



MASTERPLAST Public Limited Company

Audit Committee

Rules of Procedure

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1. Role and competence of the Audit Committee

The Act V of 2013 on Civil Code, the Act CXX of 2001 on the Capital Market, the Articles of Association of the Company, and the present rules of procedure contain the detailed role and competence of the Audit Committee.

2. Number of the Audit Committee

The Audit Committee of the Company has 3 members.

3. Chairman of the Audit Committee

The Audit Committee elects the Audit Committee's Chairman for the same period as the Committee's mandate.

Chairman of the Audit Committee shall:

- a) convene and chair meetings of the Audit Committee if he considers it necessary or any member of the Audit Committee requests it or it is required by law;
- b) orders a vote in the meetings and determines the result of the vote;
- c) ensures that regular minutes of the meetings are being made;
- d) manages the decisions by writing as of the present rules of procedures;

- e) performs all duties which fall within his competency by law, or the Company's general meeting or the Board of Directors granted him authority

4. Legal status of the Audit Committee members

The general meeting shall elect the Audit Committee from among the independent members of the Board of Directors. At least one member of the Audit Committee shall have competence in accounting or auditing.

A board member shall be considered independent if apart from his seat on the Board of Directors and apart from any transaction conducted within the company's usual activities, aiming to satisfy the board member's personal needs he is not holding any other office.

A member of the Board of Directors shall not be considered independent if he:

- a) is an employee of the Company or a former employee for five years following the termination of such employment;
- b) provides services to the Company or its executive officers for consideration as an expert or other similar services under personal service contract;
- c) is a shareholder of the Company controlling at least thirty percent of the votes, whether directly or indirectly, or is a close relative or domestic partner of such person;
- d) is a close relative or domestic partner of any - non-independent - executive officer or executive employee of the limited company;

- e) is entitled to receive financial benefits based on his Board membership if the Company operates profitably, or receives any other form of remuneration from the company apart from the salary for his board membership, or from a company that is affiliated to the limited company;
- f) is engaged in a partnership with a non-independent member of the Board of Directors in another business association in which the non-independent member attains control;
- g) is an auditor of the Company, or an employee or partner of the audit firm, for three years following the termination of such relationship;
- h) is an executive officer or executive employee of a business association, whose independent board member also holds an executive office in the Company.

5. Competence of the Audit Committee

The Audit Committee provides assistance to the Board of Directors in supervising the financial report regime in selecting an auditor, and in working with the auditor.

The competence of the Audit Committee:

- a) monitoring the effectiveness of the Company's internal auditing and risk assessment systems and the procedure of the financial reporting system and – where necessary – tabling recommendations.
- b) monitoring the audits of the annual and the consolidated report according to the relevant legal regulations
- c) monitoring and inspecting the independence of the auditor.

- d) internal auditor reports to Audit Committee, and receives instructions and orders from the Audit Committee
- e) consulting with the management in case of any decisions and commitments of the Company between 1-2 million EUR, originally not in the business budget.

6. Meetings of the Audit Committee

Ordinary meetings of the Audit Committee prefer to be held the same day and at the same place as the Board of Directors meeting and right after or before it. The Audit Committee meetings can be convened by the chairman at own discretion or by the request of any member of the Audit Committee. The time, place and agenda of the extraordinary meetings shall be determined by the chairman of the Audit Committee.

The meetings of the Audit Committee shall be private, but the chairman of the Audit Committee may also invite other persons.

At the meeting, the invitees have no voting rights only advisory rights.

7. Quorum

The Audit Committee has a quorum if the majority of the members are present. The Audit Committee shall take decisions by simple majority open vote.

8. Written decision-making

Decision can be made without holding Audit Committee meetings. In this case, the chairman sends a written resolution by confirmed e-mail, fax or by courier or post. If within 5 (five) working days the member does not vote on the resolution in a confirmed e-mail, fax or in other written form, it shall be deemed as abstaining from voting. In case of written decision, the resolution shall be made with at least two members voting with yes.

9. Meetings held using electronic device

The chairman of the Audit Committee may order that the members can participate by way of electronic communications instead of attending in person. In this case the chairman also orders whether the meeting shall be held in a form of telephone or video conference.

Regarding the quorum of the meeting held with the involvement of an electronic device the same rules apply as to those meetings which are held with the members being personally present.

10.Minutes

Within 15 working days, a minutes shall be taken about the Audit Committee meetings including the location, time, agenda, names of the participants, the decisions, the proportion of the votes if any member of the Audit Committee requests it and comments of the Audit Committee members and if the invited guest requests than his expressed opinion. Furthermore the minutes

may also include what the members consider as important in regards the agenda. The minutes shall be signed by the Audit Committee chairman and by one member.

A copy of the minutes shall be sent to the members and stored by the Chairman.

11. Registry of the Audit Committee's decisions

The Audit Committee's decisions are registered by the Audit Committee's chairman yearly, in a chronological order, continuously numbered in a register of resolution.

Sárszentmihály, 25th of April 2019.