



## **Corporate Governance Report - 2018**

### **Graphisoft Park SE Ingatlanfejlesztő Európai Részvénytársaság**

(1031 Budapest, Záhony utca 7., Cg.:01-20-000002)

in accordance with the Corporate Governance Recommendations of the  
Budapest Stock Exchange

#### **General Information on the report of Corporate Governance**

Graphisoft Park SE (1031 Budapest, Záhony utca 7. Cg. 01-20-000002; hereinafter “company”) places great emphasis on implementing the Corporate Governance Recommendations and Guidelines, taking into account the relative small size of the group of companies formed by the company and its subsidiaries and its simple organization structure (in average 26 employees, one-tier board, 6 members of the board of directors). The management of the company continuously improves its operational and monitoring practices.

The board of directors presents its Corporate Governance Report for the business year 2018 to the attention of the General Meeting in the form below as prescribed by the Corporate Governance Recommendations of the Budapest Stock Exchange and by the provisions of Act 5 of 2013 on the Civil Code.

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

The Board of Directors consists of 5 to 11 members. The Directors are all natural persons. The majority of the members of the Board of Directors must qualify as “independent person”. Board members are regarded as independent if they have no legal relations with the Company other than their membership of the Board of Directors. The Board of Directors establishes its own rules of procedure (“Rules of Procedure”) in accordance with the provisions of the Articles of Association and the Civil Code. The Board of Directors has a quorum if the majority of the members of the Board of Directors are present at the meeting or during the alternative decision-making procedure.

The board of directors is continuously monitoring the operations of the company. The board of directors holds its meetings more often than required, applying alternative methods (telephone, or other electronic communication methods). It requires and receives information continuously from the executive management. The board of directors does not take part in the daily management of the operations of the company.

The board of directors and the executive management are performing their duties with continuous legal support, supplementing the necessary time frame and expenditure to ensure



that all decisions are prepared responsibly, well founded financially and legally, taking into primary consideration the interests of the shareholders.

**An introduction of the management / board of directors, the audit committee and their members (with indicating the status of independence with each member) and the composition of each committee.**

**Gábor Bojár:** chairman of the board of directors. Non-independent, represents the company individually.

**János Kocsány:** member of the board of directors, chief executive office. Non-independent, represents the company individually as chief executive officer.

**András Szigeti:** member of the board of directors. Independent, represents the company jointly.

**Dr. János Kálmán:** member of the board of directors and the audit committee. Independent, represents the company jointly.

**Péter Hornung:** member of the board of directors and the audit committee. Independent, represents the company jointly.

**Dr. György Martin-Hajdu:** member of the board of directors and the audit committee. Independent, represents the company jointly.

**Zsuzsa Pálfalvi:** chief executive director of Graphisoft Park Services Kft. (the subsidiary responsible for operations)

The company is operating with a one-tier board, the audit committee members are drawn from the independent members of the board of directors. The chief executive officer responsible for the daily operation of the company is a non-independent member of the board of directors. Member resumes are accessible on the company's website.

<http://www.graphisoftpark.com/corporate-governance>

**Frequency of the meetings of the board of directors and the audit committee in the reporting period, with participation rates.**

Audit Committee meetings: 2.  
Participation rate: 100%



Meetings of the board of directors: 8  
Participation rate: 100%

**Considered factors for the evaluation of the Board of Directors, the Supervisory Board, the executive management, and its members.**

**Reference shall be made to the changes based on the evaluation in the reported period**

The board of directors and the audit committee examined each of the members before deciding on any matter for possible conflicts of interest.

All members participated in meetings of the board of directors and the audit committee.

Before strategic and high impact decisions all members had unrestricted access to information. Implementation of the decisions were monitored by the members.

The board of directors and the audit committee had fulfilled their duties prescribed by law and by the Articles of Association.

The company does not evaluate the members individually.

**Report on the activities of each committee, including the introduction of the members of the committees, the number of meetings held and participation rates, relevant issues discussed at the meetings and the operation of the committees.**

**If the board of directors passed a resolution contrary to the recommendations of the audit committee, the presentation of the operations of the audit committee shall indicate such event (as well as the reasons of the Board of Director's action).**

The audit committee convened twice. The meetings were attended by all members.

The more important matters discussed were:

- auditor tendering
- calling for proposals for appointing the auditor and evaluating the submissions
- reviewing the company's 2018 activities
- reviewing and commenting the IFRS consolidated and individual reports
- controlling of the dividend payments
- proposing the auditor to be appointed with the company and its remuneration
- approving its own report and submitting it to the general meeting



The introduction of the members can be found under the title „An introduction of the management / board of directors, the audit committee and their members (with indicating the status of independence with each member) and the composition of each committee.” Members’ CVs can be found at <http://www.graphisoftpark.com/corporate-governance>.

The Board of Directors did not pass a resolution contrary to the recommendations of the audit committee.

**Presentation of internal controls, evaluation of its application in the reported period.  
Presentation on the efficiency and effectiveness of risk management procedures.  
(Information on the availability of the report on internal controls by the Board of Directors by shareholders.)**

The size of the company does not warrant the implementation of separate policies or designation of an officer besides the already existing internal controlling mechanism. The management and control of financial risks is carried out by the whole of the board of directors and the management continuously. The internal controlling mechanisms designed and implemented by the management aids the handling of risks associated with the operation of the company and support the realization of the company’s business targets. The financial statements are in full compliance with IFRS.

The company’s smaller structure allows the management and the board of directors to be informed directly of all material information and risk.

The management directly approved all financial commitments.

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

Yes, the auditor audited the interim balance sheet (audit related service)

**The company's disclosure policy, and policy on insider trading**

**Publication policy:** the company is committed to operate transparently. It aims to publish reliable and accurate information regarding its existing and expected financial status and conditions meeting and exceeding its legal obligations and the requirements articulated in the recommendations from the stock exchange.

**Insider trading policy:** the company implemented a comprehensive policy regarding insider trading and market manipulation, which covers all employees of the company and its subsidiaries, as well as all persons required by law and persons abiding its provisions



voluntarily by declaration. The policy defines the meaning and scope of insider information, persons accessing insider information, the procedures and persons responsible for classifying information as insider information and the rules for publishing insider information.

The company monitors regulatory actions, agency decisions and recommendations and reviews its policies as needed from time to time.

The small size of the organization structure allows the management to exercise comprehensive control.

### **Exercising shareholders' rights and rules on the conducting of the General Meeting**

The company allows the exercise of shareholder rights as prescribed in the Act 102 of 2011 on regulated real estate investment companies and in its Articles of Association.

The shareholder must be entered into the register of shareholders to be able to exercise his/her/its rights.

The shareholder shall be entitled to participate at the General Meeting, within the framework stipulated by Act V of 2013 request information, and also to submit proposals and motions, and, if they hold shares with voting rights, to vote. The provisions of this notice shall have to be fulfilled in order to participate at the General Meeting and to vote.

Shareholders shall have the right to participate not only in person, but also through a proxy, and one proxy may represent several shareholders. The power of attorney shall be submitted to the Company, in the course of the registration process, in the form of a public document or a private document representing conclusive evidence.

In case of natural persons, the shareholders need to verify their identity by sufficient and reliable proof, in case of non-natural person shareholders, the representation rights of the persons signing the power of attorney or of the persons acting at the General Meeting on behalf of the non-natural person shareholders shall have to be verified by a document issued by the authentic public registration authority, not older than 30 days (for example both an extract from the companies register and a specimen of signature, together, not older than 30 days) or by a notarial deed.

The deeds issued abroad must be presented in a proper form, in compliance with the laws governing the certification and legalization of documents issued abroad. The documents can be issued in Hungarian or English. A certified Hungarian or English translation has to be attached of any documents issued in other languages. The Chairman of the General Meeting or a member of the Board of Directors or the auditor of the Company cannot be appointed as representative of the shareholder.

The securities intermediary registered in the register of shareholders (share register), as the shareholder's proxy (nominee) may act on behalf of the shareholder according to the provisions of Act CXX of 2001 on the Capital Market.



The name of the shareholder or nominee intending to attend the General Meeting must be entered into the register of shareholders until the second working day prior to the starting day of the General Meeting. Those shareholders shall be entitled to exercise their shareholders' rights at the General Meeting whose names are registered in the Register of Shares at 6 p.m. on the second working day prior to the starting day of the General Meeting.

The Company will request the ownership identification from KELER Zrt. for the time of the General Meeting. The rules governing ownership identification are the then current General Business Rules of KELER Zrt. The securities intermediaries shall be obliged to provide for registration of the shareholders in the register of shareholders. The securities intermediaries provide information to the shareholders about the time limit set for execution of the orders submitted to the securities intermediaries for making the entries into the register of shareholders. The Company shall not undertake any liability for the consequences arising from any failures by the securities intermediaries.

For items on the agenda of the General Meeting, the Board of Directors shall be obliged to provide the shareholders with the information necessary to discuss any and all items on the agenda of the General Meeting, so that the shareholders – upon a written request filed at least eight days prior to the General Meeting – shall receive the necessary information at least three days prior to the General Meeting

Shareholders who have minimum one per cent of the votes are entitled to request any additions to the agenda of the General Meeting, in writing, within the time limit stipulated by law, by indicating the reasons thereof, or to submit proposals for resolutions in connection with the agenda.

Method of holding the General Meeting: with attendance in person. The General Meeting shall be held in Hungarian.

Voting rights:

- each “A” series ordinary share shall entitle to one vote per share;
- each “B” series employee share shall entitle to one vote per share. Chapter 13 of the Articles of Association [Quorum, Voting, Voting rights], and the further rules specified in the Management Share Option Plan shall be applied in terms of the voting rights vested in the employee shares.

The Company shall disclose the material data of the draft annual statements prepared according the Accounting Act, and of the reports of the Board of Directors and the Audit Committee, the summary about the number of the shares and of the voting rights existing at the date of the convocation (as well as the separate summary on the different series of shares), as well as the proposals to the agenda items and the draft resolutions, at least twenty one days prior to the General Meeting, according to the provisions of Section 35 of the Articles of Association, with due consideration of Article 3:272 (3) b) of the Hungarian Civil Code.

Voting procedures employed by the company allows the voting results to be clearly and efficiently determined, and are adjusted to the number of participants.



The board of directors and the audit committee is represented on the General Meeting.

Right to receive dividend, payment of dividends: governed by and carried out in accordance with the provisions of the Civil Code, the law on regulated real estate investment companies and the Articles of Association. Turning dates are published in the general meeting invitation and the dividend announcement.

The company designates an officer who is responsible for investor relations. The designated officer can be contacted directly.

The Articles of Association is published on the Company's website.



## REMUNERATION STATEMENT

The Company hereby publishes all the cash and non-cash benefits provided to the members of the Board of Directors, in their capacity as Board Members, during the year 2018, broken down by member and legal title of the given benefit. No separate supervisory board is operating at the Company; the members of the Audit Committee are elected from the members of the Board of Directors.

### **Members and remunerations provided in 2018:**

#### **Gábor Bojár**

The remuneration paid to the Chairman of the Board of Directors under the title of honorarium was gross HUF 600,000 per month.

#### **János Kocsány**

The remuneration paid to the member of the Board of Directors under the title of honorarium was gross HUF 300,000 per month.

#### **Péter Hornung**

The remuneration paid to the member of the Board of Directors and the Audit Committee under the title of honorarium was gross HUF 300,000 per month.

#### **Dr. János Kálmán**

The remuneration paid to the member of the Board of Directors and the Audit Committee under the title of honorarium was gross HUF 300,000 per month.

#### **Dr. György Martin-Hajdu**

The remuneration paid to the member of the Board of Directors and the Audit Committee under the title of honorarium is gross HUF 300,000 per month.

#### **András Szigeti**

The remuneration paid to the member of the Board of Directors under the title of honorarium is gross HUF 300,000 per month.

**János Kocsány** in the capacity of chief executive officer is entitled to salary and dividend payments after the employee shares, received within the Management Share Option Plan, as approved by the general meeting.

The members of the Board of Directors and the Audit Committee do not receive any cash or non-cash benefit for their service other than the honorarium.



**Corporate governance declaration  
on the compliance with the  
Corporate Governance Recommendations**

**Level of compliance with the Recommendations**

1.1.1. Does the Company have an organizational unit dealing with investor relationship management, or a designated person to perform these tasks?

**Yes**

**No**

Explanation:

1.1.2. Are the Company's Articles of Association 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, did the Company publish the methods and conditions of doing so, including all necessary documents?

**Yes**

**No**

Explanation: the Articles of Association currently in force allows the shareholders to exercise their rights personally or through a proxy. Should the articles change, the Company will act in accordance with the recommendation.

1.2.1. Did the Company publish on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders?

**Yes**

**No**

Explanation:

1.2.2. Did the Company publish the exact date when the range of those eligible to participate in a given company event is set (record date), and also the last day when the shares granting eligibility for participating in a given company event are traded?

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation: such event did not take place.

1.2.7. For proposals for the agenda items, were the Board of Directors' draft resolution and also the Supervisory Board's opinion disclosed to the shareholders?

**Yes**

No

Explanation:

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, did the Company ensure compliance with the information provision and disclosure principles set out in legal and stock exchange requirements?

**Yes**

No

Explanation:

1.3.5. Did the Company publish on its website the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting within 3 working days following the General Meeting, or an official statement explaining why it refrained from giving answers?

**Yes**

No

Explanation: such event did not take place.

1.3.7. Did the Chairman of the General Meeting order a recess or suggest that the General Meeting be postponed when a proposal or proposal relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting?

**Yes**

No

Explanation: such event did not take place.

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

**Yes**

No

Explanation:

1.3.8.2. For executive officers or Supervisory Board members, whose nominations were supported by shareholders, did the Company disclose the identity of the supporting shareholder(s)?

**Yes**

No

Explanation: such event did not take place.

1.3.9. Prior to discussing agenda items concerning the amendment of the Articles of Association, did the General Meeting pass a separate resolution to determine whether to decide on each amendment of

the Articles of Association by individual votes, joint votes, or votes combined in a specific way?

**Yes**

**No**

Explanation: such event did not take place.

1.3.10. Did the Company publish the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting?

**Yes**

**No**

Explanation:

1.5.1.1. Did the Board of Directors/Governing Board or a committee consisting of Board of Directors/Governing Board members establish guidelines and rules concerning the performance review and remuneration of the Board of Directors/Governing Board, the Supervisory Board and the management?

**Yes**

**No**

Explanation: there are no guidelines accepted by a committee or by the board of directors, the Company acts upon the remuneration and upon the Management Share Option Plan, approved by the general meeting directly

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

**Yes**

**No**

Explanation: the Company acts upon the Management Share Option Plan, approved by the general meeting

1.5.1.3. Were the remuneration guidelines established by the Board of Directors/Governing Board or a committee consisting of Board of Directors/Governing Board members assessed by the Supervisory Board?

**Yes**

**No**

Explanation: there are no guidelines, the general meeting approved the remunerations directly

1.5.1.4. Were the guidelines (and any major changes thereof) for the remuneration of Board of Directors/Governing Board and Supervisory Board members approved by the General Meeting in a separate agenda item?

**Yes**

**No**

Explanation:

1.5.2.1. Does controlling the performance of and establishment of the remuneration for the executive management fall within the competence of the Board of Directors/Governing Board?

**Yes**

**No**

Explanation: wages are set by the board of directors, otherwise the Company acts upon the Management Share Option Plan, approved by the general meeting

1.5.2.2. Were the terms for extraordinary benefits provided to management members (and any major changes thereto) approved by the General Meeting in a separate agenda item?

**Yes**

No

Explanation: such event did not take place.

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

**Yes**

No

Explanation:

1.5.3.2. Did shareholders receive detailed information before the General Meeting decided about the stock-based remuneration schemes (at least as specified in Section 1.5.3)?

**Yes**

No

Explanation:

1.5.4. Does the Company have a remuneration scheme in place which does not incentivize the staff to focus only on short-term maximisation of the share price?

**Yes**

No

Explanation:

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

**Yes**

No

Explanation:

1.5.6. Did the Company prepare a report ('Remuneration Statement') for the owners about the remuneration principles relating to and containing the actual remuneration of Board of Directors/Governing Board, Supervisory Board and management members (with the content and the level of detail set out in industry regulations binding for the Company), and did the Company present it to the General Meeting? Did the Remuneration Statement present the remuneration of Board of Directors/Governing Board and Supervisory Board members, as well as the guidelines used to assess their activities and establish their remuneration? Did this information include the disclosure of the total remuneration for Board of Directors/Governing Board and Supervisory Board level, the details of all fixed and variable elements, any other remunerations as well as a presentation of the guidelines for the remuneration scheme and any major changes to those compared to the previous financial year?

**Yes**

No

Explanation: apart from the remunerations with fixed amounts approved by the General Meeting there are no guidelines for the remuneration of the Board of Directors and Audit Committee members, otherwise the Company acts upon the Management Share Option Plan, approved by the general meeting

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

Yes

No

Explanation: taking into account the relative small size of the group of companies formed by the company and its subsidiaries there are no distinct guidelines, the management and the Board of Directors directly evaluate and decide on the publications.

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

Yes

No

Explanation:

1.6.2.1. Does the Company have an internal publication policy in place which covers the processing the information listed in Section 1.6.2 of the Recommendations document?

Yes

No

Explanation: taking into account the relative small size of the group of companies formed by the company and its subsidiaries there are no distinct guidelines, the management and the Board of Directors directly evaluate and decide on the publications

1.6.2.2. Do the internal regulations of the Company cover the methods for the assessment of events judged to be important for publication?

Yes

No

Explanation: taking into account the relative small size of the group of companies formed by the company and its subsidiaries there are no distinct guidelines, the management and the Board of Directors directly evaluate and decide on the publications

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

Yes

No

Explanation:

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

Yes

No

Explanation: the Company confirmed the efficiency of the publications process

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

Yes

No

Explanation:

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

Yes

No

Explanation:

1.6.5. Did the Company publish the career information of Board of Directors / Governing Board, Supervisory Board and management members in its annual report or on the company website?

**Yes**

**No**

Explanation:

1.6.6. Did the Company publish all relevant information about the internal organisation and the operation of the Board of Directors / Governing Board and the Supervisory Board, about the work of the management, the assessments of these and the changes in the current year?

**Yes**

**No**

Explanation:

1.6.7.1. Did the Company publish its remuneration guidelines in line with the recommendations set out in Section 1.5?

**Yes**

**No**

Explanation: taking into account the relative small size of the group of companies formed by the company and its subsidiaries there are no distinct guidelines

1.6.7.2. Did the Company publish its remuneration statement in line with the recommendations set out in Section 1.5?

**Yes**

**No**

Explanation: apart from the remunerations with fixed amounts approved by the General Meeting there are no guidelines for the remuneration of the Board of Directors and Audit Committee members, otherwise the Company acts upon the Management Share Option Plan, approved by the general meeting.

1.6.8. Did the Company publish its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management?

**Yes**

**No**

Explanation: taking into account the relative small size of the group of companies formed by the company and its subsidiaries there are no distinct guidelines.

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

**Yes**

**No**

Explanation: taking into account the relative small size of the group of companies formed by the company and its subsidiaries all affected personal was contacted directly, there was no need to publish guidelines

1.6.9.2. Did the Company disclose the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company, as well as the extent of their interest under the equity-based incentive system in the annual report or in some other way?

**Yes**

**No**

Explanation:

1.6.10. Did the Company publish the relationship of Board of Directors / Governing Board, Supervisory Board and management members may have with third parties which could affect the operation of the Company?

**Yes**

**No**

Explanation:

2.1.1. Does the Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors / Governing Board?

**Yes**

**No**

Explanation:

2.2.1. Does the Board of Directors / Governing Board have a rules of procedure in place defining the organizational structure, the actions for arranging for and conducting the meetings, and the tasks regarding the adopted resolutions, as well as other issues related to the operation of the Board of Directors / Governing Board?

**Yes**

**No**

Explanation:

2.2.2. Does the Company publish the procedure used for nominating Board of Directors / Governing Board members and the principles for determining their remuneration?

**Yes**

**No**

Explanation: taking into account the relative small size of the group of companies formed by the company and its subsidiaries there are no distinct guidelines, the remuneration is approved by the General Meeting directly.

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

**Yes**

**No**

Explanation:

2.4.1.1. Did the Board of Directors / Governing Board and the Supervisory Board hold meetings periodically at a predefined interval?

**Yes**

**No**

Explanation:

2.4.1.2. Did the rules of procedure of the Board of Directors / Governing Board and the Supervisory Board provide rules for the conduct of meetings that cannot be planned in advance, and for decision-making using electronic telecommunications means?

**Yes**

**No**

Explanation:

2.4.2.1. Did board members have access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting?

Yes

No

Explanation: in several cases the decisions had to made on shorter time intervals

2.4.2.2. Did the Company arrange the proper conduct of the meetings, the drawing up of the meeting minutes and management of the resolutions made by the Board of Directors / Governing Board and the Supervisory Board?

Yes

No

Explanation:

2.4.3. Do the rules of procedure provide for the regular or ad hoc participation of non-board members at respective board's meetings?

Yes

No

Explanation: taking into account the relative small size of the group of companies formed by the company and its subsidiaries there is no need for distinct procedural rules for non-board members participation, there was no motion for restriction

2.5.1. Were the members of the Board of Directors / Governing Board and the Supervisory Board nominated and elected in a transparent process, and was the information about the candidates made public in due time before the General Meeting?

Yes

No

Explanation:

2.5.2. Does the composition and size of the boards comply with the principles set out in Section 2.5.2 of the Recommendations?

Yes

No

Explanation:

2.5.3. Did the Company ensure that the newly elected Board of Directors / Governing Board and Supervisory Board members became familiar with the structure and operation of the Company and their tasks were carried out as members of the respective boards?

Yes

No

Explanation:

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

Yes

No

Explanation:



2.6.2. Does the Company provide information about the tools which ensure that the Board of Directors / Governing Board assesses objectively the management's activities?

Yes

No

Explanation: taking into account the relative small size of the group of companies formed by the company and its subsidiaries there is no need to set up a distinct scheme

2.6.3. Did the Company publish its guidelines concerning the independence of its Governing Board / Supervisory Board members and the applied independence criteria on its website?

Yes

No

Explanation: the Company acts upon the relevant legal provisions and the Articles of Association

2.6.4. Does the Supervisory Board of the Company have any members who has held any position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation?

Yes

No

Explanation:

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

Yes

No

Explanation: such event did not take place

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

Yes

No

Explanation:

2.7.3. Did board members inform the Supervisory Board / Audit Committee (Nominating Committee) if they had received an appointment for board membership or management position of a company not belonging to the Company Group?

Yes

No

Explanation:

2.7.4. Did the Board of Directors / Governing Board develop guidelines for the flow of information and the management of insider information within the Company, and monitor compliance with them?

Yes

No

Explanation:

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

**Yes**

**No**

Explanation: taking into account the relative small size of the group of companies formed by the company and its subsidiaries there is no separated internal audit function, the management directly approved all financial undertakings.

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

2.8.5.1. Is the Board of Directors / Governing Board or a committee operated by it responsible for the supervision and management of the entire risk management of the Company?

**Yes**

**No**

Explanation:

2.8.5.2. Did the relevant organisation of the Company and the General Meeting received information about the efficiency of the risk management procedures?

**Yes**

**No**

Explanation: the General Meeting did not receive distinct information on this topic

2.8.6. With the involvement of the relevant areas, did the Board of Directors / Governing Board develop the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company?

**Yes**

**No**

Explanation:

2.8.7. Did the Board of Directors / Governing Board define the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives?

**Yes**

**No**

Explanation:

2.8.8. Did internal control systems functions report about the operation of internal control mechanisms and corporate governance functions to the competent board at least once a year?

**Yes**

**No**

Explanation:

2.9.2. Did the Board of Directors / Governing Board invite the Company's auditor in an advisory capacity to the meetings on financial reports?

**Yes**

**No**

Explanation:

### **Level of compliance with the Proposals**

1.1.3. Does the Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights also when they are not present in person?

**Yes**

**No**

(Explanation: )

1.2.4. Did the Company determine the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account?

**Yes**

**No**

(Explanation: ) such event did not take place but should it happen the Company will take into account such proposal

1.2.5. Does the voting procedure used by the Company ensure a clear, unambiguous and fast determination of voting results, and in the case of electronic voting, also the validity and reliability of the results?

**Yes**

**No**

(Explanation: )

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

**Yes**

**No**

(Explanation: )

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

**Yes**

**No**

(Explanation: )

1.3.2.1. The Articles of Association of the Company did not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors/Governing Board and being granted the right to express their opinion and to add comments there if that person's presence and expert opinion is presumed to be necessary or help provide information to the shareholders and help the General Meeting make decisions.

**Yes**

**No**

(Explanation: )

1.3.2.2. The Articles of Association of the Company did not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there.

**Yes**

**No**

(Explanation: )

1.3.6. Does the annual report of the Company prepared as specified in the Accounting Act contain a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation.

**Yes**

**No**

(Explanation: ) the summary is part of the IFRS consolidated report

1.4.1. In line with Section 1.4.1, did the Company pay dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents?

**Yes**

**No**

(Explanation: )

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

**Yes**

**No**

(Explanation: )

1.6.12. Did the Company inform its investors about its operation, financial situation and assets on a regular basis, but at least quarterly?

**Yes**

**No**

(Explanation: )

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

**Yes**

**No**

(Explanation: ) taking into account the relative small size of the group of companies formed by the company and its subsidiaries there is no separated internal procedure, the use of external advisors and outsourced activities take place under the relevant legal provisions and the management's direct control.