

STATEMENT

on
ALTEO Nyrt.'s
Corporate Governance Practice

based on the

Corporate Governance Recommendations of Budapest Stock Exchange Ltd.

I. Presentation of the operation of the Board of Directors

The Board of Directors is the Company's managing body that governs the Company and monitors its day-to-day operation on the basis of existing legislation, the Company's Articles of Association and the resolutions passed by the General Meeting and the Supervisory Board.

Members of the Board of Directors, its Chair and the member entitled to hold the title of CEO ("CEO") are elected by the General Meeting for a term of up to five years. The Company has no nomination committee or remuneration committee; the remuneration of members of the Board of Directors is determined by the General Meeting.

The Board of Directors consists of six members.

Name	Position
Attila László Chikán	Member of the Board of Directors entitled to hold the title of CEO
Domonkos Kovács	Member of the Board of Directors, M&A and Capital Markets director
Gyula Zoltán Mező	Chairman of the Board of Directors
Zsolt Müllner	Member of the Board of Directors
Ferenc Karvalits	Member of the Board of Directors

The Board of Directors is entitled and required to decide on all issues that, by virtue of the provisions of legislation or the effective Articles of Association, do not fall within the competence of the General Meeting, the Supervisory Board or the Audit Committee.

Members of the Board of Directors decide jointly, as a corporate body on issues set out in the rules of procedure. The CEO is entitled and required to decide on all issues which are not referred to the exclusive competence of the Board of Directors, as a corporate body, by the Articles of Association or the rules of procedure of the Board of Directors, but which otherwise fall within the competence of the Board of Directors, unless the Board of Directors stipulates expressly otherwise in a separate resolution.

The Board of Directors held eight meetings in 2019 and passed resolutions on thirty-one occasions without meetings. Four Board members attended one of the Board meetings, and all of the members attended seven more Board meetings.

II. The Chief Executive Officer (CEO)

The member of the Board of Directors entitled to hold the title of CEO is at the head of the Company's work organization and is responsible for managing and monitoring the Company's operations in accordance with the resolutions of the General Meeting and the Board of Directors. The CEO acts on and is entitled to decide all issues concerning the Company's operational management that do not fall within the exclusive competence of the Board of Directors as a body or the General Meeting according to the Company's Articles of Association and the rules of procedure of the Board of Directors.

During the day-to-day operations of the Company, the CEO works with members of the management responsible for each function to make decisions.

Employer's rights over the Company's employees are exercised by the CEO. The CEO may assign its powers to members of management and employees of the Company by way of a job description in general or by way of an ad-hoc decision; however, the restriction of his powers arising from Board membership has no legal effect against third parties.

The Management

The CEO is assisted in the day-to-day operational management of the Company by management, the members of which are responsible for functions within their scope of responsibility.

Management consists of the following members:

Name	Position
Zoltán Bodnár	Chief Financial Officer (CFO)
Domonkos Kovács	M&A and Capital Markets Director
Sándor Bodó	Financial Director
Péter Luczay	Director of Wholesale Energy Trading and VPP Management
Dr. Zoltán Pataki	Chief Legal Counsel
Viktor Varga	Energy Production Director

III. The Supervisory Board of the Company

The Company's Supervisory Board, under mandate from the General Meeting, has been supervising the Company's management since September 6, 2010. As part of its operations, it performs the tasks set out in legislation and its rules of procedure and comments on and approves the corporate compliance program.

The Supervisory Board acts as a corporate body. Members of the Supervisory Board are required to act in person; agency is not allowed in the activities of this body. Members of the Supervisory Board may not be instructed in that capacity by their employer or shareholders of the Company. Members of the Supervisory Board are elected by the General Meeting of the Company for a definite term of up to five years. Members of the Supervisory Board can be removed at any time and may be reelected upon the expiry of their mandates. The General Meeting decides on the remuneration of members of the Supervisory Board.

The Supervisory Board elects a chair from its membership and, as necessary, a vice chair. The Supervisory Board sets out its own rules of procedure which are then approved by the General Meeting. The brief professional summaries of the members of the Supervisory Board are available on the Company's official website (www.alteo.hu).

The Supervisory Board currently consists of five members, three of whom are independent individuals. The members of the Supervisory Board:

Name	Position	Date of appointment
István Zsigmond Bakács (independent)	Chairman of the Supervisory Board	April 27, 2015
Dr. István Borbíró (independent)	Member of the Supervisory Board	April 27, 2015
Péter Jancsó	Member of the Supervisory Board	April 27, 2015
Dr. János Lukács (independent)	Member of the Supervisory Board	April 27, 2015
Noah M. Steinberg	Member of the Supervisory Board	April 24, 2017

The Supervisory Board meets as required, but at least every 3 (three) months. The Supervisory Board held five meetings in 2019, and no resolution was made in writing.

IV. The Audit Committee

On September 6, 2010, the Company's General Meeting also set up an Audit Committee. Members of the Audit Committee are the above-mentioned independent members of the Supervisory Board.

The Audit Committee verifies the Company's accounting regime, comments on its annual report prepared pursuant to the Accounting Act, monitors compliance with professional requirements and conflict of interest rules applicable to auditors and performs the tasks specified in its rules of procedure.

The Audit Committee held five meetings in 2019 and passed written resolutions on two occasions.

V. Evaluation system

The CEO continuously monitors the accomplishment of specific objectives affecting the Company and belonging to the scope of responsibility of the various members of management, as well as the activities of members of management, and evaluates these on a weekly basis. The evaluation of the activity of management in respect of the impact on the Company's strategic objectives is performed as needed, but at least twice each year.

As required, but at least once each year, the management holds a separate investment pipeline and commercial strategy meeting to evaluate the Company's operations in the preceding period, explore the opportunities of the period ahead and see whether these opportunities are in line with the Company's strategic goals. As a result of these strategic meetings, the management makes a recommendation to the Board of Directors as necessary to review the Company's commercial and business strategy.

The CEO reports as needed, but at least every quarter, to the Board of Directors on the activity of management, on the steps taken in order to accomplish the Company's strategic objectives, and on the implementation of the decisions of the Board of Directors.

Every three months, the Board of Directors draws up a management report for the Supervisory Board, which is discussed at the meeting of the Supervisory Board. Based on the quarterly reports, the Supervisory Board may formulate recommendations and may also use the audit tools set out in legal regulations and its rules of procedure.

The Board of Directors draws up a report on the Company's annual business activity, which report – along with the draft of the annual report prepared pursuant to the Accounting Act – is assessed by the Supervisory Board. If the Supervisory Board accepts the report of the Board of Directors and the draft annual report, it recommends it to the General Meeting for approval. The General Meeting decides on the approval of the report and the annual report.

VI. Presentation of the system of internal controls, evaluation of the activity of the given period

Within the scope of the Company's risk assessment activities, business, financial, technical, commercial, legal and compliance functions supervised by members of management work together and assess types of risk based on written reports prepared by each function and presented to the entire management on a weekly basis and identify the steps needed to manage risks. These organizational units report directly to the CEO.

The assessment of financial risks is a part of every planning and forecasting process as well as preparing new investment decisions. Decisions regarding risks identified during planning and forecasting and how they should be managed are made. For new investments, the management of expected risks is already covered by the proposal.

The Company's controlling system is centralized, covers all subsidiaries of the Company and is supervised by the Controlling Director. In respect of the various subsidiaries of the Company Group, the controlling activity monitors and tracks progress against targets, on the basis of the expectations of individual plans annually updated by the Board of Directors. The controlling organization continuously monitors and tracks the changes and risk factors against the plans, and draws up a report on them for management each month. Jointly with the management, the CEO determines the necessary steps in line with the objectives set by the Board of Directors.

The organizational units specializing in energy trading act in accordance with their own risk management policies. The Company Group places particular emphasis on mitigating its market risks. The objective of risk management is at all times to establish economically sustainable operation through the mitigation of the effects of market uncertainties on company profit, and to ensure stable and predictable cash-flow. Market risks resulting from the volatility of natural gas and electricity prices is typically mitigated through natural gas and electricity hedging transactions. The Company's market risk management is essentially divided into three segments – market-priced heat energy production and sales, regulated-price heat energy production and sales, and cogenerated heat and electricity production – and two time horizons – short-medium term (the unit price of heat energy sales can be accurately defined) and medium term (the unit price of heat energy sales cannot be accurately defined). Market exposures are mitigated through the hedging of basic products synchronous with the Company's physical market exposures with derivative instruments quoted on various financial and physical markets. The forum for managing the above-mentioned risks is the Risk Management Committee, whose members are the Financial Director, the Director of Wholesale Energy Trading and VPP Management and the Chief Executive Officer.

Due to the changes at the ALTEO Group in 2015, resulting in considerable growth and a more complex business operations than before, a compliance program for the Company Group was developed in the second half of the year.

In the course of the development of the program, the management assigned Compliance its place in the corporate structure, determined its scope of competence and its responsibilities, the Compliance Committee was set up, the risk map of the Company Group was drawn up on the basis of executive self-assessments, the regulation of and rules of procedure for compliance audits (conflict of interest, business partner due diligence, ethics and compliance audits) were developed, and the first Code of Ethics constituting a key component of the program was also created.

The implementation of the compliance program, pursuant to a mandate from the CEO, is the responsibility of the compliance manager. The compliance manager is responsible for ensuring compliance with applicable laws, internal policies and the Company's Code of Ethics, for identifying any unethical or unlawful non-compliance or non-compliance involving excessive business or work safety risks, breaches and violations of rights, for assigning responsibilities, initiating corrective measures and following up on actions taken by business areas.

The Company complies with legal requirements on disclosure and publication – particularly with the provisions of Act CXX of 2001 on Capital Markets, Act V of 2013 on the Civil Code and Decree 24/2008. (VIII. 15.) of the Ministry of Finance on the Detailed Rules of Disclosure Obligations related to Publicly Traded Securities – in accordance with the relevant provisions set forth in the Budapest Stock Exchange regulations.

VII. The auditor

The Company's auditor is Deloitte Könyvvizsgáló és Tanácsadó Korlátolt Felelősségű Társaság (seated at: H-1068 Budapest, Dózsa György út 84/C.; company registration number: 01-09-071057). The auditor is appointed for the period between April 26, 2019 and the date of adoption of the General Meeting's resolution on the report for the business year ending on December 31,

2019 or until May 31, 2020, whichever occurs earlier. The auditor personally responsible for auditing the Company is Dr. Attila Hruby.

Based on the Audit Committee's prior approval as provided for by Regulation (EU) No 537/2014, in 2019 the Company and its subsidiaries used non-audit services provided by Deloitte Kft, the auditor tasked with the audit of the Company's annual financial statements, and another company belonging to the auditor's network. When giving its prior consent, the Audit Committee properly assessed the threats to independence and the relevant safeguards. The aggregate fees of these services remained below the threshold provided for by Regulation (EU) No 537/2014.

VIII. Disclosure and Insider trading policy

The Company discloses its notices and announcements, in line with legal regulations and stock exchange policies, on the Company's website at www.alteo.hu, as well as the official dedicated websites of the Budapest Stock Exchange ("BSE") and the Central Bank of Hungary ("MNB") and, in cases specified by law, in the Company Gazette, and in cases specified by law, also sends them to the media.

In addition to effective legal regulations, the publication, time and content of notices are governed by the policies of the BSE and the MNB.

IX. Insider trading policy

The Company has in place an internal regulation covering persons possessing inside information in complete conformity with the relevant legal requirements in force. The Company discloses in compliance with the legal requirements and internal regulations all transactions of senior executives and related persons performed in connection with ALTEO shares and publishes them in mandatory publication places.

X. Rules on the exercise of shareholder rights and the conducting of the General Meeting

The Company has issued registered dematerialized shares with a nominal value of HUF 12.5 per share, with each share conferring identical shareholder rights.

The rules on the exercise of shareholder rights and the conducting of the General Meeting are contained in the effective laws and the Company's Articles of Association.

The prerequisite for participation of the shareholder (or the proxy of the shareholder, or in case of jointly owned shares, the joint proxy) at the General Meeting and the exercise of shareholder rights is the registration of the shareholder or the proxy thereof in the Company's share register by no later than 6. p.m. on the second working day preceding the commencement date of the General Meeting (closing of the share register). The Board of Directors, in accordance with the provisions of the Articles of Association, requires from KELER Központi Értéktár Zrt. (KELER) shareholder identification according to the rules of procedure of KELER Központi Értéktár Zrt., and KELER – as the person in charge of managing the share register – at the instruction of the Board of Directors deletes all data valid at the time of shareholder identification and, at the same time, registers the data resulting from the shareholder identification in the share register, and closes the share register.

The shareholder may exercise their shareholder rights by proxy. The Company's permanent auditor may not act as proxy. Neither may a member of the Board of Directors, an employee of the Company holding an executive position or a member of the Supervisory Board be a proxy, unless such persons have, as proxy, a clear voting instruction issued by the authorizing shareholder for each proposal for resolution. The letters of proxy must be submitted to the Company in the form of a notarized deed or a private deed of full probative force by the closing of the share register at the latest.

The voting right of the holders of ordinary shares is adjusted to the nominal value of the ordinary shares: each “A” series ordinary share with a nominal value of HUF 12.5 confers the right to cast one vote.

The closing of the share register does not limit the right of any person registered in the share register to transfer their shares following the closing of the share register. Any transfer of shares prior to the starting day of the General Meeting will not preclude the right of a person registered in the share register to participate in the General Meeting and to exercise the rights to which they are entitled as a shareholder.

The shareholder is entitled to request information from the Board of Directors regarding any item on the agenda of the General Meeting by way of a written request submitted at least eight days prior to the date of the General Meeting. The Board of Directors may only refuse to provide such information if this would, in its opinion, constitute a violation of the Company’s business secrets.

Shareholders holding at least one percent of the votes may ask the Board of Directors in writing to put a specific issue on the agenda of the General Meeting, or they may also submit a proposal for resolution for agenda items. Shareholders may exercise this right within eight days of the publication of the relevant notice.

The Board of Directors convenes the General Meeting at least once a year. The venue of the General Meeting is the Company’s registered office, unless the Board of Directors indicates a different venue in the invitation sent to the Company’s shareholders. The General Meeting must be convened by way of a notice, at least thirty days prior to its starting day.

The General Meeting has quorum if the shareholders or their proxies representing more than fifty percent of the shares with voting rights are present at the General Meeting. In the absence of a quorum, a repeated General Meeting will have quorum in respect of the matters on its agenda for the previous General Meeting, irrespective of the number of shareholders (proxies) present. The General Meeting passes its resolutions, with the exceptions set out in the Articles of Association and the Civil Code, with a simple majority of the votes of the attending shareholders.

XI. Remuneration statement

Pursuant to the Civil Code, disclosure of the remuneration statement is no longer mandatory. Given their respective positions, the Company provided the following remunerations to its Board of Directors and Supervisory Board: The Board of Directors of the Company:

Name	Position	Legal title of remuneration	Amount of remuneration
Attila László Chikán	Member of the Board of Directors entitled to hold the title of CEO	honorarium	HUF 250,000 / month
Domonkos Kovács	Member of the Board of Directors, M&A and Capital Markets Director	honorarium	HUF 250,000 / month
Gyula Zoltán Mező	Chairman of the Board of Directors	honorarium	HUF 250,000 / month
Zsolt Müllner	Member of the Board of Directors	honorarium	HUF 250,000 / month
Ferenc Karvalits	Member of the Board of Directors	honorarium	HUF 250,000 / month

The Supervisory Board of the Company:

Name	Position	Legal title of remuneration	Amount of remuneration
István Zsigmond Bakács	Chairman of the Supervisory Board	honorarium	HUF 250,000 / month
Dr. István Borbíró	Member of the Supervisory Board	honorarium	HUF 200,000 / month
Péter Jancsó	Member of the Supervisory Board	honorarium	HUF 200,000 / month
Dr. János Lukács	Member of the Supervisory Board	honorarium	HUF 200,000 / month
Noah M. Steinberg	Member of the Supervisory Board	honorarium	HUF 200,000 / month

As part of the Corporate Governance Report the Company makes the following statements concerning the application of the requirements set forth in the Corporate Governance Recommendations (“CGR”) issued by the Budapest Stock Exchange within its own corporate governance practice:

1.1.1. The Company has an internal unit charged with investor relations or these tasks are performed by a person appointed specifically for that purpose.

Yes

No

Explanation:

1.1.2. The Articles of Association is 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, the Company published the methods and conditions of doing so, including all necessary documents.

Yes

No

Explanation: The Articles of Association does not allow shareholders to exercise their rights in their absence.

1.2.1. The Company published on its website, in a summary document, the rules governing the process of the General Meeting and the exercise of shareholders’ voting rights.

Yes

No

Explanation:

1.2.2. The Company published 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: the record date was published taking into account the date of the corporate event in compliance with the provisions of the Civil Code.

1.2.3. The General Meeting was held in a way to ensure the highest degree of attendance of shareholders.

Yes

No

Explanation:

1.2.6. The Company did not limit shareholders’ right to appoint a separate proxy holder for each securities account to any General Meeting.

Yes

No

Explanation:

1.2.7. In the submissions prepared for each item on the agenda, the Supervisory Board’s opinion was available for the shareholders besides the proposal of the Board of Directors.

Yes

No

Explanation:

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

Yes

No

Explanation:

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

Yes

No

Explanation:

1.3.5. The Company published on its website within three working days its answers to any question raised at a General Meeting which the attending representatives of the Company's organs or the auditor could not sufficiently address, or its reasons why it abstains from answering any certain question.

Yes

No

Explanation: no such question was raised.

1.3.7. The Chairman of the General Meeting adjourned the meeting or made a proposal to suspend the meeting, if any question was added to the agenda, which the shareholders were prevented from learning about prior to the meeting.

Yes

No

Explanation: no such motion or proposal was submitted.

1.3.8.1. The Chairman of the General Meeting did not resort to a combined voting procedure concerning the decisions to appoint or remove executive officers and the members of the Supervisory Board.

Yes

No

Explanation:

1.3.8.2. In case of executive officers and Supervisory Board members nominated with shareholder support, the Company provided information concerning the identity of such supporting shareholder(s).

Yes

No

Explanation:

1.3.9. Prior to addressing the agenda items concerning the modification of the Articles of Association the General Meeting passed a separate resolution on whether it intends to decide separately on each modification points or in certain consolidated resolutions aggregated based on certain criteria.

Yes

No

Explanation:

1.3.10. The Company published within 30 days upon holding the General Meeting the minutes of the General Meeting which included the resolutions and the resolution proposals as well as any material questions and answers connected with the resolution proposals.

Yes

No

Explanation: The Company published the General Meeting's resolutions in accordance with the previously applicable Corporate Governance Recommendations.

1.5.1.1. The Board of Directors/Management Board or a committee consisting of Board of Directors/Management Board members established guidelines and rules concerning the performance review and remuneration of the Board of Directors/Management Board, the Supervisory Board and the management.

Yes

No

Explanation: The remuneration of the Board of Directors and the Supervisory Board falls within the exclusive competence of the General Meeting. The remuneration of employees in the management falls within the competence of the person exercising the employer's rights. The Company distributes bonuses according to rules set down in writing.

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

Yes

No

Explanation:

1.5.1.3. The Supervisory Board expressed its opinion on the remuneration guidelines established by the Board of Directors/Management Board or a committee consisting of Board of Directors/Management Board members.

Yes

No

Explanation: The Board of Directors did not establish any remuneration guidelines, since that falls within the competence of the General Meeting.

1.5.1.4. The remuneration principles covering the Board of Directors/Management Board and the members of the Supervisory Board (including any significant modifications thereof) were approved by the General Meeting under a separate agenda item.

Yes

No

Explanation:

1.5.2.1. The determination of the remuneration and the performance review of the management falls within the competence of the Board of Directors/Management Board.

Yes

No

Explanation: These tasks are carried out by a member of the Board of Directors authorized by the Board of Directors to act as chief executive officer, who is at the same time the person entitled to exercise the employer’s rights.

1.5.2.2. Unusual remuneration for the members of the management and any change thereof was approved as a separate item on the General Meeting’s agenda.

Yes

No

Explanation: Such issue was not submitted to the General Meeting in 2019.

1.5.3.1. The principles of the share-based remuneration scheme were approved by the General Meeting.

Yes

No

Explanation: Only non-executive employees benefitted from a share-based remuneration during the calendar year 2019 following the Board of Directors’ decision, within the framework of the employee share award scheme proposed by the Company on June 6, 2018.

1.5.3.2. The shareholders received detailed information concerning share-based remuneration schemes before any decisions were taken at the General Meeting in this subject (at least as per described in section 1.5.3).

Yes

No

Explanation: Such issue was not submitted to the General Meeting in 2019.

1.5.4. The Company has a remuneration scheme in place which does not incentivize the staff to focus only on short-term maximization of the share price.

Yes

No

Explanation:

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

Yes

No

Explanation:

1.5.6. The Company prepared for the shareholders an information notice (a “Remuneration Statement”) about the remuneration principles of the members of the Board of Directors/Management Board and the Supervisory Board on the one hand and their actual remuneration on the other hand – with the content and details provided for by the sectoral legislation – which was submitted to the General Meeting. The Remuneration Statement presented the remuneration of the members of the Board of Directors/Management Board and the Supervisory Board plus the principles of their performance review and the award process. The statement includes information on the board-level remuneration of the Board of Directors/Management Board and the Supervisory Board, detailing the fix and variable elements and other benefits, as well as the principles of the remuneration scheme and how it changed compared to the previous financial year.

Yes

No

Explanation: The remuneration statement is included in the present report.

1.6.1.1. The Company’s publication guidelines cover the procedures for electronic, online disclosure.

Yes

No

Explanation: The Board of Directors did not consider it to be necessary to lay down separate principles, since the Company complies with publication obligations in accordance with the applicable laws and regulations issued by the BSE and the Central Bank of Hungary.

1.6.1.2. The Company has designed its website taking into account the disclosure aspects and the provision of information to investors.

Yes

No

Explanation:

1.6.2.1. The Company has an internal regulation as regards disclosure, which covers the processing of the information indicated in section 1.6.2 of the Recommendations.

Yes

No

Explanation:

1.6.2.2. The Company’s internal regulations cover the qualification of the events which are relevant from a disclosure point of view.

Yes

No

Explanation:

1.6.2.3. The Board of Directors/Management Board made an assessment on the effectiveness of the disclosure procedures.

Yes

No

Explanation: No such assessment was made in 2019.

1.6.2.4. The Company published the findings of the assessment of the publication process.

Yes

No

Explanation: No such assessment was made in 2019.

1.6.3. The Company published its annual company event calendar.

Yes

No

Explanation:

1.6.4. The Company published its strategy, business ethics and its guidelines concerning other interested parties.

Yes

No

Explanation:

1.6.5. The Company disclosed in its annual report or on its website information regarding the professional curriculum of the members of the management, the Board of Directors/Management Board and the Supervisory Board.

Yes

No

Explanation:

1.6.6. The Company disclosed proper information about the work performed by the management, the Board of Directors/Management Board, the Supervisory Board and the review thereof, indicating any change occurring during the current year.

Yes

No

Explanation:

1.6.7.1. The Company disclosed its remuneration guidelines in accordance with the recommendations set forth section 1.5.

Yes

No

Explanation: The Company does not have a Remuneration Committee; members of the corporate bodies carry out their functions for the same remuneration ever since the Company's shares was admitted to the BSE.

1.6.7.2. The Company disclosed its remuneration statement in accordance with the recommendations set forth section 1.5.

Yes

No

Explanation: The Remuneration statement is included in the present report.

1.6.8. The Company disclosed its risk management guidelines and its information about the system of its internal controls, together with the main risks and the management thereof.

Yes

No

Explanation: The information concerning the operation of the controlling system is included in the present statement, the risk evaluation is included in the Company's effective Prospectus.

1.6.9.1. The Company disclosed its guidelines on the securities trading of the Company's shares by insider persons.

Yes

No

Explanation: The Company follows the applicable laws and its insider trading policy as regards the insider trading of its securities. The Company made sure that the persons covered by the policy actually are aware of the provisions of the policy.

1.6.9.2. The Company disclosed in its annual report or otherwise the interests of the members of the management, the Board of Directors/Management Board and the Supervisory Board in the Company's shares and in the share-based incentive scheme.

Yes

No

Explanation:

1.6.10. The Company disclosed any relationship that any member of the Board of Directors/Management Board, the Supervisory Board and the management has with any third person that can have an impact on the Company's operation.

Yes

No

Explanation: The Company has no knowledge of any relationship giving rise to such disclosure.

2.1.1. The Articles of Association is unequivocal about the tasks and competences of the General Meeting and the Board of Directors/Management Board.

Yes

No

Explanation:

2.2.1. The Board of Directors/Management Board has its Rules of Procedure, which defines the tasks regarding the preparation and the organization of the meetings, the task connected to the adopted resolutions and other issues concerning the operation of the Board of Directors/Management Board.

Yes

No

Explanation:

2.2.2. The nomination procedure and the principles of remuneration regarding the members of the Board of Directors/Management Board were disclosed by the Company.

Yes

No

Explanation: The Company does not have a Nomination Committee; members of the Board of Directors carry out their functions for the same remuneration ever since the Company has been listed on the BSE.

2.3.1. The Supervisory Board specifies the operation, the competences and the tasks of the Board in its Rules of Procedure and in its work plan, including all the administration rules and procedures that the Supervisory Board operates by.

Yes

No

Explanation:

2.4.1.1. The Board of Directors/Management Board and the Supervisory Board held meetings at previously planned regular intervals.

Yes

No

Explanation:

2.4.1.2. The Rules of Procedure of the Board of Directors/Management Board and the Supervisory Board sets out the rules on the organization of the meetings which cannot be planned in advance, and on the decision-making process using electronic communication means.

Yes

No

Explanation:

2.4.2.1. Any submission relating to any meeting of a corporate body was made available to the concerned member of the body at least five working days before the meeting.

Yes

No

Explanation:

2.4.2.2. The Company arranged for the proper conduct of the meetings, the drawing up of minutes of the meetings, and management of the resolutions made by the Board of Directors /Management Board and the Supervisory Board.

Yes

No

Explanation:

2.4.3. The Rules of Procedure governs the right of persons who are not members of a corporate body to attend such meetings on a regular or an exceptional basis.

Yes

No

Explanation:

2.5.1. The nomination and the election of the members of the Board of Directors/Management Board and the Supervisory Board was transparent, the information concerning the nominees were made available in due time before the General Meeting.

Yes

No

Explanation: Nobody was nominated and elected to be a member of a corporate body in 2019.

2.5.2. The composition and number of members within each corporate body comply with the principles laid down in section 2.5.2 of the Recommendations.

Yes

No

Explanation:

2.5.3. The Company made sure that the newly elected members are informed about the Company's structure and operation as well as about the tasks they are entrusted with as members of a corporate body.

Yes

No

Explanation: Nobody was nominated and elected to be a member of a corporate body in 2019.

2.6.1. The Management Board/Supervisory Board requested (in the context of preparing the annual corporate governance report) its members considered to be independent to confirm their independence at regular intervals.

Yes

No

Explanation:

2.6.2. The Company provides information about the measures which ensure that the Board of Directors/Management Board evaluate the management's activities in an objective way.

Yes

No

Explanation:

2.6.3. The Company discloses on its website its guidelines concerning the independence of the Board of Directors and the Supervisory Board, together with the applied criterion of independence.

Yes

No

Explanation: The Company applies the rules laid down in the Civil Code.

2.6.4. The Supervisory Board of the Company does not have any members who have held any position in the Board of Directors or in the management of the Company during the five years prior to their appointment, not including cases when they were involved to ensure employee participation.

Yes

No

Explanation:

2.7.1. The member of the Board of Directors/Management Board informed the Board of Directors/Management Board (Supervisory Board/Audit Committee) where the member (or any other person he/she is in business relationship with, including such person's relative) had any interest tied to the Company (any subsidiary thereof) or to any of its transactions which resulted in losing his/her independence.

Yes

No

Explanation: The Company has no knowledge of any such circumstance.

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

Yes

No

Explanation:

2.7.3. The member of the corporate body informed the Supervisory Board/Audit Committee (Nomination Committee) where he/she was invited to be a member of a corporate body or the member of the management at a company outside the group.

Yes

No

Explanation:

2.7.4. The Board of Directors/Management Board developed guidelines for the flow of information and the management of insider information within the Company and monitored compliance with the same.

Yes

No

Explanation:

2.8.1. The Company has an independent internal audit unit which reports to the Audit Committee/Supervisory Board.

Yes

No

Explanation:

2.8.2. The internal audit unit has unlimited access to all information necessary for their audit purposes.

Yes

No

Explanation:

2.8.3. The shareholders received information on the operation of the internal control system.

Yes

No

Explanation:

2.8.4. The Company has a Compliance unit.

Yes

No

Explanation:

2.8.5.1. The Board of Directors/Management Board or a Committee set up by it is responsible for operating and supervising the Company's complete risk management.

Yes

No

Explanation:

2.8.5.2. The competent corporate body and the General Meeting received information about the effectiveness of the risk management procedures.

Yes

No

Explanation:

2.8.6. The Board of Directors/Management Board developed appropriate risk management guidelines in line with the sectoral and corporate specificities, involving all concerned areas.

Yes

No

Explanation:

2.8.7. The Board of Directors/Management Board developed internal control guidelines, which ensure the management and the control of the risks concerning the Company, as well as the attainment of the Company's objectives in terms of performance and profit.

Yes

No

Explanation:

2.8.8. The internal control units reported at least once to the competent corporate body about the functioning of the internal control mechanisms and corporate governance.

Yes

No

Explanation:

2.9.2. The Board of Directors/Management Board invited the Company’s auditor to attend the meetings addressing the financial report, in a consultative capacity.

Yes

No

Explanation:

Compliance level as per the Recommendations

The Company has to indicate whether it applies the FTA’s relevant suggestion or not. (Yes/No). The Company has the option to motivate any derogation from the proposals.

1.1.3. 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. The Company determines the date and place of a General Meeting initiated by the shareholders taking into account the initiating shareholders’ proposal.

Yes

No

(Explanation:) the shareholders did not initiate to hold any General Meeting.

1.2.5. The voting procedure applied by the Company ensures that the results can be established in an unequivocal, clear and speedy manner, or in case of an electronic voting procedure it ensures its credibility and reliability.

Yes

No

(Explanation:)

1.3.1.1. The Board of Directors/Management Board and the Supervisory Board were represented at the General Meeting.

Yes

No

(Explanation:)

1.3.1.2. In the event the Board of Directors/Management Board and the Supervisory Board was absent, it was 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 do 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/Management 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.

Yes

No

(Explanation:)

1.3.2.2. The Articles of Association of the Company do 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.

Yes

No

(Explanation:)

1.3.6. The annual report of the Company prepared as specified in the Accounting Act contains 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 1.4.1, the Company paid dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents.

Yes

No

(Explanation:)

1.6.11. The Company published its information in English as well, in line with the provisions of section 1.6.11.

Yes

No

(Explanation:)

1.6.12. The Company informed its investors regularly but at least every three months about its operation, financial situation and its assets.

Yes

No

(Explanation:)

2.9.1. The Company established internal procedures concerning the use of exterior consultant(s) and their out-sourced services.

Yes

No

(Explanation:)

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