



MASTERPLAST Public Limited Company

**Rules of Procedure
of the Board of Directors**

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1. Role and competence of the Board
2. Number of the Board members
3. President of the Board
4. Legal Status and responsibility of the Board members
5. Competence of the Board
6. Meetings of the Board
7. Quorum
8. Written decision-making
9. Meetings held using electronic device
10. Protocol
11. Registry of the Board's decisions

1. Role and competence of the Board

The Articles of Association of the Company and the present rules of procedure contain the detailed role and competence of the Board.

2. Number of the Board

The Board of the Company has 5 members.

3. President of the Board

The President and Vice President of the Board are elected by the Board and for the same period as the Board members mandate. In case the president is absent from the Board meeting the vice president shall take up his duties.

President of the Board shall:

- a) convene and chair meetings of the Board if he considers it necessary or any member of the Board requests it or it is required by law;
- b) may order its members to participate in the Board meetings by way of electronic communications instead of attending in person;
- c) orders a vote in the meetings and determines the result of the vote;
- d) ensures that regular minutes of the meetings are being made;
- e) manages the decisions by writing as of the present rules of procedures;
- f) on behalf of the Board he shall convene the Company's regular annual, monthly or special general meeting and represents the Board at the assembly
- g) performs all duties which fall within his competence by law, or the Company's general meeting or the Board of Directors granted him authority

4. Legal Status and responsibility of the Board members

A member of the Board can only be a person who meets the applicable laws and the constitutions of the Articles of Association, shall be elected by the General Meeting and accept his mandate in a written statement.

The members of the Board are obliged to perform the management of the Company with care based on the primary interest of the Company, as from the persons in such position is acceptable.

The Board membership discontinues when the mandate period terminates, when the Company's General Meeting recalls the Board member, by resignation, upon occurrence of any statutory grounds for disqualification or by death.

In case the Board member learns of a cause which prevents him from bearing office (e.g. legal cause, conflict of interest or due to other activity lack of time) than he shall immediately notify the president and submit his resignation.

5. Competence of the Board

The Board as a one-tier system discharges the duties of the management board and the supervisory board conferred upon them by law.

Competence of the Board:

- the Board decides on questions which do not fall into the exclusive competence of the General Meeting, or which fall within its competence by law or it is stated in the Articles of Association;
- presentation of the Plc's annual report prepared according to the accounting Act and presentation of its proposal regarding the allocation of the profit after tax to the General Meeting;
- adaption and amendment of the business plan and budget;

- adaption of the strategic plan;
- decision on the establishment or termination of a subsidiary in case it has significant financial implications;
- decision about getting a share in other company or about alienation;
- making a proposal to the General Meeting about the transformation to Plc. and to its termination without legal successor;
- at least once a year reporting to the General Meeting about the management and about the Company's financial situation and business policy;
- decision on the appointment, discharge and donation of the CEO;
- proposing an auditor to the General Meeting;
- ensuring the proper book keeping of the Plc.;
- the Board is obliged to convene the General Meeting in 8 days in order to take the necessary measures if the Board learns that
 - a.) due to loss the Plc's equity capital has decreased to 2/3 of the capital stock
 - b.) if the equity capital decreases below the amount defined by the law.
 - c.) or the Plc. has stopped its payments and its assets do not cover the debts,
- decision on the acquisition of own shares in case the conditions set in the Articles of Association and if it is in accordance with the law.
- decision on increasing the equity capital in case the conditions set in the Articles of Association and if it is in accordance with the law.
- decision on issuing bonds in case the conditions set in the Articles of Association and if it is in accordance with the law.
- approving every decision and committal which is not in the Company's business plan and reaches or is above 2 000 000 (two million euro) EUR with caveat that in case of decision and commitments between 1-2 million EUR management should consult with the Audit Committee;
- decision on the transfer and charging of the Plc's own shares;
- decision on the appointment, discharge and donation of the Company's senior

management based on the proposal of the CEO;

- approval of such organizational and jurisdictional changes which significantly modify the management's constitution and competence.

The Board does not participate in the daily activities of the Plc's organization; it is directed by the CEO.

The primary objective of the Board's activity is the control of the operational activity and defining the strategy of the Company.

6. Board meetings

Board meetings are to be convened by the on a quarterly basis. The Board meetings can be convened by the president at own discretion or by the request of two members of the Board. The time, place and agenda of the meetings shall be determined by the president of the Board. The written invitations and documents for the preparation shall be sent to the members 10 working days prior to the meeting.

As per the decision of the president of the Board in urgent cases, by disregarding the five working day deadline the president can convene the meeting with an invitation sent via telephone, email or fax but in this case the Board only has a quorum if all members are present. In other cases to convene an extraordinary meeting the rules for calling ordinary meetings shall prevail.

The meetings of the Board shall be private, but the president of the Board may also invite other persons. Permanent guests are the CEO and CFO in there is no other decision.

Those invited can also attend only to discuss certain agenda points, at the meeting the invitees have no voting rights only advisory rights. In the interest of this they may request that in connection with the adopted or rejected decision their explained standpoint shall be included in the minutes prepared as per the present regulation.

7. Quorum

The Board meeting has a quorum if at least three members of the Board are constantly present. The Board shall take decisions by simple majority open vote. In the event of tie votes the president's vote decides.

8. Written decision

Decision can be made without holding a Board meeting. In this case, the president 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 three members voting with yes.

Within three working days after receiving the proposal any member can request that the president convenes the Board meeting. In this case the rules of the written decisions do not apply and the president is obliged to convene the Board meeting.

9. Meetings held using electronic device

The president of the Board may order that the members can participate by way of electronic communications instead of attending in person. In this case the president 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 10 working days, minutes shall be taken about the Board meetings including the location, time, agenda, names of the participants, the decisions, the proportion of the votes if any member of the Board requests it and comments of the Board 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 president of the Board and by one member – in case the president is absent than two members need to sign it.

A copy of the minutes shall be sent to the members.

11. Registry of the Board decisions

About the resolutions of the Board meetings the president of the Board or a responsible colleague who is delegated from time-to-time, shall keep continuous records yearly, in a chronological order, continuously numbered in a register of resolution.

The member of the Board who is delegated to keep the registry of resolutions can also perform his duty by appointing an experienced law firm/lawyer.

Sárszentmihály, 25th of April 2019.

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