

The declaration of Danubius Hotels Nyrt. about compliance with the contents of the Corporate Governance issued by the Budapest Stock Exchange

Danubius Hotels Nyrt. has always recognised the importance of maintaining the highest standards of corporate governance. A Danubius Hotels Nyrt.'s corporate governance meets the requirements of the regulations of the Budapest Stock Exchange, the directives of the Hungarian National Bank and the relevant regulations of the Capital Market Act. Danubius also subjects its policies to regular review to ensure that they take account of continually evolving international best practice in this area.

Board of Directors

A Danubius Hotels Nyrt.'s Board of Directors acts as the highest governance body of the Company and as such has collective responsibility for all corporate operations. The Board's key activities are focused on achieving increasing shareholder value, improving efficiency and profitability and ensuring transparency in corporate activities. It also aims to ensure appropriate risk management, environmental protection and conditions for safety at work.

Operation of the Board of Directors

The Board acts and makes resolutions as a collective body.

The Board adopted Rules of Procedure (Charter) to govern its own activities, these rules are regularly updated to ensure continued adherence to best practice standards.

The Board Charter covers:

- scope of the authority and responsibilities of the Board,
- provision of information to the Board
- order and preparation of Board meetings and the permanent items of the agenda, and
- decision-making mechanism and the manner in which the implementation of resolutions is monitored.

In accordance with this Charter, members of the Board have signed a declaration on conflict of interest and that they have reported their position as director in the Board to their employer or principal as regards other key management positions.

Report of the Board of Directors on its current year activities

In 2014, the Board of Directors held four meetings with an average attendance rate of 100%. The Board of Directors evaluates and makes decisions in respect of various strategic business issues, individually evaluates the performance of each of the company's business units and approves the plans for future year.

Remuneration of the Board of Directors

In 2014 the Chairman of the Board of Danubius Hotels Nyrt. received HUF 372 thousand per month, its members received HUF 252 thousand per month (before 1 May 2014 HUF 365 thousand per month and HUF 247 thousand per month respectively). Board members renounced partially or fully their claim for this remuneration. Details were disclosed in the Remuneration Statement.

Supervisory Board

The Supervisory Board is responsible for monitoring and supervising the Board of Directors on behalf of the shareholders. In accordance with Danubius Hotels Nyrt's Articles of Association, the minimum number of members is 3 while the maximum number of members is 15, currently there are 4 members. The majority of the members of the supervisory board have to be independent persons. The member of the supervisory board is qualified independent if apart from any transaction conducted within the company's usual activities, aiming to satisfy the board member's personal needs has no other legal relationship with the company than the supervisory board membership. The members of the supervisory board shall act in person, representation on the supervisory board is not allowed. The members of the supervisory board are independent of the board and shall not be instructed in the course of their activity.

Members of the Supervisory Board and their independence status:

Dr. György Mohai, chairman, independent
Dr. Gábor Boér
Dr. András Gálszécsy, independent
László Polgár, independent

The Supervisory Board (SB) may request information from the executive and senior officers of the company which is to be answered by the addressees in writing in case of written request within 15 days of receipt. The SB shall assess all motions brought before the general meeting, and present its opinion thereof at the general meeting. The general meeting passes decision on the financial report in possession of the written report of the supervisory board. The SB shall have access to the documents, accounting records and books of the Company, and to inspect the Company's payment account, cash desk, securities portfolio, and contracts, or to have them inspected by an expert. If, in the judgment of the SB, the activity of the board is contrary to the law, to the Articles or to the resolutions of the general meeting, or otherwise infringes upon the interests of the Company, the SB shall have the right to convene extraordinary general meeting of the Company to discuss that issue and to take the necessary decisions. Members of the SB shall be entitled to bring court action seeking annulment of resolutions adopted by the bodies of the general meeting and the Company, if the resolution is alleged to be unlawful or to violate the Articles. Members of the SB may attend sessions of the general meetings in an advisory capacity.

Remuneration of the members of the Supervisory Board

The remuneration of the members of the Supervisory Board for 2014 was approved by the last AGM, according to which chairman of the Supervisory Board was entitled to HUF 357 thousand per month (before 1 May 2014 HUF 350 thousand per month) and members were entitled to HUF 204 thousand per month (before 1 May 2014 HUF 200 thousand per month). The members renounced partially or fully their claim for this remuneration. Details were disclosed in the Remuneration Statement.

Audit Committee

The general meeting of the company elects an Audit Committee from three independent persons of the Supervisory Board for a period equal to the period of the Supervisory Board membership.

At least one member of the Audit Committee has to have accounting and/or auditing qualifications.

The audit committee shall provide assistance to the supervisory board

- in supervising the financial report regime,
- in selecting an auditor, and
- in working with the auditor.

Members of the Audit Committee:

László Polgár, chairman
Dr. András Gálszécsy
Dr. György Mohai

The Audit Committee elects a chairman from among its members. The Audit Committee establishes its rules of procedure on its own, which is approved by the Supervisory Board.

External Auditor

Danubius Hotels Group was audited by KPMG Hungária Kft. with regards to its reports for 2014. Within the framework of the audit contract, KPMG performs an audit of statutory financial statements, including interim financial statements of Danubius Hotels Nyrt. prepared in accordance with Law C of 2000 on Accounting and the consolidated annual financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS). Audits of the above mentioned financial statements are carried out in accordance with the Hungarian National Standards on Auditing, the International Standards on Auditing (ISA), the provisions of Accounting Law and other relevant regulations. The auditors ensure the continuity of the audit by scheduling regular on-site reviews during the year, participating in the meetings of the Supervisory Board and through other forms of consultation. The auditors also review the stock exchange reports issued quarterly; however they do not perform an audit of or issue any opinion on such reports.

The level of compliance with the Corporate Governance

- R 1.1.1 The Managing Body ensured that shareholders received access to information in time to enable them to exercise their rights.
Yes
- R 1.1.2 The company applies the "one share - one vote" principle.
Yes
- R 1.2.8 The company ensures that shareholders must meet the same requirements in order to attend at the general meeting.
Yes
- R 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
- R 1.2.10 Shareholders' comments on and supplements to the items on the agenda were published at least two days prior to the general meeting.
There was no such a comment.
- R 1.3.8 Comments on the items of the agenda were made available to shareholders simultaneously with registration at the latest.
There was no such a comment.
- Written comments made on the items on the agenda were published two working days prior to the general meeting.
There was no such a comment.
- R 1.3.10 The election and dismissal of executives took place individually and by separate resolutions.
Yes
- R 2.1.1 The responsibilities of the Managing Body include those laid out in 2.1.1.
Yes
- R 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
- R 2.5.1 The Management Board / Supervisory Board of the company have a sufficient number of independent members to ensure the impartiality.
Yes
- R 2.5.4 At regular intervals (in connection with the CG Report) the Board of Directors / Supervisory Board requested a confirmation of their independent status from those members considered independent.
Members of the Board of Directors inform the Board about any changes in their position that could have an impact on the assessment of their independent status, if such a thing takes place.

- R 2.5.6 The company disclosed on its website the guidelines on the independence of the Board of Directors / Supervisory Board, as well as the criteria applied for assessing independence.
- The criteria applied for assessing independence of the Board of Directors and the Supervisory Board are judged by the Recommendation for Corporate Governance. The circle of the members of the Board of Directors ensures that in line with the strategic interests of the company the interests of all the shareholders be taken into consideration.*
- R 2.6.1 Members of the Managing Body informed the Managing Body (Supervisory Board/Audit Committee) if they (or any other person in a close relationship to them) had a significant personal stake in a transaction of the company (or the company's subsidiary).
- No deal requiring an announcement took place in the current year.*
- R 2.6.2 Transactions between board and executive management members (and persons in close relationship to them) and the company (or its subsidiary) were conducted according to general rules of practice of the company, but with stricter transparency rules in place.
- Yes
- 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).
- No such event took place last year.*
- R 2.6.3 Board members informed the Supervisory Board/Audit Committee if they received an offer of Board membership or an offer of an executive management position in a company, which is not part of the company group.
- No such event took place last year.*
- R 2.6.4 The Managing Body established its guidelines on information flow within the company and the handling of insider information, and monitored compliance with those guidelines.
- Yes
- The Managing Body established its guidelines regarding insiders' trading in securities and monitored compliance with those guidelines.
- Yes
- R 2.7.1 The Managing Body formulated remuneration guidelines regarding the evaluation and remuneration of the work of the Managing Body, the Supervisory Board and the executive management.
- Yes
- 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.
- No such proposal was submitted in the past year.*
- R 2.7.2 The Managing Body prepared an evaluation of the work it carried out in the given business year.
- Yes
- R 2.7.2.1 The Supervisory Board prepared an evaluation of the work it carried out in the given business year.
- Yes
- R 2.7.3 It is the responsibility of the Managing Body to monitor the performance of and determine the remuneration for the executive management.
- Yes
- 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.
- No such proposal was submitted in the past year.*
- R 2.7.4 The structure of share-incentive schemes were approved by the general meeting.
- There is no such remuneration system in the company.*

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).

There is no such remuneration system in the company.

R 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.

The Remuneration of the members of the Board of Directors and the Supervisory Board is submitted to the AGM, every year and is voted on as a separate item of the agenda. The Remuneration of the members of the management is not disclosed.

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

Yes

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

R 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

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

Yes

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

Yes

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

Controlling activities are carried out at several levels in the company. Controlling activities built into the work processes and general controlling activities are continuous, the internal controlling body acting in the company reports to the Supervisory Board and informs the Audit Committee about its findings. The Board of Directors, the Supervisory Board and the Audit Committee are all informed about any major statements of any controlling function.

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

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

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

See point "R 2.8.6."

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

The internal controlling body reports to the Supervisory Board, its work plan is approved by the Supervisory Board.

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

Yes, the Board of Directors set forth the assessment of the operation of internal controls in the Report of the Board prepared for the AGM.

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.

The activities in connection with the reports prepared about the operation of internal controls are in line with the procedures set down in writing as well as the applied practise.

- R 2.8.11 The Managing Body identified the most important deficiencies or flow in the system of internal controls, and reviewed and re-evaluated the relevant activities.
Yes
- R 2.9.2 The Managing Body, the Supervisory Board and the Audit Committee were notified in all cases when an assignment given to the auditor may have resulted in significant additional expense, caused a conflict of interest, or affected normal business practices significantly in any other way.
No such assignment was given in the past year.
- R 2.9.3 The Managing Body informed the Supervisory Board of any assignment given to the external auditor or an external advisor in connection with any event which held significant bearing on the operations of the company.
No such assignment was given in the past year.

The Managing Body pre-determined in a resolution what circumstances constitute "significant bearing".
Yes
- R 3.1.6 On its website, the company disclosed duties delegated to the Audit Committee, as well as the committees targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).
Yes. The duties of the Audit Committee are laid down in the Articles of Association.
- R 3.1.6.1 On its website, the company disclosed duties delegated to the Nomination Committee, as well as the committees targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).
No, the duties of the Nomination Committee are fulfilled by the Board of Directors.
- R 3.1.6.2 On its website, the company disclosed duties delegated to the Remuneration Committee, as well as the committees targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).
No, the duties of the Remuneration Committee are fulfilled by the Board of Directors.
- R 3.2.1 The Audit Committee / Supervisory Board monitored the efficiency of risk management, the operation of internal controls, and the activity of the Internal Audit.
Yes
- R 3.2.3 The Audit Committee / Supervisory Board received accurate and detailed information on the work schedule of the Internal Auditor and the independent auditor, and received the auditor's report on problems discovered during the audit.
Yes
- R 3.2.4 The Audit Committee / Supervisory Board requested the new candidate for the position of auditor to submit the disclosure statement according to 3.2.4.
The Auditor of the company has been KPMG Hungária Kft since 1999. It is assigned by the AGM every year and it signs a declaration as evidence of its approval. Facts in line with incompatibility regulations are laid down in this.
- R 3.3.1 There is a Nomination Committee operating at the company.
No, the duties of the Nomination Committee are fulfilled by the Board of Directors.
- R 3.3.2 The Nomination Committee provided for the preparation of personnel changes.
The Nomination Committee reviewed the procedures regarding the election and appointment of members of the executive management.
The Nomination Committee evaluated the activity of board and executive management members.
The Nomination Committee examined all the proposals regarding the nomination of board members which were submitted by shareholders or the Managing Body.
The duties of the Nomination Committee are fulfilled by the Board of Directors.
- R 3.4.1 There is a Remuneration Committee operating at the company.
No, the duties of the Remuneration Committee are fulfilled by the Board of Directors.

- R 3.4.2 The Remuneration Committee made a proposal for the system of remuneration for the boards and the executive management (individual levels and the structure of remuneration), and carries out its monitoring.
The duties of the Remuneration Committee are fulfilled by the Board of Directors.
- R 3.4.3 The remuneration of the executive management was approved by the Managing Body based on the recommendation of the Remuneration Committee.
The remuneration of the executive management is approved by the Board of Directors.
- The remuneration of the Managing Body was approved by the general meeting based on the recommendation of the Remuneration Committee.
The remuneration of the Board of Directors is approved by the AGM.
- The Remuneration Committee also monitored the share option, cost reimbursement and other benefits in the remuneration system.
There is no share option in the company. The cost reimbursement and other benefits are continuously monitored.
- R 3.4.4 The Remuneration Committee made proposals regarding remuneration guidelines.
- R 3.4.4.1 The Remuneration Committee made proposals regarding the remuneration of individual persons.
- R 3.4.4.2 The Remuneration Committee reviewed the terms and conditions of contracts concluded with the members of the executive management.
- R 3.4.4.3 The Remuneration Committee ascertained whether the company fulfilled its disclosure obligations regarding remuneration issues.
The duties of the Remuneration Committee are fulfilled by the Board of Directors.
- R 3.4.7 The majority of the members of the Remuneration Committee are independent.
The duties of the Remuneration Committee are fulfilled by the Board of Directors.
- R 3.5.1 The Managing Body disclosed its reasons for combining the Remuneration and Nomination Committees.
The duties of the Remuneration Committee and Nomination Committee are fulfilled by the Board of Directors.
- R 3.5.2 The Managing Body carried out the duties of the Nomination Committee and disclosed its reasons for doing so.
Yes. The size of the company and the relative constant owner and senior management circle makes it possible for duties of the Nomination Committee to be entirely fulfilled by the Board of Directors.
- R 3.5.2.1 The Managing Body carried out the duties of the Remuneration Committee and disclosed its reasons for doing so.
Yes. The size of the company and the relative constant owner and senior management circle makes it possible for duties of the Remuneration Committee to be entirely fulfilled by the Board of Directors.
- R 4.1.1 In its disclosure guidelines, the Managing Body established those principles and procedures which ensure that all relevant information about the operations of the company and circumstances influencing its share price are disclosed and made available accurately, in a timely fashion and in full.
Yes
- R 4.1.2 The company ensured in its disclosure activities that all shareholders and market participants were treated equally.
Yes
- R 4.1.3 The company's disclosure guidelines include the procedures governing electronic, on-line disclosure.
According to the guideline the company acts in line with the prevailing legal regulations and other rules and regulations.
- The company develops its website taking into consideration disclosure guidelines and the provision of information to investors.
Yes
- R 4.1.4 The Managing Body assessed the efficiency of disclosure processes.
Yes
- R 4.1.5 The company published its corporate events calendar on its website.
No, the company publishes precise information about the events following setting the final date.

- R 4.1.6 In the annual report and on the website of the company, the public was informed about the company's corporate strategy, its main business activities, business ethics and its policies regarding other stakeholders.
Yes
- R 4.1.8 In the annual report the Managing Body disclosed the character and size of any other assignments given by the company or its subsidiaries to the auditing firm responsible for auditing the financial statements.
No such assignment was given.
- R 4.1.9 In the annual report and on the website the company discloses information on the professional career of the members of the Managing Body, the Supervisory Board and the executive management.
Yes, this information is available on the website of the company.
- R 4.1.10 The company provided information on the internal organisation and operation of the Managing Body and the Supervisory Board.
The Rules of procedure of the Board of Directors and the Supervisory Board are available on the website of the company.
- R 4.1.10.1 The company provided information on the criteria considered when evaluating the work of the Managing Body, the executive management and the individual members thereof.
The remuneration of the management is established based on the continuous interim evaluation, the criteria when evaluating the work of the management is equal to that applied for the other senior managers.
- R 4.1.11 In the annual report and in the Remuneration Statement on the company's website, the company informed the public about the applied remuneration guidelines, including the remuneration and fees provided for members of the Managing Body, the Supervisory Board and the executive management.
The remuneration of the Board of Directors and the Supervisory Board is established based on the resolution passed by the AGM, the shareholders are informed accordingly in the AGM documents and the Minutes taken at the AGM.
The remuneration of the management is established based on the continuous interim evaluation. The fixed and the variable wage – calculated based on the profit and other key performance indicators - reflect the market conditions. In case of the benefits, the Board of Directors endeavours to calculate by focusing on the strategic long-term goals of the owners and the company.
- R 4.1.12 The Managing Body disclosed its risk management guidelines, including the system of internal controls, the applied risk management principles and basic rules, as well as information about major risks.
The Board of Directors is continuously dealing with risk management but does not disclose any detailed information as these are considered business secret.
The Board of Directors informs its shareholders about major risk elements affecting its operation and business once a year in its annual report (and if necessary in the quarterly flash report) when evaluating the past year and forecasting the coming year.
- R 4.1.13 In order to provide market participants with information, the company publishes its report on corporate governance at the same time that it publishes its annual report.
Yes
- R 4.1.14 The company discloses its guidelines governing insiders' trading in the company's securities on its website.
The company considers the legal regulations and other regulations in connection with insiders' trading as prevailing.

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.

Employees were last provided the possibility to become holders of the company's securities in the course of the employee share program - allowance program - carried out in 1999-2000. No share incentive scheme is operating in the company. Information with regards to the sole Managing Body member who has material ownership are disclosed in the quarterly reports and the annual Financial Statements.
- R 4.1.15 In the annual report and on its website, the company disclosed any relationship between members of the Managing Body and the executive management with a third party, which might have an influence on the operations of the company.
The members of the Board of Directors and the management have no such relationships.

The level of compliance with the Corporate Governance

- S 1.1.3 The company has an investor relations department.
Yes
- S 1.2.1 The company published on its website the summary document regarding the conducting of the general meeting and the exercise of shareholders' rights to vote (including voting via proxy)
Yes
- S 1.2.2 The company's articles of association are available on the company's website.
Yes
- S 1.2.3 The company disclosed on its website information according to 1.2.3 (on the record date of corporate events).
Yes
- S 1.2.4 Information and documents according to 1.2.4 regarding general meetings (invitations, proposals, draft resolutions, resolutions, minutes) were published on the company's website.
Yes
- S 1.2.5 The general meeting of the company was held in a way that ensured the greatest possible shareholder participation.
Yes
- S 1.2.6 Additions to the agenda were published within 5 days of receipt, in the same manner as the publication of the original invitation for the general meeting.
No request was made for such an addition.
- S 1.2.7 The voting procedure applied by the company ensured unambiguous, clear and fast decision-making by shareholders.
Yes
- S 1.2.11 At the shareholders' request, the company also provided information on the general meeting electronically.
Yes
- S 1.3.1 The identity of the chairman of the general meeting was approved by the company's general meeting prior to the discussion of the items on the agenda.
Yes
- S 1.3.2 The Managing Body and the Supervisory Board were represented at the general meeting.
Yes
- S 1.3.3 The company's articles of association render possible that at the initiation of the chairman of the Managing Body or the shareholders of the company, a third party be invited to the company's general meeting and be granted the right of participation in the discussion of the relevant items on the agenda.
The articles of association does not regulate this issue.
- S 1.3.4 The company did not prevent shareholders attending the general meeting from exercising their rights to request information, make comments and proposals, and did not set any pre-requisites to do so.
Yes

- S 1.3.5 The company published on its website within three days its answers to those questions which it was unable to answer satisfactorily at the general meeting. Where the company declined to give an answer it published its reasons for doing so
This issue has not occurred.
- S 1.3.6 The chairman of the general meeting and the company ensured that in answering the questions raised at the general meeting, national laws and regulations of the Stock Exchange pertaining to disclosure were complied with.
Yes
- S 1.3.7 The company published a press release and held a press conference on the decisions passed at the general meeting.
Yes
- S 1.3.11 The company's general meeting decided on the different amendments of the articles of association in separate resolutions.
The modifications of the articles of association proposed to the general meetings are of a technical kind, consequently one resolution will be made.
- S 1.3.12 The minutes of the general meeting containing the resolutions, the presentation of draft resolutions, as well as the most important questions and answers regarding the draft resolutions were published by the company within 30 days of the general meeting.
Yes
- S 1.4.1 The dividend was paid within 10 days to those shareholders who had provided all the necessary information and documentation.
No dividend has been paid in previous years. In the event if the AGM passes a resolution in favour of paying a dividend, the company, alongside observing the legal regulations, will endeavour to publish the starting payment day in advance to make it possible for the shareholders to collect the dividend due to them as soon as possible.
- S 1.4.2 The company disclosed its policy regarding anti-takeover devices
In terms of anti-takeover devices, the company acts in line with legal regulations and principles set down in other stipulations.
- S 2.1.2 The rules of procedure define the composition of the Managing Body and all procedures and protocols for the preparation and holding of meetings, the drafting of resolutions and other related matters.
Yes
- S 2.2.1 The rules of procedure and the work schedule of the Supervisory Board gives a detailed description of its operation and duties, as well as procedures and processes which the Supervisory Board followed.
Yes
- S 2.3.2 Board members had access to the proposals of a given meeting at least five days prior to the board meeting.
Yes
- S 2.3.3 The rules of procedure regulate the regular or occasional participation at board meetings of persons who are not members of the boards.
Yes
- S 2.4.1 The election of the members of the Managing Body took place in a transparent way, information on candidates was made public at least five days prior to the general meeting.
Yes

- S 2.4.2 The composition of boards and the number of members complies with the principles specified in 2.4.2.
Yes
- S 2.4.3 Newly elected, non-executive board members were able to familiarize themselves with the structure and operations of the company, as well as their duties as board members through a tailored induction programme
Yes
- S 2.5.2 The separation of the responsibilities of the Chairman of the Managing Body from those of the Chief Executive Officer has been outlined in the basic documents of the company.
Yes
- S 2.5.3 The company has published a statement about the means it uses to ensure that the Managing Body gives an objective assessment of the executive management's work where the functions of Chairman and CEO are combined.
Presently the two functions are separated, no such disclosure is needed.
- S 2.5.6 The company's Supervisory Board has no member who held a position in the Managing Body or the executive management of the company in the three years prior to his nomination.
Yes
- S 2.7.5 The development of the remuneration system of the Managing Body, the Supervisory Board and the executive management serves the strategic interests of the company and thereby those of the shareholders.
Yes
- S 2.7.6 In the case of members of the Supervisory Board, the company applies a fixed amount of remuneration and does not apply a remuneration component related to the share price.
Yes
- S 2.8.2 The Managing Body developed its risk management policy and regulations with the cooperation of those executives who are responsible for the design, maintenance and control of risk management procedures and their integration into the company's daily operations.
Yes
- S 2.8.10 When evaluating the system of internal controls, the Managing Body took into consideration the aspects mentioned in 2.8.10.
Yes
- S 2.8.12 The company's auditor assessed and evaluated the company's risk management systems and the risk management activity of the executive management, and submitted its report on the matter to the Audit Committee / Supervisory Board.
Yes
- S 2.9.1 The rules of procedure of the Managing Body cover the procedure to be followed when employing an external advisor.
Yes
- S 2.9.1.1 The rules of procedure of the Supervisory Board cover the procedure to be followed when employing an external advisor.
Yes
- S 2.9.1.2 The rules of procedure of the Audit Committee cover the procedure to be followed when employing an external advisor.
Yes

- S 2.9.1.3 The rules of procedure of the Nomination Committee cover the procedure to be followed when employing an external advisor.
The duties of the Nomination Committee are fulfilled by the Board of Directors.
- S 2.9.1.4 The rules of procedure of the Remuneration Committee cover the procedure to be followed when employing an external advisor.
The duties of the Remuneration Committee are fulfilled by the Board of Directors.
- S 2.9.1 The rules of procedure of the Managing Body, the Supervisory Board and the committees cover the procedure to be followed when employing an external advisor.
Yes
- S 2.9.4 The Managing Body may invite the company's auditor to participate in those meetings where it debates general meeting agenda items.
Agenda items of the AGM are discussed with the Auditor outside of the Board meeting.
- S 2.9.5 The company's Internal Audit function co-operated with the auditor in order to help it successfully carry out the audit.
Yes
- S 3.1.2 The 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.
Yes
- S 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.
The duties of the Nomination Committee are fulfilled by the Board of Directors.
- S 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.
The duties of the Remuneration Committee are fulfilled by the Board of Directors.
- S 3.1.4 The company's committees are made up of members who have the capabilities, professional expertise and experience required to perform their duties.
Yes
- S 3.1.5 The rules of procedure of committees operating at the company include those aspects detailed in 3.1.5
Yes
- S 3.2.2 The members of the Audit Committee / Supervisory Board were fully informed about the accounting, financial and operational peculiarities of the company
Yes.
- S 3.3.3 The Nomination Committee prepared at least one evaluation for the chairman of the Managing Body on the operation of the Managing Body and the work and suitability of the members of the Managing Body.
The Board of Directors fulfils the duties of the Nomination Committee.
- S 3.3.4 The majority of the members of the Nomination Committee are independent
The Board of Directors fulfils the duties of the Nomination Committee.

S 3.3.5 The rules of procedure of the Nomination Committee includes those details contained in 3.3.5.

The Board of Directors fulfils the duties of the Nomination Committee.

S 3.4.5 The Remuneration Committee prepared the Remuneration Statement.

The Board of Directors fulfils the duties of the Remuneration Committee.

S 3.4.6 The Remuneration Committee exclusively consists of non-executive members of the Managing Body.

The Board of Directors fulfils the duties of the Remuneration Committee.

S 4.1.4 The disclosure guidelines of the company at least extend to those details contained in 4.1.4.

Yes

The Managing Body informed shareholders in the annual report on the findings of the investigation into the efficiency of disclosure procedures

The Board of Directors continuously monitors the efficiency of disclosure procedures and informs its shareholders at the AGM.

S 4.1.7 The company's financial reports followed IFRS guidelines

Reports, statements of Danubius Hotels Nyrt. as a stand alone company are prepared in accordance with Hungarian Accounting Act, while consolidated Group statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

S 4.1.16 The company also prepares and releases its disclosures in English

Yes

Budapest, 1 April 2015