

The proposal of the Board of Directors of MASTERPLAST PLC  
for the 4. item of the agenda of the General Assembly 25 April 2019  
("Approval of the Corporate Governance Declaration of 2018 on the grounds of the proposal of  
the Board of Directors.")

**DECLARATION**  
**of the Corporate Governance practice**  
**based on the Corporate Governance Recommendations which is published by the Budapest**  
**Stock Exchange Private Limited Company**

**Introduction**

The Board of Directors of the MASTERPLAST Public Limited Company (8143 Sárszentmihály, Árpád street 1/A, company registration number: Cg. 07-10-001342, registered by the Company Registry Court of Székesfehérvár Regional Court, hereinafter referred to as "Company") - with the approval of the resolution No. .../2019. (04.25.) adopted by the General Meeting of the Company - makes the following declaration and gives the following information specified hereunder on the behalf of the Company:

The Company places great emphasis on the implementation of corporate governance recommendations and guidelines, taking into account the organization and capabilities of the Company and its subsidiaries. In addition to the guidance of the Board of Directors, the management of the company continuously develops its operational and control practices.

MASTERPLAST Nyrt's corporate governance practices are in line with the requirements of the Budapest Stock Exchange and the current capital market regulation. In addition, the Company regularly reviews its policies to meet the best international practice in this field.

The company in case so called of event-based questions, use the "yes" answer if the event has not taken place in the given business year, however, but if it had taken place the Company would have acted in line the Corporate Governance Recommendation according to its Article of Association.

## **1.1 A brief presentation of the operation of the Board of Directors / Governing Board, and the distribution of responsibilities and tasks between the Board of Directors / Governing Board and the management.**

The Bodies of the MASTERPLAST PLC: General Meeting, Board of Directors, Audit Committee, Chief Executive Officer.

The Supreme Body of the Company is the General Meeting, which contains every Shareholders. The rules of the calling and the procedure of the General Meetings, as well as the conditions of shareholders' rights and obligations, and the method of exercising the shareholders' rights are regulated in detail by the Articles of Association of the Company, which can be read on the webpage of the Company and the webpage of the Budapest Stock Exchange.

The managing body of the Company is the Board of Directors which has 5 members. The responsibilities of the Board of Directors shall include decisions that are related to the governance of a legal person, and are beyond the competence of the General Meeting, and such decisions which are delegated to the power of the Board of Directors by the Articles of Association and the legal rules.

The rules of procedure, scope of authority and responsibilities of the Board of Directors are regulated in detail by the Section VIII. of the Articles of Association and the Rules of Procedure of the Board of Directors.

The Company's Board of Directors continuously monitors the company's operations. The Board of Directors receives continuous information about the operation of the company from the CEO.

The operational activity of the Company is led by the Chief Executive Officer (CEO) who elected by the Board of Directors and works as an employee. Over the CEO the employer's rights are exercised by the Board of Directors. The employers' rights over the Company's employees are exercised by the CEO, with the exception of the President and the Vice-president. Over the President and the Vice-president - with the exception of their election and recall - exercised by the Board of Directors.

**1.2 An introduction of the Board of Directors / Governing Board, Supervisory Board and management members (for board members, also indicating each member's status of independence), a presentation of the boards structures.**

The Board of Directors members in 2018:

- Dávid Tibor President (non-independent)
- Balázs Ács Vice-president (non-independent)
- András Gábor Kazár (independent)
- György Dr. Martin-Hajdu (independent)
- Dirk Theuns (independent)

Members of the Audit Committee:

- András Gábor Kazár (independent)
- György Dr. Martin-Hajdu (independent)
- Dirk Theuns (independent)

The introduction of the Members of the Board of Directors and Audit Committee can be read on the webpage of the Company.

From 1 August 2018 Róbert Nádas as Chief Executive Officer (CEO) is managing and controlling the daily work and work organization of the company, and the conditions necessary for the company's activities, within the limits defined by the legislation, resolutions of the General Meeting and the Board of Directors. His professional career and introduction can be read on the webpage of the Company.

The CEO of the Company was László Piry until July 31, 2018.

Employer rights are exercised by the CEO over the Company's employees. In all matters which are not belong to General Assembly or the Board of Directors, the CEO shall have the right to

decide. The Chief Executive Officer is an employee of the company and the employer rights regarding to him are exercised by the Board of Directors. The CEO is not a member of the Board of Directors, he attends as a regular invited member of the Board of Directors' meeting.

**1.3 Specifying the number of meetings which the Board of Directors / Governing Board, Supervisory Board and committees held in the given period, completed with attendance rates.**

The Board of Directors held meetings 4 times in 2018 with a 100% presence.

There is no Supervisory Board at the Company.

The Audit Committee held meetings 4 times in 2018 with a 100% presence.

**1.4 A presentation of the work done by the Board of Directors / Governing Board, the Supervisory Board and the management as well as the considerations for assessing their individual members. Specifying if the assessment carried out in the given period resulted in any changes.**

The basis for evaluating the work of the Board of Directors and the management is the strategic and business plan.

The Board of Directors makes an annual business plan and 3 years strategic plan. The 3 years strategic plan is reviewed annually, and the necessary adjustments made. The Board of Directors evaluates its work and work of its members' annually at the Board meeting before the Annual General Meeting. At this meeting, the Board of Directors discusses the members' contribution to the board's activities, the personal activities of the members and reports on the activities to the Annual General meeting based on the evaluation.

The Board of Directors evaluates the work of the management through the execution of the business plan. This is held at the Board meeting following the Annual General Meeting.

The remuneration of the members of the Board of Directors is determined by the General Meeting in fix amount yearly.

The remuneration of the management is partly based on its evaluation. The performance-related remuneration of the management is EBIT based.

The evaluation of the members of the Board of Directors and management's work documented in the minutes of the Board of Directors.

**1.5 A report on the operation of each committee, elaborating on the professional background of committee members, the number of and the attendance rate at the meetings held as well as the major topics discussed at the meetings and a presentation of the general operation of each committee. When presenting the operation of the Audit Committee, any decision by the Board of Directors / Governing Board against the proposal of the committee should be mentioned (also including the explanations offered by the Board of Directors / Governing Board). The Company website, where all tasks delegated to the committees and the dates of the members' appointment must be published, should also be mentioned. (If this information is not available on the Company website, it must be included in the Corporate Governance Report)**

The Board of Directors acts and makes decisions as a body. In 2012 together with the Initial Private Offering of the shares of the Company the Board of Directors set its own rules of procedures which most recently updated in March 2019 to maintain best practice.

The rules of procedure includes:

- the obligations and powers of the Board of Directors,
- the main tasks of the President and Vice-President of the Board of Directors,
- the organization and preparation of board meetings, the decision-making system, the monitoring of the implementation of decisions and the rules on conflicts of interest.

The Board of Directors does not operate committees, the relevant functions are provided by the members of the Board of Directors without forming a formal body taking into account the size,



structure of the Company and the professional basis of the decisions, enhancing operational efficiency.

The Board of Directors did not make a decision contrary to the proposal of the Audit Committee in 2018.

The Company does not have a Supervisory Board.

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 the same duration as the Board of Directors. The Audit Committee elects its chairman from among its members and makes its decisions by simple majority.

The Audit Committee performed its tasks and powers on the basis of Act V of 2013 on the Civil Code and the Articles of Association of the Company.

The Audit Committee is responsible for assisting the Board of Directors in auditing the financial reporting system, selecting the auditor and cooperating with the auditor. Members of the Audit Committee shall not receive any additional remuneration in addition to the remuneration of the Board of Directors. The members of the Board of Directors and the Audit Committee have the expertise necessary to perform the tasks, have background and experience related to the case in point.

**1.6 A description of the system of internal controls, an evaluation of the activities performed in the given period. A report on the efficiency and effectiveness of the risk management procedures. (Information about where shareholders can access the Board of Directors / Governing Board report on the operation of internal controls)**

Katalin Csemák is the internal auditor of the Company. Katalin Csemák reported about her inspections to the Management of the Company and the Audit Committee.

The activity of the internal audit started at the Company in 2008. The goal of the internal audit was to assess and supervise the risks about the present and the future business activities by risk-sensitive, flexible and cost-effective way.

The main task of the internal audit is the monitoring of the lawful, effective and reliable operation of the parent company and all subsidiaries, the continuous verification and evaluation of the internal control system and the maintaining the internal regulation system of the Company. The internal audit supports by its suggestions the solution and prevention the deficiencies, malpractices, defects and the improper internal regulation of the Company.

The audits are carried out on the basis of the internal audit plan for the given year, approved by the Chief Executive Officer, in agreement with the Audit Committee.

In 2018, all audits determined by the audit plan were carried out.

#### **1.7 Information on whether the auditor performed any activities not related to auditing**

The auditor of the Company is the Ernst & Young Könyvvizsgáló Korlátolt Felelősségű Társaság (1132 Budapest, Váci út 20., Cg. 01-09-267553, chamber registration number: 001165), personally responsible auditor from 20 September 2017 is Gergely Szabó (mother's name: Zsuzsanna Kiss, address: 1202 Budapest, Mézes utca 35, chamber registration number: 005676).

The Company's Auditor did not perform any activities which are not related to auditing.

#### **1.8 An overview of the Company's publication policy and its insider trading policy**

MASTERPLAST Nyrt. pays special attention to the definition of disclosure rules related to the its presence at the stock exchange, through this the compliance with the legislation in force, the expectations of the public regarding information, and compliance with the principle of transparency. The disclosure rules and the operation of the system are defined by internal rules.

The Company as the issuer of shares which are sold at the Budapest Stock Exchange as a regulated market, considered to be an issuer of shares under public interest. The exact contact details of the Company (postal address, telephone number, fax number, e-mail address) are available on the Company's website ([www.masterplastgroup.com](http://www.masterplastgroup.com)).

The Company acts in the course of its publication on the basis of the legislation in force and the rules of the stock exchange. The Company shall disclose regulated information. Regulated information: information disclosed in the course of the regular and extraordinary information, the information relating to the acquisition of influence or insider information.

The Company, as a premium issuer of the Budapest Stock Exchange, performs its publications in Hungarian and English.

The Company regularly informs the public about the main details of its assets, income and operations. At the same time as the publication, the Company is obliged to inform the Control Authority and ensure that each information is publicly available for at least ten years.

The regular channels for communicating with shareholders are the regular publications: annual report, half-year reports and quarterly results, as well as extraordinary information. In addition, shareholders are informed about business, results and strategy at the Annual General Meeting and at the Annual Investor Meeting. The Company has always pay special attention to providing comprehensive information to the capital market in accordance with international best practice.

Communication tools used for publishing the announcements:

- a) the website of the Budapest Stock Exchange via the KIBINFO client system ([www.bet.hu](http://www.bet.hu)),
- b) information storage system operated by the Control Authority ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)),
- c) the editorial office of at least one media with website accessible to investors,
- d) the Company's website ([www.masterplastgroup.com](http://www.masterplastgroup.com)).

MASTERPLAST Nyrt. is committed to fair trading in publicly traded securities. In order to ensure this, the Company has prepared its guidelines for insider trading in the form of internal regulations, it is regularly taught to employees and whom is concerned.



The expectation against the concerned persons that

- in possession of inside information, not to acquire or dispose the Company's shares or other financial assets, either directly or indirectly, for its own benefit or for the benefit of a third party, not to withdraw or modify the order for that financial instrument, not to give order to third party to do so and should not advise or accept decisions regarding the above financial instruments,
- do not disclose inside information, unless authorized to do so in writing,
- be cautious about sharing insider information even within the Company's employees, transfer information only with permission and to the extent necessary to work, protect insider information from accidental disclosure.

### **1.9 An overview of the method of exercising shareholder rights**

The Company always sees the exercise of shareholder rights as its primary task and always enforces the principle of equal treatment between shareholders.

The General Meeting, as the supreme decision-making body, allows shareholders to make decisions on issues of major importance to the operation of the Company, to establish effective corporate governance measures, and to exercise their control rights.

The way of holding the General Meeting is participation in person. In the Meeting a quorum shall exist when more than one half of the shareholders with voting right are present. (The rules of the proxy described in the Article of Association 7.4.6.)

Only persons whose names are registered in the Share Register till 18.00 PM on the 2<sup>nd</sup> workday before the day of the General Meeting were entitled to exercise shareholder rights at the Annual General Meeting in 2018, provided that till this date the Company hands over the certificate of ownership issued by the operator of the securities account. Furthermore, in case shareholders wish to give a power of attorney in an official form, they shall submit such request to the Company until the date mentioned above.

The closing of the Share Register does not limit the registered shareholder to transfer his/her shares. The transferring of the shares after the opening of the General Meeting does not limit

the rights for attending or in exercising any other shareholders' rights for the shareholders listed in the Share Register. The ownership certificate issued to permit its holder to attend the company's General Meeting shall remain valid until the date of the General Meeting, including the second meeting if reconvened.

After the issue of an ownership certificate the operator of the securities account shall register any changes pertaining to the shares in the securities account only upon the withdrawal of the ownership certificate.

Shareholders shall be entitled to exercise shareholder rights in dealing with the Company following their entry into the Share Register. Every share entitles to have one vote, consequently after every share with 100 HUF nominal value a shareholder has one vote.

Where a group of shareholders together controlling at least one percent of the votes in the Company propose certain additions to the agenda in accordance with the provisions on setting the items of the agenda, or table draft resolutions for items included or to be included on the agenda, the matter proposed shall be construed to have been placed on the agenda if such proposal is delivered to the Board of Directors within eight days following the time of publication of notice for the convocation of the general meeting, and the Board of Directors publishes a notice on the amended agenda, and on the draft resolutions tabled by shareholders upon receipt of the proposal. The matter published in the notice shall be construed to have been placed on the agenda. Shareholders may exercise shareholder rights in dealings with the Company only upon being registered in the Share Register. On the grounds of the shareholder's rights – according to the rules of the Articles of Association – every shareholder shall have the right to participate, to request information and to make remarks and proposals at the General Meeting. Shareholders are entitled, if holding shares with voting rights, to vote. The shareholder shall keep confidential all facts, data and information (commercial secrets) about which he gained knowledge in connection with the Company. If the Company suffers any damage from the violation of its commercial secrecy shall have the right to demand compensation from the infringer shareholder.

### **1.10 A brief presentation of the rules for the conduct of the General Meeting**

The Supreme Body of the Company is the General Meeting, which contains every Shareholders.

The company prepares the execution of the general assembly, which is the main control of its operation, according to a timetable designed for this purpose, with precise observance of the deadlines, ensuring that all the necessary information is available in time to make decisions. The Board of Directors establishes its position on every planned item of the agenda, thus facilitating the establishment of shareholder decisions.

The proposals and the draft resolutions related to the agenda items shall be published on the Company's website ([www.masterplastgrouop.com](http://www.masterplastgrouop.com)) till the 21st day before the date of the General Meeting, and according to 14.1. point of the Article of Association and on the further publishing places ([www.bet.hu](http://www.bet.hu), [www.kozzetetelek.hu](http://www.kozzetetelek.hu)) by electronic form.

In any other question the rules of the Section VII. of the Article of Association shall be applicable. The rules of the calling and the procedure of the general meetings, as well as the conditions of shareholders' rights and obligations, and the method of exercising the shareholders' rights are regulated in detail by the Articles of Association of the Company, which can be read on the webpage of the Company and the webpage of the Budapest Stock Exchange.

### **1.11 Remuneration Statement**

The information on the remuneration of the Board of Directors, the Audit Committee and the Management members was published on the webpage of the Company.

The remuneration of the members of the Board of Directors was determined by the No. 15/2018. (04.27.) resolution of the General Meeting in a unified form – except the President and the Vice-president – in the amount of gross 300,000 HUF monthly. The General Meeting determined the President's remuneration in the amount of gross 1,200,000 HUF monthly, the Vice-president's remuneration was determined in the amount of gross 1,000,000 HUF monthly.

Dirk Theuns, the Member of the Board of Directors – due to their waiver of remuneration – did not received any honorarium in connection with their membership in the Board of Directors.

The Company – above the Board of Directors' remuneration – did not pay any fee to the members of the Audit Committee.

The members of the Board of Directors did not receive any other cash or non-cash benefits - excluding their honorarium - in connection with their membership in the Board of Directors.

### **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.

R 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:

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

Yes

No

Explanation:

R 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:

R 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:

R 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:

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

Yes

No

Explanation:

R 1.2.6 The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting.

Yes

No

Explanation:

R 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: There is no Supervisory Board at the Company.



R 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:

R 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:

R 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: There was no such case. In case of occurrence, the managing of the case is secured.

R 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: There was no such case. In case of occurrence, the managing of the case is secured.

R 1.3.8.1 The Chairman of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board members.

Yes

No

Explanation:

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 was no such case. In case of occurrence, the managing of the case is secured.

R 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: In 2018 the amendment of the Articles of Association was formal with the re-election of the Board of Directors the Audit Committee and the Auditor. The Company will use this principle from 2019.

R 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: In the form (extract) regulated by the law.

R 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: Individual assessment is the base for the performance review of the Board of Directors', the management remuneration is linked to the operational performance of the company. There is no Supervisory Board at the Company.

R 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:

R 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: There is no Supervisory Board at the Company.

R 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: The remuneration of Board of Directors was determined directly by the General Meeting, and there is no Supervisory Board at the Company.

R 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: Except for the Fall of the General Meeting.

R 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: There was no such case. In case of occurrence, the managing of the case is secured.

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

Yes

No

Explanation: Due to the size of the system were not justified.

R 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: Due to the size of the system were not justified.

R 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:

R 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: There is no Supervisory Board at the Company.

R 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: Partly, with content according to the former corporate governance recommendations. There is no Supervisory Board at the Company.

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

Yes

No

Explanation:

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

Yes

No

Explanation:

R 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: Partly, with extended content according to the corporate governance recommendations from 2019.

R 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:

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

Yes

No

Explanation: The management assessed the efficiency of the publication processes.

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

Yes

No

Explanation: The Company did not regard the positive test result as information to be disclosed.

R 1.6.3 Did the Company publish its annual company event calendar?

Yes

No

Explanation:

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

Yes

No

Explanation: Partly, with extended content according to the corporate governance recommendations from 2019.



R 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:

R 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: Partly, for the members of the Board of Directors in the framework of resolutions of the Annual General Meeting. There is no Supervisory Board at the Company.

R 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: The guidelines are being developed.

R 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: Partly, with extended content according to the corporate governance recommendations from the business year 2019.

R 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: The guidelines are being revised.

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

Yes

No

Explanation: The Company applies the legal provisions.

R 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:

R 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: No such relationship is known. In case of occurrence, the managing of the case is secured.

R 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:

R 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:

R 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: The members are nominated by the Shareholders. The remuneration is determined by the General Meeting.

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

Yes

No

Explanation: There is no Supervisory Board at the Company.

R 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: There is no Supervisory Board at the Company.

R 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: There is no Supervisory Board at the Company.

R 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:

R 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: There is no Supervisory Board at the Company.

R 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:

R 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: There is no Supervisory Board at the Company.

R 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:

R 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:

R 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: There is no Supervisory Board at the Company.

R 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: To describe these areas are not part of the disclosure policy.

R 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 do not require more than the criteria by the law. There is no Supervisory Board at the Company.

R 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: There is no Supervisory Board at the Company

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

Yes

No

Explanation: There was no such case. In case of occurrence, the managing of the case is secured.

R 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:

R 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



R 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: The management always carefully monitors the flow of insider information within the Company. In line with the corporate governance recommendations, it reports the flow of insider information in all relevant cases to the Board of Directors.

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

Yes

No

Explanation

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

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation: The Internal Audit do this function. The enhancing if this function is progressing.

R 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: The supervision of the entire risk management procedures is the task of the CEO, who is a permanent guest on board meetings.

R 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: Partly, for the Board of Directors.

R 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: Via the discussions on the board meetings executive management members and through the reports of the internal audit the Board of Directors has a thorough understanding of the risk profile of the business.

R 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:

R 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:

R 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 proposals

P 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:)

P 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: There was no such case. In case of occurrence, the managing of the case is secured.

P 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:)

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

Yes

No

Explanation: There is no Supervisory Board at the Company.

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

Yes

No

Explanation: There was no such case. In case of occurrence, the managing of the case is secured.

P 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:)

P 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:)

P 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:)

P 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:)

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

Yes

No

(Explanation:)

P 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:)

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

Yes

No

(Explanation:)