shares. At the General Meeting of the Company, each shareholder shall have one vote per ordinary share.

On behalf of the Company's Management Board, the entity authorised by the applicable law to keep the record of shareholders (currently the KELER Central Depository Ltd.) keeps a record of shareholders and shareholders' proxies.

Shareholder's rights may be exercised vis-à-vis the Company by any person whose name is registered in the record of shareholders. Shareholders' proxies may exercise shareholder's rights vis-à-vis the Company after they have been registered in the record of shareholders as a shareholder's proxy.

The rules of procedure related to shareholder verification requested in connection with the closing of the record of shareholders prior to the General Meeting are set out in the regulations of KELER Central Depository Ltd. as amended from time to time.

The Company's supreme body is the General Meeting, which consists of the entirety of shareholders.

An annual General Meeting must be held once a year, respecting the statutory time-limit. The agenda of the annual General Meeting shall by all means include the following:

- the report by the Management Board on the Company's business activities in the previous financial year;

- adopting the Company reports according to the EU-IFRS and a proposal by the Management Board on the distribution of profit and the calculation of dividends;
- determining the remuneration due to members of the Management Board and the auditor;
- adopting the responsible corporate governance report to be submitted to the Budapest Stock Exchange;
- adopting a decision on the evaluation of the work carried out by the members of the Management Board in the previous financial year and on granting the discharge they are entitled to.

An extraordinary General Meeting may be convened by the Management Board when it is considered appropriate for the operation of the Company.

An extraordinary General Meeting shall be convened by the Management Board if the previous General Meeting so decided and if it has been requested from the Management Board in writing by the auditor or shareholders representing at least 5% of all votes, the latter specifying the reasons for and the purposes of convening the General Meeting.

The invitation to the General Meeting shall be published by the Management Board in the manner specified for publishing the Company's notices in the Company's Articles of Association, at least 30 (thirty) days prior to the date of the proposed General Meeting. Any invitations to and any notices regarding the General Meeting shall specify at least the Company's official name and registered office, the venue, date and time of the General Meeting, the agenda of the General Meeting, the conditions prescribed in the Company's Articles of Association of exercising voting rights and the rights to request information and to add items to the agenda of the General Meeting, and the venue and date of the General Meeting scheduled to be held repeatedly due to a lack of quorum.

Regarding issues not listed in the agenda published, the General Meeting shall not adopt a decision unless all shareholders are present and they unanimously consent to the decision.

Shareholders representing at least one percent (1%) of all votes may request the Management Board in writing to add an issue to the agenda of the General Meeting, specifying the reasons for such request, and may put forward a proposed resolution in connection with the items on the agenda.

Shareholders representing at least one percent of all votes may exercise such right within 8 days of the publication of the notice on convening the General Meeting. The Management Board shall add the proposal to the agenda of the General Meeting and publish such addition within 8 (eight) days in the same manner as the publication of the notice on the General Meeting.

The Company shall publish important data of the report under the Accounting Act and the Management Board report, a summary of proposals related to the items on the General Meeting's agenda and the proposals for resolutions, summaries of the number of shares and

voting rights as at the time the General Meeting is convened and the statement on remuneration at least 21 (twenty-one) days before the date of the General Meeting.

The General Meeting shall form a quorum if shareholders representing more than fifty percent of all voting shares are present, in person or through proxy. Such power of attorney shall be issued in the form of a public document or a private document of full probative power and submitted at the place and time specified in the invitation to the General Meeting but at any rate not later than the registration before the General Meeting. Where a shareholder so prefers, the Company shall send him a power of attorney form to the postal or e-mail address specified by the shareholder.

The power of attorney shall remain valid for a single General Meeting or for a fixed term of up to 12 (twelve) months. The power of attorney shall also be valid for the continuation of a suspended General Meeting and a General Meeting that has been repeatedly convened due to a lack of quorum.

Members of the Management Board, the manager, senior executives of the Company and the Company's auditor shall not act as proxies.

In the event the General Meeting still fails to form a quorum 30 (thirty) minutes after the starting time of the General Meeting, the repeated General Meeting shall be convened, with the same agenda, for a time within 15 (fifteen) days of the date of the original General Meeting, with the proviso that the repeated General Meeting shall be convened for a day at least 10 (ten) days later than the day on which it is convened. A General Meeting repeated due to a lack of quorum shall form a quorum with regard to the issues on the agenda of the original General Meeting regardless of the number of persons attending.

At the General Meeting, a person may exercise his or her rights of membership if such person has been registered in the Company's Record of Shareholders on the basis of the shareholder verification initiated in connection with the closing of the record of shareholders prior to the General Meeting.

The date of shareholder verification shall be the 5th (fifth) stock exchange business day prior to the General Meeting unless KELER has specified a different date in its regulations as amended from time to time. Any sale of shares that takes place following the date of shareholder verification prior to the General Meeting shall be without prejudice to membership rights that may be exercised at the General Meeting in question.

On the basis of the records in the record of shareholders, the Management Board shall enable shareholders or shareholder proxies to properly exercise their voting rights by each share at the venue of the General Meeting after they have identified themselves and signed the attendance list.

Shareholders shall not exercise their voting rights unless they have paid up to the Company their contributions that have become due and payable.

Voting at the General Meeting shall be held primarily by voting papers and the manual counting of votes. In that case, the General Meeting shall elect a returning board at the proposal of the Chair of the General Meeting. The returning board shall have 3 (three) members. The returning board shall submit a written report on the result of the vote; the Chair of the General Meeting shall set forth the result and attach the report to the minutes of the General Meeting.

The presiding chair of the General Meeting shall be the Chair of the Management Board. If the Chair of the Management Board is prevented, the presiding chair of the General Meeting shall be elected by the General Meeting by simple majority on the Management Board's proposal, out of the persons present.

The Chair of the General Meeting shall open the General Meeting, determine if it forms a quorum, appoint the recorder, guide the discussion, give leave to speak and cut off speakers, order a break, draft the proposals for resolutions, order the vote and set forth its result, announce the resolutions of the General Meeting, arrange for the drafting of the minutes of the General Meeting and the attendance list and adjourn the General Meeting.

Minutes of the General Meeting shall be kept as provided for by the Civil Code.

### **Internal control systems**

The Company has drawn up an Internal Rules of Procedure on transactions with affiliated parties to ensure the transparency of the transactions with such parties, determine the rules regarding transactions with affiliated parties to prevent them from securing advantages due to their position and appropriately safeguard the interests of PannErgy Nyrt. and non-affiliated party shareholders, including minority shareholders.

### **Remuneration policy**

A new law entered into force on 17 July 2019 transposing the European Union's Shareholder Rights Directive II (SRD II) and facilitating the encouragement of long-term shareholder engagement over short-term risk-taking and improving transparency between public companies limited by shares and investors. Based on the stipulations of the Act LXVII of 2019 on the Encouragement of Long-term Shareholder Engagement and the Amendment of Certain Acts with the Purpose of Legal Harmonisation, the Company has prepared a detailed Remuneration Policy. According to Section 3:268(2) of the Civil Code, acting in the capacity of the General Meeting in accordance with Section 9(2) of Government Decree 102/2020 (IV.10.) on derogating provisions governing the operation of partnerships and joint-stock companies during the state of danger, the Management Board has adopted the proposed Remuneration Policy and has published it on the Company's website.

PannErgy Nyrt's Remuneration Policy is effective as of 30 April 2020.

Under Section 3:268(2) of the Civil Code, acting in the capacity of the General Meeting in accordance with Section 9(2) of Government Decree 502/2020 (XI.16.) on the repeated enactment of derogating provisions governing the operation of partnerships and capital

companies during the state of emergency, the Management Board supported the first Remuneration Report for the business year 2020, submitted to the General Meeting for a consultative vote, and arranged for making available the Remuneration Report on the Company's website, for at least ten years.

## Statement on remuneration

The Company informs investors of the persons performing a function in its Management Board ('MB') in 2021 and the remuneration received by such persons in 2021 on the basis of such functions.

Name	Position	Duration of performing a function in 2020	Total remuneration received in 2020 (Gross amount)	Grounds for the remuneration
<b>MANAGEMENT BOARD</b>				
Balázs Bokorovics	Chair of the MB	01.01.2021 – 31.12.2021	HUF 2,340,000	Remuneration of the office
Dénes Gyimóthy	Member of the MB, Acting Chief Executive Officer	01.01.2021 – 31.12.2021	HUF 1,860,000	Remuneration of the office
Gábor Briglovics	Member of the MB	16.04.2021-31.12.2021	HUF 1,317,500	Remuneration of the office
Katalin Gyimóthy	Member of the MB	01.01.2021 – 31.12.2021	HUF 1,860,000	Remuneration of the office
Attila Juhász	Member of the MB	01.01.2021 – 31.12.2021	HUF 1,860,000	Remuneration of the office
Lilla Marianna Martonfalvay	Member of the MB	01.01.2020-31.12.2021	HUF 1,860,000	Remuneration of the office
Kálmán Rencsár	Member of the MB	01.01.2021 – 31.12.2021	HUF 1,240,000	Remuneration of the office
<b>Total:</b>			<b>HUF 12,957,500</b>	



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

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

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

### Level of compliance with the Recommendations

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

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation:

**1.2.6.** The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting. (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: No supervisory board is operated

**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: It did not occur in the previous business year, but its proper handling is ensured

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

Yes

**No**

Explanation: It did not occur in the previous business year, but its proper handling is ensured

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

Yes

**No**

Explanation: No supervisory board is operated at the Issuer

**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: There were no nominations by shareholders

**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: With the exception of the minutes of the proceedings of the General Meeting, with the Company did not publish.

### **Section 1.5 (and related questions) repealed<sup>1</sup>**

**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 **Hiba! A hivatkozási forrás nem található.** 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: The process of public disclosure is supervised and controlled by the acting Chief Executive Officer

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

Yes

No

Explanation: The process is under permanent operative supervision – no audits are conducted

**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: The strategy has been published

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<sup>1</sup> Please, refer to footnote **Hiba! A könyvjelző nem létezik.** on page 12.

**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:

**1.6.8.** 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: As part of the Annual Report

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

Yes

No

Explanation: The Company and the persons deemed insiders shall act in accordance with the relevant laws and the Company's Insider Trading Policy.

**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<sup>2</sup> 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: It has not occurred

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

Yes

**No**

Explanation:

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

Yes

**No**

Explanation:

**2.2.2.** Does the Company publish the procedure used for nominating Board of Directors / Governing Board members<sup>3</sup>?

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<sup>2</sup> Please, refer to footnote **Hiba! A könyvjelző nem létezik..** on page 12.

<sup>3</sup> Please, refer to footnote **Hiba! A könyvjelző nem létezik..** on page 12.

Yes

No

Explanation:

**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: No supervisory board is operated at the Issuer

**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: Beyond the determined minimum number of meetings, meetings are summoned regularly

**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: There are not requirements or limitations in relation to regular attendees. Based on the usual practice of the board, employees whose invitation is justified for the discussion of the given agenda items are invited to the board meetings.

**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 **Hiba! A hivatkozási forrás nem található.** of the Recommendations?

Yes

No

Explanation:

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

Yes

**No**

Explanation:

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

Yes

**No**

Explanation: The Corporate Responsibility Report names all the members with the indication of their independent status, which is also confirmed by the members with the approval of the report.

**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: Only the activities of the acting Chief Executive Officer is evaluated directly, primarily in the light of the Company's annual, audited economic indicators

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

Yes

No

Explanation: The Company follows the relevant statutory criteria

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

Yes

No

Explanation: No supervisory board is operated at the Issuer

**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: It has not occurred

**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: It has not occurred, and is required only for conflicts of interests

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation: For case-by-case internal auditing activities, the Company relies on external, independent experts.

**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: As part of the auditor's report

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

**Yes**

**No**

Explanation: They are part of the different relevant departments

**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: The major risks associated with the Company have been identified, and the Company shall make its decisions by considering such risks. The major risks associated with the Company are also presented in the Company's Annual Report.

**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: Principles are determined, and risks are managed on the level of the operative management, which the Board of Directors monitors during its activities, and intervenes as necessary

**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: Owing to its very small size as an organisation, the Company has constant oversight of the operation of all areas

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

**Yes**

**No**

Explanation:

Level of compliance with the Proposals

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

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

**Yes**

**No**

(Explanation:)

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

**Yes**

**No**

(Explanation:) It has not been initiated

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

**Yes**

**No**

(Explanation:)

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

**Yes**

**No**

(Explanation:)

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

**Yes**

**No**

(Explanation:)

**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:)

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

Yes

**No**

(Explanation:)

**1.4.1.** In line with Section, 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:) For the refferenced period the General Meeting has not supported any dividend payment

**1.6.11.** Did the Company publish its information in English as well, in line with the provisions of Section **Hiba! A hivatkozási forrás nem található.?**

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:) The Company prepares quarterly reports on its production results and half-year reports on its financial and asset position.

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

Yes

**No**

(Explanation:) The Company has Internal Rules of Procedure on transactions with Affiliated Parties.

\* \* \*

*This announcement is published in Hungarian and English languages. In case of any contradiction between these two versions, the Hungarian version shall prevail.*