

EU-SOLAR PLC.

DRAFT CORPORATE GOVERNANCE REPORT

10 MAY 2024

The board of directors of **EU-SOLAR Trading and Services Public Company Limited by Shares** (registered seat: 7630 Pécs, Kocsz street 127.; registration authority: Pécs County Court as Court of Registration; registration number: 02-10-060424; hereinafter: Company) has adopted the draft of the corporate governance report concerning business year 2023 of the Company as follows.

1. Introduction

The Company was established on 30 September 2016, through the transformation of EU-SOLAR Trading and Services Limited Liability Company, that had been set up on 28 September 2016. The registered seat of the Company, and the principal place of business as well, is 7630 Pécs, Kocsz street 127. The Company is registered with Pécs County Court as Court of Registration. The registration number of the Company is 02-10-060424.

Shareholders controlling more than 5% of the shares of the Company on 31 December 2023 and on the date of this corporate governance report:

Shareholder's name	Ratio of shares and voting rights (%)
Energy Investment Plc.	100,00 %
Free float	0,00 %
Total	100,00 %

Main activity of the Company: 4669 '08 Wholesale of other machinery and equipment.

The share capital of the company is HUF 250,000,000, that is two hundred and fifty million forints, that consists of 2,500,000 that is two million five hundred dematerialized ordinary shares, each of them having a nominal value of HUF 100, that is one hundred forints. The shares are transferable without any restriction.

The Budapest Stock Exchange registered ordinary shares of the Company on Xtend multilateral trading facility as of 22 April 2022; at the same time, the form of operation of the Company was changed to public company limited by shares. The first day of trading of the shares on Xtend market was 9 May 2022.

The main purpose of the this corporate governance report is to present the level of compliance of the operation of the Company with Corporate Governance Recommendations issued by the Budapest Stock Exchange, concerning the business year 2023.

2. Operation of the board of directors

In business year 2023, the board of directors consisted of 3 (three) persons; its members, and among them, the chairman shall be elected by the general meeting. The board of directors shall adopt its own rules of procedure. The board of directors is the representative and managerial body of the Company. The board of directors shall exercise its rights and perform its duties as a board. Order of operation of the board of directors, and distribution of its duties and tasks among the members may be regulated in the rules of procedure. Members of the board of directors not being shareholders are entitled to participate in general meeting with right of consultation.

The financial statements of the Company as defined in act on accounting and proposal on use of profit after tax shall be submitted to the general meeting by the board of directors. The board of directors shall report on management, financial status and business policies of the Company, at least once a year to the general meeting and once in every three months to the supervisory board. The board of directors shall keep business records of the Company in accordance with the relevant

laws, and prepare quarterly reports on status of business activity to the supervisory board. The board of directors shall take care of preparing, organizing and conducting general meetings, including technical conditions of voting, and determining quick, clear and unequivocal result of the voting. The board of directors may invite any third person with right of giving opinion and making comments to the general meeting of the Company, in case the presence of this person is necessary, or it facilitates providing proper information to the shareholders or making decisions. Furthermore, the board of directors shall ensure that shareholders requesting additional items for the agenda may submit written proposal on invitation of any third person related to the requested new item of the agenda, and in case the board of directors agrees with the proposal, such third person shall be invited to the general meeting with right of giving opinion and making comments. The board of directors shall take care of publishing answers – in case it is not in conflict with interests of the Company – to questions emerged in the general meeting cannot be answered by participating representatives or statutory auditor of the company, within 3 (three) working days after the general meeting, or if it is not possible, shall publish announcement the fact of and the reasons for lack of answers on the website of the Company. The members of the board of directors shall keep all information disclosed to them regarding their position – except for information affected by disclosure obligation – as business secret of the Company.

Members of the board of directors in business year 2023:

Name	Strating date of mandate	End date of mandate
András Balázs Petre	22 April 2022	indefinite
Hortenzia Petréne Kárpáti	22 April 2022	indefinite
Dr. András Petre	23 August 2022	indefinite

Chairman of the board of directors: András Balázs Petre.

András Balázs Petre has been working with solar PV energy systems for almost a decade and a half. He acquired the theoretical foundations and practical skills of PV solar installation in the United States, specifically in California, and further expanded his knowledge through the European Energy Manager (EUREM) training in Germany. He has participated in several international conferences and successfully completed exams for PV solar installation and maintenance in Hungary. He has conducted market research and overseen multi-billion-HUF value construction projects. In 2012, he co-founded and shortly thereafter became the director of EU-SOLAR Ltd. In 2015, he completed the Procurement Officer training at the University of Pécs and obtained the accreditation of Responsible Technical Manager in the field of solar energy. András Balázs Petre is a prominent figure in the Hungarian solar sector, regularly speaking at prestigious domestic and international solar conferences, and actively disseminating information in social media

Hortenzia Petréne (Mrs. Petre) Kárpáti, earned her Bachelor's degree in Humanities from the University of Pécs in 1995 and began her career as a Hungarian-German high school teacher at the István Bibó Alternative School of Economics in Hévíz. She served as a subject teacher and mentor at the foundation-run reform school. She takes pride in guiding her students to successful completion of their high school exams and language proficiency tests, many of whom have since become accomplished professionals holding multiple degrees. In 1997, she obtained a professional qualification as a tour guide and worked as one in her hometown in addition to teaching language courses for adults in her spare time. After starting a family, she taught at the MIOK József Nádor Grammar and Vocational School in Pécs, followed by a position as a subject teacher at the Károly Simonyi Vocational and Secondary School of the Pécs Vocational Training Centre until 2016. In 2017, she obtained her second degree from the University of Pécs, becoming a certified mentor and lead teacher. Leaving the field of public education, she joined EU-SOLAR Ltd., where she initially served as the professional head of adult education, with the task to establish the company's adult

education division. From 2019 to 2023, she served as the Vice President of Education for the Hungarian Solar Panel and Collector Association.

Dr. András Petre graduated as an electrical engineer in 1966, followed by obtaining his degree in economics in 1977 from the Budapest University of Technology. In 1983, he earned his doctoral degree in economics from the Janus Pannonius University of Pécs. In 1991, he became a European engineer and a member of FEANI. Between 2014 and 2021, he participated in numerous professional training courses in electrical engineering, energy, building electrical systems, lightning protection, e-mobility, and telecommunications. He is a member of the Hungarian Electrotechnical Association, the Neumann János Computer Science Society, the Management Science Society, the New York Academy, and the IEEE. In 1989, as the financial manager of the South Transdanubian Power Supply Company (later E.ON), he led the company's transformation, asset valuation, and privatization. Since 2015, he has been responsible for designing photovoltaic (solar) systems (residential-scale small power plants) at EU-SOLAR Plc., as well as participating in the company's educational activities. His professional activities cover a wide range of areas; in recent years, he has been involved in the design of lighting for public spaces, road junctions, roundabouts, as well as the energy needs of group residential buildings or the electrical networks of residential buildings (detached houses). He has also designed photovoltaic systems and solar power plants. Since 2017, he has been conducting instructional activities in a state-approved training program titled "Installer and Maintainer of Small-Scale Solar Power Plants." At the Technical School of Mechanical Engineering, he taught subjects such as technician qualification in electrical machinery and electrical systems, introduced the foundational subject of engineering physics at the Pécs University of Medical Sciences, which has since expanded its scope and concurrently provided theoretical and practical instruction in electrotechnology. At the Janus Pannonius University of Pécs, he introduced the subject of controlling, and during lectures and practical sessions on operational economics and finance, he maintained and further developed his technical/economic expertise. His scholarly works have appeared in numerous publications of the professional field and association. As a member of the Building Electrical Design and Expertise Division of the Hungarian Chamber of Engineers' Baranya County Branch, he conducts building electrical design, building electrical expertise, energy certification of buildings, expertise in energy facilities, and responsible technical management of electrical lines and equipment.

The board of directors of the Company held 8 (eight) sessions in business year 2023:

- the session of the board of directors held on 24 January 2023 convoked extraordinary general meeting of the Company on 23 February 2023; all members of the board of directors participated in the said session;
- the session of the board of directors held on 2 February 2023 passed proposals and draft resolutions relating to agenda of the extraordinary general meeting of the Company to be held on 23 February 2023; all members of the board of directors participated in the said session;
- the session of the board of directors held on 24 February 2023 convoked extraordinary general meeting of the Company on 28 March 2023; all members of the board of directors participated in the said session;
- the session of the board of directors held on 7 March 2023 passed proposals and draft resolutions relating to agenda of the extraordinary general meeting of the Company to be held on 28 March 2023; 2 (two) members of the board of directors participated in the said session;
- the session of the board of directors held on 28 April 2023 convoked annual general meeting of the Company on 30 May 2023; all members of the board of directors participated in the said session;
- the session of the board of directors held on 9 May 2023 passed particular proposals and draft resolutions relating to agenda of the annual general meeting of the Company to be held on 30 May 2023; all members of the board of directors participated in the said session;

- the session of the board of directors held on 25 May 2023 passed remaining proposals and draft resolutions relating to agenda of the annual general meeting of the Company to be held on 30 May 2023 (including draft financial statements of the preceding business year); all members of the board of directors participated in the said session;
- the session of the board of directors held on 29 September 2023 passed semi-annual report of the Company; 2 (two) members of the board of directors participated in the said session.

As assessment of the performance of the members of the board of directors in business year 2022, on 30 May 2023 the sole shareholder of the Company made resolutions no. 14/2023. (V. 30.), 15/2023. (V. 30.) and 16/2023. (V. 30.) stating that performance of the members of the board of directors had been consistent with relevant laws, articles of association of the Company, decisions of the general meeting, and interests of the shareholders, thus discharged them from liability regarding relevant provisions of Act no. V of 2013 on the Civil Code.

The performance of the members of the board of directors in business year 2023 will be assessed upon approving the financial statements of the said period.

3. Operation of the management

In business year 2023, day to day operation of the Company was managed by the following, variable management: the chairman of the board of directors acting in the capacity of the chief executive officer, the deputy chief executive officer, the chief operating officer, and the chief economic officer.

During the aforesaid period, duties of the chief executive officer – upon resolution no. 2/2022.09.30. of the board of directors on division of tasks among members of the board of directors – were performed by András Balázs Petre as chairman of the board of directors. The deputy chief executive officer of the Company was Antal Botond Rencz from 2 October 2023 until the end of the said period. The chief operating officer of the Company was Gábor Tárai from 10 January 2023 until the end of the said period. The chief economic officer of the Company was László Joó from 9 January 2023 to 8 April 2023; after that, this position has not been filled.

Description of professional background and experience of András Balázs Petre is contained in chapter on operation of the board of directors.

Botond Antal Rencz studied at the Budapest University of Economics from 1988 to 1993, where he obtained his degree in marketing and management. Concurrently, he worked as a marketing specialist at American Express. From September 1993, he worked as a tax consultant at Ernst & Young Budapest. In 1997, he expanded his professional experience at Ernst & Young New York. During his tenure the first Eastern European New York desk was established, providing services to American clients in the American time zone. From 1998, he worked at Arthur Andersen, later becoming a company owner/partner in 2001. He served as the CEO of Ernst & Young Hungary from 2015, successfully leading the firm's Central European and Hungarian tax advisory department. From January 2021, he led the Central European group of the global consultancy firm, encompassing eight countries including Hungary, the Czech Republic, Slovakia, Croatia, Bosnia-Herzegovina, Serbia, and Montenegro. Under his leadership, the company continuously grew and received numerous recognitions. The prestigious tax magazine, the International Tax Review, awarded Mr. Rencz 19 international awards, including 9 titles of Tax Advisor of the Year and 10 titles of Transfer Pricing Advisor of the Year. He also held the position of Chairman of the Tax Committee of the American Chamber of Commerce, and is a registered tax advisor and tax expert.

Gábor Tárai graduated as a mechanical engineer from the Budapest University of Technology and Economics. He pursued his second degrees jointly in Human Management and Financial and

Economic Management, organized by the Rochester Institute of Technology and the University at Buffalo, New York. For nearly six years, he served as the plant manager and later as the unit manager for electronics manufacturing at the Continental Group in Hungary. As the director of industrial engineering, he focused on site development, new project introduction, and project transfer. After a brief detour, he took over the management of dashboard manufacturing at the Bosch Group in Hungary, and subsequently served as the global production coordination director for the business segment. In 2009, he was appointed as the Quality Director of Bosch's plant in Hatvan, and a year later, he was elected as a board member of the same factory. From 2011, he worked as the Vice President responsible for quality assurance, occupational safety, and government relations. In this role, he oversaw several investments, including the establishment of the Bosch Logistics Center in Hatvan. From 2018, he continued his career as a Technical Vice President and Managing Director at Bosch, overseeing regional sites, their technical development, and the Budapest Development Campus II project.

4. Operation of the supervisory board

The supervisory board consists of at least 3 (three) members, elected by the general meeting. The majority of members of the supervisory board shall meet independence criteria set out by section 3:287. of the Civil Code. The chairman shall be elected by the supervisory board from its members.

The supervisory board inspects the management of the Company for the general meeting, in accordance with its rules of procedure, that shall be approved by the general meeting. The supervisory board shall review all essential business reports on the agenda of the general meeting, and proposals related to matters falling under the exclusive scope of authority and competence of the general meeting. Decisions of the general meeting concerning financial statements as defined in act on accounting and use of profit after tax can only be made upon written report of the supervisory board. The supervisory board has a quorum when at least 3 (three) members participate in its session, or at least 3 (three) members cast a vote in case of written decision-making. Resolutions of the supervisory board shall be made by simple majority of the votes. Sessions of the supervisory board shall be convened and led by the chairman. Any member of the supervisory board may request – by specifying the reason and the purpose of the meeting – the chairman to convene the session of the supervisory board; the chairman shall take actions within 8 (eight) days in order to convoke the session of the supervisory board to a date not later than 30 (thirty) days from the day of convocation. In case the chairman fails to do so, the requesting member is entitled to convene the session. Members of the supervisory board not being shareholders are entitled to participate in general meeting with right of consultation. Members of the supervisory board bear unlimited, joint and several liability for damages caused by the breach of their inspection obligations to the Company. The members of the supervisory board shall keep all information disclosed to them regarding their position – except for information affected by disclosure obligation – as business secret of the Company.

Members of the supervisory board in business year 2023:

Name	Strating date of mandate	End date of mandate
Tamás Rózsás	22 April 2022	indefinite
Tünde Ibolya Gadóné Szőke	22 April 2022	indefinite
Tamás József Véghely	22 April 2022	indefinite

All three members of the board of directors are considered independent according to provisions of section 3:287. of the Civil Code.

Chairman of the supervisory board: Tamás Rózsás.

Tamás Rózsás holds degrees in electrical engineering and economics. From 1992 to 2000, he worked as a development engineer at the Military Technical Institute, where his responsibilities included leading development projects and managing technical documentation. From 2002 to 2003, he served as a chief officer at the Civil-Military Cooperation Department of the Hungarian Defense Staff, where he was involved in organizing the first national NATO CIMIC course. Between 2003 and 2007, he was a department head at the Ministry of Economy and Transport, overseeing IT operations and directing the department responsible for sectoral coordination. He also participated in strategic and budgetary planning and supported senior management in IT-related decision-making. From 2007 to 2010, he worked as an IT project manager at MAVIR Ltd., supporting the IT director in project oversight. From 2013 to 2018, he worked at the National Bank of Hungary, initially as an economic strategy analyst, then as a lead higher education expert. His responsibilities included providing expert support for project and portfolio management, strategic planning, and economic development. Since 2019, he has held the position of senior project manager at Free Consult Ltd., where he supports and leads IT transformation and IT controlling projects.

Tünde Ibolya Gadóné (Mrs. Gadó) Szőke, holds qualifications as a certified auditor, economist, corporate organizer, and tax advisor. Between 1983 and 1984, she worked as an accountant at the Villány-Mecsek-alja Wine Industry Plant. Subsequently, from 1985 to 1991, she served as rapporteur for the news service at the Pécs Directorate of the Hungarian Post. From 1991 to 1994, she held the position of chief auditor at the Tax and Financial Inspection Office, Baranya County Directorate. From 1994 to 1995, she served as the chief accountant at Dráva Tourism, Hospitality, and Trade Ltd. Between 1995 and 1998, she worked as the chief accountant at GeoProfil Ltd. From 1998, she has been the owner and CEO of Contir-Audit Accounting and Tax Advisory Ltd., and since 2019, she has been a member and manager of Contir-Audit Accounting, Tax Advisory, and Auditing Partnership, engaging in accounting, auditing, and tax advisory services.

Tamás József Véghely, having graduated from the Electrical Engineering Faculty of the Budapest University of Technology, worked as a research engineer at the Microelectronics Company from 1974 to 1986., He engaged in research and development of opto-electronic sensors and transmitters in the private sector between 1986 and 1991. From 1991 to 1997, he worked as an engineering consultant and business developer in the field of professional video technology, then from 1997 he served as the founder and commercial director of Dunasolar Solar Panel Manufacturing Ltd., the first Hungarian solar panel factory, operating as a joint venture between the United States and Hungary until 2003. In the same year, he established his own company under the name GAIASOLAR Ltd., which provides engineering consultancy, design, and turnkey implementation services for all forms of renewable energy.

The supervisory board of the Company held 3 (three) sessions in business year 2023:

- the session of the supervisory board held on 2 February 2023 reviewed proposals and draft resolutions relating to agenda of the extraordinary general meeting of the Company to be held on 23 February 2023; all members of the supervisory board participated in the said session;
- the session of the supervisory board held on 7 March 2023 reviewed proposals and draft resolutions relating to agenda of the extraordinary general meeting of the Company to be held on 28 March 2023; all members of the supervisory board participated in the said session;
- the session of the supervisory board held on 25 May 2023 reviewed proposals and draft resolutions relating to agenda of the annual general meeting of the Company to be held on 30 May 2023 and passed the report of the supervisory board on its operation concerning the preceding business year; all members of the supervisory board participated in the said session.

As assessment of the performance of the members of the supervisory board in business year 2022, on 30 May 2023 the sole shareholder of the Company made resolution no. 17/2023. (V. 30.), approving report of the supervisory board on its operation concerning business year 2022.

The performance of the members of the supervisory board in business year 2023 will be assessed upon approving the financial statements of the said period.

5. Operation of the audit committee

The audit committee consists of 3 (three) members, elected by the general meeting from independent members of the supervisory board. At least 1 (one) member of the audit committee shall have professional qualification in the field of accounting or auditing. Members of the audit committee shall jointly have proper expertise concerning scope of activities of the Company. The general meeting may remove a member from the audit committee at any time.

The audit committee shall have competence in the following issues: supporting the supervisory board concerning inspection of financial matters of the Company, supporting the Company concerning election of the statutory auditor and on cooperation therewith, reviewing the independence of the statutory auditor and the natural person responsible for the audit, monitoring the audit of the Company, monitoring the efficiency of system of internal controls and risk management, and procedures of financial reporting, and suggesting recommendations if necessary. The audit committee may adopt its own rules of procedure, that shall be approved by the general meeting. The session of the audit committee, convened in accordance with rules of its own rules of procedure, has a quorum if at least 3 (three) members participate in the meeting. Resolutions of the audit committee shall be made by simple majority of the votes. Minutes of meeting shall be kept in each session of the audit committee. Sessions of the audit committee shall be convened and led by the chairman. Any member of the audit committee may request – by specifying the reason and the purpose of the meeting – the chairman to convene the session of the audit committee; the chairman shall take actions within 8 (eight) days in order to convoke the session of the audit committee to a date not later than 30 (thirty) days from the day of convocation. In case the chairman fails to do so, the requesting member is entitled to convene the session.

Members of the audit committee in business year 2023:

Name	Strating date of mandate	End date of mandate
Tamás Rózsás	22 April 2022	indefinite
Tünde Ibolya Gadóné Szőke	22 April 2022	indefinite
Tamás József Véghely	22 April 2022	indefinite

Chairman of the supervisory board: Tamás Rózsás.

Descriptions of professional background and experience of members of the audit committee are contained in chapter on operation of the supervisory board.

The audit committee of the Company held 1 (three) session in business year 2023:

- the session of the audit committee held on 25 May 2023 passed the report of the audit committee on its operation concerning the preceding business year; all members of the audit committee participated in the said session.

As assessment of the performance of the members of the audit committee in business year 2022, on 30 May 2023 the sole shareholder of the Company made resolution no. 18/2023. (V. 30.), approving report of the audit committee on its operation concerning business year 2022.

The performance of the members of the audit committee in business year 2023 will be assessed upon approving the financial statements of the said period.

6. Operation of other boards or committees

In business year 2023, other board or committee not mentioned before has not been established and operated by the Company.

7. System of internal controls

In business year 2023, the Company has not operated yet an internal audit function. Preparation and implementation of rules and methodological framework necessary for risk management and internal audit function is currently under process.

Since October 2021, the Company has been employing a dedicated compliance manager, who is responsible for ensuring compliance with legal regulations, for exploring and handling any abuse, and for preventing future ones inside the organization. The Company has short-term plans to improve the aforesaid function. Compliance is also helped by an external lawyer mandated by the Company.

8. Guidelines and procedures of risk management

The Company currently does not have an independent risk management system, but operates a quality management system complying with standards ISO 9001, ISO 14001 and ISO 50001, that contains environmental risk management module as part of its procedures, and a dedicated Company-level risk management framework is under construction.

As first step of the risk evaluation, market-related risks and potential abuses are detected by the affected departments, with contribution of the executive management of the Company. It takes place mainly by taking into account aspects of operation and strategic goals of the Company, finance and compliance (in terms of reputation). After that, the Company estimates the probability of occurrence of the identified risks and the seriousness of potential consequences of the said risks (in case of occurrence), and determines the most serious risks.

The risk management strategy could aim at avoiding the risk, or reducing the probability of occurrence and/or the seriousness of the consequences of the risk, or passing on the risk to third person (e.g. on subcontractors by contracts), or creating emergency plans. Risk management measures are manifested in control activities forming parts of the procedures, and the Company indicates them in the descriptions of its key procedures.

The Company has a Code of Ethics as well, that is available for its employees.

The Company is intended to maintain several insurances in order to mitigate the consequences of the occurred risks. Grading and handling of financial risks takes place in accordance with rules of Act no. C of 2000 on accounting, and serious risks are covered by reserving provisions. Furthermore, the Company has a credit card use policy, that helps to reduce the financial risks of the Company. In order to mitigate IT risks, the Company organize regular trainings for its employees, taking into consideration the fact that a significant part of the IT risks is caused by the human factor. Concerning other risks, the board of directors of the Company may perform further tasks so as to analyse and handle them, upon notifications of leaders of the affected departments.

The Company is planning to replace its former risk management mechanisms operating within a partially formal framework, with a Company-level risk management system. A new risk management system would enable the Company to detect, to analyse and to handle risks in a thoughtful, systematic, cyclic and documented (by means of a risk register) way. Preparation and implementation of rules and methodological framework necessary for risk management and internal audit function is currently under process

9. Statutory auditor

The statutory auditor of the Company, for a definite period of time from 20 October 2020 to 31 May 2025, is PricewaterhouseCoopers Auditing Limited Liability Company (registered seat: 1055 Budapest, Bajcsy-Zsilinszky road 78., company registration number: 01-09-063022; chamber registration number: 001464), with Péter Biczó (chamber registration number: 004957) as natural person responsible for the audit.

The statutory auditor has not rendered any service for the Company in business year 2023 that has not related to the audit.

10. Disclosure policy

The Company meets its disclosure obligations in line with provisions of the relevant laws – with special regard to Act no. CXX of 2001 on the capital market –, and the General Terms of Service of BSE Xtend.

Announcements of the Company are always published on the same time (with 30 minutes difference at most) on the information storage system operated by the Central Bank of Hungary as supervising authority (www.kozzetetelek.hu) and on website of the Budapest Stock Exchange (www.bet.hu). After these disclosures, but on the same day, the Company publishes the said regulated information on its own website (www.eu-solar.hu). The Company has designed its website by considering the aspects derivable from the relevant laws and regulations, and aspects of disclosure aiming at informing the investors in the most effective way.

11. Guidelines relating to the trading of shares of the Company by insiders

The Company has created its guidelines relating to the trading of shares of the Company by insiders in accordance with provisions of article 19. of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

12. Exercise of rights of shareholders

The shareholder may exercise the rights of shareholders towards the Company from the date of registration to the share register; those shareholders and nominees are entitled to participate in the general meeting who are registered on the share register on the 2nd (second) working day before the date of the general meeting at the latest. In case holding more securities account, the shareholder is entitled to authorize different proxies concerning each account to act on behalf of the shareholder in the general meeting. In case the shareholder is represented by more proxies, and there is a discrepancy between their statements or votes, such statements and votes shall be considered null and void. The Company shall ensure, without prior conditions, the rights of the shareholders participating in the general meeting to obtain information and answers, and to submit

observations and proposals, provided that it does not obstruct the lawful and appropriate operation of the general meeting.

Shareholders controlling at least one percent of the voting rights may request – by specifying the reason and the purpose of the meeting – the board of directors to convene the general meeting. The board of directors shall take actions within 8 (eight) days in order to convoke the general meeting to the earliest possible date. Expected costs of the general meeting shall be advanced by the requesting shareholders. The general meeting shall decide on whether the requesting shareholders or the Company covers the costs of the meeting. Shareholders controlling at least one percent of the voting rights are entitled to request – in accordance with rules of how an item of the agenda shall be detailed – additional items for the agenda, or additional proposals related to any item included or to be included on the agenda, within 8 (eight) days from the publication of invitation to the general meeting; such request shall be submitted to the board of directors, and the board of directors shall publish an announcement on amending the agenda within 5 (five) days upon receipt of the request. Besides that, shareholders may propose the invitation of any third person, entitled to give opinion and to make comments, concerning new item of the agenda requested by them. The matter of the published request shall be considered as item of the agenda. If the general meeting has refused or has not put to a vote the proposal that last financial statements, or any business event of, or any obligation undertaken by the Company of the last 2 (two) years related to operation of the management shall be examined by an auditor to be mandated specifically for this purpose, shareholders controlling at least one percent of the voting rights are entitled to request the court, within a peremptory term of 30 (thirty) days from the date of the general meeting, to order such examination and to mandate the auditor accordingly. If the general meeting has refused or has not put to a vote the proposal that a potential claim of the Company against any shareholder, member of the board of directors, member of the supervisory board or the statutory auditor shall be enforced, shareholders controlling at least one percent of the voting rights are entitled to enforce such claim, within a peremptory term of 30 (thirty) days from the date of the general meeting, on behalf and in favor of the Company. Shareholders controlling at least one percent of the voting rights, and creditors having undue claims with an amount not less than ten percent of the share capital, are entitled to request the court, within a peremptory term of 1 (one) year from the date of a payment in favor of the shareholder regarding its legal relationship as a shareholder, to mandate an independent auditor to examine whether such payment was lawful; costs of the examination shall be advanced by the requesting party. Shareholders controlling at least one percent of the voting rights, and creditors having undue claims with an amount not less than ten percent of the share capital, are entitled to request examination to be carried out by an independent auditor, when the payment in favor of the shareholder has not been based on its legal relationship as a shareholder, but it has not complied with principles of responsible corporate management.

The shareholder is entitled to a dividend proportional to the nominal value of its shares from profit of the Company that is distributable and ordered to be distributed by the general meeting. Those shareholders are entitled to dividend, who own the shares on the record date defined by the general meeting and published on announcement on order of paying dividend, and whose ownership on the record date is registered to the share register. The record date of dividend can fall on the 2nd (second) working day following the day of the general meeting at the earliest. The Company shall publish the final amount of dividend 2 (two) trading days before the ex-coupon date as defined in General Terms of Service of Budapest Stock Exchange (BSE) Xtend. The ex-coupon date can fall on the 3rd (third) trading day following the day of the general meeting that decides on the amount of the coupon at the earliest. For those shareholders who provided all necessary information and documents, dividend shall be paid in cash or in kind, upon the related decision, within 10 (ten) working days from the date of shareholder identification, but on the last day of the year of the general meeting at the latest.

In case the general meeting decided on deregistration of shares issued by the Company and registered on Xtend multilateral trading facility operated by BSE, shareholders not supporting the resolution on deregistration are entitled to exercise a put option concerning their shares towards the Company. Such put option may be exercised according to conditions identical with ones set out by subsection (7) of section 63. of Act no. XX of 2001 on the capital market (Capital Market Act). In this regard provisions of this article shall be deemed as obligation undertaken by the Company towards third person, under provisions of section 6:136. of the Civil Code, according to which the Company accepts that shareholders may demand directly the Company to buy their shares in accordance with provisions of subsection (7) of section 63. and section 63/A. of Capital Market Act, by referring to General Terms of Service of BSE Xtend in force at that time. The shareholders may demand performance of buying obligation set out in favour thereof when resolution of the general meeting on deregistration of shares becomes known for the shareholder, with regard to the fact that publishing General Terms of Service of BSE Xtend on a place available for anyone, and getting to know resolution of the general meeting on deregistration of shares, shall be deemed as delivery of notice on obligation undertaken in favour of the shareholder under provisions of this article.

13. Rules of holding a general meeting

The Company shall hold at least one annual general meeting per year. The general meeting may be convened by the board of directors, unless otherwise provided by the law. The chairman of the general meeting is the chairman of the board of directors; in case of obstruction, the chairman of the general meeting shall be elected by the general meeting. The board of directors shall convene an extraordinary general meeting when the decision of the general meeting is required, or it seems necessary due to any other reason. The general meeting shall be convened by an invitation published on the website of the Company, at least 30 (thirty) days before the starting date of the meeting. Those shareholders, who requested it earlier in written form and gave their contact details, shall be informed directly as well in an electronic way about the convocation of the general meeting by the board of directors. If a general meeting is convened so that the shareholders can form their opinion on a mandatory offer concerning the shares issued by the Company, or the convocation of an extraordinary general meeting is required by the acquiring party, after the procedure, initiated by its mandatory offer, the invitation can be published at least 15 (fifteen) days before the starting date of the meeting. Members of the board of directors and the supervisory board, statutory auditor and BSE shall be invited by electronic means to the general meeting (there is no need a separate invitation to be sent to those members of the board of directors and the supervisory board who are shareholders as well). The board of directors shall grant BSE the right to make comments and to give opinion in the general meeting. Venue and date of the general meeting shall be determined so as to allow as many shareholders as possible to participate on its session. In case the convocation of a general meeting has been initiated by a shareholder, venue and date of such general meeting – without prejudice to principles set out by the previous sentence – shall be determined with regard to relevant request of the shareholder. The invitation shall contain the name and the registered seat of the Company, the date and time of commencement and the venue of the general meeting, the planned agenda, the conditions of exercising right to request new items on the agenda, the proposals and draft resolutions to be discussed by the general meeting, or details of places where such documents are available, the way of holding the general meeting, the conditions of exercising voting rights according to provisions of the articles of association, and the date and time of commencement of the reconvened general meeting to be held in case the lack of quorum. The reconvened general meeting shall be convened in accordance with conditions set out by the invitation to the original general meeting; the difference between the date of the original and the date of the reconvened general meeting shall be at least 10 (ten) days and 21 (twenty-one) days at most. The Company shall publish on its website, at least 21 (twenty-one) days before the date of the general meeting aggregated data on number of shares and ratio of voting rights in the time of convening the general meeting, proposals and draft resolutions related to items of the agenda, with

concerning report of the supervisory board, and forms of proxy authorization, in case they have not been sent directly to the shareholders. Announcements of the Company shall be published on its own website, and – in case of announcements under disclosure obligation set out by provisions of any regulation of BSE – on the website of BSE. Notifications, announcements, other documents addressed to the shareholders shall be sent directly, by electronic means, to those shareholders who have provided electronic contact details for this purpose.

The voting rights attached to the share corresponds to the nominal value thereof. Those shareholders (or their proxies) are entitled to exercise their voting rights in the general meeting who are registered on the share register on the 2nd (second) working day before the date of the general meeting at the latest and whose personal identification (and right of representation) is proven before the commencement of the general meeting. The power of attorney shall be prepared in the form of a public document or a private document with full probative force, and it can be valid until the end of the general meeting, or for a definite period but for 12 (twelve) months at most. The power of attorney shall be considered as valid for the continuation of the suspended general meeting, and for the reconvened general meeting to be held due to the lack of quorum. The shareholder is not entitled to vote until the performance of due capital contribution. The shareholder or its proxy shall be given a voting paper upon signing the attendance sheet, that enables to shareholder or its proxy to attend and to vote in the general meeting. Every voting paper contains number of the voting rights of the respective shareholder. The general meeting may be interrupted by an intermission or may be suspended, if according to opinion of the chairman of the meeting – with special regard to a proposal or a draft resolution related to item of the agenda, details of which were not available to the shareholders before the general meeting – it is necessary in order to provide the shareholders enough time to form their opinion. Concerning resolutions of the general meeting, aiming at election of a member of the board of directors or the supervisory board, the chairman of the meeting shall ensure that the general meeting can vote on separate decisions concerning each candidate, instead of a combined decision. In case of a candidate running for member of the board of directors or the supervisory board is nominated with the support of a shareholder, the chairman of the meeting shall inform the general meeting on the supporting shareholder as well. In the process of nomination, the company shall provide proper prior information to the shareholders on professional experience and independence of the candidate. In case of resolutions aiming at amending the articles of association, the general meeting makes a prior decision on whether the general meeting shall vote on separate decisions or a combined decision concerning the amendments.

The general meeting has a quorum when shareholders representing more than half of the voting rights participate in the general meeting. Should a reconvened general meeting take place due to a lack of quorum, such reconvened general meeting shall be regarded as having a quorum concerning all matters included on the agenda of the original general meeting, irrespective of the number of voting rights represented by the attending shareholders. In each general meeting an attendance sheet shall be drawn up on participating shareholders, containing name (company name) and address (registered seat) of the shareholder or its proxy, and the number of shares and voting rights owned by the shareholder. The attendance sheet shall be authenticated by signatures of the chairman of the meeting and the keeper of the minutes. The board of directors shall submit the minutes of the general meeting to the court of registration and publish resolutions of the general meeting on the websites of the Company and BSE within 30 (thirty) days from the end of its session. After the opening of each session, the general meeting shall elect the chairman of the meeting in case of obstruction of the chairman of the board, and a shareholder to authenticate the minutes. The general meeting makes decisions by simple majority of the votes, unless higher majority is required by the law. The general meeting makes decisions by three-fourth majority of the votes in matters under relevant points of the articles of association governing the exclusive scope of authority and competence of the general meeting, and in issues determined by the law.

The general meeting, in justified cases, upon discretion of the board of directors, may be held by electronic means. The general meeting held by electronic means shall be recorded in full, and rules of preservation of the minutes of the general meeting shall apply to the recording as well. The invitation to the general meeting needs to mention the electronic way of holding the meeting. The invitation shall specify the software or the platform through which the shareholders can participate in the general meeting. On the date and time of the general meeting held by electronic means, the Company shall provide a proper meeting room for those persons, who do not have access to the internet, so that such persons can connect to the on-line general meeting. Each shareholder may decide on its own way of attendance. Those shareholders, who would like to attend the general meeting in person, shall inform the Company at least 5 (five) days before the date of the general meeting. Shareholders not indicating such request shall be considered as ones who will attend the general meeting with use of telecommunications equipment. The quorum of and making the resolutions of the general meeting held by electronic means shall be governed by rules of general meetings with personal attendance. The general meeting cannot be held by electronic means, if shareholders controlling at least one percent of the voting rights, by specifying the reason of it, protest in writing against such way, and request to hold the general meeting with personal attendance. Before opening the general meeting by videoconference, identity and authorization of shareholders attending the general meeting in person shall be checked. Identity of shareholders attending the general meeting by electronic means shall be checked upon showing an appropriate document with photo certifying the personal identity. Election of officials of the general meeting by videoconference takes place according to rules of general meeting held with personal attendance, but in this case, the keeper of the minutes sends or hands over the written minutes of the general meeting to the chairman of the meeting and the shareholder elected to authenticate the minutes afterwards. The voting shall be take place as follows: the chairman of the meeting, after presentation of the proposal, calls the shareholders one by one to vote; the shareholders says their name, the number of their voting rights and their vote („yes”, „no” or „abstention”) to the camera, that is recorded by the keeper of the minutes to the minutes of the general meeting. In cases when the chairman of the meeting orders secret voting in a general meeting held by electronic means, is shall be ensured that the shareholders can vote anonymously through an appropriate platform. In a general meeting by videoconference, shareholders may indicate their intention to make a comment or to submit a proposal by raising their hands (either by showing their raised hands in a clearly visible manner to the camera, or by pressing the button provided by the software or platform under which the general meeting is being held). The chairman of the meeting shall ensure that all the shareholders indicating their intention by raising their hands can exercise the right of making a comment or submitting a proposal. The result of the vote shall be determined by the chairman of the meeting, after closing the voting process, based on calculation of votes. The resolution made by the general meeting by videoconference may derogate rules of way of voting and determining the result of the vote, election of officials of the meeting, and conditions of exercising right of making comment and submitting proposals. Events, statements and resolutions of the general meeting by videoconference shall be recorded in a way ensuring they can be inspected later. If there is a recording of the meeting, minutes of the general meeting shall be drawn up according to that, and shall be authenticated by the board of directors. In case the participants of the general meeting by videoconference can vote with use of telecommunications equipment, it shall be ensured that participants voting such way get, by electronic means, a receipt of delivery of their vote. To aspects of making the resolutions of the general meeting by videoconference, not mentioned in this article, rules of general meetings with personal attendance shall apply accordingly.

14. Remuneration policy, remuneration report, announcements related to corporate actions

The general meeting of the Company had adopted on 31 May 2022, and amended on 30 May 2023 the remuneration policy of the Company, as defined in sections 16-18. of Act no. LXVII of 2019 on

encouraging long-term shareholder engagement and amendments of further regulations for harmonization purposes.

Details of remuneration paid to the directors of the Company in business year 2023 are contained in the remuneration report of the Company concerning business year 2023.

The Company meets its obligations set forth by sections 5-7. of Act no. LXVII of 2019 on encouraging long-term shareholder engagement and amendments of further regulations for harmonization purposes, by publishing announcements on relevant corporate actions through the interface of CAPS system operated by KELER Ltd.

Pécs, 10 May 2024

EU-SOLAR Plc.
represented by
András Balázs Petre
chairman of the board of directors

Corporate governance report on compliance with the Corporate Governance Recommendations

As part of the Corporate Governance Report, the Company makes a statement regarding the extent to which it has implemented in its own corporate governance practice the recommendations and proposals specified in the relevant sections of the Corporate Governance Recommendations (hereinafter: Recommendations) issued by the Budapest Stock Exchange, by completing the following tables.

These tables provide an overview for the investors of the extent of the compliance – by the relevant company – with certain requirements set out in the Recommendations at glance, and enable easy comparison of the practices of the specific companies.

Level of compliance with the Recommendations

The Company indicates whether it follows the relevant recommendation or not, and if not, briefly explains the reasons why it did not follow that specific recommendation.

1.1.1. The Company has an organisational unit dealing with investor relationship management, or a designated person to perform these tasks.

Yes

No

Explanation:

1.1.2. The articles of association of the Company is available on the website of the Company.

Yes

No

Explanation:

1.1.4. If the articles of association of the Company allows shareholders to exercise their rights in their absence, the Company published the methods and conditions of doing so, including all necessary documents.

Yes

No

Explanation:

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

Yes

No

Explanation:

1.2.3. The Company held 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:

1.2.7. For proposals for the agenda items, draft resolution of the board of directors and also opinion of the supervisory board were 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, the Company ensured compliance with the information provision and disclosure principles set out in legal and stock exchange requirements.

Yes

No

Explanation:

1.3.5. The Company published on its website the answers to the questions that the representatives of the boards of the Company 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 question in the previous business year.*

1.3.7. The chairman of the general meeting ordered a recess or suggested that the general meeting be postponed when a proposal or proposal relating to a particular issue on the agenda was submitted which the shareholders had not had a chance to become familiar with before the general meeting.

Yes

No

Explanation: *There was no such proposal, or issue in the previous business year.*

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 members of the supervisory board.

Yes

No

Explanation:

1.3.8.2. For executive officers or members of the supervisory board, whose nominations were supported by shareholders, the Company disclosed the identity of the supporting shareholder(s).

Yes

No

Explanation: *There was no such nomination in the previous business year.*

1.3.9. Prior to discussing agenda items concerning the amendment of the articles of association, the general meeting passed 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: *The articles of association was amended by the sole shareholder in every case, therefore, there was no such resolution in the previous business year.*

1.3.10. The Company published 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:

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

Yes

No

Explanation:

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

Yes

No

Explanation:

1.6.2.1. The Company has an internal publication policy in place which covers the processing the information listed in section 1.6.2. of the Recommendations.

Yes

No

Explanation:

1.6.2.2. The internal regulations of the Company covers the methods for the assessment of events judged to be important for publication.

Yes

No

Explanation:

1.6.2.3. The board of directors / governing board assessed the efficiency of the publication processes.

Yes

No

Explanation: *The efficiency of the publication processes will be assessed for the first time after the closing of the previous business year.*

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

Yes

No

Explanation: *The efficiency of the publication processes will be assessed for the first time after the closing of the previous business year.*

1.6.3. The Company published its annual company event calendar.

Yes

No

Explanation: *The Company – as issuer of shares registered on the Xtend market – is not obliged to publish an annual company event calendar.*

1.6.4. The Company published its strategy, business ethics and policies regarding other stakeholders.

Yes

No

Explanation: *The Company will publish its strategy, business ethics and policies regarding other stakeholders for the first time after the closing of the previous business year.*

1.6.5. The Company published the career information of the members of the board of directors / governing board, the supervisory board and the management in its annual report or on its website.

Yes

No

Explanation:

1.6.6. The Company published 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:

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

Yes

No

Explanation:

1.6.9.1. The Company published its guidelines relating to the trading of its shares by insiders.

Yes

No

Explanation: *The guidelines of the Company relating to the trading of its shares by insiders are contained in non-public corporate documents, intended for internal use.*

1.6.9.2. The Company disclosed the share of the members of the board of directors / governing board, the supervisory board and the management in the securities issued by the Company in the annual report or in some other way.

Yes

No

Explanation:

1.6.10. The Company published the relationship of members of the board of directors / governing board, the supervisory board and the management may have with third parties which could affect the operation of the Company.

Yes

No

Explanation: *There was no such relationship in the previous business year.*

2.1.1. The articles of association of the Company contains clear provisions regarding the responsibilities and competences of the general meeting and the board of directors / governing board.

Yes

No

Explanation:

2.2.1. The board of directors / governing board has 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. The Company published the procedure used for nominating members of the board of directors / governing board.

Yes

No

Explanation: *The Company does not apply particular procedure for nominating members of the board of directors.*

2.3.1. The supervisory board provided 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. The board of directors / governing board and the supervisory board held meetings periodically at a predefined interval.

Yes

No

Explanation:

2.4.1.2. The rules of procedure of the board of directors / governing board and the supervisory board provided 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. Board members had access to the proposals to be presented at the meeting of the respective board at least five working days prior to the meeting.

Yes

No

Explanation: *Board members had access to the proposals to be presented at the meeting of the respective board at least five calendar days prior to the meeting.*

2.4.2.2. The Company arranged 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. The rules of procedure provided for the regular or ad hoc participation of non-board members at meetings of the respective board.

Yes

No

Explanation:

2.5.1. The members of the board of directors / governing board and the supervisory board were nominated and elected in a transparent process, and the information about the candidates was made public in due time before the general meeting.

Yes

No

Explanation:

2.5.2. The composition and size of the boards complies with the principles set out in section 2.5.2. of the Recommendations.

Yes

No

Explanation:

2.5.3. The Company ensured that the newly elected members of the board of directors / governing board and the supervisory board 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: *There was no newly elected member in the previous business year.*

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

Yes

No

Explanation:

2.6.2. The Company provides information about the tools which ensure that the board of directors / governing Bboard assesses objectively activities of the management.

Yes

No

Explanation:

2.6.3. The Company published its guidelines concerning the independence of the members of its governing board / supervisory board and the applied independence criteria on its website.

Yes

No

Explanation: *The Company does not apply particular independence guidelines and criteria beyond ones prescribed by the relevant laws.*

2.6.4. The supervisory board of the Company does not have a member 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. Members of the board of directors / governing board informed 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: *There was no such information in the previous business year.*

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

Yes

No

Explanation: *There was no such transaction or assignment in the previous business year.*

2.7.3. Board members informed 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 group of the Company.

Yes

No

Explanation: *There was no such information in the previous business year.*

2.7.4. The board of directors / governing board developed guidelines for the flow of information and the management of insider information within the Company, and monitored compliance with them.

Yes

No

Explanation:

2.8.1. The Company created an independent internal control function that reports directly to the audit committee / supervisory board.

Yes

No

Explanation: *Preparation and implementation of rules and methodological framework necessary for risk management and internal audit function is currently under process.*

2.8.2. Internal control function has unrestricted access to all information necessary for carrying out audits.

Yes

No

Explanation: *Preparation and implementation of rules and methodological framework necessary for risk management and internal audit function is currently under process.*

2.8.3. Shareholders received information about the operation of the system of internal controls.

Yes

No

Explanation: *Preparation and implementation of rules and methodological framework necessary for risk management and internal audit function is currently under process.*

2.8.4. The Company has a function ensuring compliance (compliance function).

Yes

No

Explanation:

2.8.5.1. The board of directors / governing board or a committee operated by it is responsible for the supervision and management of the entire risk management of the Company.

Yes

No

Explanation:

2.8.5.2. The relevant organisation of the Company and the general meeting received information about the efficiency of the risk management procedures.

Yes

No

Explanation: *Preparation and implementation of rules and methodological framework necessary for risk management and internal audit function is currently under process.*

2.8.6. With the involvement of the relevant areas, the board of directors / governing board developed the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company.

Yes

No

Explanation:

2.8.7. The board of directors / governing board defined the principles for the system of internal controls to ensure the management and control of the risks affecting activities of the Company as well as the achievement of its performance and profit objectives.

Yes

No

Explanation:

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

Yes

No

Explanation: *Preparation and implementation of rules and methodological framework necessary for risk management and internal audit function is currently under process.*

2.9.2. The board of directors / governing board invited the statutory auditor of the Company 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 Recommendations, or not (Yes / No). The Company can also explain any derogation from it.

1.1.3. The articles of association of the Company provides an opportunity for shareholders to exercise their voting rights also when they are not present in person.

Yes

No

(Explanation:)

1.2.4. The Company determined the place and time of general meetings initiated by shareholders by taking proposal of the initiating shareholders into account.

Yes

No

(Explanation: *There was no such initiative in the previous business year.*)

1.2.5. The voting procedure used by the Company ensures 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. The board of directors / governing board and the supervisory board were represented at the general meeting.

Yes

No

(Explanation: *The supervisory board presented its opinion concerning proposals for the general meeting in a written form, prior to the meeting.*)

1.3.1.2. In the event the board of directors / governing board and the supervisory board was absent, it was disclosed by the chairman of the general meeting before discussion of the agenda began.

Yes

No

(Explanation:)

1.3.2.1. The articles of association of the Company does 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 the presence and expert opinion of that person 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 does not preclude any individual from receiving an invitation to the general meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the general meeting and from being granted the right to express their opinion and to add comments there.

Yes

No

(Explanation:)

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

Yes

No

(Explanation:)

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

Yes

No

(Explanation: *There was no dividend in the previous business year.*)

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

Yes

No

(Explanation: *In the previous business year, the Company published only information relating to general meetings in English as well, through the CAPS system, operated by KELER Ltd.*)

1.6.12. The Company informed its investors about its operation, financial situation and assets on a regular basis, but at least quarterly.

Yes

No

(Explanation: *The Company informed its investors about its operation, financial situation and assets half-yearly.*)

2.9.1. The Company has internal procedures in place regarding the use of external advisors and outsourced activities.

Yes

No

(Explanation: *The board of directors decides on its own discretion on use of external advisors and outsourced activities.*)