

## Corporate Governance Report 2011/2012

Egis Pharmaceuticals Public Limited Company (the "Company") declares as set forth below and provides the following information regarding corporate governance of the Company:

### Description of governing bodies of the Company

#### Operation of the Managing Body

The Company is managed by the Board of Directors (BoD) consisting of eleven members. The BoD delegates tasks of day-to-day operations to the management. Members of the BoD are elected by the General Meeting of Shareholders (GM) for three-year term. Following the expiration of their mandate members can be reelected.

Members of the BoD on September 30, 2012:

<u>Dr SETA, Jean-Philippe</u>	Chairman
<u>Mr BAZANTAY, Christian</u>	
<u>Mr BOUTS, Nicolas</u>	
<u>Mr DIAZ, Ange</u>	
Mr FEHÉRDI, Zsolt	Technical Director
Mrs GÁL, Péterné	
Dr HODÁSZ, István	CEO (Managing Director)
<u>Mr LANGOURIEUX, Yves</u>	
<u>Mr LAUREAU, Olivier</u>	
Mr POROSZLAI, Csaba	CFO
<u>Dr VERESS, József</u>	

Names of independent members of the BoD are underlined and printed in italics. According to the principles of the Company independent are those members of the BoD who have no legal relations with the Company other than the membership of the BoD, in case of profitable activity of the Company have no right on basis of their BoD membership to receive bonuses or remuneration of any kind from the Company or from the associated companies. Among seven independent members of the BoD six directors are delegated by the main shareholder.

The BoD elects its chairman and the Managing Director (MD) from its members with a simple majority of votes. The BoD exercises the employer's rights over the MD. In case the Managing Director's membership in the BoD is terminated, his or her office of managing director is terminated as well.

The BoD established its own Rules of Procedure.

A meeting of the BoD may be convened by the chairman or a member of the BoD indicating the reason and purpose of the meeting. Minutes are kept of the meetings.

The main activities of the BoD include acceptance of the annual budget and the three-year plan; convening regular and extraordinary GMs; preparation, acceptance and submission to the GM of proposals falling within the scope of authority of the GM; preparation of the report on the management, the financial conditions and business policy of the Company and submission thereof to the regular annual GM; decision on transactions pertaining to loans, guarantees and other financial obligations, acquisitions of interest in another company or any investments, sale of assets of the Company or interest owned in another company including the purchase or sale of any patent, trade mark and licence; definition of the MD's scope of activity, labor contract and remuneration; approval of the Company's Rules of Organization and Operation; approval of the Company's internal rule for signing procedure.

The chairman convenes and conducts the meeting of the BoD, appoints the person keeping the minutes of the meeting, orders voting and announces its results.

The BoD adopts resolutions by a simple majority of votes. In special cases, when there is no possibility to convene a meeting, the chairman of the Board may offer an option for decision making by written votes. The relevant conditions are stated in the Rules of Procedure of the BoD.

In the period October 1, 2011 to September 30, 2012 the BoD convened three times at 90.9%, 72,7% and 90.9% attendance respectively, and made decisions on one occasion via remote voting procedure.

### **Division of responsibility and duties between the BoD and the Managing Director / Executive Management**

The BoD entrusts one of the directors to perform tasks of the managing director. The Managing Director (MD) is entitled to use the title of General Manager.

The operating activities of the Company are directed by the MD. The MD is personally liable for performing his/her duties within the framework defined by the applicable laws, the Articles of Association, and the Rules of Procedure of the BoD as well as by the resolutions of the GM and of the BoD.

The MD may delegate his/her authority to the Company's managers and employees in accordance with the Rules of Organization and Operation with regards to the Company's internal regulations by means of defining job descriptions and with general or limited authorizations, but limitations on his scope of authority as a member of the BoD shall have no effect with respect to third parties.

The MD is entitled to make decisions in all affairs not falling within the scope of authority of the GM or the BoD. The MD concludes a labour contract with the Company, signed by the chairman of the BoD.

Principally, the Managing Director exercises employer's rights with respect to employees of the Company.

In order to carry out the business of the Company, the MD concludes contracts and represents the Company before third parties, authorities and courts.

The Managing Director:

- prepares the agenda of the GM and the meeting of the BoD and submits the proposals for resolutions;
- implements the resolutions and decisions that are adopted and directs the implementation of the tasks falling within the scope of activities of the Company.

With respect to the MD, employer's rights are exercised by the BoD, except for the employer's rights falling within the scope of authority of the GM. The MD may not exercise his/her voting rights as a member of the BoD in the adoption of resolutions relating to such matters and effecting him/her personally.

The BoD may delegate a portion of its authority, with restrictions and conditions determined at its discretion, to the MD, and it may withdraw or change all or any portion of such authority from time to time, but such delegation shall not affect the liability of the BoD.

The MD is entitled to authorize employees to sign for the Company.

Members of the Executive Management on September 30, 2012

<b>Dr HODÁSZ, István</b>	Chief Executive Officer (MD)
Mr BERTA, József	Director of the Production Site of Körmend
Mr FEHÉRDI, Zsolt	Technical Director
Dr MÁZSÁR, Péter	Director of Commercial Operations
Mr POROSZLAI, Csaba	Chief Financial Officer
Dr SZEMERÉDI, Katalin	Director of Human Resources
Dr SZENTPÉTERI, Imre	Director of R&D

### **Evaluation and remuneration of the management**

Assessment and evaluation of the management's activity and achievement are done by the BoD at its meetings, and additionally a more extensive performance evaluation of the CEO, in an indirect way of the management, is done once a year. The remuneration of managers (MD) has an established system at the Company. On top of the base salary, managers are entitled to receive bonus if the development of the Company meets the long term targets and targets of the relevant business year. The bonus is linked with the development of sales revenues, development of profit and with the fulfilment of most important specific tasks set in advance for the business year. The Company does not apply any compensation, or company share allowance which is directly linked with the actual share value of the Company. The BoD is on the view that the long-term successful operation of the Company is reflected in the positive development of its share price. The applied system of remuneration in this way also makes managers interested in long-term improvement of share prices without the potential negative effects of a share option programme.

### **The Supervisory Board**

The Supervisory Board (SB) consists of seven members who are elected by the GM for three-year term. One third of the members of the SB is designated by the Works Council, following a statement of opinion of the trade unions operating at the Company. The GM is obliged to elect these employee members for the period unless statutory grounds for disqualification exist in respect of the nominees.

Members of the SB elect the chairman of the Supervisory Board by a simple majority of votes at their first meeting. The Chairman convenes and conducts the meetings of the SB, appoints the person keeping the minutes, orders the voting and announces its results.

The meeting of the SB may be convened by any member indicating the reason and purpose thereof if his/her request for convening the meeting has not been fulfilled by the chairman within 8 days.

The scope of authority of the SB includes the examination of all important reports submitted to the GM as well as of the annual report and utilization of the profit after taxation, and reporting thereon to the GM. Proposals on dividend payment and corporate governance report need to be approved by the SB before submitted to the GM by the BoD. The SB convenes the GM immediately in the event that the SB becomes aware of any measures violating the provisions of law, the Articles of Association, the resolutions of the GM or of negligence or misconduct violating the interests of the Company and the shareholders. In addition, the SB supervises the management of the Company and fulfils the tasks prescribed by the laws.

The Supervisory Board defines its Rules of Procedure and submits them to the GM for approval. Minutes are kept of the meetings of the SB.

Members of the SB on September 30, 2012 (names of independent members are underlined and printed in italics):

<b><u>Mr KOVÁCS, Andor</u></b>	Chairman
<u>Dr BÁLINT, Konrádné</u>	
Mr GUETH, János	
Mr LABRITZ, Béla	
Mr NAGY, Imre	
<u>Mr RADVÁNYI, Georges</u>	
<u>Dr RESZEGI, László</u>	

In the period from October 1, 2011 to September 30, 2012 the Supervisory Board convened four times at 85.7%, 100%, 100% and 85.7% attendance respectively.

## Remuneration statement

According to the provisions of Section 312/A. of Act IV of 2006 on Business Associations, all monetary and non-monetary types of compensation<sup>1</sup> provided for the members of the Board of Directors, the Supervisory Board of the Company in 2011/2012, they received in their capacity as such (thousand HUF):

### Board of Directors

Dr SETA, Jean-Philippe <sup>2</sup> (chairman)	0
BAZANTAY, Christian <sup>2</sup>	0
BOUTS, Nicolas <sup>2</sup>	0
DIAZ, Ange <sup>2</sup>	0
DIETZ, András (until 25.01.2012)	1,564.45
FEHÉRDI, Zsolt (as of 26.01.2012)	3,367.55
GÁL, Péterné	4,932.00
Dr HODÁSZ, István	4,932.00
LANGOURIEUX, Yves <sup>2</sup>	0
LAUREAU, Olivier <sup>2</sup>	0
Mr POROSZLAI, Csaba	4,932.00
Dr VERESS, József	4,932.00

### Supervisory Board

KOVÁCS, Andor (chairman)	7,834.68
BÁLINT, Konrádné dr.	3,571.80
GUETH, János	3,571.80
LABRITZ, Béla	3,571.80
NAGY, Imre	3,571.80
RADVÁNYI, Georges	3,571.80
Dr RESZEGI, László	3,571.80

<sup>1</sup> Only fix membership fee is paid to members of the Board of Directors and of the Supervisory Board in this capacity.

<sup>2</sup> Waived remuneration in this capacity.

## The Audit Committee

The Audit Committee consists of three members, who are elected by the GM from the independent members of the SB. The Audit Committee's scope of authority involves establishing opinion on the report in accordance with the accounting law; making proposal for the person and remuneration of the auditor; performing preparations of the auditor's commissioning contract as well as signing the contract on behalf of the Company; monitoring professional compliance and enforcement of conflict of interest provisions concerning the auditor, fulfilling tasks related to the cooperation with the auditor as well as, if required, submit proposals to the Supervisory Board for necessary actions; evaluating the financial reporting system and making proposals for measures; assisting the SB to carry out adequate checks on the financial reporting system.

Members of the Audit Committee on September 30, 2012 (all members are independent):

**Dr RESZEGI, László** Chairman  
Dr BÁLINT, Konrádné  
Mr RADVÁNYI, Georges

In the period from October 1, 2011 to September 30, 2012 the Audit Committee had four meetings with the participation of all members.

The Company has no Nomination Committee and no Remuneration Committee, these functions are carried out by the independent members of the BoD without formal setup as a committee.

## The Auditor

The Auditor of the Company is elected through the recommendation of the Audit Committee for one year ending on the date of the consequential regular annual GM. The Auditor has the responsibilities of reviewing the financial statements of the Company; presenting a report to the GM on the Company's annual accounts submitted by the BoD; exercising other rights defined by law.

In addition to the ordinary auditing activities, the Auditor of the Company has been commissioned to perform the following services for extra fees in the course of the business year: (1) audit of the financial settlement of state granted funds, (2) counselling on acquisitions, (3) education on IFRS, (4) review of export business model, (5) tax analysis and audit.

## Disclosure policy of the Company

The Company's disclosures are managed in compliance with the applicable laws and the rules of the Budapest Stock Exchange. The Company publishes results in quarterly reports, annual reports, and in form of extraordinary reports makes all information public that are occurring in the operations with direct or indirect relevance to the share price or information that is necessary to the most important investment decisions of market participants. In addition to that the Company organises conferences for investors once every three months, sets up international conference calls for presenting the latest results, demonstrates its commitment to transparency by being involved in various forms of investor communications by way of road-shows, conference attendances. Above all, it fosters continuous disposal, contacts to investors through the Corporate Office of the Company maintaining information service for investors.

## The Company guidelines on insider dealings

The scope of insiders and the relevant regulation are stipulated in a state law. In compliance with the law the Company has established its own by-laws, and keeps a record of insiders in compliance with the rules of the law.

## Exercising shareholder rights and presentation of rules on the conducting of the general meeting

The share capital of the Company consists of 7,785,715 dematerialized ordinary shares each representing identical rights and having the face value of HUF 1,000 (one thousand Forints).

The BoD of the Company or its proxy assigned according to the rules of the law on capital market keeps a share ledger containing at least the following information:

- shareholder's, nominee's name (company);
- shareholder's, nominee's address (headquarters);
- number of shares, interim shares of shareholder (shareholder's stake) as per type and series of shares.

The share ledger is accessible by anyone for inspection.

Change in ownership is settled by the securities account keeper who simultaneously notifies the BoD, or an entrusted organisation to register the shareholder in the share ledger, unless otherwise provided by the shareholder.

A shareholder whose name does not appear in the share ledger may not exercise shareholder's rights.

The supreme organ of the Company is the GM consisting of all the shareholders.

Meeting Notices to the GM are publicly announced, in the same manner as required for announcements of the Company, 30 days prior to the planned GM by the BoD or other authorized persons. Separate notifications of the GM are sent to the members of the BoD and the SB, as well as to the auditor of the Company.

All meeting notices to and announcements of the GM indicate the name and headquarters of the Company, the venue and date of the General Meeting, its agenda, the conditions of exercising voting rights, the venue and the date of the reconvened meeting if the GM fails to achieve a quorum, method of the holding of the General Meeting, the information on the latest date until which the shareholder needs to have been registered in the share ledger in order to participate in the General Meeting (Section 304 (2) of the Companies Act), information on the consequences of the registration in the share ledger (Section 304 (3) of the Companies Act), the conditions, if any, laid down in the Articles of Association for exercising the right to request information (Section 214 of the Companies Act) and the right to supplement the agenda of the General Meeting (Section 300 of the Companies Act) as well as the date, place and way of accessing the proposals on the agenda and the proposed resolutions (including the website of the Company).

The GM may adopt a resolution on issues not included in the published agenda only if all the shareholders are present and unanimously approve.

The GM has a quorum if more than half of the shareholders, entitled to vote, are either present in person or represented by proxy. Authorization for such representation shall be included in a notarial document or a private document of full force which shall be presented not later than at the beginning of the GM to the person keeping the minutes at the place and date indicated in the invitation to the GM. Authorization for representation is valid for one GM, including the GM reconvened due to failure to achieve a quorum.

In case the GM fails to achieve a quorum within 30 minutes the appointed time, the GM is reconvened with the identical agenda between the 11<sup>th</sup> and the 21<sup>st</sup> day from the date of the original GM. Such reconvened GM has a quorum with respect to the issues included in the original agenda, irrespective of the number of shareholders present.

Shareholders whose names appear in the share ledger on the closing date specified by the convening announcement of the GM are entitled to participate and vote at the GM. This date cannot be earlier than the seventh working day preceding the GM. On the basis of the information in the share ledger, the BoD of the Company provides the means for shareholders at the premises of the GM to vote in accordance with their share holding.

The certificate of deposit issued by "Központi Elszámolóház és Értéktár Zrt." (*KELER – Central Clearing House and Depository Ltd.*) as depository or the certificate of deposit issued on the basis of the KELER-certificate is accepted by the Company as evidence of a shareholder's ownership.

The method of voting – open or anonymous – is determined by the GM. In case the General Meeting desires secret ballot, the GM elects a ballot-counting committee following the recommendation of the chairman. The committee consists of 3 members. The committee prepares a report in writing on the results of the voting that is announced by the chairman of the GM and attached to the minutes of the GM.

The Company uses the one share, one vote principle.

On the basis of the joint recommendation of the BoD and the SB, the chairman of the GM is elected by the GM with a simple majority of votes from among those present. Opposing nominations are permitted. In every case, the candidate must declare prior to the voting whether he or she is ready to undertake the office. The same procedure is to be followed in electing the members of the ballot-counting committee and the person authenticating the minutes of the GM, stipulating that only shareholders or their representatives may be elected to authenticate the minutes.

The chairman of the GM appoints the person keeping the minutes of the meeting, conducts the meeting according to the agenda, orders voting and communicates the result, announces the resolutions of the GM.

In accordance with the provisions of the Company Act, minutes are kept of the GM.

In the above description Egis Pharmaceuticals PLC is providing a comprehensive overview of corporate processes and practices. Detailed rules to any function summarized in this report can be found in the Articles of Association, freely available on the company website ([www.egis.hu](http://www.egis.hu))

## Declaration

### on the Compliance with the points of Corporate Governance Recommendations published by the Budapest Stock Exchange Ltd.

#### Level of compliance with the Recommendations

R 1.1.1 The Managing Body ensured that shareholders received access to information in time to enable them to exercise their rights.

Yes (Complies)

R 1.1.2 The company applies the "one share - one vote" principle.

Yes (Complies)

R 1.2.8 The company ensures that shareholders must meet the same requirements in order to attend at the general meeting.

Yes (Complies)

R 1.2.9 Items on the general meeting agenda only include subjects which are correctly detailed and summarized clearly and unambiguously.

Yes (Complies)

The proposals included the suggestions of the Supervisory Board and a detailed explanation of the effects of the decision.

Yes (Complies)

R 1.2.10 Shareholders' comments on and supplements to the items on the agenda were published at least two days prior to the general meeting.

Yes (Complies, without any occurrence)

R 1.3.8 Comments on the items of the agenda were made available to shareholders simultaneously with registration at the latest.

Yes (Complies, without any occurrence)

Written comments made on the items on the agenda were published two working days prior to the general meeting.

Yes (Complies, without any occurrence)

R 1.3.10 The election and dismissal of executives took place individually and by separate resolutions.

Yes (Complies)

R 2.1.1 The responsibilities of the Managing Body include those laid out in 2.1.1.

Yes (Complies)

R 2.3.1 The Managing Body held meetings regularly, at times designated in advance.

Yes (Complies)

The Supervisory Board held meetings regularly, at times designated in advance.

Yes (Complies)

The rules of procedure of the Managing Body provide for unscheduled meetings and decision-making through electronic communications channels.

Yes (Complies)

The rules of procedure of the Supervisory Board provide for unscheduled meetings and decision-making through electronic communications channels.

No

The necessity has never occurred.

R 2.5.1 The Board of Directors / Supervisory Board of the company has a sufficient number of independent members to ensure the impartiality of the board.

Yes (Complies)

Note: There are seven independent members out of eleven. Six of them are representatives of the main shareholder who can be regarded as independent on basis of the principles of the Company.

R 2.5.4 At regular intervals (in connection with the CG Report) the Board of Directors / Supervisory Board requested a confirmation of their independent status from those members considered independent.

Yes (Complies)

R 2.5.6 The company disclosed on its website the guidelines on the independence of the Board of Directors / Supervisory Board, as well as the criteria applied for assessing independence.

Yes (Complies)

R 2.6.1 Members of the Managing Body informed the Managing Body (Supervisory Board/Audit Committee) if they (or any other person in a close relationship to them) had a significant personal stake in a transaction of the company (or the company's subsidiary).

Yes (Complies, without any occurrence)

R 2.6.2 Transactions between board and executive management members (and persons in close relationship to them) and the company (or its subsidiary) were conducted according to general rules of practice of the company, but with stricter transparency rules in place.

Yes (Complies, without any occurrence)

Transactions which according to 2.6.2, fell outside the normal course of the company's business, and their terms and conditions were approved by the Supervisory Board (Audit Committee).

Yes (Complies, without any occurrence)

R 2.6.3 Board members informed the Supervisory Board/Audit Committee if they received an offer of Board membership or an offer of an executive management position in a company which is not part of the company group.

Yes (Complies, without any occurrence)

R 2.6.4 The Managing Body established its guidelines on information flow within the company and the handling of insider information, and monitored compliance with those guidelines.

Yes (Complies)

The Managing Body established its guidelines regarding insiders' trading in securities and monitored compliance with those guidelines.

Yes (Complies)

R 2.7.1 The Managing Body formulated remuneration guidelines regarding the evaluation and remuneration of the work of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies)

The Supervisory Board formed an opinion on the remuneration guidelines.

Yes (Complies)

The guidelines regarding the remuneration for the Managing Body and the Supervisory Board and the changes in those guidelines were approved by the general meeting, as a separate item on the agenda.

Yes (Complies)

R 2.7.2 The Managing Body prepared an evaluation of the work it carried out in the given business year.

Yes (Complies)

R 2.7.2.1 The Supervisory Board prepared an evaluation of the work it carried out in the given business year.

Yes (Complies)

R 2.7.3 It is the responsibility of the Managing Body to monitor the performance of and determine the remuneration for the executive management.

Yes (Complies)

The frameworks of benefits due to members of the executive management that do not represent normal practice, and the changes in those benefits were approved by the general meeting as a separate agenda item.

Yes (Complies, without any occurrence)

R 2.7.4 The structure of share-incentive schemes were approved by the general meeting.

No

The Company has no share-incentive schemes.

Prior to the decision by the general meeting on share-incentive schemes, shareholders received detailed information (at least according to those contained in 2.7.4).

No

The Company has no share-incentive schemes.

R 2.7.7 The Remuneration Statement was prepared by the company and submitted to the general meeting.

Yes (Complies)

The Remuneration Statement includes information about the remuneration of individual members of the Managing Body, the Supervisory Board, and the executive management.

Yes (Complies)

R 2.8.1 The Managing Body or the committee operated by it is responsible for monitoring and controlling the company's entire risk management.

Yes (Complies)

The Managing Body requests information on the efficiency of risk management procedures at regular intervals.  
Yes (Complies)

The Managing Body took the necessary steps to identify the major risk areas.  
Yes (Complies)

- R 2.8.3 The Managing Body formulated the principles regarding the system of internal controls.  
Yes (Complies)

The system of internal controls established by the executive management guarantees the management of risks affecting the activities of the company, and the achievement of the company's performance and profit targets.  
Yes (Complies)

- R 2.8.4 When developing the system of internal controls, the Managing Body took into consideration the viewpoints included in 2.8.4.  
Yes (Complies)

- R 2.8.5 It is the duty and responsibility of the executive management to develop and maintain the system of internal controls.  
Yes (Complies)

- R 2.8.6 The company created an independent Internal Audit function which reports to the Audit Committee / Supervisory Board.

No  
The Internal Audit function reports to the general manager.

The Internal Audit reported at least once to the Audit Committee / Supervisory Board on the operation of risk management, internal control mechanisms and corporate governance functions.  
Yes (Complies)

- R 2.8.7 The internal audit activity is carried out by the Internal Audit function based on authorisation from the Audit Committee / Supervisory Board.

Yes (Complies, but the function is based on authorization from the general manager (see 2.8.6).

As an organisation, the Internal Audit function is independent from the executive management.

No

The Internal Audit function reports to the general manager, and in this form effective activity is carried out.

- R 2.8.8 The Internal Audit schedule was approved by the Managing Body (Supervisory Board) based on the recommendation of the Audit Committee.  
No  
The Internal Audit schedule was approved by the general manager (see 2.8.6).
- R 2.8.9 The Managing Body prepared its report for shareholders on the operation of internal controls.  
No  
The Managing Body submitted reports, which are specified by the Articles of Association, to the general meeting.  
The Managing Body developed its procedures regarding the receipt, processing of reports on the operation of internal controls, and the preparation of its own report.  
No  
The Managing Body submitted reports, which are specified by the Articles of Association, to the general meeting.
- R 2.8.11 The Managing Body identified the most important deficiencies or flow in the system of internal controls, and reviewed and re-evaluated the relevant activities.  
Yes (Complies)
- R 2.9.2 The Managing Body, the Supervisory Board and the Audit Committee were notified in all cases when an assignment given to the auditor may have resulted in significant additional expense, caused a conflict of interest, or affected normal business practices significantly in any other way.  
Yes (Complies)
- R 2.9.3 The Managing Body informed the Supervisory Board of any assignment given to the external auditor or an external advisor in connection with any event which held significant bearing on the operations of the company.  
Yes (Complies)  
  
The Managing Body pre-determined in a resolution what circumstances constitute "significant bearing".  
No  
According to the management's position „significant bearing” circumstances are those which can be expressed in material value of USD 10 million or above.
- R 3.1.6 On its website, the company disclosed duties delegated to the Audit Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).  
Yes (Complies, see Articles of Association)
- R 3.1.6.1 On its website, the company disclosed duties delegated to the Nomination Committee, as well as the committees targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).  
No, The Company has no Nomination Committee: see 3.3.1.

R 3.1.6.2 On its website, the company disclosed duties delegated to the Remuneration Committee, as well as the committees targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

No, The Company has no Remuneration Committee: see 3.3.1.

R 3.2.1 The Audit Committee / Supervisory Board monitored the efficiency of risk management, the operation of internal controls, and the activity of the Internal Audit.

Yes (Complies)

R 3.2.3 The Audit Committee/ Supervisory Board received accurate and detailed information on the work schedule of the Internal Auditor and the independent auditor, and received the auditor's report on problems discovered during the audit.

Yes (Complies)

R 3.2.4 The Audit Committee/ Supervisory Board requested the new candidate for the position of auditor to submit the disclosure statement according to 3.2.4

Yes (Complies)

R 3.3.1 There is a Nomination Committee operating at the company.

No

This function is performed by the independent members of the BoD without formally setting up a committee.

R 3.3.2 The Nomination Committee provided for the preparation of personnel changes.

Yes (Complies)

(The function of the Nomination Committee is performed by the independent members of the BoD without formally setting up a committee: see 3.3.1.).

The Nomination Committee reviewed the procedures regarding the election and appointment of members of the executive management.

Yes (Complies)

(The function of the Nomination Committee is performed by the independent members of the BoD without formally setting up a committee: see 3.3.1.).

The Nomination Committee evaluated the activity of board and executive management members.

Yes (Complies)

(The function of the Nomination Committee is performed by the independent members of the BoD without formally setting up a committee: see 3.3.1.).

The Nomination Committee examined all the proposals regarding the nomination of board members which were submitted by shareholders or the Managing Body.

Yes (Complies)

(The function of the Nomination Committee is performed by the independent members of the BoD without formally setting up a committee: see 3.3.1.).

- R 3.4.1 There is a Remuneration Committee operating at the company.  
No  
This function is performed by the independent members of the BoD without formally setting up a committee.
- R 3.4.2 The Remuneration Committee made a proposal for the system of remuneration for the boards and the executive management (individual levels and the structure of remuneration), and carries out its monitoring.  
Yes (Complies)  
(The function of the Remuneration Committee is performed by the independent members of the BoD without formally setting up a committee: see 3.4.1.).
- R 3.4.3 The remuneration of the executive management was approved by the Managing Body based on the recommendation of the Remuneration Committee.  
Yes (Complies)  
(The function of the Remuneration Committee is performed by the independent members of the BoD without formally setting up a committee: see 3.4.1.).  
  
The remuneration of the Managing Body was approved by the general meeting based on the recommendation of the Remuneration Committee.  
Yes (Complies)  
(The function of the Remuneration Committee is performed by the independent members of the BoD without formally setting up a committee: see 3.4.1.).  
  
The Remuneration Committee also monitored the share option, cost reimbursement and other benefits in the remuneration system.  
No  
The Company has no share option and special cost reimbursement benefits.
- R 3.4.4 The Remuneration Committee made proposals regarding remuneration guidelines.  
Yes (Complies)  
(The function of the Remuneration Committee is performed by the independent members of the BoD without formally setting up a committee: see 3.4.1.).
- R 3.4.4.1 The Remuneration Committee made proposals regarding the remuneration of individual persons.  
Yes (Complies)  
(The function of the Remuneration Committee is performed by the independent members of the BoD without formally setting up a committee: see 3.4.1. On individual basis proposals are made regarding the remuneration of the CEO).
- R 3.4.4.2 The Remuneration Committee reviewed the terms and conditions of contracts concluded with the members of the executive management.  
Yes (Complies)  
(The function of the Remuneration Committee is performed by the independent members of the BoD without formally setting up a committee: see 3.4.1.).

- R 3.4.4.3 The Remuneration Committee ascertained whether the company fulfilled its disclosure obligations regarding remuneration issues.  
Yes (Complies)  
(The function of the Remuneration Committee is performed by the independent members of the BoD without formally setting up a committee: see 3.4.1.).
- R 3.4.7 The majority of the members of the Remuneration Committee are independent.  
Yes (Complies)  
(The function of the Remuneration Committee is performed by the independent members of the BoD without formally setting up a committee: see 3.4.1.).
- R 3.5.1 The Managing Body disclosed its reasons for combining the Remuneration and Nomination Committees.  
No  
Both functions are performed by the independent members of the BoD without formally setting up a committee.
- R 3.5.2 The Managing Body carried out the duties of the Remuneration and Nomination Committees.  
Yes (Complies)
- R 3.5.2.1 The Managing Body carried out the duties of the Remuneration Committee and disclosed its reasons for doing so.  
Yes (Complies)
- R 4.1.1 In its disclosure guidelines, the Managing Body established those principles and procedures which ensure that all relevant information about the operations of the company and circumstances influencing its share price are disclosed and made available accurately, in a timely fashion and in full.  
Yes (Complies)
- R 4.1.2 The company ensured in its disclosure activities that all shareholders and market participants were treated equally.  
Yes (Complies)
- R 4.1.3 The company's disclosure guidelines include the procedures governing electronic, on-line disclosure.  
Yes (Complies)  
  
The company develops its website taking into consideration disclosure guidelines and the provision of information to investors.  
Yes (Complies)
- R 4.1.4 The Managing Body assessed the efficiency of disclosure processes.  
Yes (Complies)

- R 4.1.5 The company published its corporate events calendar on its website.  
Yes (Complies)
- R 4.1.6 In the annual report and on the website of the company, the public was informed about the company's corporate strategy, its main business activities, business ethics and its policies regarding other stakeholders.  
Yes (Complies)
- R 4.1.8 In the annual report the Managing Body disclosed the character and size of any other assignments given by the company or its subsidiaries to the auditing firm responsible for auditing the financial statements.  
Yes (Complies)
- R 4.1.9 In the annual report and on the website the company discloses information on the professional career of the members of the Managing Body, the Supervisory Board and the executive management.  
Yes (Complies)
- R 4.1.10 The company provided information on the internal organisation and operation of the Managing Body and the Supervisory Board.  
Yes (Complies)
- R 4.1.10.1 The company provided information on the criteria considered when evaluating the work of the Managing Body, the executive management and the individual members thereof.  
Yes (Complies)
- R 4.1.11 In the annual report and in the Remuneration Statement on the company's website, the company informed the public about the applied remuneration guidelines, including the remuneration and fees provided for members of the Managing Body, the Supervisory Board and the executive management.  
Yes (Complies)
- R 4.1.12 The Managing Body disclosed its risk management guidelines, including the system of internal controls, the applied risk management principles and basic rules, as well as information about major risks.  
Yes (Complies)
- R 4.1.13 In order to provide market participants with information, the company publishes its report on corporate governance at the same time that it publishes its annual report.  
Yes (Complies)
- R 4.1.14 The company discloses its guidelines governing insiders' trading in the company's securities on its website.  
Yes (Complies)

The company published in the annual report and on its website ownership in the company's securities held by the members of the Managing Body, the Supervisory Board and the executive management, as well as any interests held in share-incentive schemes.

Yes (Complies)

(Remark: the Company has no interest in share-incentive schemes.)

R 4.1.15 In the annual report and on its website, the company disclosed any relationship between members of the Managing Body and the executive management with a third party, which might have an influence on the operations of the company.

Yes (Complies, without any occurrence)

**Level of compliance with the Suggestions**

The company should indicate whether the relevant suggestion of the CGR is applied or not (Yes / No)

S 1.1.3	The company has an investor relations department.	Yes
S 1.2.1	The company published on its website the summary document regarding the conducting of the general meeting and the exercise of shareholders' rights to vote (including voting via proxy)	Yes
S 1.2.2	The company's articles of association are available on the company's website.	Yes
S 1.2.3	The company disclosed on its website information according to 1.2.3 (on the record date of corporate events).	Yes
S 1.2.4	Information and documents according to 1.2.4 regarding general meetings (invitations, proposals, draft resolutions, resolutions, minutes) were published on the company's website.	Yes
S 1.2.5	The general meeting of the company was held in a way that ensured the greatest possible shareholder participation.	Yes
S 1.2.6	Additions to the agenda were published within 5 days of receipt, in the same manner as the publication of the original invitation for the general meeting.	Yes
S 1.2.7	The voting procedure applied by the company ensured unambiguous, clear and fast decision-making by shareholders.	Yes
S 1.2.11	At the shareholders' request, the company also provided information on the general meeting electronically.	Yes
S 1.3.1	The identity of the chairman of the general meeting was approved by the company's general meeting prior to the discussion of the items on the agenda.	Yes
S 1.3.2	The Managing Body and the Supervisory Board were represented at the general meeting.	Yes
S 1.3.3	The company's articles of association render possible that at the initiation of the chairman of the Managing Body or the shareholders of the company, a third party be invited to the company's general meeting and be granted the right of participation in the discussion of the relevant items on the agenda.	Yes

S 1.3.4	The company did not prevent shareholders attending the general meeting from exercising their rights to request information, make comments and proposals, and did not set any pre-requisites to do so.	Yes
S 1.3.5	The company published on its website within three days its answers to those questions which it was unable to answer satisfactorily at the general meeting. Where the company declined to give an answer it published its reasons for doing so.	Yes
S 1.3.6	The chairman of the general meeting and the company ensured that in answering the questions raised at the general meeting, national laws and regulations of the Stock Exchange pertaining to disclosure were complied with.	Yes
S 1.3.7	The company published a press release and held a press conference on the decisions passed at the general meeting.	Yes
S 1.3.11	The company's general meeting decided on the different amendments of the articles of association in separate resolutions.	Yes
S 1.3.12	The minutes of the general meeting containing the resolutions, the presentation of draft resolutions, as well as the most important questions and answers regarding the draft resolutions were published by the company within 30 days of the general meeting.	Yes
S 1.4.1	The dividend was paid within 10 days to those shareholders who had provided all the necessary information and documentation.	Yes
S 1.4.2	The company disclosed its policy regarding anti-takeover devices.	No
S 2.1.2	The rules of procedure define the composition of the Managing Body and all procedures and protocols for the preparation and holding of meetings, the drafting of resolutions and other related matters.	Yes
S 2.2.1	The rules of procedure and the work schedule of the Supervisory Board gives a detailed description of its operation and duties, as well as procedures and processes which the Supervisory Board followed.	Yes
S 2.3.2	Board members had access to the proposals of a given meeting at least five days prior to the board meeting.	Yes
S 2.3.3	The rules of procedure regulate the regular or occasional participation at board meetings of persons who are not members of the boards.	Yes

S 2.4.1	The election of the members of the Managing Body took place in a transparent way, information on candidates was made public at least five days prior to the general meeting.	Yes
S 2.4.2	The composition of boards and the number of members complies with the principles specified in 2.4.2	Yes
S 2.4.3	Newly elected, non-executive board members were able to familiarize themselves with the structure and operations of the company, as well as their duties as board members through a tailored induction programme.	Yes
S 2.5.2	The separation of the responsibilities of the Chairman of the Managing Body from those of the Chief Executive Officer has been outlined in the basic documents of the company.	Yes
S 2.5.3	The company has published a statement about the means it uses to ensure that the Managing Body gives an objective assessment of the executive management's work where the functions of Chairman and CEO are combined.	n.a.
S 2.5.6	The company's Supervisory Board has no member who held a position in the Managing Body or the executive management of the company in the three years prior to his nomination.	Yes
S 2.7.5	The development of the remuneration system of the Managing Body, the Supervisory Board and the executive management serves the strategic interests of the company and thereby those of the shareholders.	Yes
S 2.7.6	In the case of members of the Supervisory Board, the company applies a fixed amount of remuneration and does not apply a remuneration component related to the share price.	Yes
S 2.8.2	The Managing Body developed its risk management policy and regulations with the cooperation of those executives who are responsible for the design, maintenance and control of risk management procedures and their integration into the company's daily operations.	Yes
S 2.8.10	When evaluating the system of internal controls, the Managing Body took into consideration the aspects mentioned in 2.8.10	Yes
S 2.8.12	The company's auditor assessed and evaluated the company's risk management systems and the risk management activity of the executive management, and submitted its report on the matter to the Audit Committee / Supervisory Board.	Yes

S 2.9.1	The rules of procedure of the Managing Body cover the procedure to be followed when employing an external advisor.	No
S 2.9.1.1	The rules of procedure of the Supervisory Board cover the procedure to be followed when employing an external advisor.	No
S 2.9.1.2	The rules of procedure of the Audit Committee cover the procedure to be followed when employing an external advisor.	No
S 2.9.1.3	The rules of procedure of the Nomination Committee cover the procedure to be followed when employing an external advisor.	No
S 2.9.1.4	The rules of procedure of the Remuneration Committee cover the procedure to be followed when employing an external advisor.	No
S 2.9.4	The Managing Body may invite the company's auditor to participate in those meetings where it debates general meeting agenda items.	Yes
S 2.9.5	The company's Internal Audit function co-operated with the auditor in order to help it successfully carry out the audit.	Yes
S 3.1.2	The chairman of the Audit Committee regularly informs the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.	Yes
S 3.1.2.1	The chairman of the Nomination Committee regularly informs the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.	No
S 3.1.2.2	The chairman of the Remuneration Committee regularly informs the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.	No
S 3.1.4	The company's committees are made up of members who have the capabilities, professional expertise and experience required to perform their duties.	Yes
S 3.1.5	The rules of procedure of committees operating at the company include those aspects detailed in 3.1.5	Yes
S 3.2.2	The members of the Audit Committee / Supervisory Board were fully informed about the accounting, financial and operational peculiarities of the company.	Yes

S 3.3.3	The Nomination Committee prepared at least one evaluation for the chairman of the Managing Body on the operation of the Managing Body and the work and suitability of the members of the Managing Body.	n.a.
S 3.3.4	The majority of the members of the Nomination Committee are independent.	n.a.
S 3.3.5	The rules of procedure of the Nomination Committee includes those details contained in 3.3.5	n.a.
S 3.4.5	The Remuneration Committee prepared the Remuneration Statement.	n.a.
S 3.4.6	The Remuneration Committee exclusively consists of non-executive members of the Managing Body.	n.a.
S 4.1.4	The disclosure guidelines of the company at least extend to those details contained in 4.1.4	No
	The Managing Body informed shareholders in the annual report on the findings of the investigation into the efficiency of disclosure procedures.	Yes
S 4.1.7	The company's financial reports followed IFRS guidelines.	Yes
S 4.1.16	The company also prepares and releases its disclosures in English.	Yes