



CORPORATE GOVERNANCE REPORT  
in accordance with the Corporate Governance Recommendations of  
Budapest Stock Exchange  
27 APRIL 2023

The proposal of the Board of Directors of  
MASTERPLAST Nyrt for the 4. item of the agenda of the General Meeting 27  
April 2023 ("Approval of the Corporate Governance Report of 2022  
on the grounds of the proposal of the Board of Directors.")

MASTERPLAST NYRT.  
declaration on corporate governance practices  
2022

in accordance with the Corporate Governance Recommendations and Proposals  
published by Budapest Stock Exchange Zrt.  
27 April 2023

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The shares of MASTERPLAST Nyilvánosan Működő Részvénytársaság (8143 Sárszentmihály, Árpád utca 1 / A., registered by the Registry Court of Székesfehérvár, Cg. 07-10-001342; later: "Company" "Group", "Masterplast") listed on the Budapest Stock Exchange (BSE), accordingly, the Company keeps in mind the corporate governance practices developed in Hungary and the related mandatory legal regulations.

Masterplast Group is managed by the MASTERPLAST Nyrt. The Group consists of the parent company Masterplast Nyrt., the 16 consolidated companies and four affiliated companies.

Founded in 1997, the main areas of activity of Masterplast are production and sales of building industry insulation materials. With its headquarters in Hungary, the Central and Eastern European international company group has 10 active subsidiary companies all over the world, operates several production units at 7 sites. The Group has a presence with its main products, thermal insulation system, heat, sound and water insulation, roofing and dry construction on the market. Its international production bases (own and production under license) ensure that group products reach the European markets and the markets outside Europe through its subsidiary companies and partners. With the production of healthcare textiles in Germany and the sale of medical protective clothing placed on the Hungarian market, the Company successfully entered the healthcare market in 2020.

The MASTERPLAST Nyrt. with the approval of 4/2023. (04.27.) resolution of the General Meeting makes the following declaration and gives the following information specified hereunder on the behalf of the Company:

## **Introduction**

The Company places great emphasis on the implementation of corporate governance recommendations and guidelines, taking into account the organization and capabilities of the Company and its subsidiaries. In addition to the guidance of the Board of Directors, the management of the company continuously develops its operational and control practices.

MASTERPLAST Nyrt's corporate governance practices are in line with the requirements of the Budapest Stock Exchange and the current capital market regulation. In addition, the Company regularly reviews its policies to meet the best international practice in this field.

Masterplast considers the aspects of sustainability, energy efficiency and environment protection of high importance in its internal processes as well as in production and innovation.

### **1.1 A brief presentation of the operation of the Board of Directors / Governing Board, and the distribution of responsibilities and tasks between the Board of Directors / Governing Board and the management.**

The Bodies of the MASTERPLAST Nyrt.: General Meeting, Board of Directors, Audit Committee, Management and Chief Executive Officer (hereinafter referred to as "CEO").

The Supreme Body of the Company is the General Meeting, which contains every Shareholders. The General Meeting, as the main decision-making body of the Company, enables its shareholders to make decisions, decide on corporate governance measures and exercise their control rights in matters of major importance for their operations. The rules of the calling and the procedure of the General Meetings, as well as the conditions of shareholders' rights and obligations, and the method of exercising the shareholders' rights are regulated in detail by the Articles of Association of the Company, which can be read on the webpage of the Company and the webpage of the Budapest Stock Exchange.

The managing body of the Company is the Board of Directors which has 5 members. The responsibilities of the Board of Directors shall include decisions that are related to the governance of a legal person, and are beyond the competence of the General Meeting, and such decisions which are delegated to the power of the Board of Directors by the Articles of Association and the legal rules. The rules of procedure, scope of authority and responsibilities of the Board of Directors are regulated in detail by the Section VIII. of the Articles of Association and the Rules of Procedure of the Board of Directors which can be read on the webpage of the Company. The Company's Board of Directors continuously monitors the company's operations, receives continuous information about the operation of the company from the Management and the CEO.

The operational activity of the Company is led by the Chief Executive Officer who elected by the Board of Directors and works as an employee. Over the CEO the employer's rights are exercised by the Board of Directors. The employers' rights over the Company's employees are exercised by the CEO, with the exception of the President and the Vice-president. Over the President and the Vice-president - with the exception of their election and recall - the employers' rights exercised by the Board of Directors.

## **1.2 An introduction of the Board of Directors / Governing Board, Supervisory Board and management members (for board members, also indicating each member's status of independence), a presentation of the boards structures.**

The 5-member Board of Directors is the executive body of Masterplast Nyrt. Its scope of authority and responsibilities are detailed in the Rules of Procedure of the Board of Directors, which can be read on the Company's website. The independent members of the Board of Directors do not participate in the daily activities of the work organization of the Company. The President and Vice-president of the Board of Directors of MASTERPLAST Nyrt. are elected by the Board of Directors for the same period as the members of the Board of Directors.

Members of the Board of Directors till 30 April 2022:

Dávid Tibor President (non-independent)

Balázs Ács Vice-president (non-independent)

Dirk Theuns (independent)  
Dezse Margaret Elizabeth (independent)  
Sinkó Ottó (independent)

Members of the Board of Directors since 1 May 2022:

Dávid Tibor President (non-independent)  
Balázs Ács Vice-president (non-independent)  
Dirk Theuns (independent)  
Dezse Margaret Elizabeth (independent)  
Bálint Fazekas (independent)

Masterplast Nyrt. has a 3-member Audit Committee, the members are elected by the General Meeting from among the independent members of the Board of Directors for the same period as their membership of the Board of Directors. The Audit Committee elects its chairman from among its members and makes its decisions by simple majority. In the year of 2022 Margaret Elizabeth Dezse held this position.

Members of the Audit Committee till 30 April 2022:

Dezse Margaret Elizabeth President (independent)  
Dirk Theuns (independent)  
Sinkó Ottó (independent)

Members of the Audit Committee since 1 May 2022:

Dezse Margaret Elizabeth President (independent)  
Dirk Theuns (independent)  
Bálint Fazekas (independent)

The introduction of the Members of the Board of Directors and the Audit Committee can be read on the webpage of the Company.

The operation of Company is led by the management of Masterplast Nyrt. within the framework of the Articles of Association, resolutions of the General Meeting and the Board of Directors, as well as the Organizational and Operational Regulations of Masterplast Nyrt. The split of tasks and responsibilities of the members related to the areas of corporate governance is detailed in the Organizational and Operational Regulations. The professional careers and introduction of the members of the Management can be read on the Company's webpage.

Members of the Management:

Dávid Tibor President  
Balázs Ács Vice-president  
Róbert Nádasi CEO

In all matters which are not belong to General Assembly or the Board of Directors, the management shall have the right to decide.

The Chief Executive Officer is managing and controlling the daily work and work organization of the company, and ensures the conditions necessary for the company's activities, within the framework defined by the legislation, resolutions of the General Meeting and the Board of Directors. The CEO is not a member of the Board of Directors, he attends as a regular invited participant on the Board of Directors' meeting. Employer rights are exercised by the CEO over the Company's employees. His professional career and introduction can be read on the webpage of the Company.

### **1.3 Specifying the number of meetings which the Board of Directors / Governing Board, Supervisory Board and committees held in the given period, completed with attendance rates.**

The Board of Directors held meetings 6 times with a 100% presence, 1 occasion with 80% presence in 2022. The presence on the meetings were made in person or by the way of electronic communications.

There is no Supervisory Board at the Company.

The Audit Committee held meetings 2 times with a 100% presence, 1 occasion with 66,66% presence in 2022. The presence on the meetings were made in person or by the way of electronic communications.

### **1.4 A presentation of the work done by the Board of Directors / Governing Board, the Supervisory Board and the management as well as the considerations for assessing their individual members. Specifying if the assessment carried out in the given period resulted in any changes.**

The Board of Directors evaluates its work as a body and the work of its members' annually at the Board of Directors meeting held before the Annual General Meeting. At this meeting, the Board of Directors discusses the members' contribution to the board's activities, the personal activities of the members and reports on the activities to the Annual General Meeting based on the evaluation.

The Board of Directors approve strategic plan which is reviewed annually. The Board of Directors evaluates the work of the management through the base year overperformance and the execution of the strategic plan. This evaluation is held at the Board of Directors meeting following the Annual General Meeting.

The remuneration of the members of the Board of Directors is determined by the General Meeting in fix amount yearly.

The remuneration of the management is partly based on its evaluation. The remuneration of the President and the Vice-president is fixed, the CEO's remuneration is partly linked to the company's profitability.

The evaluation of the members of the Board of Directors and management's work documented in the minutes of the Board of Directors.

**1.5 A report on the operation of each committee, elaborating on the professional background of committee members, the number of and the attendance rate at the meetings held as well as the major topics discussed at the meetings and a presentation of the general operation of each committee. When presenting the operation of the Audit Committee, any decision by the Board of Directors / Governing Board against the proposal of the committee should be mentioned (also including the explanations offered by the Board of Directors / Governing Board). The Company website, where all tasks delegated to the committees and the dates of the members' appointment must be published, should also be mentioned. (If this information is not available on the Company website, it must be included in the Corporate Governance Report.)**

The Board of Directors acts and makes decisions as a body. Together with the Initial Private Offering of the shares of the Company the Board of Directors set its own rules of procedures which was updated in March 2019 to maintain best practice.

The rules of procedure include:

- the obligations and powers of the Board of Directors,
- the main tasks of the President and Vice-President of the Board of Directors,
- the organization and preparation of board meetings, the decision-making system, the monitoring of the implementation of decisions and the rules on conflicts of interest.

In order to increase the operational efficiency the Board of Directors, taking into account the size, structure and efficiency of the Company, as well as the professional basis of the decisions, it does not operate committees, the relevant functions are provided by the members of the Board of Directors without a forming a formal body.

The Board of Directors did not make a decision contrary to the proposal of the Audit Committee in 2022.

The Company does not have a Supervisory Board.



The Audit Committee performed its tasks and powers on the basis of Act V of 2013 on the Civil Code and the Articles of Association of the Company. The rules of procedure of the Audit Committee is available on the Company's website.

The Audit Committee is responsible for assisting the Board of Directors in auditing the financial reporting system, selecting the auditor and cooperating with the auditor.

Members of the Audit Committee shall not receive any additional remuneration in addition to the remuneration of the Board of Directors.

The members of the Board of Directors and the Audit Committee have the expertise necessary to perform the tasks, have background and experience related to the case in point. The introduction of the Members can be read on the webpage of the Company.

## **1.6 A description of the system of internal controls, an evaluation of the activities performed in the given period. A report on the efficiency and effectiveness of the risk management procedures. (Information about where shareholders can access the Board of Directors / Governing Board report on the operation of internal controls.)**

The activity of the internal audit started at the Company in 2008. The goal of the internal audit is to assess and supervise the risks about the present and the future business activities and to review the action plans for identified deficiencies.

The main task of the internal audit is the monitoring of the lawful, effective and reliable operation of the parent company and all subsidiaries, the continuous verification and evaluation of the internal control system. The internal audit supports by its suggestions the solution and prevention the deficiencies, malpractices, defects and the improper internal regulation of the Company.

Katalin Csemák is the internal auditor of the Company. She reports about her inspections to the Audit Committee and the Management of the Company.

The audits are carried out on the basis of the internal audit plan for the given year in agreement with the Chief Executive Officer, approved by the Audit Committee.

In 2022 audits were specified in the revised audit plan were carried out.

## **1.7 Information on whether the auditor performed any activities not related to auditing.**

In 2022 the audit was carried out by the auditor of the Company, MAZARS Könyvszakértő és Tanácsadói Korlátolt Felelősségű Társaság (1139 Budapest, Fiastyúk utca 4-8. 2. em., Cg. 01-09-078412, chamber registration number: 000220), personally responsible auditor Andrea Kinga Molnár (mother's name: Mária Ibolya Dr. Kovács, address: 2096 Üröm, Kormorán utca 16/B., chamber registration number: 007145).

The auditor did not perform any activities which are not related to auditing.

## **1.8 An overview of the Company's publication policy and its insider trading policy.**

MASTERPLAST Nyrt. pays special attention to the definition of disclosure rules related to its presence at the stock exchange, through this the compliance with the legislation in force, the expectations of the public regarding information, and compliance with the principle of transparency. The disclosure rules and the operation of the system are defined by internal rules.

The Company as the issuer of shares which are sold at the Budapest Stock Exchange as a regulated market, considered to be an issuer of shares under public interest. The exact contact details of the Company (postal address, telephone number, fax number, e-mail address) are available on the Company's website ([www.masterplastgroup.com](http://www.masterplastgroup.com)).

The Company acts in the course of its publication on the basis of the legislation in force and the rules of the stock exchange. The Company shall disclose regulated information. Regulated information: information disclosed in the course of the regular and extraordinary information, the information relating to the acquisition of influence or insider information.

The Company, as a premium issuer of the Budapest Stock Exchange, performs its publications in Hungarian and English.

The Company regularly informs the public about the main details of its assets, income and operations. At the same time as the publication, the Company is obliged to inform the Control Authority and ensure that each information is publicly available for at least ten years.

The regular channels for communicating with shareholders are the regular publications: annual report, half-year reports and quarterly results, as well as extraordinary information. In addition, shareholders are informed about business, results and strategy at the Annual General Meeting and at the Annual Investor Meeting. The Company has always pay special attention to providing comprehensive information to the capital market in accordance with best practice.

Communication tools used for publishing the announcements:

- a) the website of the Budapest Stock Exchange via the KIBINFO client system ([www.bet.hu](http://www.bet.hu)),
- b) information storage system operated by the Control Authority ([www.kozzetetelek.mnb.hu](http://www.kozzetetelek.mnb.hu)),

- c) the editorial office of at least one media with website accessible to investors,
- d) the Company's website ([www.masterplastgroup.com](http://www.masterplastgroup.com)).

In order to strengthen the position of shareholders and to ensure that corporate and investor decisions serve the long-term stability of companies - Directive 2017/828 of the European Parliament and of the Council of 17 May 2017 (SRD 2) - KELER Zrt. launched a new system (CAPS system) on 3 September 2020 where the Company has to record to record certain corporate events.

MASTERPLAST Nyrt. is committed to fair trading in publicly traded securities. In order to ensure this, the Company has prepared its guidelines for insider trading in the form of internal regulations, it is regularly taught to employees and whom is concerned.

The expectation against the concerned persons that

- in possession of inside information, not to acquire or dispose the Company's shares or other financial assets, either directly or indirectly, for its own benefit or for the benefit of a third party, not to withdraw or modify the order for that financial instrument, not to give order to third party to do so and should not advise or accept decisions regarding the above financial instruments,
- do not disclose inside information, unless authorized to do so in writing,
- be cautious about sharing insider information even within the Company's employees, transfer information only with permission and to the extent necessary to work, protect insider information from accidental disclosure.

## **1.9 An overview of the method of exercising shareholder rights.**

The Company always sees the exercise of shareholder rights as its primary task and always enforces the principle of equal treatment between shareholders.

The General Meeting, as the supreme decision-making body, allows shareholders to make decisions on issues of major importance to the operation of the Company, to establish effective corporate governance measures, and to exercise their control rights.

The way of holding the General Meeting is participation in person. In the Meeting a quorum shall exist when more than one half of the shareholders with voting right are present (the rules of the proxy described in the Article of Association 7.4.6.).

Only persons whose names are registered in the Share Register till 18.00 PM on the 2nd workday before the day of the General Meeting were entitled to exercise shareholder rights at the Annual General Meeting in 2020, provided that till this date the Company hands over the certificate of ownership issued by the operator of the securities account. Furthermore, in case shareholders wish to give a power of attorney in an official form, they shall submit such request to the Company until the date mentioned above.

The closing of the Share Register does not limit the registered shareholder to transfer his/her shares. The transferring of the shares after the opening of the General Meeting does not limit the rights for attending or in exercising any other shareholders' rights for the shareholders listed in the Share Register.

The ownership certificate issued to permit its holder to attend the company's General Meeting shall remain valid until the date of the General Meeting, including the second meeting if reconvened. After the issue of an ownership certificate the operator of the securities account shall register any changes pertaining to the shares in the securities account only upon the withdrawal of the ownership certificate.

Shareholders shall be entitled to exercise shareholder rights in dealing with the Company following their entry into the Share Register. Every share entitles to have one vote, consequently after every share with 100 HUF nominal value a shareholder has one vote.

Where a group of shareholders together controlling at least one percent of the votes in the Company propose certain additions to the agenda in accordance with the provisions on setting the items of the agenda, or table draft resolutions for items included or to be included on the agenda, the matter proposed shall be construed to have been placed on the agenda if such proposal is delivered to the Board of Directors within eight days following the time of publication of notice for the convocation of the general meeting, and the Board of Directors publishes a notice on the amended agenda, and on the draft resolutions tabled by shareholders upon receipt of the proposal. The matter published in the notice shall be construed to have been placed on the agenda. Shareholders may exercise shareholder rights in dealings with the Company only upon being registered in the Share Register. On the grounds of the shareholder's rights – according to the rules of the Articles of Association – every shareholder shall have the right to participate, to request information and to make remarks and proposals at the General Meeting. Shareholders are entitled, if holding shares with voting rights, to vote. The shareholder shall keep confidential all facts, data and information (commercial secrets) about which he gained knowledge in connection with the Company. If the Company suffers any damage from the violation of its commercial secrecy shall have the right to demand compensation from the infringer shareholder.

### **1.10 A brief presentation of the rules for the conduct of the General Meeting.**

The Supreme Body of the Company is the General Meeting, which contains every Shareholders.

The company prepares the execution of the General Meeting, which is the main control of its operation, according to a timetable designed for this purpose, with precise observance of the deadlines, ensuring that all the necessary information is available in time to make decisions. The Board of Directors establishes its position on every planned item of the agenda, thus facilitating the establishment of shareholder decisions.

The proposals and the draft resolutions related to the agenda items shall be published on the Company's website ([www.masterplastgrouop.com](http://www.masterplastgrouop.com)) till the 21st day before the date of the General Meeting, and according to 14.1. point

of the Article of Association and on the further publishing places ([www.bet.hu](http://www.bet.hu), [www.kozzetetelek.hu](http://www.kozzetetelek.hu)) by electronic form.

In any other question the rules of the Section VII. of the Article of Association shall be applicable. The rules of the calling and the procedure of the general meetings, as well as the conditions of shareholders' rights and obligations, and the method of exercising the shareholders' rights are regulated in detail by the Articles of Association of the Company, which can be read on the webpage of the Company and the webpage of the Budapest Stock Exchange.

### **1.11 Remuneration Report**

By decision of the Board of Directors acting under the authority of the General Meeting 10/2020 (04.23.) on 23 April 2020 approved the Company's Remuneration Policy according to the Act LXVII 2019. Based on this, the Company has prepared its Remuneration Report for the 2022 business year, which will be submitted to the Ordinary General Meeting on April 27, 2023 for an opinion vote.

### **1.12 Other information**

The company in case so called of event-based questions, use the "yes" answer if the event has not taken place in the given business year, however, but if it had taken place the Company would have acted in line the Corporate Governance Recommendation according to its Article of Association. In addition to the "yes" answer, the Company indicates as an explanation that the event did not occur in the business year 2020, but its proper management is ensured.

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

As part of the Corporate Governance Report, the Company makes a statement regarding the extent to which it has implemented in its own corporate governance practice the recommendations and proposals specified in the relevant sections of the Corporate Governance Recommendations issued by the Budapest Stock Exchange Ltd., by completing the following tables. These tables provide an overview for the investors of the extent of the compliance - by the relevant company - with certain requirements set out in the Corporate Governance Recommendations at glance and enable easy comparison of the practices of the specific companies.

### Level of compliance with the Recommendations

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

**1.1.1.** Does the Company have an organisational unit dealing with investor relationship management, or a designated person to perform these tasks?

**Yes**

**No**

Explanation: A person appointed for is performing this task.

**1.1.2.** Are the Company's Articles of Association available on the Company's website?

**Yes**

**No**

Explanation:

**1.1.4.** If the Company's Articles of Association allow shareholders to exercise their rights in their absence, did the Company publish the methods and conditions of doing so, including all necessary documents?

**Yes**

**No**

Explanation: There was no such case. In case of occurrence, the managing of the case is secured.

**1.2.1.** Did the Company publish on its website a summary document containing the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders?

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

**1.2.3.** Did the Company hold its General Meetings in a manner providing for maximum shareholder participation?

**Yes**

**No**

Explanation:

**1.2.6.** The Company did not restrict the shareholders' right to designate a different representative for each of their securities accounts to represent them at any General Meeting. (Answer Yes, if not)

**Yes**

**No**

Explanation: There was no such case. In case of occurrence, the managing of the case is secured.

**1.2.7.** For proposals for the agenda items, were the Board of Directors' draft resolution and also the Supervisory Board's opinion disclosed to the shareholders?

**Yes**

**No**

Explanation: There is no Supervisory Board at the Company.

**1.3.3.** The Company did not restrict the right of its shareholders attending a General Meeting to request information, add comments and submit proposals, or set any preconditions for these with the exception of some measures taken to conduct the General Meeting in a correct manner and as intended. (Answer Yes, if not)

**Yes**

**No**

Explanation: There was no such case. In case of occurrence, the managing of the case is secured.

**1.3.4.** By answering the questions raised at the General Meeting, did the Company ensure compliance with the information provision and disclosure principles set out in legal and stock exchange requirements?

**Yes**

**No**

Explanation: There was no such case. In case of occurrence, the managing of the case is secured.

**1.3.5.** Did the Company publish on its website the answers to the questions that the representatives of the Company's boards or its auditor present at the General Meeting could not satisfactorily answer at the meeting within 3 working days following the General Meeting, or an official statement explaining why it refrained from giving answers?

**Yes**

**No**

Explanation: There was no such case. In case of occurrence, the managing of the case is secured.

**1.3.7.** Did the Chairman of the General Meeting order a recess or suggest that the General Meeting be postponed when a proposal or proposal relating to a particular issue on the agenda was submitted which the shareholders hadn't had a chance to become familiar with before the General Meeting?

**Yes**

**No**

Explanation: There was no such case. In case of occurrence, the managing of the case is secured.

**1.3.8.1.** The Chairman of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling executive officers and Supervisory Board members. (Answer Yes, if not)

**Yes**

**No**

Explanation:

**1.3.8.2.** For executive officers or Supervisory Board members, whose nominations were supported by shareholders, did the Company disclose the identity of the supporting shareholder(s)?

**Yes**

**No**

Explanation: There was no such case. In case of occurrence, the managing of the case is secured.

**1.3.9.** Prior to discussing agenda items concerning the amendment of the Articles of Association, did the General Meeting pass a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific way?

**Yes**

**No**

Explanation:

**1.3.10.** Did the Company publish the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting?

**Yes**

**No**

Explanation: The resolutions of the General Assembly have been published.

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

**Yes**

**No**

Explanation:

**1.6.1.2.** Does the Company design its by considering the aspects of disclosure and the information of investors?

**Yes**

**No**

Explanation:

**1.6.2.1.** Does the Company have an internal publication policy in place which covers the processing the information listed in Section 1.6.2. of the Recommendations document?

**Yes**

**No**

Explanation:

**1.6.2.2.** Do the internal regulations of the Company cover the methods for the assessment of events judged to be important for publication?

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation: The management assessed the efficiency of the publication processes.

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

**Yes**

**No**

Explanation: The Company did not regard the positive test result as information to be disclosed.

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

**Yes**

**No**

Explanation:

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



**Yes**

**No**

Explanation: The company did not regard information to be disclosed the business ethics and policies regarding other stakeholders.

**1.6.5.** Did the Company publish the career information of Board of Directors / Governing Board, Supervisory Board and management members in its annual report or on the company website?

**Yes**

**No**

Explanation:

**1.6.6.** Did the Company publish all relevant information about the internal organisation and the operation of the Board of Directors / Governing Board and the Supervisory Board, about the work of the management, the assessments of these and the changes in the current year?

**Yes**

**No**

Explanation: Partly, for the members of the Board of Directors in the framework of resolutions of the Annual General Meeting. There is no Supervisory Board at the Company.

**1.6.8.** Did the Company publish its risk management guidelines and information about its system of internal controls, the main risks and the principles for their management?

**Yes**

**No**

Explanation: Information on the main risks and its management is presented in the Annual Report and in the Prospectus relating to the capital increase published by the Company.

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

**Yes**

**No**

Explanation: The Company applies the legal provisions.

**1.6.9.2.** Did the Company disclose the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company in the annual report or in some other way?

**Yes**

**No**

Explanation:

**1.6.10.** Did the Company publish the relationship of Board of Directors / Governing Board, Supervisory Board and management members may have with third parties which could affect the operation of the Company?

**Yes**

**No**

Explanation:

**2.1.1.** Does the Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors / Governing Board?

**Yes**

**No**

Explanation:

**2.2.1.** Does the Board of Directors / Governing Board have a rules of procedure in place defining the organisational structure, the actions for arranging for and conducting the meetings, and the tasks regarding the adopted resolutions, as well as other issues related to the operation of the Board of Directors / Governing Board?

**Yes**

**No**

Explanation:

**2.2.2.** Does the Company publish the procedure used for nominating Board of Directors / Governing Board members?

**Yes**

**No**

Explanation: The members are nominated by the Shareholders. The remuneration is determined by the General Meeting.

**2.3.1.** Does the Supervisory Board provide a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it, in its rules of procedure and work plan?

**Yes**

**No**

Explanation: There is no Supervisory Board at the Company.

**2.4.1.1.** Did the Board of Directors / Governing Board and the Supervisory Board hold meetings periodically at a predefined interval?

**Yes**

**No**

Explanation: There is no Supervisory Board at the Company.

**2.4.1.2.** Did the rules of procedure of the Board of Directors / Governing Board and the Supervisory Board provide rules for the conduct of meetings that cannot be planned in advance, and for decision-making using electronic telecommunications means?

**Yes**

**No**

Explanation: There is no Supervisory Board at the Company.

**2.4.2.1.** Did board members have access to the proposals to be presented at the meeting of the respective board at least five days prior to the meeting?

**Yes**

**No**

Explanation:

**2.4.2.2.** Did the Company arrange the proper conduct of the meetings, the drawing up of the meeting minutes and management of the resolutions made by the Board of Directors / Governing Board and the Supervisory Board?

**Yes**

**No**

Explanation: There is no Supervisory Board at the Company.

**2.4.3.** Do the rules of procedure provide for the regular or ad hoc participation of non-board members at respective board's meetings?

**Yes**

**No**

Explanation:

**2.5.1.** Were the members of the Board of Directors / Governing Board and the Supervisory Board nominated and elected in a transparent process, and was the information about the candidates made public in due time before the General Meeting?

**Yes**

**No**

Explanation: There is no Supervisory Board at the Company.

**2.5.2.** Does the composition and size of the boards comply with the principles set out in Section 2.5.2. of the Recommendations?

**Yes**

**No**

Explanation:

**2.5.3.** Did the Company ensure that the newly elected Board of Directors / Governing Board and Supervisory Board members became familiar with the structure and operation of the Company and their tasks were carried out as members of the respective boards?

**Yes**

**No**

Explanation:

**2.6.1.** Did the Governing Board / Supervisory Board request (in the context of preparing the annual corporate governance report) its members considered to be independent to confirm their independence at regular intervals?

**Yes**

**No**

Explanation:

**2.6.2.** Does the Company provide information about the tools which ensure that the Board of Directors / Governing Board assesses objectively the management's activities?

**Yes**

**No**

Explanation: To describe these areas are not part of the disclosure policy.

**2.6.3.** Did the Company publish its guidelines concerning the independence of its Governing Board / Supervisory Board members and the applied independence criteria on its website?

**Yes**

**No**

Explanation: The Company does not impose any conditions other than the legal criteria.

**2.6.4.** Does the Supervisory Board of the Company have any members who has held any position in the Board of Directors or in the management of the Company in the previous five years, not including cases when they were involved to ensure employee participation?

**Yes**

**No**

Explanation: There is no Supervisory Board at the Company.

**2.7.1.** Did members of the Board of Directors / Governing Board inform the Board of Directors / Governing Board and (if applicable) the Supervisory Board (or the Audit Committee if a uniform governance system is in place) if they, or individuals they have business relations with, or their relatives have interest in any business transactions of the Company (or any subsidiaries thereof) which excludes their independence?

**Yes**

**No**

Explanation: There was no such case. In case of occurrence, the managing of the case is secured.

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

**Yes**

**No**

Explanation:

**2.7.3.** Did board members inform the Supervisory Board / Audit Committee (Nominating Committee) if they had received an appointment for board membership or management position of a company not belonging to the Company Group?

**Yes**

**No**

Explanation:

**2.7.4.** Did the Board of Directors / Governing Board develop guidelines for the flow of information and the management of insider information within the Company, and monitor compliance with them?

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

**2.8.5.1.** Is the Board of Directors / Governing Board or a committee operated by it responsible for the supervision and management of the entire risk management of the Company?

**Yes**

**No**

Explanation: The supervision of the entire risk management procedures is the task of the CEO, who is a permanent guest on Board of Director's meetings.

**2.8.5.2.** Did the relevant organisation of the Company and the General Meeting received information about the efficiency of the risk management procedures?

**Yes**

**No**

Explanation: Partly, for the Board of Directors.

**2.8.6.** With the involvement of the relevant areas, did the Board of Directors / Governing Board develop the basic principles of risk management taking into account the special idiosyncrasies of the industry and the Company?

**Yes**

**No**

Explanation: Via the discussions on the Board meetings executive management members and through the reports of the internal audit the Board of Directors has a thorough understanding of the risk profile of the business.

**2.8.7.** Did the Board of Directors / Governing Board define the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives?

**Yes**

**No**

Explanation:

**2.8.8.** Did internal control systems functions report about the operation of internal control mechanisms and corporate governance functions to the competent board at least once a year?

**Yes**

**No**

Explanation:

**2.9.2.** Did the Board of Directors / Governing Board invite the Company's auditor in an advisory capacity to the meetings on financial reports?

**Yes**

**No**

Explanation:

## Level of compliance with the Proposals

**1.1.3.** Does the Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights also when they are not present in person?

**Yes**

**No**

Explanation:

**1.2.4.** Did the Company determine the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account?

**Yes**

**No**

Explanation: There was no such case. In case of occurrence, the managing of the case is secured.

**1.2.5.** Does the voting procedure used by the Company ensure a clear, unambiguous and fast determination of voting results, and in the case of electronic voting, also the validity and reliability of the results?

**Yes**

**No**

Explanation:

**1.3.1.1.** Were the Board of Directors/Governing Board and the Supervisory Board represented at the General Meeting?

**Yes**

**No**

Explanation:

**1.3.1.2.** In the event the Board of Directors/Governing Board and the Supervisory Board was absent, was it disclosed by the Chairman of the General Meeting before discussion of the agenda began?

**Yes**

**No**

Explanation: There was no such case. In case of occurrence, the managing of the case is secured.

**1.3.2.1.** The Articles of Association of the Company did not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors/Governing Board and being granted the right to express their opinion and to add comments there if that person's presence and expert opinion is presumed to be necessary or help provide information to the shareholders and help the General Meeting make decisions.(Answer Yes, if not)

**Yes**

**No**

Explanation:

**1.3.2.2.** The Articles of Association of the Company did not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments there. (Answer Yes, if not)

**Yes**

**No**

Explanation:

**1.3.6.** Does the annual report of the Company prepared as specified in the Accounting Act contain a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's annual operation?

**Yes**

**No**

Explanation:

**1.4.1.** In line with Section 1.4.1. did the Company pay dividend within 10 working days to those of its shareholders who had submitted all the necessary information and documents?

**Yes**

**No**

Explanation:

**1.6.11.** Did the Company publish its information in English as well, in line with the provisions of Section 1.6.11.

**Yes**

**No**

Explanation:

**1.6.12.** Did the Company inform its investors about its operation, financial situation and assets on a regular basis, but at least quarterly?

**Yes**

**No**

Explanation:

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

**Yes**

**No**

Explanation:

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