

# **STATEMENT**

on

## **ALTEO Nyrt.'s Corporate Governance Practice<sup>1</sup>**

based on the

**Corporate Governance Recommendations  
of Budapest Stock Exchange Ltd.**

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<sup>1</sup> In this document, the corporate bodies and their operations are presented only in relation to the year 2022 of ALTEO Plc. Thus, it does not cover the presentation of the extraordinary general meeting proposals on April 3, 2023, as well as the resignations of the members of the Board of Directors prior to that.

## I. 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 effective law, 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 in place.

The Board of Directors consists of five members.

<b>Name</b>	<b>Position</b>
<b>Attila László Chikán</b>	Member of the Board of Directors entitled to hold the title of CEO
<b>Domonkos Kovács</b>	Member of the Board of Directors, M&A and Capital Markets Deputy CEO
<b>Gyula Zoltán Mező</b>	Chairman of the Board of Directors
<b>Zsolt Müllner</b>	Member of the Board of Directors
<b>Ferenc Karvalits</b>	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 the law 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 of the Company is authorized 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 16 meetings in 2022, and passed resolutions on 35 occasions without meeting. Four Board members attended three of the Board meetings, and all of the members attended thirteen 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 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 the management and to 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:

<b>Name</b>	<b>Position</b>
<b>Zoltán Bodnár</b>	Chief Financial Officer
<b>Domonkos Kovács</b>	Deputy CEO, M&A and Capital Markets
<b>Péter Luczay</b>	Deputy CEO for Production Management and Business Development
<b>Viktor Varga</b>	Deputy CEO for Energy Production and Energy Supply
<b>Anita Simon</b>	Deputy CEO for Sustainability and Circular Economy

### 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 the laws 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 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 (<https://alteo.hu/az-alteo/szervezet/felugyelo-bizottsag/>).

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

<b>Name</b>	<b>Position</b>	<b>Date of appointment</b>
<b>István Zsigmond Bakács</b> (independent)	Chairman of the Supervisory Board	April 30, 2020
<b>dr. István Borbíró</b> (independent)	Member of the Supervisory Board	April 30, 2020
<b>Péter Jancsó</b>	Member of the Supervisory Board	April 30, 2020
<b>Dr. János Lukács</b> (independent)	Member of the Supervisory Board	April 30, 2020
<b>Attila Gyula Sütő</b>	Member of the Supervisory Board	April 30, 2020

The Supervisory Board meets as required, but at least every 3 (three) months. It held five meetings in 2022, and no resolution was passed 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 2022, and no resolution was passed in writing.

#### **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 the applicable laws 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 the types of risks involved based on reports prepared by each function and presented to the appropriate decision-making body or management member at specific intervals and identify the actions needed to manage risks.

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 CFO of the company. 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 unit specializing in energy retail acts in accordance with its own risk management policy. 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.

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

The implementation of the Compliance Management System is the responsibility of the Director of Ethics, Compliance and Control, pursuant to a mandate from the CEO. The compliance manager is responsible for ensuring compliance with the applicable laws, internal policies and the Company's Code of Ethics, for identifying unethical, unlawful or excessive business non-compliance, for assigning responsibilities, initiating corrective measures and following up on actions taken by business areas. They are also responsible for delivering training on policies related to compliance (Code of Ethics, Privacy Policy, Information Security Policy), conducting conflict-of-interest assessments and initiating measures, supporting operation complying with data protection laws, promoting fraud-free and corruption-free operation, supporting the selection of appropriate business partners, supporting the establishment of the information security and human security requirements and criteria required by the law, and supporting and monitoring the establishment of the necessary property protection and physical security requirements and criteria.

The Ethics, Compliance and Control organization fundamentally pursues a supportive, preventive and control activity, with these roles enforced collectively, aimed at preventing damages and abuse, and minimizing risks across the entire operation of the Company.

The Company is committed to creating and maintaining a safe working environment that does not represent a threat to health. To this end, the Sustainability and HSE Directorate shall be responsible for ensuring HSE compliance on the employer's side, which is performed in collaboration with the HSE representatives selected from among Company employees.

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 Minister 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 current auditor is BDO Magyarország Könyvvizsgáló Korlátolt Felelősségű Társaság (registered office: H-1103 Budapest, Kőér utca 2/A, C. ép., company registration number: 01-09-867785). The auditor is appointed for the period between April 30, 2020 and the date on which the General Meeting's resolution on the statement (prepared in accordance with the Accounting Act) for the fiscal year ending on December 31, 2022 is adopted, but not later than May 31, 2023. The auditor personally responsible for auditing the Company is Péter Krisztián Kékesi.

In 2022, the Company did not use non-audit services provided by the auditor or any other company belonging to the auditor's network.

## **VIII. Disclosure and insider trading policy**

The Company discloses its notices and announcements, in line with the legal regulations and the stock exchange policies, on the Company's website at [www.investors.alteo.hu](http://www.investors.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 laws, 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 by senior executives of the Company and related persons 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 the participation of shareholders (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 6:00 p.m. on the second business 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 shareholder identification according to the rules of procedure of KELER Központi Értéktár Zrt. (KELER), and KELER, as the person in charge of managing the share register and acting 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 executive employee of the Company 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 shall convene 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 a simple majority of the votes of the attending shareholders, with the exceptions set out in the Articles of Association and the Civil Code.

## **XI. On compliance with the provisions of Act LXVII of 2019 on the Encouragement of Long-Term Shareholder Engagement and the Amendment of Certain Acts with a View to Legislative Harmonization**

In 2020, the Company drew up a Remuneration Policy, which was adopted by the Board of Directors acting within the competence of the General Meeting on April 30, 2020. The Remuneration Policy was then amended by the Board of Directors acting within the competence of the General Meeting on April 19, 2021, consolidated with the amendments. The adopted Remuneration Policy remains in force until a decision of the General Meeting stipulating otherwise is adopted, but for not more than three (3) years. The Board of Directors reviews the Remuneration Policy at least every three years, and if it deems its amendment to be justified, it submits the revised version of the Remuneration Policy to the General Meeting for approval.

If the General Meeting rejects the proposed Remuneration Policy, the Board of Directors must submit the revised remuneration policy for a repeated advisory vote at the next General Meeting.

If the Policy is revised, it must contain the description and explanation of all material changes implemented in respect of the Remuneration Policy since the last General Meeting vote, and must also present how it takes the opinions and votes of shareholders regarding the Remuneration Policy and the reports into consideration.

Implementing the Remuneration Policy is the task and responsibility of the Chief Executive Officer. The CEO informs the Board of Directors as needed about the implementation of the Remuneration Policy, prepares and submits to the Board of Directors the draft of the Remuneration Report and also reports on the Company's situation to the Supervisory Board four times each year, as part of which it also details the implementation of the Remuneration Policy.

The Company's Board of Directors prepares the Remuneration Report on an annual basis based on the proposal by the CEO, approves the Report by way of a resolution adopted with simple majority and, after an audit conducted by the Company's permanent auditor, submits it to the ordinary annual session of the General Meeting for an advisory vote with the opinion of the Supervisory Board attached.

The Remuneration Report provides a comprehensive overview of the remuneration, including all benefits in whatever form, awarded to Directors in accordance with the Remuneration Policy during, or based on the results of, the previous fiscal year, as well as the elements mandatorily set out in Section 19(2) and (3) of the Act while respecting applicable data protection provisions.

Following the resolution of the General Meeting, the Company makes the Remuneration Report publicly available – free of charge – on its website for a period of at least ten (10) years.

The Company specifies whether it applies the relevant recommendation or not, and if it does not, it describes briefly the reasons why a particular recommendation has not been implemented.

**1.1.1.** The Company has an organizational 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: Shareholders may exercise their shareholder rights by proxy and the applicable conditions are published in the invitation to the General Meeting and on the Company's website. The Company's permanent auditor may not act as proxy. Neither may a member of the Board of Directors, an executive employee of the Company 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. The Company's Articles of Association does not allow for participation at the General Meeting through electronic means of communication.

**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 (reporting date), and also the last day when the shares granting eligibility for participating in a given company event are traded.

Yes

No

Explanation: The reporting date was defined with respect to the date of the corporate event in compliance with the provisions of the Civil Code and the policies of KELER.

**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 made available to the shareholders, in addition to 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 business 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: No such motion or proposal was submitted.

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

Yes

No

Explanation: The General Meeting decided on amending the Articles of Association when discussing the agenda item set out in the invitation.

**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: In accordance with the Corporate Governance Recommendations, the Company published the resolutions of the General Meeting.

### **Questions under Section 1.5 are repealed**

**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 completed in 2022.

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

**Yes**

**No**

Explanation: No such assessment was completed in 2022.

**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:

**Questions under Sections 1.6.7.1-2. are repealed**

**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 Information Memorandum.

**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 published the interests held by the members of the Board of Directors/Management Board, the Supervisory Board and management in the Company's shares in its annual report or by other means.

Yes

**No**

Explanation:

**1.6.10.** The Company disclosed all relationships that the members of the Board of Directors/Management Board, the Supervisory Board and management have with third parties 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 Rules of Procedure in place, which define 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 procedure for the nomination of the Board of Directors/Management Board members is published by the Company.

Yes

No

Explanation: The Company has no specific procedure for nomination.

**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 agreed regular intervals.

Yes

**No**

Explanation:

**2.4.1.2.** The Rules of Procedure of the Board of Directors/Management Board and the Supervisory Board set 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.** Submissions relating to meetings of corporate bodies were made available to the concerned member of the body at least five business days before the meeting.

Yes

**No**

Explanation: Members of the body received the submissions by the date set in the rules of procedure.

**2.4.2.2.** The Company arranged for the proper conduct of the meetings, the drawing up of meeting minutes, and management of the resolutions adopted 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: This is standard procedure for the Company, but no new members were elected in 2022.

**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: This is standard procedure for the Company, but no new members were elected in 2022.

**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 fashion.

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 circumstances that would require information to be published.

**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) if 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: The General Meeting received no information about the effectiveness of the risk management procedures.

**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 statement, in a consultative capacity.

Yes

**No**

Explanation: The Supervisory Board invited the Company's auditor to attend the meetings addressing the financial statement, in a consultative capacity.

#### 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 even if they are not present in person.

Yes

**No**

Explanation: Shareholders may exercise their shareholder rights by proxy and the applicable conditions are published in the invitation to the General Meeting and on the Company's website. The Company's permanent auditor may not act as proxy. Neither may a member of the Board of Directors, an executive employee of the Company 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. The Company's Articles of Association does not allow for participation at the General Meeting through electronic means of communication.

**1.2.4.** The Company determines the date and place of the General Meeting initiated by the shareholders taking into account the initiating shareholders' proposal.

Yes

**No**

(Explanation: Shareholders did not initiate the convening of the 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.** Whenever the Board of Directors/Management Board and the Supervisory Board was absent, this fact was disclosed by the Chairman of the General Meeting before the discussing of the agenda began.

Yes

**No**

(Explanation: This is standard practice for the Company; however, a number of members of the Board of Directors and the Chair of the Supervisory Board were present at the General Meeting so no information was needed to be provided about their absence.)

**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 key 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 business 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 quarter about its operation, financial situation and its assets.

Yes

**No**

(Explanation:)

**2.9.1.** The Company established internal procedures concerning the use of third party consultant(s) and their outsourced services.

**Yes**

**No**

(Explanation: The Company established no internal procedures concerning the use of third party consultants and their outsourced services.)

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