

# **CORPORATE GOVERNANCE REPORT**

**ENEFI Asset Management Plc.**

The Board of Directors of the company, as part of the Report on Corporate Governance, states to what extent it has applied, in respect of its own governance, the principles and recommendations enshrined in the specified sections of the Corporate Governance Recommendations (“CGR”) issued by the Budapest Stock Exchange (BSE).

By reviewing the statement, market participants can easily find information on the extent to which the corporate governance practices of the individual companies comply with the particular specifications set forth in the CGR, and furthermore can easily compare the practices of individual companies to one another.

### **1. Board of Directors**

The Board of Directors

| <b>Name of Board Member</b> | <b>Position</b>                    |
|-----------------------------|------------------------------------|
| Soós Csaba                  | Chairman of the Board of Directors |
| Virág Ferenc                | Member of the Board of Directors   |
| Bálint László               | Member of the Board of Directors   |

The managing body of the Company is the Board of Directors exercising its rights and liabilities as a body in accordance with the provisions of the Ptk. and other relevant legal regulations. The Board of Directors is mandated and authorised to make all decisions which do not belong to the authority of the Annual General Meeting or any other body on the basis of authorization by any legal regulation or the Rules of the Company. The operation, mandate and authority of the Board of Directors are regulated by the Ptk. and the rules of procedure of the Board of Directors.

### **2. Supervisory Board of the Company**

The Supervisory Board of the Company regularly gets informed about the significant events in the Company, participates in the process of preparing and supervising reports, then accepts them and prepares a report on that. Members of the Supervisory Board:

| <b>Name of Supervisory Board Member</b> | <b>Position</b>                 |
|---|---------------------------------|
| Siska Miklós László                     | Member of the Supervisory Board |
| Bakacsi Gyula                           | Member of the Supervisory Board |
| Kerekes Imre                            | Member of the Supervisory Board |

The Supervisory Board supervises the management of the Company for the main body of the business association. During this it may require information from the managing officers, examine the books and documents of the Company. The Supervisory Board act as a body and elect a chairman from the members.

The mandate, authority, organization and operation of the Supervisory Board are governed by the provisions of the Ptk. and the rules of procedure of the supervisory Board

### **Audit Committee of the Company**

An Audit Committee works at the public limited corporation, the members of which shall be elected by the Annual General Meeting for the same period of time as the members of the Supervisory Board.

| <b>Name of Audit Committee Member</b> | <b>Position</b>               |
|---------------------------------------|-------------------------------|
| Siska Miklós László                   | Member of the Audit Committee |
| Bakacsi Gyula                         | Member of the Audit Committee |
| Kerekes Imre                          | Member of the Audit Committee |

The mandate and authority of the Audit Committee shall cover anything assigned to it by law or the Articles of Foundation on the basis of the authorisation thereof. The chairman of the Audit Committee shall be elected by the members from the members and makes decisions by simple majority.

### **3. Auditor of the Company:**

The responsibility of the selected auditor of the Company is to take care of conducting the audition determined in the Act on Accounting and especially determining whether the balance sheet of the business association in accordance with the Act on Accounting meets the legal regulations, furthermore whether it provides a reliable and real picture of the proprietary and financial situation of the Company as well as the results of its operations.

Auditor of the Company:

Name: UNIKONTO Számvitelkutató Kft.  
Registered seat: 1092 Budapest, Fővám tér 8. 3. em. 317/3.  
Registration number: Cg.01-09-073167  
Chamber number: 001724

Auditor personally liable for the audit:

Name: dr. Adorján Csaba Imre  
Address: 2083 Solymár, Árok u. 21/B.  
Mother's name: Kiss Erzsébet  
Auditor license number: 001089

### **The Company's principles in relation to public disclosure:**

The company publishes its notices on the website of the Budapest Stock Exchange ([www.bet.hu](http://www.bet.hu)) and the Hungarian National Bank ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)) and on its own website ([www.enefi.hu](http://www.enefi.hu)) and on the websites of the Budapest Stock Exchange and of the Hungarian National Bank (HFSA), and sends them to the media. The company publishes its notices in the Company Gazette if this is prescribed by the statutory regulations. Since 22 March 2011 the Company has made its notices public through the electronic information network system (ESPI) maintained by the Polish Financial Supervisory Authority (*Komisja Nadzoru Finansowego*).

With respect to the publishing of the announcements, and to their regularity and content, the relevant statutory regulations and the regulations of the Budapest Stock Exchange, KELER and the MNB apply.

The Company considers the rules of the MAR Regulation to be applicable in relation to insider dealing.

**Exercising of shareholders' rights:**

Those shareholders may exercise their right to participate in the Shareholders' Meeting, as well as the other rights associated with the share, whose name is contained in the share register by 6 p.m. on the second (2nd) working day before the starting day of the Shareholders' Meeting (Closure of the Share Register) if by this date the company has received the original copy of the ownership certificate issued by the securities account manager. In addition to the above, the ownership certificate will also be considered to have been duly handed over to the company if the shareholder forwarded it by fax or in any other certifiable manner by the Closure of the Share Register and also hands over the original copy no later than by the start of the Shareholders' Meeting. In the absence of the above, the shareholder cannot participate in the Shareholders' Meeting and cannot exercise the voting and other rights. With respect to the handover to the Company of the ownership certificate, the burden of proof rests with the shareholder.

The securities account manager must issue an ownership certificate for the share upon the shareholder's request. The ownership certificate must include the name of the company limited by shares, the type of shares, the number of shares, the company name and official signature of the securities account manager, and the name (company name) and residence (registered office) of the shareholder. The ownership certificate is valid until the day of the Shareholders' Meeting or of the reconvened Shareholders' Meeting. The ownership certificate must contain the actual number of shares that are held by the shareholder after the stock exchange closes.

The effective date of the ownership certificate may not be earlier than the fifth (5th) working day before the Shareholders' Meeting.

Following the issuance of the ownership certificate the securities account keeper may only record any change on the securities account in respect of the share subject to the simultaneous withdrawal of the ownership certificate. The data contained in the ownership certificate sent to the company has to be identical with the real data at the time of the Closure of the Share Register. If there had been any changes in the number of shares owned by the shareholder or in any other data after presenting the ownership certificate but before the Closure of the Share Register, the shareholder has to present its new ownership certificate to the company pursuant to sub-section 4.1. of the Articles of Association.

The Company shall assume no liability for any consequences of negligence on the part of the securities account keepers.

If the shareholder is not a natural person or is represented by proxy, then the person acting as its proxy shall certify his right of representation either in Hungarian or in English language. (Certificate of incorporation not older than 30 days, specimen signature)

The shareholder may exercise his rights associated with the share in person or by proxy.

The authorization shall be submitted to the Company in the form of a notarial deed or private document of full probative force, by 6 p.m. the 2nd day preceding the shareholders' meeting at the latest. If such authorization is not adequate in terms of form or substance, or it is submitted late, the authorized person shall not be permitted to participate in the shareholders' meeting or to exercise voting and other rights.

If called on by the Board of Directors, the shareholder (custodian, shareholder's proxy, and in the case of jointly owned shares, the common representative) shall state immediately who is the beneficial owner of the shares. If the shareholder does not make the above statement when called upon to do so, his voting right shall be suspended within the prescribed deadline until he has fulfilled his obligation in respect of providing information.

**Conduct of the shareholders' meeting, adoption of resolutions:**

The registration of the shareholders shall begin one hour prior to the start time of the shareholders' meeting. In the course of registration the shareholder, after providing evidence of his identity, residential address and right of proxy and after signing the list of attendees, shall collect the voting sheet containing the number of votes to which that shareholder is entitled, according to the number of shares indicated in the closed share register.

Voting at the shareholders' meeting shall take place by a show of voting slips. The shareholders' meeting shall elect a vote counter (or vote-counting committee) at the proposal of the chairperson of the shareholders' meeting, to conduct the voting.

Every share shall entitle its holder to one vote, and thus the shareholder shall have one vote for each share of a par value of HUF 10. The dividend-preference convertible shares shall hold no voting right.

The shareholders' meeting shall adopt its resolutions by way of a simple majority of the votes cast, unless a provision of the law or, based on an authorisation granted by the law, the articles of association, or a stock-exchange regulation obligatorily applicable in respect of the Company's operation, make a higher ratio of votes obligatory.

**Other information on shareholders' rights:**

The closing of the share register prior to the shareholders' meeting shall not restrict the right of the person recorded in the share register with respect to the transfer of his shares after the closing of the share register. Any transfer of the share prior to the initial date of the shareholders' meeting shall not preclude the right of persons recorded in the share register to participate in the shareholders' meeting and exercise their rights as shareholders.

Shareholders are entitled, in a written application submitted no later than 8 days prior to the date of the general meeting, to request information from the Board of Directors on any matter included in the agenda of the general meeting. The Board of Directors may refuse to provide information if, in its opinion, doing so would interfere with a business secret of the Company.

Shareholders holding at least 1% of the votes may, in writing, request the Board of Directors to include an issue in the agenda, provided that reasons are given, and may put forward a proposal for resolution in relation to the agenda items. Shareholders may exercise this right within eight days following the publication of the notice convening the general meeting.

**Remuneration**

The Company's General Meeting of Shareholders adopted the Company's Remuneration Policy by resolution 9/2020 (06.05.20).

## Corporate Governance Report on compliance with the Corporate Governance Recommendations

1.1.1. Does the Company have an organisational 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: It doesn't allow

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. (Answer Yes, if not)

Yes

**No**

Explanation:

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. (Answer Yes, if not)

**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: There was no such case

**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: There was no such case

**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. (Answer Yes, if not)

**Yes**

**No**

Explanation: There was no such case

**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: There was no such case

**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: There was no such case

**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: act in accordance with the law

**Section 1.5 (and related questions) repealed<sup>1</sup>**

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

**Yes**

**No**

Explanation: act in accordance with the law

**1.6.1.2.** Does the Company design its 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 **Hiba! A hivatkozási forrás nem található.** of the Recommendations document?

**Yes**

**No**

Explanation: act in accordance with the law

**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: act in accordance with the law

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

**Yes**

**No**

Explanation:It doesn't make such an analysis

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

**Yes**

**No**

Explanation: It doesn't make such an analysis

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

**Yes**

**No**

Explanation: It doesn't make such

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

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<sup>1</sup> Please, refer to footnote **Hiba! A könyvjelző nem létezik..** on page 12.



**Yes**

**No**

Explanation: The Company published its strategy.

**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: Presented at the time of election

**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: act in accordance with the law

**Item 1.6.7 and related questions (1-2) repealed<sup>2</sup>**

**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: act in accordance with the law

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

**Yes**

**No**

Explanation: act in accordance with the law

**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<sup>3</sup> 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: act in accordance with the law

**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:

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<sup>2</sup> Please, refer to footnote **Hiba! A könyvjelző nem létezik..** on page 12.

<sup>3</sup> Please, refer to footnote **Hiba! A könyvjelző nem létezik..** on page 12.

**2.2.1.** Does the Board of Directors / Governing Board have a rules of procedure in place defining the organisational 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<sup>4</sup>?

Yes

**No**

Explanation: act in accordance with the law

**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: not necessary/possible in all cases

**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?

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<sup>4</sup> Please, refer to footnote **Hiba! A könyvjelző nem létezik..** on page 12.

Yes

No

Explanation:

**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 **Hiba! A hivatkozási forrás nem található.** of the Recommendations?

Yes

No

Explanation: act in accordance with the law

**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: act in accordance with the law

**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: act in accordance with the law

**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: act in accordance with the law

**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:

**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: act in accordance with the law

**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: There was no such case

**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: act in accordance with the law

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

**Yes**

**No**

Explanation: act in accordance with the law

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

**Yes**

**No**

Explanation: act in accordance with the law

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

**Yes**

**No**

Explanation: act in accordance with the law

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

**Yes**

**No**

Explanation: act in accordance with the law

**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: act in accordance with the law

**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: act in accordance with the law

**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: act in accordance with the law

**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: act in accordance with the law

**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

The Company must state whether it follows the relevant proposal included in the Corporate Governance Recommendations, or not (Yes / No). The Company can also explain any derogation from it.

**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:) They can exercise their voting in person

**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:) There was no such case

**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.(Answer Yes, if not)

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. (Answer Yes, if not)

Yes

No

(Explanation:) act in accordance with the law

**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:) It doesn't contain separate summary

**1.4.1.** In line with Section **Hiba! A hivatkozási forrás nem található.**, 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:) There was no dividend

**1.6.11.** Did the Company publish its information in English as well, in line with the provisions of Section Hiba! A hivatkozási forrás nem található.?

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:) act in accordance with the law

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

Yes

No

(Explanation:) act in accordance with the law

**ENEFI Asset Management Plc.**