



CIG Pannónia Life Insurance Plc.
Corporate Governance Report on 2017.
business year

Introduction

The shares of CIG Pannónia Life Insurance Plc. (registered address: H-1033 Budapest, Flórián tér 1., hereinafter: Company) were listed by Budapest Stock Exchange Company Limited by Shares (hereinafter: BSE) first in Category “B” from 8 November 2010 and then they were moved to the higher Category “A” from 12 April 2012. The name of the latter category was changed to “Premium” effective from 1 July 2013. Following the listing of the shares on the BSE the Company has laid special emphasis on the development and maintenance of a high-quality corporate governance system that meets international standards, and the Company has made sure it follows in particular the BSE’s Corporate Governance Recommendations effective from 1 December 2012.

During its operations the Company fully adheres to the applicable legal regulations, the policies and procedures of the BSE and the provisions of the National Bank of Hungary. The Company’s organizational structure and operating principles are set forth in the prevailing version of the articles of association.

Executive bodies

Board of Directors

The Company’s managing body is the Board of Directors; it is the Board’s duty to develop and manage the Company’s organizational structure. The scope of its powers is defined by the relevant laws, the Company’s Articles of Association, the resolutions of the General Meeting and the Board of Directors’ rules of procedure. The Board of Directors is responsible for adopting its own rules of procedure by a majority of votes of the Members of the Board of Directors. The rules of procedure regulates, among other items, issues related to the Board of Directors’ operation, the structure of the Board of Directors, and the mandatory content items of the meetings and of the minutes to be kept of the meetings. The Company’s Board of Directors has at least three, but no more than seven members; its members are appointed and recalled by the General Meeting. The rules applicable to senior employees as specified in Act LXXXVIII of 2014 on the Insurance Business (hereinafter referred to as Insurance Act) will apply to the Members of the Board of Directors. The Board of Directors was convened 8 times in 2017.

Members of the Company’s Board of Directors:

Dr. Mária Király, Member of the Board of Directors since 6 June 2013, Chairman of the Board of Directors since 6 January 2014.

Dr. Mária Király (65) is a certified economist specialized in enterprise planning and analysis; she later earned a specialist degree in economics with a focus on complex company management and a doctorate of economics at the Budapest University of Economics. She has been the executive director of operations at Axel Springer group (at present: Ringier Axel Springer), Hungary’s largest publisher, since 1990. Her role includes the operational and business supervision of the various entities, the management of the management information system and the development of management strategies. She is a member of the Board of the

Hungarian Newspaper Publishers' Association. She has been a member of the Company's Board of Directors since 6 June 2013.

Dr. Gabriella Kádár, Member of the Board of Directors from 16 August 2012

Dr. Gabriella Kádár (52) graduated from the Faculty of Law of ELTE University. After graduation and after passing the bar exam, she obtained qualifications in insurance law. Between 1994 and 2003, she worked in various areas of the ING group, leading their Pension Fund and later the Employee Benefit area as Managing Director. Following this, between 2003 and 2009, she was Director of Marketing and Corporate Development at Deloitte Hungary. From October 2009, she was in charge of our Company's alternative sales channel and became Chief Sales Officer later on. She is the CEO of the Company from 6 January 2014 and CEO according to the Insurance Act..

Miklós Barta, Member of the Board of Directors from 16 August 2012

Miklós Barta (38) is an economist; he earned his degree at the University of Economics and Public Administration in a specialized course for actuaries. He was first employed at KPMG Hungary LLC in 2003 as an auditor. In 2007, he became an auditor manager at the firm and participated in several counselling projects. He earned an ACCA diploma (ACCA: Association of Chartered Certified Accountants, a leading global professional organization for finance and accounting experts) in 2008 and became a certified auditor at the Hungarian Chamber of Auditors in 2011. He joined the Company in January 2011 as a Controlling Director and he has been working as the CFO and Head of Controlling Department since 2012. He has been the Deputy CEO of the Company since 2013.

Dr. Gyula Mikó, Member of the Board of Directors since 6 June 2013

Dr. Gyula Mikó (71) earned his doctorate in planning mathematics in 1971 at Corvinus University of Budapest; he was awarded a Candidate of Sciences degree in 1979 in Economics. He later taught at the university; he was an associate professor and a deputy dean. From 1991, he was head of product design at Nationale Nederlanden (currently NN Insurance Company), became chief actuary from 1992 and from 1996 he worked as Deputy CEO of Nationale Nederlanden Pension Fund Service Provider LLC. Between 1997 and 2002, he was President and CEO at Winterthur Insurance Company. Between 2006 and 2007, he worked as a Deputy CEO and chief actuary at Aviva Life Insurance Company. He was a founding member of the Company in 2007 and held the position of chief actuary until 2009; he was also Deputy CEO until 16 August 2012. He has been a member of the Company's Board of Directors since 6 June 2013.

Gergely Domonkos Horváth, Member of the Board of Directors since 6 June 2013

Gergely Domonkos Horváth (56) graduated from the Budapest University of Technology as a mechanical engineer, from the Budapest University of Economics as an engineer-economist and earned an MBA at the University of Pittsburgh. He has held various top management positions over the past 20 years: he was Deputy CEO at Merkantil Bank and Budapest Bank, CEO at Keler Ltd., Betonút Ltd. and MNV, President at Magyar Posta, ACE and the Association of Futures Markets and the Secretary-General of CEECSDA. Currently he is the Chief Executive Officer of Norma Instrument cPlc., the member of the Board of Directors of Gránit Bank cPlc. and Norma InstrumentscPlc. He has been an independent member of the Company's Board of Directors since 6 June 2013.

Supervisory Board

In accordance with subsection 4 of section 85 of the Insurance Act, the Supervisory Board controls the internal audit organization and prepares recommendations and proposals on the basis of the findings of the audits carried out by the internal audit function.

The Supervisory Board consists of three to ten members. The members and the Chairman elected for a maximum period of five years and recalled by the General Meeting. The Supervisory Board adopts its own rules of procedure, which are approved by the General Meeting of the Company.

In the course of fulfilling its duties required by law, the primary goal of the Supervisory Board is to establish a comprehensive and efficient audit system for the Company. Its scope of activities includes the management of the internal audit system and the preparation of recommendations on the basis of the findings of the audits carried out by the internal audit function.

In the course of developing its rules of procedure and carrying out its activities, the Supervisory Board will take into account Recommendation No. 6/2014 (XII.17) of the President of the Hungarian National Bank on the development and operation of internal defense lines and on the management and control functions of financial institutions (hereinafter: Regulatory Recommendation).

The Supervisory Board has meetings at least five times a year but also meets whenever it is necessary with regard to the Company's business interests. At its meetings, it must discuss (at least once in every three months) the report prepared by the Board of Directors on the Company's financial situation and business policies. The Supervisory Board is in charge of the internal audit organization. As part of its related duties, the Supervisory Board adopts the three-year audit plan of the internal audit function, discusses at least once in a half year the reports made by the internal audit function and checks the implementation of the necessary measures. If necessary, the Supervisory Board engages an external expert to support the work of the internal audit function and makes recommendations for any changes in the number of staff of the internal audit unit. The Supervisory Board also prepares recommendations and proposals on the basis of the findings of the audits carried out by the internal audit function.

The meetings of the Supervisory Board are convened by the Chairman or the Deputy Chairman if the Chairman is not available. The Chairman/Deputy Chairman convening the meeting will also preside over it. Any Member of the Supervisory Board may request the Chairman to convene a meeting in writing by specifying the reason and the purpose of the meeting. Within 8 (eight) days, the Chairman must set the date of such a meeting to a date within maximum thirty days. If the Chairman fails to comply with the request, the Member will have the right to convene the meeting himself/herself.

Members of the Supervisory Board of the Company

Dr. József Bayer, Member of the Supervisory Board since 26 October 2007, acting Chairman of the Supervisory Board between 26 September 2013. and 29 April 2014, Chairman of the Supervisory Board until 8 March 2015, reelected Chairman since 28 April 2015

Dr. József Bayer (67) graduated from the Karl Marx University of Economics (current name: Corvinus University of Budapest) in 1974. He has been a member of the Hungarian Society of Economics since 1976. He earned a university doctorate in 1976 and a Candidate of Sciences degree in 1985. Between 1 January 1978 and 1 June 1983, he was the secretary responsible for science affairs at the Collegium Hungaricum in Vienna. Between September 1983 and 1 August 1984, he worked on his dissertation for the Candidate of Sciences degree at the University of Stuttgart as an academic assistant, where he also had a guest lecturer role. He has been a member of the Industry- and Economic Committee of the Hungarian Academy of Sciences. Between October 1984 and 31 March 1989, he was the General Commercial Director of the Hungarian Television. He became a docent at the Budapest University of Economics and Public Administration (current name: Corvinus University) on 1 April 1989. Since 1989 until today, he has been the Managing Director of Axel Springer Budapest Publishing LLC. (from 6 November 2014. Ringier Axel Springer Hungary Ltd.). In 2007, he took part in setting up the Company and he has been on the Supervisory Board ever since. Chairman of the Supervisory Board since 28 April 2015.

Mrs. Imre Fekete, Member of the Supervisory Board since 19 April 2012

Mrs. Imre Fekete (née Katalin Gazdag) (74) graduated from the Karl Marx University of Economics in 1969. She is a certified auditor and has a stock exchange exam. At the beginning of her career, she worked for the National Savings Bank (Országos Takarékpénztár) and then worked for the Ministry of Finance and the State Audit Office. Between 1992 and 2007, she was an auditor, later a partner and then the managing director of Ernst & Young LLC. She represented the auditor profession as a member of the bureau and after as professional vice-president in more international organisations. She pursues professional publication and training activities for several decades. Between 2008 and 2013, she was a member of the Auditors' Public Supervisory Committee. She is a Member of the Supervisory Board of the Company and has been Chair of the Audit Committee since 18 April 2013. She is an independent member of the latter and is a qualified auditor.

István Papp, Member of the Supervisory Board since 27 May 2014

István Papp (67) graduated from the University of Economics (current name: Corvinus University of Budapest) in 1975. He is a certified auditor and has a tax consultant qualification. Between 1979 and 1982 he had been the rapporteur-general of the Economic Department of the Ministry of Foreign Trade, after that he was deputy head of Economic Department of the Ministry of Industry. Between 1990 and 1991 he had been deputy financial CEO of Vegyiműveket Tervező Vállalat, from 1991 executive director and owner of P and P Mérlegdoktor Könyvvizsgáló Ltd. He has been an independent member of the Company's Audit Committee since 27 May 2014.

Dr. Erzsébet Hajnalka Czakó, Member of the Supervisory Board since 24 July 2015

Dr. Erzsébet Hajnalka Czakó (54) graduated from the Karl Marx University of Economics (current name: Corvinus University of Budapest) in 1986 and since the graduation she has been working for CUB. She earned the doctorate in 1991, the PhD in 2002 and she became a professor of Corvinus University of Budapest at 1st September 2013. She participated academic and professional trainings at many foreign universities, like the Catholic University of Leuven (Belgium) and the Harvard Business School (USA). Among her taught subjects are international strategies and business economics, her research fields of interest are contents of competitiveness. She teaches both in Hungarian and English, and published many articles in both languages. Between 1994 and 2001 she was the deputy head, from 2001 until 2004 she was the head of the Business Economics Department. Between 2003 and 2005 she was the vice dean of the Faculty of Business Administration of CUB. From 2005 she is the director of the Institute of Business Economics. She has been an independent member of the Company's Audit Committee since 24 July 2015.

István Boros, Member of the Supervisory Board since 24 July 2015

István Boros (67) graduated from the College of Foreign Trade in 1972. In 1992 he got the economist degree of CUB International Economic Relations. Between 1974 and 1986 he gained experience in foreign trade in Hungary and in the meanwhile he had been worked for the Hungarian trade office in Paris from 1981 until 1986. He was the Deputy CEO of Hungexpo Rt. between 1989 and 1995, he took part in the establishment and supervision of hungarian-foreign joint venture companies (Publicis Hungary, Szonda-Ipsos). He had been the managing director of Cegos Counselling and Training Ltd. from 1995 and from 2015 he is owner and CEO of the company, after it was conversioned into cPlc.

He was founder and vice president of the French-Hungarian Chamber of Commerce and Industry from 1991 until 1997 and president between 2007 and 2010. He was the chairman of the advisory board of Autonomia Foundation between 2002 and 2014 and after that curator of the foundation. He has been member of the advisory board of the Budapest Festival Orchestra since 2009, and he was a member of the Board of Directors from 2004 until 2009 of Herendi Porcelánmanufaktúra Rt. He was honoured with officer class of the

National Order of Merit (France) in 2006. He has been an independent member of the Supervisory Board since 24 July 2015.

Ákos Veisz, Member of the Supervisory Board since 26 September 2017

Ákos Veisz (36 is an economist; he earned his degree at the Faculty of Finance at Corvinus University of Budapest in 2006 where he had the honour to gain a Professional Award of the University. After acquiring an Erasmus scholarship in 2005, he was studying in the Netherlands at the University of Tilburg. Between 2007 and 2010 he has participated in different professional courses abroad mainly on exchange rate policy, management of financial markets and governmental debt. He had been working at the Department of Economy Policy at the Ministry of Finance between 2006 and 2010 where he held the position of a financial analyst, later on he was employed as an economic analyst at the Prime Minister's Office where he was working besides dr. György Szapáry chief economy policy advisor. He was a diplomat at the Embassy of Washington from 2011 being responsible for financial and economy policy matters. He has been a counsellor at MKB Bank from February 2015 and Executive Director of the Strategic Executive Directorate from January 2017. He participates in the work of national and international professional and representative bodies. Since 2002 he has been a member, Chief Financial Officer and later Chairman of the Heller Farkas College operating in the Corvinus University. Since 2006 he has been senior member of the organization, and he is lecturer of financial courses. From 26 September 2017 he has been independent member of the Supervisory Board. Fields of his competency: insurance and financial markets, business strategy and business model, financial and actuarial analysis.

Audit Committee

The Audit Committee is a body supporting the work of the Supervisory Board by giving opinions, evaluations and recommendations. The scope of the Committee's powers is defined by the relevant laws, the Company's Articles of Association, the resolutions of the General Meeting and the Committee's rules of procedure.

An audit committee of maximum four members is established at the Company, whose members must be appointed by the General Meeting from the independent members of the Supervisory Board.

The tasks of the Audit Committee include the following:

- forming an opinion on the annual report prepared according to the Accounting Act;
- monitoring the audit of the annual report prepared according to the Accounting Act;
- making a recommendation for the appointment and remuneration of the auditor; preparation of the contract to be made with the auditor; signing the contract on behalf of the Company according to the authorization of the articles of association.

- reviewing the validation of the professional requirements, conflict of interest and independence regulations against the auditor, carrying out certain tasks related to co-operation with the auditor,
- monitoring any other services provided by the auditor to the Company in addition to the audit of the annual report prepared according to the Accounting Act, and
- if it is necessary, making recommendations to the Supervisory Board for taking measures.
- assessing the operation of the financial reporting system, and making recommendations for necessary measures;
- supporting of the work of the Supervisory Board to ensure the appropriate monitoring of the financial reporting system
- and the assessment of the internal audit and risk management systems' efficiency according to the work allocation with the Supervisory Board

Members of the Audit Committee in the financial year of 2017

- Mrs. Imre Fekete (née Katalin Gazdag) (from 5 May 2012)
- István Papp (from 27 May 2014)
- Dr. Erzsébet Hajnalka Czakó (from 28 July 2015)

The Audit Committee typically hold meetings five times in a year, and informs the Supervisory Board - which evaluates its work- about its decisions. It makes a report on its yearly work that is discussed by the Supervisory Board. Before the Annual General Meeting the Audit Committee delivers an opinion about the annual report and submits it to the Board of Directors and the Supervisory Board of the Company. The Audit Committee held sessions 5 times in 2017.

Remuneration and Nomination Committee

A consolidated Remuneration- and Nomination Committee was set up at the Company. Its members are mainly the independent members of the Supervisory Board.

The Committee:

- Makes a recommendation to the General Meeting on the nomination, appointment, revocation of the members of the Supervisory Board, the Audit Committee and the Board of Directors, also makes a recommendation on the drafting their contracts of employment and their remuneration.
- Prepares a recommendation on the mid- and long term remuneration system of the management, with particular reference to the share option agreements, and the principles of performance evaluation.
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- makes a recommendation to the goals related to the next year's business plans that are the basis of the performance evaluation.

- Prepares such remuneration questions that are assigned to the Committee by the Board of Directors.
- Follows with attention the achievement of the persons in its powers.
- Initiates the evaluation of the work of the Bodies and summarizes them
- Follows the implementation of the remuneration principles
- Makes a recommendation to the modification of the remuneration principles

The Committee shall meet at least twice a year.

The Committee publishes its guidelines - that have to be submitted to the General Meeting by the Board of Directors - on the website of the Company.

Members of the Committee in 2017 business year:

- Dr. József Bayer
- Dr. Gábor Móricz
- István Boros

The Remuneration and Nomination Committee held seat 4 times in 2017.

About the operation of individual committees and boards

These are permanent committees set up by the Board of Directors of the Company for the purpose of supporting management functions.

Manager's Meeting

The Manager's Meeting supports operation-related decision-making of the Company. The Committee has no power to pass decisions; in issues discussed by the Manager's Meeting, the CEO will be authorized to make a decision individually. It is the Manager's Meeting's task to support the operative management, to coordinate the individual activities and to submit preparatory and information materials for the Board of Directors' decision-making activities, in particular concerning issues about which the Chief Executive Officer or other nominated employee of the organisation shall report to the Board of Directors, the Supervisory Board or the General Meeting. The Managing Director's Meeting consists of permanent and ad hoc members.

Data Qualification Committee

The Data Qualification Committee is an ad hoc body consisting of the Investor Relations Officer, the Chief Legal Advisor and one member of the Board of Directors. It is the task of the Data Qualification Committee to establish whether a given piece of data or information whose qualification is ambiguous is controlled information –and in particular inside information - based on its content. On the basis of the results of the data qualification, the Company shall keep a register of inside information which records permanent insiders and persons in possession of customer-specific or event-based inside information in accordance

with Regulation (EU) No 596/2014 (MAR) of the European Parliament and of the Council and Regulation (EU) 2016/347.

Information Technology Committee

The Information Technology Committee is a body responsible for preparing and making decisions concerning IT affairs of the Company. It is also responsible for the distribution of the available IT resources. The head of the Information Technology Committee shall present a report at the Manager's Meeting on the development and the demands of the previous period, which shall be considered as priority issues at the meeting. All IT orders and preparatory materials will be submitted in writing, which shall include the expected costs and benefit as well.

Project Committee

The Project Committee is a permanent body responsible for making decision on the launch, closing, halting and suspension of projects within the Company and the group and also for assessing the results of the projects. Its members include the management of the company group, the head of the financial field and others who are appointed for the project. The Committee has meetings once a month. The agenda is set by the head of the project, who will also be responsible for arranging the meeting and the administration of the event. The leaders of the project report on their activities to the Manager's Meeting on monthly basis.

Members of the Company's management

The following is a list of those senior managers at the Company beyond the Board of Directors and the Supervisory Board members whose expertise and experience had an important role in the success of the Company in 2017.

- Dr. Pál Búzás, Risk Management Officer
- Judit Cselényi Szabó, Director Of Alternative Sale Channels and Development
- Dr. Antal Csevár, Chief Legal Advisor, Consumer Protection and Data Protection Officer
- Tibor Edvi, Chief Actuary
- Margit Gábelics, Chief Accountant
- Dr. Katalin Halász, Senior Medical Officer
- Judit Kerényi, Investor Relations Officer
- Máté Komoróczy Risk Manager
- Ádám Mándoki, Head of Product Development Department
- Dr. Erika Marczi, Head of Internal Audit
- Imre Pintér, Compliance Officer and Money Laundering Reporting Officer
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- Tamás Rittinger, Director of Tied Network
- Gábor Solymosi, Director of the Bank Channel
- Géza Szabó, Actuary Officer
- Alexandra Tóth, Head of Financial Department
- László Wiand, Head of the IT Department

System of internal controls

The system of internal controls is operated at the Company in accordance with the applicable laws and with regard to the relevant recommendations: in particular with the Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), the Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and the Recommendation No 5/2016 (VI.06.) of the National Bank of Hungary on the implementation and operation of internal defense lines. The internal defense roles and individual responsibilities of organizational units and officers constituting the internal defense lines are defined in policies; these roles and responsibilities have also been added to the job descriptions of the relevant persons.

Internal audit system

The internal audit system comprises control mechanisms incorporated into processes at the Company, management controls and the independent internal auditor. The internal auditor's is overseen by the Supervisory Board from a professional point of view.

Internal audit activities are carried out by the internal auditor (and they involve a comprehensive audit of the business activities, their analysis and assessment, identification of interfering circumstances and irregularities, the initiating of measures, the carrying out of examinations defined by law and internal rules, the completion of targeted examinations, general examinations and ensuring that the experience gained is used in practice). The responsibilities of the internal auditor is limited to examining whether the Insurer operates in accordance with internal procedures as well as examining insurance activity from the perspective of legality, security, transparency and expedience. The internal auditor examines the accuracy and completeness of reports and data supplied to the Supervisory Authority by the Company at least on a quarterly basis. The internal auditor is required to send the internal auditor's reports to both the Supervisory Board and the Board of Directors and, if there is a supervisory audit, the internal auditor must make these reports available to those carrying out the audit. The employer's rights concerning the internal auditor are exercised by the Chairman of the Board.

The Company's internal audit function has an audit manual and a three-year rolling audit plan. After an internal auditor's report is approved by the Supervisory Board, the findings of

the report are discussed and continuously followed by the Manager's Meeting. Internal audit must monitor every month the implementation of the tasks specified in its reports. After supervisory audits have been closed, the Company will examine the risk assessment prepared of its every quarter by the supervisory authority and the head of the internal audit function will prepare a report on this for the Supervisory Board.

The examination of the administration, as built in the work process, uses the four-eyes principle. Each transaction is approved by a different employee in the financial control system called IIMS . In the financial field, performance is approved and payment is authorized by different persons.

Risk Management Committee

The principal task of the Risk Management Committee is to assist and support the Insurer's Board of Directors in carrying out their risk management activity in accordance with the laws and other rules as well as the articles of association and internal regulations of the Insurer. The Risk Management Committee regularly and in case of needed reviews, supervises and analyses the risk management activity of the Insurer, makes a report and gives recommendations on the basis of the experiences to the Board of Directors.

The Risk Management Committee consist of the members of the management meeting, invited persons, the Chief Actuary, the Chief Compliance Officer and the Chief Risk Manager.

The main tasks:

- monitoring and development of the risk management system covering the entire Company;
- monitoring of the implementation of the risk assessment guidelines adopted by the Board of Directors;
- monitoring of the implementation of the "risk appetite" principles defined by the Board of Directors (i.e. the magnitude and types of risks the organization is willing to accept)
- monitoring the risk management measures defined by the Board of Directors;
- improving the overall risk awareness of the organization;
- monitoring the effectiveness of other units beyond the internal audit within the Company's organization – data protection, controlling - that have audit functions and comparing their day-to-day practice with the principles defined by the Board of Directors;
- monitoring the effectiveness of supplementary Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II);

- discussing and accepting the quarterly risk exposure reports prepared by the risk management associate;
- discussing the annual operational risk reports; making recommendations for action;
- evaluation of the annual live test results of the business continuation and disaster recovery plan;
- discussing and accepting the quarterly reports drafted by the Compliance Officer;
- discussing the risk management report prepared for the Board of Directors;
- developing actuary methodology;
- analyzing the quarterly client complaint reports from the aspect of risk management;
- in connection with the auditing of the Company:
 - o making recommendations for further measures concerning unresolved findings made by the internal audit function;
 - o deciding on accepting the existing risk or on adopting measures mitigating the risk in the case of internal audit findings not accepted by the responsible person;
 - o monitoring the measures taken in response to the findings of the statutory auditor and the Supervisory Authority.

Risk management function

In order to comply with the Insurance Companies Act, a new position has been created, that of the **Risk Management Officer**, who directly reports to the Chief Executive Officer. The role of the Risk Management Officer covers the following:

- in order to help the Company develop its risk strategy, the introduction and operation of a complex risk management system suitable for the identification, monitoring and reduction of risks in the fields of operation, projects and economic crime prevention;
- the establishment of risk reducing procedures, the monitoring of implementation and the follow-up of results are managed by the Risk Management Officer;
- the risk management system involves a management of tasks that is sufficiently documented, that is based on self-assessment, data measurement and regular analysis and also the results of expert analyses and that, in addition to the primary result of reducing risk, increases risk awareness concerning the Company's decision-making;
- the Officer verifies the calculations, assessments and reports created by the Risk Manager by signing them.
- Duties related to the operation of the system:
- the Board of Directors assess the current risk levels in the areas of risks through a standard risk discussion. The insurance company uses a two-level assessment; the result of the high-level assessment carried out with the involvement of the Company's management determines the list of areas in which a separate themed assessment is required.
- The risk management function identifies points of assessment in each risk area within its scope of powers for the purpose of determining risk levels (key risk

- indicators), and the affected business areas prepare a monthly report on the results of the assessment.
- The risk management function will evaluate the measured results, the trends and the external factors impacting risk and will prepare a quarterly report on the findings for the Board of Directors.
 - On the basis of an annual plan of operation, the risk management function monitors the work processes constituting elevated risk and records any deficiencies in a manager's report. The Company will appoint a risk owner/a person to act to carry out the tasks arising from such findings and will set a deadline for completing the task. The risk management function will track the risk that have arisen and the tasks related to their mitigation in the summary records of risk management and will inform the management of any backlog.

Risk manager

A separate position, that of the **Risk Manager**, has been established, also under the rules of the Insurance Act, Solvency II and its supplement.

The Risk Manager's duties are as follows:

- a) the supporting of the Board of Directors, the management, supervisory board and other key positions for the purpose of the efficient operation of the risk management system;
- b) the monitoring of the risk management system;
- c) the monitoring of the Company's overall risk profile;
- d) advising the Board of Directors concerning risk management issues, including but not limited to strategic issues such as company strategy, mergers and acquisitions, key projects and investments; and
- e) the identification and assessment of risks that may arise.

Compliance Officer

The Compliance Officer's position was also developed pursuant to the rules of the Insurance Companies Act. The Compliance Officer reports to the Chief Executive Officer directly; the Officer's scope of responsibilities include the identification and management of compliance risks that may arise due to the Company's failure to follow the relevant laws and any other applicable rule not qualifying as a law.

Regulatory tasks of the Compliance Officer:

- defining the compliance areas and the scope of the related compliance rules;
- tracking of changes in regulation; conducting impact studies
- initiating the necessary changes.

Operation-related duties:

- monitoring compliance with the compliance rules and reporting any violation of them to the Supervisory Board and the Board of Directors;
- consulting the Company's management in connection with compliance issues;
- training the employees of the Company on compliance and keeping the relevant training materials up-to-date;
- fulfilling the notification obligation to the authorities (e.g. concerning conflicts of interest);
- issuing an opinion from the aspect of compliance before the launch of new products and procedures.

The compliance officer holds all other compliance scope of duties as well. Thus he reports at least once per year to the Board of Directors and to the Supervisory Board on the compliance with the relevant laws and regulations in accordance with the content of the report regulated by the Insurance Act.

Money Laundering Reporting Officer (appointed person)

Pursuant to Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing (hereinafter: Anti-Money Laundering Act), the Company has adopted and applies anti-money laundering and anti-terrorist financing norms on the basis of uniform principles. To carry out these tasks, a separate position has been created pursuant to the rules of the Anti-Money Laundering Act. The holder of this position is required to notify the authority acting as a financial information unit of any reported cases he/she may learn of. The Officer's main tasks include:

- if the Officer obtains information concerning unusual transactions, he/she may request information about them from the employees, insurance brokers and will forward the information in the form of an official report
- organizing training or further training held for the employees on a regular basis but at least once a year and informing them of current experiences
- examination of operated filtering systems
- liaison with the designated units of the authority acting as a financial information unit, providing information about reported transactions and clients and also about non-reported contractual relationships and transactions in the case of an appropriate query (the query must be made in accordance with the requirements specified in all other applicable laws, including the Insurance Act and the Act XIX of 1998 on Criminal Procedure).
- defining the purpose, content, order, rules and supervising on regular base the operation of audits related to the prevention and combating of money laundering and terrorist financing.

The activity of the appointed person is supervised by the Chief Legal Advisor.

Auditor

The Auditor of the Company was Ernst&Young Könyvvizsgáló Kft., (H-1132 Budapest, Váci út 20.). In 2017, the Company gave no other assignment to the beyond auditing, thus the requirement of independency has been fully completed.

Information

As the Company is a public company listed on the stock exchange, it is indispensable to provide regular and authentic information to the shareholders and other players of the capital market for the purpose of ensuring transparency and substantiated decision-making by the investors.

The Company will comply with its disclosure and publication obligations in full compliance with the laws applicable to publication and disclosure, including in particular Act CXX of 2001 on the Capital Market, Act V of 2013 on the Civil Code, Minister of Finance Decree 24/2008 (VIII.15) on the Detailed Rules of the Provision of Information Requirements Applicable to Publicly Issued Securities, and the relevant rules of the BSE's policies. The Company also developed internal policies to establish a clearer set of procedures and to ensure transparency. For this reason, the Company has an Information Access Policy and a Policy on the Public Disclosure of Classified Information.

The Company also has extensive internal rules covering insiders and potential insiders; these internal rules fully comply with the relevant and effective national and EU laws. In accordance with the relevant laws and the applicable internal policies, the Company mandatorily publishes any CIGPANNONIA share transactions the Company's senior employees and officers may have by publicly disclosing them at the places of publication.

Rules of procedure related to the General Meeting and the manner of exercising the shareholders' rights

The shareholders of the Company may exercise their voting rights at the General Meeting in person or by proxy. Members of the Board of Directors and the Supervisory Board, the general manager, the auditor and the executive employees of the Company may not act as proxies unless they are given written and unambiguous instructions by the shareholder concerning each and every motion for resolution. If the shareholder wishes to use the relevant form to designate a proxy, the shareholder must notify the Company of this within the deadline specified in the announcement of the given General Meeting. The authorization of the proxy will only be valid for the given General Meeting but the proxy may represent the shareholder if the General Meeting is suspended and then continued or for the second General Meeting if the first has no quorum. The shareholder's rights may only be exercised in the case of an authorization given by using a form if the form is received by the Company by the deadline, in the manner and at the address specified in the announcement. The authorization granted by using a form will be effective until it is withdrawn by an express statement.

The General Meeting must be convened through an announcement published on the Company's website and at the places of publication defined in Chapter XVI of the Articles of

Association (hereinafter: places of publication)- which are the websites operated by Budapest Stock Exchange and the Hungarian National Bank- at least 30 days before the start date of the General Meeting. In addition to the publication of the announcement at the places of publication, those shareholders that have requested it must also be notified electronically. If the content of the announcement differs from the content of the notification sent electronically to the shareholder, the announcement will be given priority.

The announcement convening the General Meeting must specify:

- (a) the Company's name and registered seat;
- (b) venue and location of the General Meeting;
- (c) the form of the General Meeting;
- (d) the agenda of the General Meeting;
- (e) the conditions of exercising the right to vote as listed in the Articles of Association;
- (f) the venue and date/time of the second General Meeting convened in case the first General Meeting has no quorum;
- (g) the date to be specified under Section 3:273(2) of the Act on the Civil Code and the information regarding the provisions of Section 3:273(3) of the same Act;
- (h) the conditions specified in the Articles of Association for exercising the right to request information (Section 3:257 of the Act on the Civil Code) and the right to request the supplementation of the agenda of the General Meeting (Section 3:266 of the same Act);
- (i) the time, location and manner of making available the proposals and motions for resolutions included in the General Meeting's agenda, including the address of the Company's website;

At least 21 days before the General Meeting, the Company is required to publish, in accordance with the public announcement rules in the Articles of Association, the draft of the annual report prepared according to the Accounting Act, the key data of the report of the Board of Directors and the Supervisory Board, summary reports of the number of shares and voting rights at the time the General Meeting was convened (including summary reports for each share class), summary reports of the proposals concerning the issues on the agenda and the motions for resolutions. If the shareholders exercise their rights specified in Sections 3:259 of the Act on the Civil Code, the Board of Directors shall publish a notice of the amended agenda and the resolution proposals requested by the shareholders after it becomes aware of the request. The issue indicated in such a notice shall be considered as the part of the agenda.

The shareholder who intends to participate in the General Meeting, or the representative of the shareholder must be registered into the shareholders' register until the second working day before the general meeting. The closing of the shareholders' register does not restrict the right of the person registered into the shareholders' register to transfer its shares following the closing of the shareholders' register. The transfer of the shares prior to the starting date of the General Meeting does not restrict the right of the person who is registered in the shareholders' register to participate in the General Meeting and to exercise

his/her rights as a shareholder. The confirmation as to who is entitled to exercise shareholders' rights at the general meeting takes place via a regular shareholder identification process. Hence, no shareholders' certificate needs to be issued for the general meeting. The shareholders may not pass a resolution at the Company without holding a General Meeting.

The General Meeting is considered to have quorum if shareholders representing at least one half of the votes available under voting shares are present at the meeting. For the purpose of determining whether the General Meeting has quorum by the calculation the equity shares must not be taken into account.

If a second General Meeting is held automatically due to a lack of quorum at the originally scheduled General Meeting, the second meeting must be held at the time and subject to the conditions specified in the invitation to the original meeting. The second General Meeting is considered duly convened if the letter of invitation includes the content items specified in Chapter VIII Section 10 of the Articles of Association. As the free float of the Company's shares is high, the first General Meeting happened to have lack of quorum in the recent years since the number of the present shareholders/representatives did not reach the rate of 50 per cent required to have quorum

If the manner of convening the General Meeting violates the applicable rules, resolutions may only be passed if each shareholder with a right to vote is present and none of the shareholders protests against holding the General Meeting. The shareholders have the right to recognize as valid any resolution passed at a General Meeting convened or held in violation of the rules if they unanimously vote in favor of recognizing the resolution as valid within 30 days from the day of the General Meeting.

Voting may be held at the General Meeting with the help of a computer or by counting the votes manually. Due to the low participation at the General Meeting, voting is practiced by distributed voting sheets which are being summarized at the passing of resolutions by summing up the number of votes related to the certain voting sheets. The resolutions of the General Meeting in 2017 have been adopted by qualified majority or unanimous decision.

The General Meeting is presided over by a person appointed by the Board of Directors (presiding chairperson). The General Meeting need not to pass a resolution on the appointment of the presiding chairperson but in practice the General Meeting confirms this position. The presiding chairperson defines the rules of the debate concerning each agenda item; in this context, the presiding chairperson will determine the order of speakers, give the floor to the speakers and, if the shareholder refuses to stop talking about a topic not related to the agenda item under discussion, may withdraw the right to speak from the shareholder; the presiding chairperson may clarify the shareholder's motion for resolution without modifying its content, may order voting on certain motions and announce the passed resolution.

The votes cast at the General Meeting are counted by a vote counting committee of three members appointed by the General Meeting. The General Meeting was convened twice in 2017.

Remuneration statement

In 2017, the Company issued its remuneration statements, and published the remuneration paid to the officers in this capacity according to the details contained in 2.7.7. . The remuneration statement doesn't include the remuneration of the officers arisen from their employment. The remuneration guidelines were published on the Company's website.

II.

Corporate Governance Report on the compliance with the Corporate Governance Recommendations

The company hereby declares to what extent it applied in its own practice of corporate governance the recommendations and suggestions formulated in the different points of the Corporate Governance Recommendations published by the Budapest Stock Exchange Ltd.

By reviewing the tables, market participants may receive information on the extent to which the corporate governance practice of different companies meets certain requirements included in the CGR, and may easily compare the practices of the different companies.

Level of compliance with the Recommendations

The company indicates whether it applies the relevant recommendation or not, and in the case of a negative answer, it provides the reasons for not applying the given recommendation.

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

Yes

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

Yes

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

Yes

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

Yes

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

Yes

A 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

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

Yes

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

Yes

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

Yes

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

Yes

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

Yes

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

Yes

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

Yes

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

Yes

A 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

A 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

A 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

A 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

A 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

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

A 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

A 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

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

Yes

A 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

The Supervisory Board formed an opinion on the remuneration guidelines.

Yes

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

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

Yes

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

Yes

A 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

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

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

Yes

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).

Yes

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

Yes

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

Yes

A 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

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

Yes

The Managing Body took the necessary steps to identify the major risk areas.

Yes

A 2.8.3 The Managing Body formulated the principles regarding the system of internal controls.

Yes

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

A 2.8.4 When developing the system of internal controls, the Managing Body took into consideration the viewpoints included in 2.8.4

Yes

A 2.8.5 It is the duty and responsibility of the executive management to develop and maintain the system of internal controls.

Yes

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

Yes

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

A 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

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

Yes

A 2.8.8 The Internal Audit schedule was approved by the Managing Body (Supervisory Board) based on the recommendation of the Audit Committee.

Yes

A 2.8.9 The Managing Body prepared its report for shareholders on the operation of internal controls.

Yes

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.

Yes

A 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

A 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

A 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

The Managing Body pre-determined in a resolution what circumstances constitute "significant bearing".

No

The Insurance Act gives guideline on what circumstances constitute "significant bearing".

A 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

A 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).

Yes

A 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).

Yes

A 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

A 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

A 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

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

Yes

A consolidated Remuneration - and Nomination Committee operating at the Company.

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

Yes

The Remuneration- and Nomination Committee carried out this task.

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

Yes

The Remuneration - and Nomination Committee carried out this task.

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

Yes

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

Yes

A 3.4.1 There is a Remuneration Committee operating at the company.

Yes

A consolidated Remuneration - and Nomination Committee operating at the Company.

A 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

The Remuneration - and Nomination Committee carried out this task.

A 3.4.3 The remuneration of the executive management was approved by the Managing Body based on the recommendation of the Remuneration Committee.

Yes

The remuneration of the Managing Body was approved by the general meeting based on the recommendation of the Remuneration Committee.

Yes

The Remuneration Committee also monitored the share option, cost reimbursement and other benefits in the remuneration system.

Yes

A 3.4.4 The Remuneration Committee made proposals regarding remuneration guidelines.

Yes

A 3.4.4.1 The Remuneration Committee made proposals regarding the remuneration of individual persons.

Yes

A 3.4.4.2 The Remuneration Committee reviewed the terms and conditions of contracts concluded with the members of the executive management

Yes

A 3.4.4.3 The Remuneration Committee ascertained whether the company fulfilled its disclosure obligations regarding remuneration issues.

Yes

A 3.4.7 The majority of the members of the Remuneration Committee are independent.

Yes

A 3.5.1 The Managing Body disclosed its reasons for combining the Remuneration and Nomination Committees.

Yes

A 3.5.2 The Managing Body carried out the duties of the Nomination Committee and disclosed its reasons for doing so.

No

The Remuneration - and Nomination Committee carried out the tasks.

- A 3.5.2.1 The Managing Body carried out the duties of the Remuneration Committee and disclosed its reasons for doing so.

No

The Remuneration- and Nomination Committee carried out the tasks.

- A 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

- A 4.1.2 The company ensured in its disclosure activities that all shareholders and market participants were treated equally.

Yes

- A 4.1.3 The company's disclosure guidelines include the procedures governing electronic, on-line disclosure.

Yes

The company develops its website taking into consideration disclosure guidelines and the provision of information to investors.

Yes

- A 4.1.4 The Managing Body assessed the efficiency of disclosure processes.

Yes

- A 4.1.5 The company published its corporate events calendar on its website.

Yes

A 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

A 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

A 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

A 4.1.10 The company provided information on the internal organisation and operation of the Managing Body and the Supervisory Board.

Yes

The Articles of associations – that can be downloaded from our website - contains the structures and tasks of the two Bodies.

A 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

A 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

A 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

A 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

A 4.1.14 The company discloses its guidelines governing insiders' trading in the company's securities on its website.

Yes

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

A 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

Level of compliance with the Suggestions

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

J 1.1.3	The company has an investor relations department.	<u>Yes</u> / No
J 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)	<u>Yes</u> / No
J 1.2.2	The company's articles of association are available on the company's website.	<u>Yes</u> / No
J 1.2.3	The company disclosed on its website information according to 1.2.3 (on the record date of corporate events).	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 1.2.5	The general meeting of the company was held in a way that ensured the greatest possible shareholder participation.	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 1.2.7	The voting procedure applied by the company ensured unambiguous, clear and fast decision-making by shareholders.	<u>Yes</u> / No
J 1.2.11	At the shareholders' request, the company also provided information on the general meeting electronically.	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 1.3.2	The Managing Body and the Supervisory Board were represented at	<u>Yes</u> /

	the general meeting.	No
J 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 / <u>No</u>
J 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.	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 1.3.7	The company published a press release and held a press conference on the decisions passed at the general meeting.	<u>Yes</u> / No
J 1.3.11	The company's general meeting decided on the different amendments of the articles of association in separate resolutions.	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 1.4.1	The dividend was paid within 10 days to those shareholders who had provided all the necessary information and documentation	<u>Yes</u> / No
J 1.4.2	The company disclosed its policy regarding anti-takeover devices.	<u>Yes</u> / No
J 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.	<u>Yes</u> / No

J 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.	<u>Yes</u> / No
J 2.3.2	Board members had access to the proposals of a given meeting at least five days prior to the board meeting.	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 2.4.2	The composition of boards and the number of members complies with the principles specified in 2.4.2	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 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.	Yes / <u>No</u>
J 2.5.5	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.	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 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	<u>Yes</u> / No

component related to the share price.

J 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.	<u>Yes</u> / No
J 2.8.10	When evaluating the system of internal controls, the Managing Body took into consideration the aspects mentioned in 2.8.10.	<u>Yes</u> / No
J 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 / <u>No</u>
J 2.9.1	The rules of procedure of the Managing Body cover the procedure to be followed when employing an external advisor.	<u>Yes</u> / No
J 2.9.1.1	The rules of procedure of the Supervisory Board cover the procedure to be followed when employing an external advisor.	<u>Yes</u> / No
J 2.9.1.2	The rules of procedure of the Audit Committee cover the procedure to be followed when employing an external advisor.	<u>Yes</u> / No
J 2.9.1.3	The rules of procedure of the Nomination Committee cover the procedure to be followed when employing an external advisor.	Yes / <u>No</u>
J 2.9.1.4	The rules of procedure of the Remuneration Committee cover the procedure to be followed when employing an external advisor.	Yes / <u>No</u>
J 2.9.4	The Managing Body may invite the company's auditor to participate in those meetings where it debates general meeting agenda items.	<u>Yes</u> / No
J 2.9.5	The company's Internal Audit function co-operated with the auditor in order to help it successfully carry out the audit.	<u>Yes</u> / No
J 3.1.2	The chairmen of the Audit Committee regularly inform 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.	<u>Yes</u> / No

J 3.1.2.1	The chairmen of the Nomination Committee regularly inform 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	<u>Yes</u> / No
J 3.1.2.2	The chairmen of the Remuneration Committee regularly inform 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.	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 3.1.5	The rules of procedure of committees operating at the company include those aspects detailed in 3.1.5.	<u>Yes</u> / No
J 3.2.2	The members of the Audit Committee / Supervisory Board were fully informed about the accounting, financial and operational peculiarities of the company.	<u>Yes</u> / No
J 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.	<u>Yes</u> / No
J 3.3.4	The majority of the members of the Nomination Committee are independent.	<u>Yes</u> / No
J 3.3.5	The rules of procedure of the Nomination Committee includes those details contained in 3.3.5	<u>Yes</u> / No
J 3.4.5	The Remuneration Committee prepared the Remuneration Statement.	<u>Yes</u> / No
J 3.4.6	The Remuneration Committee exclusively consists of non-executive members of the Managing Body.	Yes / <u>No</u>
J 4.1.4	The disclosure guidelines of the company at least extend to those details contained in 4.1.4	<u>Yes</u> / No
	The Managing Body informed shareholders in the annual report on the	<u>Yes</u> /

	findings of the investigation into the efficiency of disclosure procedures.	No
J 4.1.7	The company's financial reports followed IFRS guidelines.	<u>Yes</u> / No
J 4.1.16	The company also prepares and releases its disclosures in English.	<u>Yes</u> / No

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