



**SUBMISSION OF WABERER'S INTERNATIONAL  
NYILVÁNOSAN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG  
ANNUAL GENERAL MEETING**

Budapest, March 23, 2018

## **1. REPORT OF THE BOARD OF DIRECTORS ON THE MANAGEMENT OF WABERER'S INTERNATIONAL NYRT., ON THE BUSINESS OPERATION, ON THE BUSINESS POLICY AND ON THE FINANCIAL SITUATION OF THE COMPANY AND WABERER'S GROUP IN 2017**

According to Section 6.6 of the Articles of Association and pursuant to Section 3.1.3 of the By-laws of the Board of Directors of WABERER'S INTERNATIONAL Nyrt. (hereinafter: „WABERER'S" or „the Company") the Report of the Board of Directors on the management on the business operation, on the business policy and on the financial situation of the Company and WABERER'S Group shall be submitted to the General Meeting annually.

### **THE ACTIVITY OF THE COMPANY'S BOARD OF DIRECTORS**

The management body of the Company is the Board of Directors. The Board of Directors consists of maximum seven members, at the moment it consist of 6 members. The members of the Board of Directors are elected by the General Meeting for an indefinite period. The Board of Directors elects a Chairman and a Deputy Chairman from among its members. The division of responsibilities and competencies among the members of the Board of Directors is specified in detail in the rules of procedure of the Board of Directors. The Board of Directors establishes and amends form time to time its own rules of procedure, which is called the By-laws of the Board of Directors.

The shares of the Company has been listed on the Budapest Stock Exchange (hereinafter "BSE"), consequently the form of the company has changed to a public limited company on June 20, 2017. The Board of Directors adopted the By-laws of the Board of Directors containing the modifications resulting from the change in the corporate form of operation on July 24, 2017. Subsequently, it modified the rules on December 15, 2017. The currently effective By-laws of the Board of Directors is available at the Company's website.

In connection with the listing the Board of Directors has set up a Nomination and Remuneration Committee with the written resolution no. 37/2017 based on the authorization of the Articles of Association. The new committee shall provide assistance in relation to the making of any employer's decision in respect of, as well as on the selection and development of the principles applicable to the remuneration, of the members of the Board of Directors, members of the Supervisory Board and key employees.

The Board of Directors may decide on all issues and matters affecting the Company, unless they fall within the exclusive competence of the General Meeting. In the case of issues where decision-making falls under the exclusive competence of the General Meeting by virtue of legislative provisions, the Board of Directors must make a proposal concerning the decision to be taken by the General Meeting. The Board of Directors represents the Company vis-à-vis third parties and before courts and other authorities. The Board of Directors is entitled to acquire rights and undertake obligations on behalf of the Company and to specify the business activities of the Company.

The meeting of the Board of Directors has a quorum if more than half of its members are present. The Board of Directors adopts its resolutions by a simple majority of votes of those present unless otherwise provided by the rules of procedure. Further rules for the conduct of sessions, powers and adoption of resolutions of the Board of Directors are set out in the rules of procedure of the Board of Directors.

The following personnel changes relating to the members of the Board of Directors occurred in 2017:

Name	Status	Date of Appointment
Stefan Delacher	independent, non-operational (external) member	31.5.2011 - indefinite duration
Miklós Bethlen	not independent, non-operational (external) member delegated by the ultimate shareholder	31.5.2011 - 21.12.2017
Dániel Csanád	not independent, non-operational (external) member	1.8.2013 - 31.05.2017
Gerard van Kesteren	independent, non-operational (external) member	29.7.2016 - indefinite duration
Ferenc Lajkó	not independent, operational member	21.3.2017 - indefinite duration
Barna Erdélyi	not independent, operational member	21.3.2017 - indefinite duration
Dr Péter Lakatos	independent, non-operational (external) member	29.7.2016 - indefinite duration
Robert Knorr	not independent, non-operational (external) member delegated by the ultimate shareholder	21.12.2017 - indefinite duration

The curricula vitae of the current members are available on the Company website.

Of the members of the Board of Directors, Péter Lakatos, more precisely Lakatos, Köves és Társai Law Firm, of which he is the managing partner has contracts with the Company regarding other legal relationships. Nevertheless, the member of the Board of Directors declared that such legal relationship did not result in any conflict of interest or put a threat to the decision-making in the interest of the Company's shareholders. Following the introduction of the Company's shares to the BSE, Stefan Delacher, member of the Board of Directors did not provide any advisory services through PSP Projektentwicklung GmbH, of which he is the managing partner separately from fulfilling his duties as a member of the Board of Directors.

In 2017, the Board of Directors held 7 (seven) meetings with the following participation rates:

Name	No of meetings	Participation rate
Total	7	
Stefan Delacher	7	100%
Dániel Csanád	3	100% (His membership terminated on 31.05.2017.)
Miklós Bethlen	6	87.5%
Gerard van Kesteren	7	100%
Dr Péter Lakatos	7	100%
Ferenc Lajkó	7	100%
Barna Erdélyi	7	100%
Robert Knorr	-	- (Member since 21.12.2017)

The main topics of the meetings of the Board of Directors held in 2017 included the review of the monthly and other periodical performance and KPI indicators of the Group, supervision of the acquisition activities, preparation for the IPO and management of compliance issues relating to the admission of the shares of the Company to the Budapest Stock Exchange, discussion on the key lawsuits, expansion and resolution of the warehousing capacities of the regional contract logistics business line, launch of the intermodal business line, risk analyses and consultations relating to the EU norm regulations, approval of the incentive of programme of the employees and the establishment of a long-term strategy.

At the Company, the Board of Directors typically adopts written resolutions between the meetings of the Board of Directors. In 2017, 56 out-of-meeting resolutions were adopted. Among other things, these resolutions are associated with strategic decisions affecting the Company and the Group, the admission of the Company to the Stock Exchange, the Management Remuneration Policy and proposals for resolutions to be put before the General Meeting.

The Company is listed on the Budapest Stock Exchange and as such it is under special legal regulations. All communication from the Group is subject to statutory information and disclosure obligations detailed in Disclosure Policy and Insider Trading Policy, which were accepted by the Board of Directors. The general guideline is that anything of importance should first go to the public via regulated channels by the authorized persons from the Company as soon as possible. The detailed scope of information, the exact deadlines and the regulated channels are listed in Company's Disclosure Policy. The regulated information includes, but is not limited to annual financial report, half-yearly report, quarterly report, any information that concerns - directly or indirectly - the value or yield of the Company's shares or may have any bearing on the reputation of the Company, and insider information.

The Board of Directors has accepted an Insider Trading Policy. Market manipulation, transacting based on insider information, giving advice on trading or disclosing insider information to third parties to allow them to transact based on insider information is prohibited by law. Insider information is anything that is undisclosed, relates – directly or indirectly – to one or more issuers or to one or more financial instruments (in our case, mostly but not exclusively to the Company and its shares) and if it were made public, would be likely to have a significant effect on the prices of those financial instruments. Insider persons (insiders) are generally people who are in the possession of insider information. The Company is further required to keep a list of those who have permanent access to Insider Information and of those who have access to such information exclusively concerning one event.

In addition to the above, the Company's Information Access Policy helps the shareholders of the Company with their requests for information. These Regulations specify the channels for requests for information, the relevant deadlines and the information that shareholders are entitled to request. The Company's Information Access Policy are available on the Company website.

## FINANCIAL SITUATION AND BUSINESS POLICY OF THE COMPANY

### Group profit for the period

| Income Statement (EUR mn)

	FY 2016	FY 2017	Increase (decrease)
Revenue	572.4	674.4	17.8%
Direct costs	(451.7)	(533.8)	(18.2%)
Gross profit	120.7	140.6	16.5%
OPEX	(51.5)	(57.8)	(12.3%)
Non-recurring items	4.4	3.0	
EBITDA (recurring)	73.6	85.8	16.6%
Depreciation and amortisation	(52.0)	(56.0)	(7.8%)
EBIT (recurring)	21.6	29.7	37.8%
Financial result	(3.1)	(3.6)	(13.7%)
Taxes	(4.9)	(4.8)	1.8%
Net income (recurring)	13.6	21.4	57.6%
Gross margin	21.1%	20.8%	(0.2 pp)
EBITDA margin (recurring)	12.9%	12.7%	(0.1 pp)
EBIT margin (recurring)	3.8%	4.4%	0.6 pp
Net income margin (recurring)	2.4%	3.2%	0.8 pp

### Revenue

Group **revenue** increased by 18% year-on-year to EUR 674 million. Roughly half of this growth was attributable to the positive effect of acquisitions, as the Insurance Company joined the Group in April 2016 and Link in July 2017. At the same time, there was considerable organic expansion led by the Regional Contract Logistics and Other segments, which grew by 13% and 27%, respectively.

In the International Transportation Segment (ITS), there were some difficulties in the first half of the year as a simultaneous fall in price level and demand could be observed in the European market. In the second half of the year, however, we started to renegotiate our contracts which resulted in an average increase in price per kilometre of 2% year-on-year. At the same time, we saw the demand even our in the third quarter of the year. The 27% increase in the Regional Contract Logistics segment was driven by important new customers acquired in the second half of 2016, two of the largest and most complex of which are the Hungarian branches of Audi and Tesco. The Other segment, which includes the third party business of the Insurance Company fully owned by the Group, showed a revenue increase of 59% year-on-year partly because of new customers, and partly because the firm was acquired only in the second quarter of 2016, distorting year-on-year comparisons positively.

Looking at the functional split (see box for details), the share of subcontracted revenue has increased by 0.7 percentage points to 19.6% as the weight of freight forwarding increased both as a strategic goal and as a technical result of Link's consolidation as Link has a higher share of revenue generated by freight forwarding activities. Another notable change was the higher share of the non-transportation related "other" revenue, which is attributable mainly to the acquisition and consolidation of the insurance company in the second quarter of 2016.

Figure: Functional split of Group revenue

	2016	2017
Own fleet revenue	68.9%	66.1%
Subcontractor revenue	18.9%	19.6%
Other revenue	12.2%	14.4%

### EBITDA and EBIT

**Gross profit** rose by 17% year-on-year in 2017 to EUR 141 million, corresponding to a 0.1 percentage point decrease in the gross profit margin to 20.8%. Among direct costs, the structure reflected the rise of the share of non-transportation activities such as subcontracted activity in the international segment, warehousing in the regional segment, and insurance.

Recurring **EBITDA** grew by 17% to EUR 86 million as SG&A expenses and other operating income and expenditures changed proportionately with revenues. Recurring **EBIT** was 38% larger than in 2016 at EUR 30 million mainly because the duration of the lease financing have increased, which was also reflected in a relatively lower depreciation.

Recurring EBITDA and recurring EBIT **margins** in 2017 were 0.1 percentage points lower and 0.6 pp. higher than in 2016, at 12.7% and 4.4%, respectively. The increase in recurring EBITDA margin is partly attributable to improving fuel efficiency and administrative cost levels that more than offset the margin dilution effects of a changing business mix in favour of freight forwarding.

**Direct wages, benefits and allowances** grew by 20% to EUR 104 million in 2017 compared to 2016. This increase was broadly in line with the 13% increase in the total number of drivers, coupled with a single-digit increase in the ITS and double-digit growth in the RCL segment's driver wages.

In 2017, fuel costs amounted EUR 117 million, marking a 12% year-on-year increase. It was driven by a 9% average fuel price increase in the EU and increased kilometres driven both in the ITS and RCL segments, 7% and 19%, respectively. These effects were mitigated by an

average 2% fuel consumption saving year-on-year due to successful initiatives of driving style analysis based upon telematics data of individual drivers started in the second half of the year.

**Toll fees and transit costs** increased by 18% to EUR 111 million in 2017 compared to 2016. This is attributable to a 13% year-on-year rise in distance covered, a single-digit rise in the per kilometre transit costs for each segment, and the effect of Link's different transportation mix which included a higher proportion of intermodal transportation.

The 26% year-on-year growth in **cost of trucking subcontractors** to EUR 118 million in 2017 mainly reflects the change of business mix resulting from the Link acquisition, while the increase in the weight of freight forwarding in the Hungarian operations continued in line with the overall strategy.

**Cost of goods sold** fell by 26% to EUR 10 million on lower volumes of transit and toll services resold to subcontractor partners. The less than 5% rise in repair and maintenance costs reflects the effect of a 12% larger fleet mitigated by 5% better per kilometre cost efficiency as a result of mainly capitalising on the data from the captive insurance company. Similarly, there were significant savings in the per truck insurance-related cost that led to a mild 5% rise in insurance costs. The rise in direct rent and other contracts reflected mainly the expansion in the Regional Contract Logistics segment's non-transportation services. Net gain on fleet sales improved by 7% due to the slightly more vehicle replacements than in 2016.

Group revenue, cost items, and EBITDA in 2016 and 2017 (EUR mn)

	2016 FY	2017 FY	Increase (decrease)
Revenue	572.4	674.4	17.8%
Direct Wages, Benefits & Allowances	(86.6)	(103.7)	(19.8%)
Fuel Cost	(104.7)	(117.1)	(11.9%)
Toll Fees & Transit Costs	(94.2)	(111.0)	(17.8%)
Cost of Trucking Subcontractors	(93.1)	(117.8)	(26.4%)
Reinsurance Fee	(12.4)	(16.0)	(29.2%)
Cost of Goods Sold	(13.6)	(10.1)	25.8%
Repair & Maintenance	(12.4)	(16.0)	(29.2%)
Insurance Costs	(24.4)	(25.5)	(4.8%)
Direct Rent	(5.4)	(5.6)	(3.1%)
Other Contracts	(1.6)	(2.1)	(30.3%)
Vehicle Weight Tax	(1.9)	(2.1)	(12.7%)
Net gain on fleet sales	3.7	4.0	6.8%
Gross Profit	120.7	140.6	16.5%
Indirect Wages & Benefits	(27.6)	(34.2)	(23.7%)
Other services	(18.3)	(19.5)	(6.5%)
Other operating income	5.1	8.9	76.2%
Other operating expense	(10.6)	(13.1)	(22.9%)
Non-recurring items	4.4	3.0	(32.1%)
Recurring EBITDA	73.6	85.8	16.6%

**Indirect wages and benefits** and other services increased by 23% and by 7% to EUR 34 million and EUR 20 million, respectively. Other **operating income** marked a 44% increase to EUR 9 million, and other operating expense increased by 21% to EUR 13 million.

### New member in the Group: Link

We managed to close our latest international acquisition successfully in July 2017. After the takeover, our Polish operation recorded a considerable sequential improvement in performance, reflected in the marked growth in EBITDA to EUR 3.8 million in the final quarter of 2017 (our third quarter EBITDA was EUR 1.8 million). The significant improvement in Link's operational performance was driven by the beneficial effects of continued integration, which remains on track for completion until the end of 2018. While efforts to coordinate procurement and sales have yielded immediate results, full IT integration will be achieved in the course of 2018.

### Net income

In 2017, **financial result** deteriorated by EUR 0.5 million compared to 2016. There was a positive one-off effect of EUR 1.4 million<sup>1</sup> in 2017 as an unrealised FX difference on Link's leases denominated in EUR but converted to PLN on a favourable exchange rate. The interest portion of the financial result was nominally lower than that of last year as the amount of debt was higher but the implied interest rate was lower at 1.7% in 2017 as compared to 2.2% in 2016.

Despite significantly higher profit before tax income tax decreased by only EUR 0.1 million. The main reason was a one-off positive effect in 2017 amounting to EUR 2.5 million as the recovery of deferred tax assets was reviewed and more positive outlook enabled some of these assets to be recognised.

Group EBIT, financial result, tax, and net income in 2016 and 2017 (EUR mn)

	2016 FY	2017 FY	Increase (decrease)
Recurring EBIT	21.6	29.7	37.8%
Financial result	(3.1)	(3.6)	13.7%
Profit before tax	14.0	23.2	65.0%
Income taxes	(4.9)	(4.8)	1.8%
Recurring net income	13.6	21.4	57.6%
(Non-recurring items)	(4.4)	(3.0)	(32.1%)
Net income	9.2	18.4	100.4%
Attributable to:			
Shareholders of the company	6.2	18.2	192.5%
Minorities	2.9	0.1	(94.9%)
Number of shares (millions)	14.5	16.0	10.7%
EPS (EUR/share)	0.43	1.14	164.2%

\*Basic and diluted earnings per share (net income attributable to shareholders per share)

<sup>1</sup> The Group recorded a non-realized foreign exchange gain on the revaluation of the leasing liabilities of Link at EUR 1.4 million. IAS 21 paragraph 39 includes the general rule on the treatment of foreign exchange differences. Paragraph 40 provides an opportunity for its simplification and based on that the Group made this revaluation on the balance sheet items at the foreign exchange rate at year-end and the annual profit at the annual average rate. It is in line with the Group's accounting policies and resulted the above gain at EUR 1.4 million.



Recurring **Net income** increased strongly by 58% compared to the previous year. This was mainly due to the significant rise in EBIT. Diluted earnings per share showed a substantial growth of 164% to EUR 1.14 in 2017.

### Group cash flow and debt

#### Cash flow

| Cash Flow Statement (EUR mn)

	2016 FY	2017 FY
Net cash flows from (used in) operating activities	71.2	84.5
of which: change in working capital	1.4	(5.0)
Net cash flows from (used in) investing and financing activities	(49.9)	(57.1)
Change in cash and cash equivalents	21.2	27.3
Free Cash Flow	75.7	74.8
CAPEX	(4.9)	(11.9)

**Cash from operating activities** was EUR 84 million in 2017 as compared to EUR 71 million in the same period last year, mainly due to a significant increase in EBITDA that more than compensated for a significantly higher demand for working capital.

**Cash used in investing and financing activities** increased to EUR 57 million for 2017 as a result of the Link acquisition and higher total lease payments on an enlarged fleet, as well as higher capital expenditure for IT solutions, which were not fully offset by IPO proceeds. Total cash and cash equivalents grew by EUR 27 million in 2017.

**Free cash flow**, which incorporates cash flow from operations, capital expenditures, and elements of the lease-based financing of the fleet, decreased slightly to EUR 75 million in 2017.

#### Debt

| Indebtedness figures (EUR mn)

	Dec. 31, 2016	Dec. 31, 2017
Net financial indebtedness	211.4	234.7
Net leverage ratio (recurring EBITDA multiple)	2.9 x	2.7 x

Debt figures showed a notable nominal increase due to the consolidation of Link in the third quarter of 2017, which added EUR 39 million to the Group's leverage. Due to better operations and working capital management, debt showed a strong sequential decrease in the fourth quarter and decreased to EUR 235 million. **Net leverage ratio**, a multiple of rolling recurring

EBITDA including Link only from July 1, 2017, decreased to 2.7 from 2.9 a year earlier and 3.4 at end-September. Fleet refinancing costs remained below a 1.7% implied rate.

The Report of the Board of Directors is an informative and contains no resolution proposal.

Relevant part of the report of the Supervisory Board:

The Supervisory Board reviewed in its merits the submissions and the resolution proposals for the General Meeting to be held on April 16, 2018 proposed by the Board of Directors the Supervisory Board fully agrees therewith.

## **2. DECISION ON THE APPROVAL OF THE 2017 CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS); PRESENTATION OF THE RELEVANT REPORT OF THE SUPERVISORY BOARD AND THE AUDITOR**

Pursuant to Clause 3:109 (2) of Act V of 2013 on the Civil Code and Section 5.9.1. h) of the Articles of Association approving the financial statements prepared in accordance with International Financial Reporting Standards (IFRS) falls within the exclusive competence of the General Meeting.

The relevant 2017 Consolidated Financial Statements of the Company are available on the Company's website.

The Board of Directors submits the following resolution proposal to the General Meeting:

### **AGM Resolution 4/2018. (IV. 16.)**

**The General Meeting approves the 2017 Consolidated Financial Statements of the Company, prepared in accordance with International Financial Reporting Standards (IFRS), including Balance Sheet Total Assets of EUR 681,357,378 and profit after tax for the year 2017 of EUR 18,390,852.**

Relevant part of the report of the Supervisory Board:

In fulfilment of its statutory obligation of oversight, the Supervisory Board has reviewed the audited financial statements of WABERER'S INTERNATIONAL on the 2017 business year. In the opinion of the Supervisory Board, both the 2017 Consolidated Financial Statements and the Standalone Financial Statements meet the statutory regulations, and the Supervisory Board agrees with their contents.

In accordance with the proposal of the Board of Directors, the Supervisory Board recommends that the General Meeting approve the 2017 Consolidated Annual Report of the Company prepared in accordance with the International Financial Reporting Standards (IFRS) with a balance sheet total of EUR 681,357,378 and an after-tax profit of EUR 18,390,852.

### **3. DECISION ON THE APPROVAL OF THE 2017 STANDALONE FINANCIAL STATEMENTS OF THE COMPANY PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ON THE PROPOSAL FOR THE USE OF THE PROFIT AFTER TAX EARNED IN 2017; PRESENTATION OF THE RELEVANT REPORT OF THE SUPERVISORY BOARD AND THE AUDITOR**

Pursuant to Clause 3:109 (2) of Act V of 2013 on the Civil Code and Section 5.9.1. h) of the Articles of Association approving the financial statements prepared in accordance with International Financial Reporting Standards (IFRS) falls within the exclusive competence of the General Meeting.

The relevant 2017 Standalone Financial Statements of the Company are available on the Company's website.

The Board of Directors submits the following resolution proposal to the General Meeting:

#### **AGM Resolution 5/2018. (IV. 16.)**

**The General Meeting approves the 2017 Standalone Financial Statements of the Company prepared in accordance with International Financial Reporting Standards (IFRS), including Balance Sheet Total Assets of EUR 484,055,116 and a total comprehensive income for the year 2017 of EUR 817,687 loss. The loss of EUR 817,687 stated in the Standalone Financial Statements 2017 shall be deposited in the retained earnings of the Company in full amount.**

Relevant part of the report of the Supervisory Board:

In accordance with the proposal of the Board of Directors, the Supervisory Board proposes that the General Meeting approve the Standalone Financial Statements of the Company with a balance sheet total of EUR 484,055,116 and a total comprehensive income for the year 2017 of EUR 817,687 loss.

The Supervisory Board agrees with the proposal of the Board of Directors for the appropriation of profits, and recommends that the General Meeting approve that the entire loss of EUR 817,687 be transferred to the retained earnings of the Company.

#### **4. INFORMATION OF THE BOARD OF DIRECTORS ON THE PURCHASE OF OWN SHARES FOLLOWING THE MAY 31, 2017 EXTRAORDINARY GENERAL MEETING; AUTHORIZATION OF THE BOARD OF DIRECTORS TO ACQUIRE WABERER'S ORDINARY SHARES**

If the Board of Directors is authorized to acquire treasury shares according to Clause 3:223 (4) of Act V of 2013 on the Civil Code the Board of Directors shall provide information at the next General Meeting about the reasons and the circumstances of the acquirement of own shares. The Board of Directors was authorized to acquire treasury shares by way of the GM resolution no. 25/31.05.2017, but did not utilize this authorization.

The Board of Directors submits the following resolution proposal to the General Meeting:

##### **AGM Resolution 6/2018. (IV. 16.)**

**The General Meeting acknowledges the information provided by the Board of Directors that the Company had not acquired any own shares following the May 31, 2017 Extraordinary General Meeting.**

Relevant part of the report of the Supervisory Board:

The Supervisory Board reviewed in its merits the submissions and the resolution proposals for the General Meeting to be held on April 16, 2018 proposed by the Board of Directors and the Supervisory Board fully agrees therewith.

#### **AUTHORIZATION TO THE BOARD OF DIRECTORS TO ACQUIRE WABERER'S TREASURY SHARES**

According to Clause 3:223 (1) of Act V of 2013 on the Civil Code and Section 5.9.1. i) of the presently effective Articles of Association of the Company it is within the exclusive competence of the general meeting to give authorization to the Board of Directors for acquiring treasury shares. The reason for the authorization the utilization of the Group's share-based remuneration scheme following international market standards and the operation of the employer share bonus programme. Within the authorization the share purchase is limited at 10% of the registered capital of the Company but management is not aiming to utilize the full scope. In compliance with legislative provisions the authorization is valid for an 18-month period and also provides the possibility to the Board of Directors to approve the interim balance sheet in order to control the conditions for the acquisition of the treasury shares.

The Board of Directors of the Company is aware of the restrictions on acquisition of treasury shares by the company as issuer set by the regulations and directives within the European Union effective in case of acquiring through the stock exchange within share-repurchasing programme.

The Board of Directors submits the following resolution proposal to the General Meeting:

**AGM Resolution 7/2018. (IV. 16.)**

**The General Meeting authorizes the Board of Directors to acquire WABERER'S ordinary shares, the purpose of which could be to implement the Group's current share based remuneration policy in line with international practice, as well as to operate a share based employee incentive system.**

**The shares to be acquired on the basis of this authorization together with the treasury shares already held by WABERER'S INTERNATIONAL Nyrt. shall not at any time exceed more than 10% of the share capital of the Company effective at the date of granting this authorization (i.e. up to 1,769,373 ordinary shares with a face value of EUR 0.35 each).**

**The shares can be acquired through the stock exchange or on the OTC market. The equivalent value per share paid by WABERER'S INTERNATIONAL Nyrt. may not exceed over 5% above the market price of the share determined by the opening auction on the trading day at the Budapest Stock Exchange. The minimum value to be paid is EUR 0.1 (ten Eurocent) per share.**

**The authorization may be exercised in full or in part, and the purchase can be carried out in partial tranches spread over various purchase dates within the authorization period until the maximum purchase volume has been reached. Under the present authorization the Board of Directors is also allowed to approve the interim balance sheet in order to evaluate whether the conditions of acquiring treasury shares are met.**

**The authorization will be valid for 18 months starting from the date of approval of this General Meeting resolution. The authorization granted to the Board of Directors by Resolution no. 25/31.05.2017 of the General Meeting is hereby repealed.**

Relevant part of the report of the Supervisory Board:

The Supervisory Board reviewed in its merits the submissions and the resolution proposals for the General Meeting to be held on April 16, 2018 proposed by the Board of Directors and the Supervisory Board fully agrees therewith. The Supervisory Board proposes to the General Meeting to adopt the resolution proposal submitted to the General Meeting without any amendment.

## **5. DECISION ON THE APPROVAL OF THE CORPORATE GOVERNANCE REPORT**

According to Clause 3:289 of the Civil Code board of directors of listed companies are obliged to present to the annual general meeting the company's governance and management report prepared according to the rules applicable to the actors of the given stock exchange. As per Section 5.9.1.m) of the Articles of Association approval of the corporate governance report is within the exclusive scope of the general meeting. The reports and its attachments were prepared in compliance with the provisions of the Civil Code and the Corporate Governance Recommendations (CGR) of the Budapest Stock Exchange (BSE).

The Board of Directors submits the following resolution proposal to the General Meeting:

### **AGM Resolution 8/2018. (IV. 16.)**

**The General Meeting approves the Corporate Governance Report of the Company for the business year 2017.**

Relevant part of the report of the Supervisory Board:

The Supervisory Board reviewed in its merits the submissions and the resolution proposals for the General Meeting to be held on April 16, 2018 proposed by the Board of Directors the Supervisory Board fully agrees therewith. The Supervisory Board proposes to the General Meeting to adopt the resolution proposal submitted to the General Meeting without any amendment.

**WABERER'S INTERNATIONAL NYILVÁNOSAN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG**  
**RESPONSIBLE CORPORATE GOVERNANCE REPORT FOR THE PERIOD OF 1 JANUARY 2017 TO 31**  
**DECEMBER 2017**

In its resolution no 6, the General Meeting of WABERER'S INTERNATIONAL Nyilvánosan Működő Részvénytársaság (the 'Company') held on May 31, 2017 decided to change the corporate form of private company and to transform the Company into a public company limited by shares. The Chief Executive Officer of Budapesti Értéktőzsde Zrt. ("Budapest Stock Exchange Ltd.") ("Stock Exchange" or "BSE") adopted his decision no. 222/2017. on June 19, 2017 on the admission of the ordinary shares of the Company on the product list, while on the basis of resolution 250/2017., the trade in the shares began on July 6, 2017.

The parts of this Report that comply with the Corporate Governance Recommendations (CGR) of the Stock Exchange that present the operational rules of certain bodies of the Company (Board of Directors, CEO, Management, Supervisory Board, Auditor and Audit Committee) and the method and conditions of exercising the shareholders' rights describe the practice established after the change of the form of operation. The principle of 'comply or explain' was applied for drawing up this Report. In the case of event type issues, we always gave a 'yes' answer on the basis of the CGR even if otherwise the given event did not occur during the reporting period, but we would have proceeded in accordance with the provisions of the CGR on the basis of the provisions of the adopted Articles of Association and other basic documents of corporate bodies (By-laws of the Board of Directors, Rules of procedures of the Supervisory Board and the Audit Committee).

## **1. Board of Directors**

The management body of the Company is the Board of Directors. The Board of Directors consists of maximum seven members. The members of the Board of Directors are elected by the General Meeting for an indefinite period. The Board of Directors elects a Chairman and a Deputy Chairman from among its members. The division of responsibilities and competencies among the members of the Board of Directors is specified in detail in the By-laws of the Board of Directors: [www.waberers.com](http://www.waberers.com). The Board of Directors establishes its own rules of procedure itself.

The Board of Directors may decide on all issues and matters affecting the Company if they do not fall under the exclusive competence of the General Meeting. In the case of issues where decision-making falls under the exclusive competence of the General Meeting by virtue of legislative provisions, the Board of Directors must make a proposal concerning the decision to be taken by the General Meeting. The Board of Directors represents the Company vis-à-vis third parties and before courts and other authorities. The Board of Directors is entitled to acquire rights and undertake obligations on behalf of the Company and to specify the business activities of the Company.

The responsibilities of the Board of Directors include primarily, but not exclusively, the following:

- preparation of and submission to the General Meeting for decision the proposal for the approval of the Company's statutory annual financial statement (consolidated annual financial statement) and the utilization of after tax profits;
- submission of the report on the corporate governance practices of the Company to the General Meeting;



- submission of a report on the management, the financial situation, the business policy of the Company at least once a year to the General Meeting and quarterly to the Supervisory Board;
- arrangements for keeping the books of the Company in accordance with the rules;
- participating in the determination of strategic guidelines and the formation of the corresponding strategy and participation in any kind of strategic cooperation agreements, associations, joint ventures on behalf of the Company or any member of the Group;
- decision on and supervision of the individual and the consolidated business and financial plans, significant capital investments, acquisitions and divestments of the Company or any Group member;
- after discussion with the Supervisory Board, setting corporate objectives and continuous monitoring of company performance, informing the Supervisory Board about the achievement of these objectives;
- ensuring the integrity of the financial and accounting reports;
- development of the principles applicable to the remuneration of the key positions for the executive management of the Group, supervision of the activity of the management and if necessary, taking appropriate steps in line with the guidelines adopted by the General Meeting;
- deal with the conflicts of interests, accepting Code of Conduct of the Company;
- establishment of risk management policies, to ensure the assessment of risk factors, the obtainability of internal control mechanisms to treat the abovementioned and the legal compliance;
- determination of a mechanism for the selection of the members of the Board of Directors and proposal for the members' remuneration;
- determination of the principles and basic procedure of the succession of the Company's leaders;
- defining guidelines and policies for transparency of corporate operations and for disclosure of information on the Company, as well as monitoring compliance with those guidelines;
- continuous observation of the efficiency and effectiveness of the practice of company management;
- assurance of the communication with an appropriate level and appropriate frequency with the shareholders.

The meeting of the Board of Directors has a quorum if more than half of its members are present. The Board of Directors adopts its resolutions by a simple majority of votes of those present unless otherwise provided by the rules of procedure. Further rules for the conduct of meetings, powers and adoption of resolutions of the Board of Directors are set out in the By-laws of the Board of Directors.

The members of the Board of Directors may hold senior officer positions in another business organisation also engaged in activities identical with those of the Company only if it has been authorised by the Board of Directors of the Company. Such authorisations have been granted to members of the Board of Directors Stefan Delacher and Gerard van Kesteren. In addition to his position on the Board of Directors of the Company, Stefan Delacher has been an adviser at Rothschild GFA since 2007 and has been a member of the Supervisory Board at Raben Logistics since 2006. In addition to his position on the Board of Directors of the Company, Gerard van Kesteren is a member of the Supervisory Board at the companies Raben Group and Planzer Holding AG as well as a member of the Board of Directors and Chairman of the Audit Committee at Janel Corporation, and an adviser at Astor Place Holdings. Considering that there is a dual control model at the Company, the independence of the members of the Board of Directors does not need to be examined, yet the Company strives to comply with the guidelines listed in Sections 2.4. and 2.5.1. of the CGR. Pursuant to the Relationship agreement between the Company and B.V. CEE TRANSPORT HOLDCO S.á r.l., the largest shareholder, the

shareholder delegates one member into the Board of Directors, while it has two operational members.

The members of the Board of Directors, their independence status and the date of their appointment in 2017 (the curricula vitae of the current members are available on the website of the Company):

Name	Status	Date of appointment
Stefan Delacher	independent non-operational (external) member	31.05.2011– for an indefinite period
Miklós Bethlen	non independent (delegated by the main shareholder) non-operational (external) member	31.05.2011 - 21.12.2017
Csanád Dániel	non independent non-operational (external) member	01.08.2013 - 31.05.2017
Gerard van Kesteren	independent non-operational (external) member	29.07.2016– for an indefinite period
Ferenc Lajkó	non independent operational member	06.03.2017– for an indefinite period
Barna Erdélyi	non independent operational member	06.03.2017– for an indefinite period
Dr. Péter Lakatos	independent non-operational (external) member	06.03.2017– for an indefinite period
Robert Knorr	non independent (delegated by the main shareholder) non-operational (external) member	21.12.2017– for an indefinite period

Of the members of the Board of Directors, Péter Lakatos via Lakatos, Köves and Partners Law Office, controlled by him, is engaged with the Company other than his board membership. However, the member of the Board of Directors declared that the legal relationship indicated above does not represent a conflict of interest and would not threaten decision-making serving the interests of all shareholders. Following the Company's admission to the Stock Exchange, member of the Board of Directors Stefan Delacher has not provided any other expert services to the Company apart from his tasks within the Board of Directors, through PSP Projektentwicklung GmbH, controlled by him.

On December 31, 2017 the members of the Board of Directors held the number of shares indicated below:

Gerard van Kesteren	3,018 shares
Ferenc Lajkó	11,559 shares

In 2017 the Board of Directors held 7 (seven) meetings with the participation rate detailed below.

Name	Number of meetings	Participation rate	Notes
Total	7		
Stefan Delacher	7	100%	
Miklós Bethlen	6	85.7%	He resigned from his membership with the effect of December 21, 2017.
Csanád Dániel	3	100%	He resigned from his membership with the effect of May 31, 2017.
Gerard van Kesteren	7	100%	
Dr. Péter Lakatos	7	100%	
Ferenc Lajkó	7	100%	
Barna Erdélyi	7	100%	
Robert Knorr	-	-	His appointment as a member of the Board of Directors became effective on December 21, 2017.

The main topics of the meetings of the Board of Directors held in 2017 included the review of the monthly and other periodical performance and KPI indicators of the Group, supervision of the acquisition activities, preparation for the IPO and management of compliance issues relating to the admission to the Stock Exchange, discussion on the key lawsuits, expansion and resolution of the warehousing capacities of the regional contract logistics business line, launch of the intermodal business line, risk analyses and consultations relating to the EU norm regulations, approval of the incentive of programme of the employees and the establishment of a long-term strategy.

At the Company, the Board of Directors typically adopts written resolutions between the meetings of the Board of Directors. In 2017, 56 out-of-meeting (written) resolutions were adopted. Among other things, these resolutions are associated with strategic decisions affecting the Company and the Group, the admission of the Company to the Stock Exchange, the Management Remuneration Policy and proposals for resolutions to be put before the General Meeting.

## 2. Chief Executive Officer

According to a decision made on July 29, 2016 the work of the Company is organised, led, directed and supervised by the CEO elected by the General Meeting (previously by the Board of Directors from among its own members) subject to the relevant legislation and the Articles

of Association as well as in accordance with the decisions of the General Meeting and the Board of Directors. His scope of authority includes making decisions on all cases that are not referred to the exclusive competence of the General Meeting or the Board of Directors. The CEO establishes the work organisation of the Company, exercises the employer's rights over the employees of the Company (other than the deputy CEO), but may delegate this power to the employees of the Company.

The CEO of the Company is elected by the General Meeting to this position as of July 29, 2016 which has been occupied by Mr Ferenc Lajkó since this date.

### **3. Introduction of the Management**

The following persons belong to the Management of the Company and the Group:

- Ferenc Lajkó, CEO
- Erdélyi Barna, General Deputy CEO
- Zsolt Barna, Managing Director of Waberer's-Szemerey Kft. and head of the regional contract logistics business line;
- Bence Nyilasy, Chief Executive Officer of Wáberer Hungária Zrt.;
- Pawel Moder, CEO of LINK sp.z.o.o.

The curricula vitae of the members of the management employed by the Company are available on the Company website ([www.waberers.com](http://www.waberers.com)).

Relationship between the Board of Directors and the Management:

The Chief Executive Officer and General Deputy CEO of the Company attended the ordinary and extraordinary meetings of the Board of Directors as guests prior to their election and currently attend the meetings as operational members of the Board of Directors, while the Board of Directors invited other business line managers to discuss specific topics on ad hoc basis. The Management reports to the members of the Board of Directors on a monthly basis. On March 21, 2017 the General Meeting elected two members of senior management members of the Board of Directors (CEO and general deputy CEO) for an indefinite period. As a result of this change, the Management actively participates in the work of the Board of Directors.

The monthly management report provides information about the monthly and periodic cumulative development of the business operations of the Company and the Group in a uniform, standard structure, presenting primarily the deviation of the effectiveness and key performance indicators from the values for the baseline period and the Business Plan. Main business operations data presented in the monthly management report:

- development of the consolidated profit/loss of the Company and the Group;
- development of the EBITDA of the Company and the Group by main business functions and detailed variance analysis of deviations;
- development of the consolidated sales of the Company and the Group;
- development of the profit/loss, key performance indicators and quality indicators of the business functions (primarily the international and regional contract logistics segment and insurance segment);
- development of the asset and financial situation and indebtedness of the Company and the Group;
- development of gain on fleet sales activity and driving factors behind the differences.

In the event of significant changes affecting the business operations of the Company and the Group and in the case of projects deviating from the business plan, the Management prepares ad hoc analyses for the Board of Directors.

#### **4. Supervisory Board**

Since the number of its members was increased when the corporate form was changed, the Supervisory Board consists of six members. According to the Articles of Association adopted on May 11, 2017, the members of the Supervisory Board are elected by the General Meeting for an indefinite period. One-third of the Supervisory Board (two persons) are the employees' delegates. The employees' delegates are nominated from among the employees by the works council, taking into account the opinion of the trade unions operating at the Company. No employee of the Company may be a member of the Supervisory Board apart from membership based on the rules of participation by employees. Once elected, the Supervisory Board elects a Chairman from among its members for the period of the Chairman's mandate as a member.

The majority of the members of the Supervisory Board must be independent persons. A member of the Supervisory Board is considered independent if he or she does not have any legal relationship with the Company other than his or her Supervisory Board membership and the relationship falling within the usual activities of the Company and operations meeting the needs of the member of the Supervisory Board. The majority of the members of the Supervisory Board have no relationship with the Company, its management and its significant shareholders. The Supervisory Board requests that its members confirm their independence annually, before making its Responsible Corporate Governance Report.

The members of the Supervisory Board are obliged to personally participate in the work of the Supervisory Board. The members of the Supervisory Board are independent of the management of the Company and may not be instructed during their activities. The Supervisory Board establishes its rules of procedure itself, which is approved by the General Meeting.

Members of the Supervisory Board may not acquire any interest in a company and may not be an executive officer in a business association that pursues the same economic activity as its core activity as the Company. If a member of the Supervisory Board accepts a new mandate as an executive officer, he or she is obliged to notify the Company of this fact within 15 days of accepting the office.

The Supervisory Board supervises the management of the Company in order to protect the interests of the Company. In order to perform this activity, it may have access to the documents, accounting records and books of the Company, may request information from the Board of Directors and the employees of the Company, may inspect the payment account, cash in hand, portfolio of securities, goods in stock and contracts and agreements of the Company, or may have them inspected by an expert. The Supervisory Board is obliged to examine the proposals to the General Meeting and to present its position on such proposals at the General Meeting.

The General Meeting may adopt resolutions on the Financial Statements and on the appropriation of profits after tax only in possession of the written report of the Supervisory Board.

If, according to the Supervisory Board, the activities of the management violate the relevant legislation or the Articles of Association, or are contrary to the resolutions of the General Meeting or otherwise infringe the interests of the Company, the Supervisory Board is entitled to

convene the General Meeting in order to discuss this issue and to adopt the required resolutions.

The Chairman of the Supervisory Board:

- convenes and chairs the meetings of the Supervisory Board;
- ensures that the minutes of the meeting are duly kept;
- may attend the meetings of the Board of Directors;
- may initiate the convening of a General Meeting;
- submits an annual report on the work of the Supervisory Board and the Company to the General Meeting.

The Supervisory Board adopts its resolutions by a simple majority of votes. The detailed rules for the operation of the Supervisory Board are set out in the rules of procedure of the Supervisory Board: [www.waberers.com](http://www.waberers.com).

Members of the Supervisory Board and their independence status and dates of appointment in 2017:

Name	Status	Date and duration of appointment
Peter Michael Vincent Grace	independent	15.07.2016– for an indefinite period
Gabriella Beregszászi	independent	15.07.2016–31.05.2017
Sándor Székely, employees' delegate	non independent	11.05.2017– for an indefinite period
(Mrs) Szalainé, Mária Kazuska, employees' delegate	non independent	31.05.2017– for an indefinite period
Philip Marshall	independent	from 31.05.2017– for an indefinite period
Gábor Béla Nagy	independent	31.05.2017– for an indefinite period
Dr Zoltán György Bodnár	independent	31.05.2017– for an indefinite period

In the 2017 financial year, the Supervisory Board held 5 meetings with 100% participation rate and adopted all resolutions with 100% support. The Supervisory Board adopted resolutions without holding a meeting on two occasions in relation to the agenda items of the General Meeting.

The main topics of the Supervisory Board meetings held in 2017 included the approval of the individual and consolidated financial statements of 2016 financial year, discussion of certain risk factors (hedge, insurance), review of the internal audit reports, preparations for the IPO, review of the General Meeting resolutions and review of the quarterly financial reports.

Name	Number of meetings	Participation rate	Notes
Total	5		
Sándor Székely	5	100%	
Peter Michael Vincent Grace	5	100%	

Gabriella Beregszászi	3	100%	Resigned from the membership in the Supervisory Board on May 31, 2017.
(Mrs) Szalainé, Mária Kazuska	2	100%	Elected as a member of the Supervisory Board on May 31, 2017.
Philip Anthony Marshall	2	100%	Elected as a member of the Supervisory Board on May 31, 2017.
dr Zoltán György Bodnár	2	100%	Elected as a member of the Supervisory Board on May 31, 2017.
Gábor Béla Nagy	2	100%	Elected as a member of the Supervisory Board on May 31, 2017.

## 5. Audit Committee

The General Meeting elects a three (3) member Audit Committee from the members of the Supervisory Board qualifying as independent for the same period as that of the Supervisory Board membership of the individual members.

The Audit Committee was established with regard to the admission of the shares of the Company to the stock exchange as at the date of the admission of the shares to the Budapest Stock Exchange. Members of the Audit Committee and their status and dates of appointment (the curricula vitae the members are available on the website of the Company):

Name	Status	Date of appointment
Peter Michael Vincent Grace	independent	upon admission to the stock exchange, for the mandate of Supervisory Board membership
Philip Anthony Marshall	independent	upon admission to the stock exchange, for the mandate of Supervisory Board membership
Dr. Zoltán György Bodnár	independent	upon admission to the stock exchange, for the mandate of Supervisory Board membership

The Audit Committee assists the Supervisory Board in the control of the financial reporting system, in the election of the Auditor and in co-operation with the auditor. The Audit Committee is entitled to use external adviser(s), as required, for performing its tasks. The Audit Committee supervises the efficiency of risk management, the operation of the system of internal controls and the internal audit activities which tasks had been performed by the Supervisory Board before the shares of the Company were admitted to the stock exchange.

In the 2017 financial year, the Audit Committee held 2 meetings with 100% participation rate and adopted all resolutions with 100% support.

The main topics of the committee meetings held in 2017 included the discussion of the interim reports, election of the Chairman and approval of the Rules of Procedure, co-operation with the Auditor, and presentation and discussion of the risk factors.

Name	Number of meetings	Participation rate	Notes
Total	2		
Peter Michael Vincent Grace	2	100%	
Philip Anthony Marshall	2	100%	
dr Zoltán György Bodnár	2	100%	

## 7. Nomination and Remuneration Committee

Pursuant to the authorisation granted in Article 6.11 of the Articles of Association, the Board of Directors elects a three (3)-member Nomination and Remuneration Committee from the members of the Board of Directors and Supervisory Board qualifying as independent for the same period as that of the Board membership of the individual members.

The Nomination and Remuneration Committee was established on June 15, 2017 after the change of the form of operation. The tasks of nomination and remuneration were consolidated in one committee in order to make the personal decision making procedure of the Board of Directors more effective.

Members of the Nomination and Remuneration Committee and their status and dates of appointment (the curricula vitae the members are available on the website of the Company):

Name	Status	Date of appointment
Peter Michael Vincent Grace	independent	15.07.2017 – for the mandate of membership in the Supervisory Board
Gábor Béla Nagy	independent	15.07.2017 – for the mandate of membership in the Supervisory Board
Gerard van Kesteren	independent	15.07.2017 – for the mandate of membership in the Board of Directors

The Nomination and Remuneration Committee assists the Board of Directors in the selection of the members of the control and management bodies and in the election and evaluation of the key employees as well as on the decision of the elements of their remuneration and handling conflicts of interests.

In the 2017 financial year, the Nomination and Remuneration Committee held two meetings with 100% participation rate and adopted all resolutions with 100% support.



The main topics of the committee meetings held in 2017 included the approval of the Rules of Procedure and the election of the Chairman, review of the remuneration of the members of the management and controlling bodies and proposal for the review of the performance remuneration of the members of the management, recommendation for 2018.

Name	Number of meetings	Participation rate
Total	2	
Peter Michael Vincent Grace	2	100%
Gerard van Kesteren	2	100%
Gábor Béla Nagy	2	100%

#### **8. Criteria considered when evaluating the work of the Board of Directors, the Supervisory Board, the management and the individual members thereof.**

The Board of Directors and the Supervisory Board evaluate their work every year and prepare a report to the annual General Meeting approving the financial statements of the previous business year.

The key employees included in the By-Laws of the Board of Directors are evaluated and the principles of their remuneration are defined by the Board of Directors of the Company, with the opinion of the Nomination and Remuneration Committee. The Chief Executive Officer of the Company and the Executive Officers of the subsidiaries exercise the employer rights over the other employees in managerial positions, but those rights can be further delegated.

During the evaluation of the annual performance of the key employees, the annual business and financial indicators of the Company and the Group and their evaluation have a major role. In the case of the managers of the subsidiaries, apart from the indicators of the company controlled by them the achievement of the Group-level indicators is also expected in the spirit of the consolidated structure. In addition, the criteria taken into account during evaluation include progress in the implementation of the long-term strategy, strategic thinking, recognition of business opportunities and market difficulties in time and responding to them, further extension of the reputation of the Company towards business partners, suppliers and investors and the skill of motivating managers and employees.

The remuneration of key employees consists of base remuneration and performance remuneration. The base remuneration may not depend on the performance of the eligible parties or the discretionary decision of the employer. The rate of the base remuneration and performance remuneration is defined by the Board of Directors on the basis of the function, size and complexity of activity of the controlled organisation according to the recommendation of the Nomination and Remuneration Committee. The maximum rate of performance remuneration is 100% of the base remuneration.

Within the framework of performance remuneration, the Company measures and evaluates the individual performance of the key employees with a structured incentive programme within the framework of the Group-level Employee Share Ownership Programme (hereinafter ESOP) programme established on the basis of Act XLIV of 1992 on the Employee Share Ownership. On the basis of the authorisation granted in the General Meeting Resolution of July 15, 2016, the Board of Directors was nominated to establish the Waberer's Employee Share Ownership Programme Organisation and to elaborate the various remuneration policies. The Board of Directors of the Company, as the body entitled to make decisions in the name of the founder

of Waberer's Munkavállalói Résztulajdonosi Program Szervezet (Employee Share Ownership Programme Organisation, hereinafter "ESOP organisation"), decided on the foundation of the ESOP organisation, the beneficiary employees and the issue of the financial instruments serving the purpose of the programme as well as involvement in the programme on the basis of the above principles. The initial programmes worked on the basis of bonds, but the admission of the shares to the Stock Exchange provided an opportunity to the Company to use the shares admitted to the Stock Exchange at a price independent from the Company as the basis of the programmes. The Company plans that from 2018 the members taking part in the ESOP should be able to choose to be eligible not only for the consideration from the conversion of the financial instruments involved in the ESOP programme (Waberer's shares) but also to be able to acquire the financial instrument (Waberer's share).

The purpose of performance remuneration of the Company and the Group is:

- to improve the economic performance of the Company;
- to strengthen the organisational thinking and activity;
- to support the management in achieving the corporate objectives (top town breakdown and delegation);
- to take an appropriate share from the corporate profits (strengthen the sense of ownership);
- to provide feedback to the staff.

The evaluation criteria of performance remuneration include the performance of the key indicators of the Company and the whole Group (EBITDA, net profit, debt service, net debt etc.) depending on the impact of the individual colleagues. A significant part of the indicators can be verified by Controlling or can be clearly measured from various reports, statements.

## **9. Statutory Auditor**

The Statutory Auditor is elected by the General Meeting for a definite term, which lasts at least until the adjournment of the General Meeting closing the financial year in which the Statutory Auditor is elected and approving the consolidated balance sheet but no later than until June 30.

The Statutory Auditor is responsible for carrying out the audits in accordance with the standards and state his/her findings in the independent auditor's opinion as to whether the Company's financial statements comply with the relevant legislation and give a true and fair view of the Company's assets, liabilities, financial position and profit or loss.

Shareholders of the Company, members of the Board of Directors or the Supervisory Board and the relatives of those persons may not be elected as the Statutory Auditor. Employees of the Company may not be the Statutory Auditor as long as their employment relationship exists and for 3 years from its termination.

The Statutory Auditor may not provide services to the Company and may not establish cooperation with the Board of Directors which jeopardises the independent and objective performance of his or her tasks as Auditor.

The Statutory Auditor of the Company is Ernst&Young Könyvvizsgáló Korlátolt Felelősségű Társaság (head office: H-1132 Budapest, Váci út 20., Hungary). During the period covered by this report, the Statutory Auditor performed certain tax advisory services for the Company, subject to prior agreement with the Audit Committee. These activities did not impose any threat on the independency of the Statutory Auditor.

## **10. Presentation of the internal control system**

The managers of the individual organisational units are responsible for establishing and monitoring the internal control system of their own unit.

## **11. General overview of the mode of exercising shareholder rights**

Shareholders are entitled to exercise their shareholders' rights vis-à-vis the Company through their shares, on the basis of relevant ownership certificate issued, after their share ownership is entered in the Shareholders' Register. The exercise of the shareholders' rights does not require an ownership certificate if entitlement is established by holder identification. The Company accepts the certificate of deposit issued by KELER Központi Értéktár Zrt. as place of deposit or on the basis of a certificate of KELER Központi Értéktár Zrt. as certificate of its share ownership.

The Shareholders' Register is kept by KELER Központi Értéktár Zrt. as commissioned by the Board of Directors. Formally certified shareholders must be entered in the Shareholders' Register on their application submitted to the keeper of the Shareholders' Register. In accordance with the provisions of Section 3:246(3) of the Civil Code, the keeper of the Shareholders' Register may only refuse to fulfil the request of the formally certified shareholder for registration if the shareholder acquired his or her share(s) in violation of legislation or the rules of the Articles of Association applicable to the transfer of shares. At their request, registered shareholders must be deleted from the Shareholders' Register.

Shareholders registered in the Share Register are entitled to participate in the General Meeting, request information, make observations and proposals, and vote if they hold voting shares. Each share in the Company entitles its holder to one vote. Shareholders shall not exercise their voting rights until they have paid up the due financial contribution in full.

Shareholders shall be entitled to a dividend in proportion to the nominal value of the shares they hold from the Company's distributable profit or profit ordered to be distributed by the General Meeting. Shareholders who are featured in the Shareholders' Register at the date of holder identification relating to dividend payment announced by the Company are entitled to dividends. Dividends may be paid in the form of non-cash consideration as well. Dividends may be paid in the form of non-cash contribution as well.

Shareholders are entitled to dividends only in proportion to their fully paid-up cash contribution. The Company pays dividends to shareholders by bank transfer starting on the date set by the relevant resolution of the General Meeting. The dividend payment period starts on the date specified in the resolution of the General Meeting approving the Statutory Financial Statements and the appropriation of the profit after tax, but at least 10 business days must elapse between the first publication of the announcement setting out the resolution of the General Meeting providing for the dividend payout ratio and the start date of dividend payments and the actual start date of dividend payments.

Shareholders holding at least 1% of votes in total are entitled to exercise minority rights in the Company starting on the date of admission of the shares to the stock exchange.

The detailed rules for the exercise of the shareholders' rights are set out in the Articles of Association: [www.waberers.com](http://www.waberers.com).

## **12. General overview of the rules pertaining to the method of convening and the method of implementation of general meetings**

The supreme body of the Company is the General Meeting, where shareholders may exercise the rights they are entitled to in person or by proxy. Shareholders and shareholders' proxies (nominees) who are entered in the Shareholders' Register no later than on the second business day preceding the start date of the General Meeting may participate in the General Meeting.

The invitation to the General Meeting must be published at the places of publication specified in the Articles of Association at least 30 days before the start date of the General Meeting. The General Meeting has a quorum if it was properly convened and shareholders representing more than 50% of the votes represented by the voting shares of the Company are present. Should the General Meeting fail to have a quorum one (1) hour after the planned start time thereof, the Chairperson of the General Meeting shall announce the time of the repeated General Meeting as indicated in the invitation. The reconvened General Meeting may be convened for a date following the date of the General Meeting by minimum 10 (ten) days and maximum 21 (twenty-one) days. The reconvened General Meeting may be held at the same venue or at another venue specified in the invitation to the General Meeting. The reconvened General Meeting has a quorum concerning the matters stated on the original agenda irrespective of the ratio of voting rights represented by those present.

The General Meeting adopts its resolutions by a simple majority of votes taken into account for establishing a quorum, except for the issues listed in the Articles of Association, which require an at least three-quarter majority of votes. Each share to the face value of EUR 0.35 represents one vote. One shareholder may vote only in one way.

The detailed rules of convening and implementing General Meetings are included in the Articles of Association: [www.waberers.com](http://www.waberers.com).

## **13. General overview of the disclosure policy and policy on the trade of insider persons of the Company**

In making its publications, the Company acts on the basis of the relevant legislation in force and the regulations of the stock exchange. Accordingly, the Company publishes its notices, notices to shareholders and announcements on the website of the Company ([www.waberers.com](http://www.waberers.com)), the website of the BSE and, in the cases specified by law, in Cégközlöny (Companies Gazette). The Board of Directors of the Company adopted the Publication Policy in its Resolution No 34/2017.

The Company is committed to the fair trade of securities traded publicly. The Company acts in accordance with the legislation in force and the regulations of the stock exchange at all times in issues relating to insider trading. The Board of Directors of the Company adopted the Policy on Insider Trading in its Resolution No 36/2017.

## **14. Remuneration declaration**

Remuneration of the members of the Board of Directors, Supervisory Board, the Audit Committee and the Management.

- a) Remuneration and social and other benefits provided to the members of the Board of Directors:

The members of the Board of Directors may receive benefits to the maximum value of EUR 50,000 per year from the Company under a separate mandate agreement concluded with them for holding that office.

Of the members of the Board Directors, in 2017 only Stefan Delacher and Gerard van Kesteren received any remuneration.

- b) Remuneration and social and other benefits provided to the members of the Supervisory Board and the Audit Committee:

Members of the Supervisory Board may receive remuneration of EUR 10,000 per year, while the members of the Audit Committee may receive additional remuneration of EUR 5,000 under the terms of the mandate agreement concluded with them.

#### **Report on the remuneration of 2017**

	Fee/Salary (HUF)	Cost recovery (EUR)	Daily allowance (HUF)
Supervisory Board	9 026 265	0	0
Audit Committee	1 633 180	0	0
Board of Directors	30 511 988	14 766	0
Management (CEO, deputy-CEO)	75 000 000	0	1 003 061

## **CORPORATE GOVERNANCE DECLARATION ON COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS**

As part of the Corporate Governance Report, the Company completes the following tables to declare to what extent the recommendations and proposals set out in the Corporate Governance Recommendations ("CGR") issued by Budapesti Értéktőzsde Zrt. were applied in its own corporate governance practices.

### **Level of compliance with the Recommendations**

The Company shall indicate whether it applies the relevant recommendation or not, and in the case of a negative answer, it shall provide the reasons for not applying the given recommendation.

A 1.1.1 The Board of Directors ensured that shareholders received access to information in time to enable them to exercise their rights.

Yes

No (Please explain)

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

Yes

No (Please explain)

A 1.2.8 The Company ensures that shareholders meet the same requirements in order to attend the General Meeting.

Yes

No (Please explain)

A 1.2.9 Items on the General Meeting agenda only include subjects which are accurately defined and described.

Yes

No (Please explain)

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

Yes

No (Please explain)

Shareholders' comments and additions to the agenda items were published no later than two days before the General Meeting.

Yes

No (Please explain)

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

Yes

No (Please explain)

Written comments made on the items on the agenda were published two working days prior to the General Meeting.

Yes

No (Please explain)

A 1.3.10 The election and recall of executive officers took place by way of a separate resolution in respect of each person.

	<u>Yes</u>	No (Please explain)
A 2.1.1	The scope of responsibilities of the Board of Directors include those specified in Section 2.1.1.	
	<u>Yes</u>	No (Please explain)
A 2.3.1	The Board of Directors held meetings at pre-determined regular intervals.	
	<u>Yes</u>	No (Please explain)
	The Supervisory Board held meetings at pre-determined regular intervals.	
	<u>Yes</u>	No (Please explain)
	The rules of procedure of the Board of Directors provide for unscheduled meetings and decision-making through electronic communications channels.	
	<u>Yes</u>	No (Please explain)
	The rules of procedure of the Supervisory Board provide for unscheduled meetings and decision-making through electronic communications channels.	
	<u>Yes</u>	No (Please explain)
A 2.5.1	The Supervisory Board of the Company has enough independent members to ensure the impartiality of the board.	
	<u>Yes</u>	No (Please explain)
A 2.5.4	At regular intervals (in connection with the annual CG Report) the Supervisory Board requested a confirmation of their independent status from those members considered independent.	
	<u>Yes</u>	No (Please explain)
A 2.5.6	The Company disclosed on its website the guidelines on the independence of the Supervisory Board, as well as the criteria applied for assessing independence.	
	<u>Yes</u>	No (Please explain)
A 2.6.1	Members of the Board of Directors informed the Board of Directors (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 any subsidiary of the Company).	
	<u>Yes</u>	No (Please explain)
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 than those of the general rules of practice.	
	<u>Yes</u>	No (Please explain)

Transactions falling, according to 2.6.2, outside the general business practice of the Company, and their terms and conditions were approved by the Supervisory Board (Audit Committee).

Yes

No (Please explain)

A 2.6.3 Board members informed the Supervisory Board/Audit Committee (Nomination 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

No (Please explain)

A 2.6.4 The Board of Directors established its guidelines for information flow within the Company, as well as the Management of insider information and supervised compliance therewith.

Yes

No (Please explain)

The Board of Directors established its guidelines for insider trading of securities and supervised compliance therewith.

Yes

No (Please explain)

A 2.7.1 The Board of Directors formulated remuneration guidelines regarding the evaluation and remuneration of the work of the Board of Directors, the Supervisory Board and the Management.

Yes

No (Please explain)

The Supervisory Board formed an opinion on the remuneration guidelines.

Yes

No (Please explain)

The guidelines on the remuneration of the Board of Directors and the Supervisory Board and amendments thereto were approved by the General Meeting as a separate agenda item.

Yes

No (Please explain)

A 2.7.2 The Board of Directors evaluated its own performance in respect of the given business year.

Yes

No (Please explain)

A 2.7.2.1 The Supervisory Board evaluated its own performance in respect of the given business year.

Yes

No (Please explain)

A 2.7.3 The supervision of the performance of the Management and the determination of its remuneration falls within the competence of the Board of Directors.

Yes

No (Please explain)



	The framework of and changes to benefits paid to the members of the Management and different from what is customary were approved by the General Meeting as a separate agenda item.	<u>Yes</u>	No (Please explain)
A 2.7.4	The General Meeting approved the principles of share-based remuneration schemes.	<u>Yes</u>	No (Please explain)
	Prior to the decision of the General Meeting concerning share-based remuneration schemes, the shareholders were provided with detailed information (at least as described in Section 2.7.4)	<u>Yes</u>	No (Please explain)
A 2.7.7	The Company has prepared a Remuneration Statement and presented it to the General Meeting.	<u>Yes</u>	No (Please explain)
	The Remuneration Statement contains the remuneration of individual members of the Board of Directors, the Supervisory Board, and the Management.	<u>Yes</u>	No (Please explain)
A 2.8.1	The Board of Directors or the committee operated thereby is responsible for the supervision and control of the Company's entire risk management.	<u>Yes</u>	No (Please explain)
	The Board of Directors verifies the efficiency of risk management procedures at specific intervals.	<u>Yes</u>	No (Please explain)
	The Board of Directors took the necessary steps to identify key risk areas.	<u>Yes</u>	No (Please explain)
A 2.8.3	The Board of Directors formulated the principles for the system of internal controls.	Yes	<u>No</u> (Please explain)
	The tasks described are defined by the managers of the individual organisational units.		
	The system of internal controls established by the Management ensures the management of risks the Company is exposed to and the achievement of the Company's objectives.	<u>Yes</u>	No (Please explain)
A 2.8.4	When developing the system of internal controls the Board of Directors took into consideration the criteria specified in Section 2.8.4.		

Yes No (Please explain)

The functions described are performed by the managers of the individual organisational units.

A 2.8.5 The Management is responsible for establishing and maintaining the system of internal controls.

Yes No (Please explain)

A 2.8.6 The Company developed an independent internal audit function which reports to the Audit Committee / Supervisory Board.

Yes No (Please explain)

The internal audit group reported at least once to the Audit Committee / Supervisory Board on the operation of risk management, internal control mechanisms and corporate governance functions.

Yes No (Please explain)

A 2.8.7 The internal audit activities are performed by internal audit, commissioned by the Audit Committee/Supervisory Board.

Yes No (Please explain)

Internal audit is organisationally separate from operative management.

Yes No (Please explain)

A 2.8.8 The internal audit plan was approved by the Board of Directors (Supervisory Board) upon the recommendation of the Audit Committee.

Yes No (Please explain)

A 2.8.9 The Board of Directors prepared a report for shareholders on the operation of internal controls.

Yes No (Please explain)

The Board of Directors developed its rules of procedure regarding the receipt and processing of reports on the operation of internal controls and on the preparation of its own report.

Yes No (Please explain)

Internal controls are organized by management.

A 2.8.11 The Board of Directors identified the key deficiencies of the system of internal controls, and reviewed and re-evaluated the relevant activities.

Yes No (Please explain)

The tasks described are performed by the managers of the individual organisational units.

- A 2.9.2 The Board of Directors, the Supervisory Board and the Audit Committee were notified in each case when the auditor's assignment, by its nature, may have incurred considerable expenditure, may have given rise to a conflict of interest or may have had any other material impact on business operations.
- Yes No (Please explain)
- A 2.9.3 The Board of Directors notified the Supervisory Board of any assignment given to the economic operator providing audit services or an external audit expert in connection with an event which has material impact on the operation of the Company.
- Yes No (Please explain)
- The Board of Directors specified in advance in a resolution the events which may be considered to have a material impact on the Company's operation.
- Yes No (Please explain)
- A 3.1.6 The Company published on its website the tasks delegated to the Audit Committee, and the objectives, rules of procedure and composition (indicating the name, brief resume and the date of appointment of the members) of the Committee.
- Yes No (Please explain)
- A 3.1.6.1 The Company published on its website the tasks delegated to the Nomination Committee, and the objectives, rules of procedure and composition (indicating the name, brief resume and the date of appointment of the members) of the Committee.
- Yes No (Please explain)
- A 3.1.6.2 The Company published on its website the tasks delegated to the Remuneration Committee, and the objectives, rules of procedure and composition (indicating the name, brief resume and the date of appointment of the members) of the Committee.
- Yes No (Please explain)
- A 3.2.1 The Audit Committee / Supervisory Board supervised the efficiency of risk management, the operation of the system of internal controls and the internal audit activity.
- Yes No (Please explain)
- A 3.2.3 The Audit Committee / Supervisory Board was provided with accurate and detailed information on the work schedule of the internal inspector and the independent auditor, and received the auditor's report on the problems identified during the audit.
- Yes No (Please explain)
- A 3.2.4 The Audit Committee / Supervisory Board requested from the new candidate for the position of auditor the disclosure statement specified in Section 3.2.4.
- Yes No (Please explain)

- A 3.3.1 The Company has a Nomination Committee.  
Yes No (Please explain)  
 The Nomination Committee, combined with the Remuneration Committee, was established after the admission to the stock exchange.
- A 3.3.2 The Nomination Committee provided for the preparation of personnel changes.  
Yes No (Please explain)  
 The Nomination Committee reviewed the procedures regarding the election and appointment of members of the Executive Management.  
Yes No (Please explain)  
 The Nomination Committee evaluated the activity of Board and Executive Management members.  
Yes No (Please explain)  
 The Nomination Committee examined all the proposals regarding the nomination of Board members which were submitted by shareholders or the Board of Directors.  
Yes No (Please explain)
- A 3.4.1 The Company has a Remuneration Committee.  
Yes No (Please explain)  
 The Nomination Committee was established after the admission to the stock exchange and operates in combination with the Nomination Committee.
- 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 No (Please explain)
- A 3.4.3 The remuneration of the Executive Management was approved by the Board of Directors based on the recommendation of the Remuneration Committee.  
Yes No (Please explain)  
 The remuneration of the Board of Directors was approved by the General Meeting based on the recommendation of the Remuneration Committee.  
Yes No (Please explain)  
 The Remuneration Committee also monitored the share option, cost reimbursement and other benefits in the remuneration system.  
Yes No (Please explain)

- A 3.4.4 The Remuneration Committee made proposals regarding the principles of remuneration.  
Yes No (Please explain)
- A 3.4.4.1 The Remuneration Committee made proposals regarding the remuneration of individual persons.  
Yes No (Please explain)
- A 3.4.4.2 The Remuneration Committee reviewed the terms and conditions of contracts concluded with the members of the Management.  
Yes No (Please explain)
- A 3.4.4.3 The Remuneration Committee verified whether the Company complied with its disclosure obligation regarding remuneration issues.  
Yes No (Please explain)
- A 3.4.7 The majority of the members of the Remuneration Committee are independent.  
Yes No (Please explain)
- A.3.5.1 The Board of Directors disclosed its reasons for combining the Remuneration and Nomination Committees.  
Yes No (Please explain)
- A 3.5.2 The Board of Directors carried out the duties of the Remuneration Committee and disclosed its reasons for doing so.  
Yes No (Please explain)
- The Nomination Committee and the Remuneration Committee were established after the admission to the stock exchange. Prior to that, the Board of Directors performed the task of the aforementioned Committee.
- A 3.5.2.1 The Board of Directors carried out the duties of the Remuneration Committee and disclosed its reasons for doing so.  
Yes No (Please explain)
- The Nomination and Remuneration Committee was established after the admission to the stock exchange.
- A 4.1.1 In its disclosure guidelines, the Board of Directors established those principles and procedures which ensure that all relevant information about the operations of the Company, and the circumstances influencing its share price are disclosed and made available accurately, in a timely manner and in full.  
Yes No (Please explain)

- A 4.1.2 The Company ensured in its disclosure that all shareholders and market participants were treated equally.
- Yes No (Please explain)
- A 4.1.3 The Company's disclosure guidelines include the procedures governing electronic on-line disclosure.
- Yes No (Please explain)
- The Company develops its website taking into consideration disclosure guidelines, and the provision of information to investors.
- Yes No (Please explain)
- A 4.1.4 The Board of Directors assessed the efficiency of disclosure processes.
- Yes No (Please explain)
- A 4.1.5 The Company published its corporate events calendar on its website.
- Yes No (Please explain)
- 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, main business activities, business ethics and policies regarding other stakeholders.
- Yes No (Please explain)
- A 4.1.8 In its annual report, the Board of Directors 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 No (Please explain)
- A 4.1.9 In its annual report and on its website, the Company discloses information on the professional career of the members of the Board of Directors, the Supervisory Board and the Executive Management.
- Yes No (Please explain)
- A 4.1.10 The Company provided information on the internal organisation and operation of the Board of Directors and the Supervisory Board.
- Yes No (Please explain)
- A 4.1.10.1 The Company provided information on the criteria considered when evaluating the work of the Board of Directors, the Executive Management and the individual members thereof.
- Yes No (Please explain)
- 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 Board of Directors, the Supervisory Board and the Executive Management.

	<u>Yes</u>	No (Please explain)
A 4.1.12	The Board of Directors disclosed its risk management guidelines, including the system of internal controls, the applied risk management principles and basic rules, as well as an overview on major risks.	
	<u>Yes</u>	<u>No</u> (Please explain)
	This issue is managed by the Audit Committee.	
A 4.1.13	In order to provide market participants with information, the Company annually publishes its report on corporate governance at the same time that it publishes its annual report.	
	<u>Yes</u>	No (Please explain)
A 4.1.14	The Company discloses its guidelines governing insiders' trading in the Company's securities on its website.	
	<u>Yes</u>	No (Please explain)
	The Company published in the annual report and on its website ownership in the Company's securities held by the members of the Board of Directors, the Supervisory Board and the Executive Management, as well as any interests held in share-incentive schemes.	
	<u>Yes</u>	No (Please explain)
A 4.1.15	In the annual report and on its website, the Company disclosed any relationship between members of the Board of Directors and the Executive Management with a third party, which might have an influence on the operations of the Company.	
	<u>Yes</u>	No (Please explain)

#### **Level of compliance with the Suggestions**

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

J 1.1.3	The Company operates an organizational unit for investor relations from the initial public offering of the Company's shares.	<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 Board of Directors and the Supervisory Board were represented at the General Meeting.	<u>Yes</u> / No
J 1.3.3	The Company's articles of association make it possible that at the initiation of the chairman of the Board of Directors 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 the questions which it was unable to answer satisfactorily at the General Meeting. Where the Company declined to give an answer, it published its reasons for doing so.	Yes / <u>No</u>
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 information and disclosure were not infringed and were complied with.	<u>Yes</u> / No
J 1.3.7	The Company published a press release and held a press conference on issues of major importance regarding the operation of the Company.	<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 published its guidelines concerning solutions for preventing hostile takeovers directed at the Company.  The company has no such guidelines.	Yes / <u>No</u>
J 2.1.2	The rules of procedure define the composition of the Board of Directors and all procedures and protocols for the preparation and holding of meetings, the drafting of resolutions and other matters related to the operation of the Board of Directors.	<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 Board of Directors took place in a transparent manner. 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 comply with the principles specified in 2.4.2.	<u>Yes</u> / No
J 2.4.3	Newly elected, non-executive board members could receive information regarding the structure and operations of the Company, as well as their duties as Board members through the Company's induction programme.	<u>Yes</u> / No
J 2.5.2	The separation of the responsibilities of the Chairman of the Board of Directors 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 Board of Directors 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 Board of Directors 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 Board of Directors, 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 component related to the share price.	<u>Yes</u> / No
J 2.8.2	The Board of Directors developed its risk management policy and regulations with the cooperation of the executives 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 Board of Directors took into consideration the aspects included in 2.8.10.	Yes / <u>No</u>
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 Board of Directors 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.	Yes / <u>No</u>
J 2.9.1.2	The rules of procedure of the Audit Committee cover the procedure to be followed when employing an external advisor.	Yes / <u>No</u>
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 Board of Directors may invite the Company's auditor to participate in the 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 assist the successful conduct of the audit.	<u>Yes</u> / No
J 3.1.2	The chairman of the Audit Committee regularly inform the Board of Directors about the meetings of the committee, and the committee prepared at least one report for the Board of Directors and the Supervisory Board in the given business year.	<u>Yes</u> / No
J 3.1.2.1	The chairman of the Nomination Committee regularly informs the Board of Directors about the meetings of the committee; and the committee prepared at least one report for the Board of Directors and the Supervisory Board in the given business year.	<u>Yes</u> / No

J 3.1.2.2	The chairman of the Remuneration Committee regularly informs the Board of Directors about the meetings of the committee; and the committee prepared at least one report for the Board of Directors 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 having 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. <b>Hiba! A hivatkozási forrás nem található..</b>	<u>Yes</u> / No
J 3.2.2	The members of the Audit Committee / Supervisory Board were fully informed about the special accounting, financial and operational features of the Company.	<u>Yes</u> / No
J 3.3.3	The Nomination Committee prepared at least one evaluation for the chairman of the Board of Directors on the operation of the Board of Directors and the work and suitability of the members of the Board of Directors, regarding the given business year.	<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 arranged for the preparation of the remuneration declaration.	<u>Yes</u> / No
J 3.4.6	The Remuneration Committee exclusively consists of non-executive members of the Board of Directors.	<u>Yes</u> / No
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 Board of Directors informed shareholders in the annual report of the findings of the investigation regarding the efficiency of disclosure procedures.	<u>Yes</u> / 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

## **6. DECISION ON GRANTING A WAIVER FROM LIABILITY TO MEMBERS OF THE BOARD OF DIRECTORS**

According to Clause 3:117 (1) of Act V of 2013 on the Civil Code the general meeting of the Company shall provide a waiver from liability to the executive officers upon their request relating to their activity in the previous business year. By way of granting such a waiver the general meeting attesting that the member of the Board of Directors were acting in his/her managerial function as per the interests of the Company.

In line with the provisions of Section 5.9.1 k) of the Articles of Association of the Company granting a waiver is within the exclusive competence of the general meeting.

The resolution proposal to the General Meeting is the following:

### **AGM Resolution 9/2018. (IV. 16.)**

**The General Meeting ascertains the appropriateness of the management activities of the Board of Directors members of the Company in the previous business year and decides to grant the waiver from liability according to Clause 3:117 (1) of Act V of 2013 on the Civil Code to the members of the Board of Directors of the Company with respect to the business year 2017. By granting the waiver from liability, the General Meeting confirms that the members of the Board of Directors have performed the management of the Company in 2017 by giving primacy to the interests of the Company.**

Relevant part of the report of the Supervisory Board:

The Supervisory Board reviewed in its merits the submissions and the resolution proposals for the General Meeting to be held on April 16, 2018 proposed by the Board of Directors the Supervisory Board fully agrees therewith. The Supervisory Board proposes to the General Meeting to adopt the resolution proposal submitted to the General Meeting without any amendment.

## **7. AMENDMENT OF SECTIONS 4, 5, 6, 7, 10 AND 15 OF THE COMPANY'S ARTICLES OF ASSOCIATION AND APPROVAL OF THE AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF THE COMPANY CONTAINING THE MODIFICATIONS**

The approval of the amendments of the Articles of Association falls within the exclusive competence of the General Meeting pursuant to Clause 3:276 (1) of Act V of 2013 on the Civil Code and Section 5.9.1. b) of the Articles of Association of the Company.

The Board of Directors proposes to the General Meeting to pass one resolution regarding the amendments of the Articles of Association considering that all changes affect only one subject, the General Meeting's technical execution of voting. According to the Corporate Governance Recommendations (CGR) of the Budapest Stock Exchange (BSE) when discussing agenda items regarding the modification of the Articles of Association, it is suggested that prior to the amendment of the Articles of Association the General Meeting passes a separate resolution on whether, in order to ensure the undisturbed and efficient conduct of the General Meeting, it intends to decide on the different amendments of the articles of association by individual votes, joint votes or votes combined in a particular way.

In light of the above the Board of Directors proposes to the General Meeting to pass joint resolutions regarding the amendments of individual Sections of the Articles of Association considering that the modifications within one Section affect closely related issues.

The Board of Directors submits the following resolution proposal to the General Meeting:

### **AGM Resolution 10/2018. (IV. 16.)**

**The General Meeting intends to decide on the amendments of the Articles of Association by joint votes with regard to each Section to be modified, in order to ensure the undisturbed and efficient conduct of the General Meeting.**

Amendments to Section 4. *SHAREHOLDERS' RIGHTS*:

The full name of the keeper of the Shareholders' Register was written out in Section 4.1.2: KELER Központi Értéktár Zártkörűen Működő Részvénytársaság ('KELER'). In Section 4.4.4, the financial terms for dividend and interim dividend payments set out in the Civil Code were revised, in accordance with the wording of the act. In Section 4.7.2, provisions supporting the shareholders were inserted for the exercise of the shareholders' rights by proxy in order to ensure that it provides guidance to natural person and non-resident shareholders regarding the minimum content of the power of attorney that may be accepted by the Company during registration for the General Meeting. In Section 4.8.5, one of the forms of exercising creditor protection and, at the same time, minority rights may be the subsequent review of the lawfulness of payments to shareholders, the provisions of which were revised in the Articles of Association to help interpretation.

The Board of Directors submits the following resolution proposal to the General Meeting:

### **AGM Resolution 11/2018. (IV. 16.)**

**The General Meeting approves the amendments of Section 4 regarding Articles 4.1.2.; 4.4.4. point (ii); 4.7.2. and 4.8.5. of the Articles of Association according to the submission.**

Amendments to Section 5. *THE GENERAL MEETING*:

In Section 5.2, the cases where it is mandatory to convene the General Meeting did not change, only their wording was revised. It is amended in Section 5.5.1 that the quorum of a duly convened General Meeting requires the presence of shareholders representing more than

40 per cent of the votes represented by the voting shares. This provision is in line with the practice followed by other blue chip companies on the Budapest Stock Exchange whose Articles requires shareholders to be present representing at least one third of the voting rights for a quorum. A new Section 5.6.2 was inserted, which includes a description of the process of making entries in the Shareholders' Register, which are essential for exercising shareholders' rights. The new section serves to provide information to the shareholders and draws attention to the fact that the Company does not accept responsibility for the consequences arising from omissions by securities account managers in connection with entries made in the Shareholders' Register. In Section 5.7.2, we provide preliminary information to the shareholders in advance of the fact that they should expect their identity and other details set out in the Shareholders' Register to be verified during registration. In Section 5.9.1, it was revised on the basis of the Civil Code that the enforcement of claims for damages against the members of the Supervisory Board and the Board of Directors and the Statutory Auditor falls with the exclusive competence of the General Meeting.

The Board of Directors submits the following resolution proposal to the General Meeting:

**AGM Resolution 12/2018. (IV. 16.)**

**The General Meeting approves the amendments of Section 5 regarding Articles 5.2. point b) and c); 5.5.1.; inserting a new Article 5.6.2.; amending Articles 5.7.2. and 5.9.1. point f) of the Articles of Association according to the submission.**

Amendment to Section 6. *THE BOARD OF DIRECTORS:*

In Section 6.1, in matters falling within the competence of the General Meeting, during the election of the members of the Board of Directors, in respect of the establishment of the duration of the members' mandate, a 3-year mandate was specified instead of an indefinite period, in accordance with the practice of international and domestic companies listed on the stock exchange and the opinion of one of the largest asset management groups in the world. The Members of the Board of Directors may be re-elected by the General Meeting at any time, even repeatedly.

The Board of Directors submits the following resolution proposal to the General Meeting:

**AGM Resolution 13/2018. (IV. 16.)**

**The General Meeting approves the amendment of Section 6 regarding Article 6.1. of the Articles of Association according to the submission.**

Amendments to Section 7. *THE CHIEF EXECUTIVE OFFICER:*

In Section 7.1.1, the General Meeting provides that the Board of Directors will elect the CEO of the Company in the future, in accordance with the practice of the largest domestic companies listed on the stock exchange. In Section 7.1.4, the Board of Directors sets objectives for the Organisational and Operational Regulations of the Company. Based on them, the CEO approves or amends the Organisational and Operational Regulations of the Company, in accordance with the decision of the Board of Directors taken at its meeting in December.

The Board of Directors submits the following resolution proposal to the General Meeting:

**AGM Resolution 14/2018. (IV. 16.)**

**The General Meeting approves the amendments of Section 7 regarding Articles 7.1.1 and 7.1.4. of the Articles of Association according to the submission.**

Amendment to Section 8. *THE SUPERVISORY BOARD*:

In Section 8.1, for similar considerations for determining the duration of the mandate of the members of the Board of Directors, the mandate of the members of the Supervisory Board is also 3 years. The members of the Supervisory Board may be re-elected by the General Meeting at any time, even repeatedly.

The Board of Directors submits the following resolution proposal to the General Meeting:

**AGM Resolution 15/2018. (IV. 16.)**

**The General Meeting approves the amendment of Section 8 regarding Article 8.1. of the Articles of Association according to the submission.**

Amendment to Section 10. *THE STATUTORY AUDITOR*:

The amendments to Section 10 of the Articles of Association of the Company, which revise Sections 10.1, 10.2, 10.3 and 10.4, are warranted by the changed terminology of the Civil Code. The amendment includes only the insertion of the attribute 'statutory' in accordance with the designation in the act.

The Board of Directors submits the following resolution proposal to the General Meeting:

**AGM Resolution 16/2018. (IV. 16.)**

**The General Meeting approves the amendments of Section 10 regarding Articles 10.1.; 10.2.; 10.3. and 10.4. of the Articles of Association according to the submission.**

Amendment to Section 15. *MISCELLANEOUS PROVISIONS*:

The website of Budapesti Értéktőzsde Zártkörűen Működő Részvénytársaság ([www.bet.hu](http://www.bet.hu)) and the place of publication of the National Bank of Hungary ([www.kozzetelek.hu](http://www.kozzetelek.hu)) were added to Section 15.2 *Notices*, considering that the Company may also publish its official announcements and communications to its investors in these places of publication in addition to its own website.

The Board of Directors submits the following resolution proposal to the General Meeting:

**AGM Resolution 17/2018. (IV. 16.)**

**The General Meeting approves the amendment of Section 15 regarding Article 15.2. of the Articles of Association according to the submission.**

**The General Meeting hereby approves the consolidated version of the Articles of Association of the Company with the above amendments included in AGM Resolutions 11/2018. (IV. 16.) - AGM Resolution 16/2018. (IV. 16.) and requests the general legal counsel of the Company to countersign the Articles of Association.**

Relevant part of the report of the Supervisory Board:

The Supervisory Board reviewed in its merits the submissions and the resolution proposals for the General Meeting to be held on April 16, 2018 proposed by the Board of Directors the Supervisory Board fully agrees therewith. The Supervisory Board proposes to the General Meeting to adopt the resolution proposal submitted to the General Meeting without any amendment.

Consolidated text of the

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**ARTICLES OF ASSOCIATION**

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**OF**

**WABERER'S INTERNATIONAL  
NYILVÁNOSAN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG**



**ARTICLES OF ASSOCIATION OF  
WABERER'S INTERNATIONAL  
NYILVÁNOSAN MŰKÖDŐ RÉSZVÉNYTÁRSASÁG**

Prepared pursuant to Act V of 2013 on the Civil Code (hereinafter: "**Civil Code**").

**1. CORPORATE NAME, REGISTERED SEAT, SCOPE OF ACTIVITY AND DURATION OF THE COMPANY**

- 1.1. Corporate name of Company: WABERER'S INTERNATIONAL  
Nyilvánosan Működő Részvénytársaság  
Short corporate name: WABERER'S INTERNATIONAL Nyrt.
- 1.2. Registered seat of the Company:  
1239 Budapest, Nagykőrösi út 351.
- 1.3. Business premises and branch offices of the Company:
- 1.3.1 Business premises of the Company:  
1237 Budapest, Nagykőrösi út 349.
- 1.3.2 Branch offices of the Company:  
3996 Füzér, Rákóczi u. 3., topographical lot number 76/3.  
4024 Debrecen, Miklós u. 19.  
4115 Ártánd, topographical lot number 077/11 (border crossing).  
7570 Barcs, topographical lot number 2626/2.  
7632 Pécs, Nagypáti út 11. (topographical lot number 19438).  
8912 Nagypáli, Arany János u. 26.  
9200 Mosonmagyaróvár, Kenyérgyári utca 2-4.  
8171 Balatonvilágos, Zrínyi út 135.  
8912 Nagypáli, topographical lot number 035/2.  
8912 Nagypáli, topographical lot number 035/2/A.  
8192 Nagypáli, topographical lot number 030/2.
- 1.3.3 The Company may establish business premises and branch offices (directorates, sub-offices, other forms of representation) in Hungary and abroad.
- 1.4. Corporate form of Company
- 1.4.1 The Company is a public company limited by shares, its shares have been admitted to listing on the Budapest Stock Exchange.
- 1.5. Legal succession
- 1.5.1 Pursuant to Act XIII of 1989 on the Transformation of State-owned Enterprises into Business Associations, as well as Act LV of 1992, the Company is the general legal successor of VOLÁN TEFU Vállalat.
- 1.5.2 The Company is also the general legal successor of WABERER'S INTERNATIONAL Szállítmányozó és Fuvarozó Zártkörűen Működő Részvénytársaság (Cg. 01-10-042101),

DELTA SPED Szállítmányozási és Szolgáltató Korlátolt Felelősségű Társaság (Cg.01-09-063509), INTERSZERVÍZ Budapest Járműjavító Korlátolt Felelősségű Társaság (Cg. 01-09-166709), and INFORATIO Számítástechnikai Tanácsadó és Szoftver Korlátolt Felelősségű Társaság (Cg. 01-09-063397) with a view to the fact that the aforementioned four companies (collectively the "Merging Companies") merged into the Company. The merger was resolved on November 30, 2011 (the "Transformation"). Furthermore, the Company is the general legal successor of the companies in terms of which any of the Merging Companies qualified as general legal successor at the time of the merger of the Merging Companies into the Company.

1.6. Scope of Activities of the Company:

4941 '08 Freight transport by road (main activity)

Other activities:

1820 '08 Reproduction of recorded media

2910 '08 Manufacture of motor vehicles

2920 '08 Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers

2932 '08 Manufacture of other parts and accessories for motor vehicles

4110 '08 Development of building projects

4120 '08 Construction of residential and non-residential buildings

4222 '08 Construction of utility projects for electricity and telecommunications

4299 '08 Construction of other civil engineering projects n.e.c.

4311 '08 Demolition

4312 '08 Site preparation

4399 '08 Other specialized construction activities n.e.c.

4511 '08 Sale of cars and light motor vehicles

4519 '08 Sale of other motor vehicles

4520 '08 Maintenance and repair of motor vehicles

4531 '08 Wholesale trade of motor vehicle parts and accessories

4532 '08 Retail trade of motor vehicle parts and accessories

4540 '08 Sale, maintenance and repair of motorcycles and related parts and accessories

4612 '08 Agents involved in the sale of fuels, ores, metals and industrial chemicals

4614 '08 Agents involved in the sale of machinery, industrial equipment, ships and aircraft

4618 '08 Agents specialised in the sale of other particular products

4619 '08 Agents involved in the sale of a variety of goods

4674 '08 Wholesale of hardware, plumbing and heating equipment and supplies

4675 '08 Wholesale of chemical products

4676 '08 Wholesale of other intermediate products

4690 '08 Non-specialized wholesale trade

4730 '08 Retail sale of automotive fuel in specialised stores

4741 '08 Retail sale of computers, peripheral units and software in specialised stores

4742 '08 Retail sale of telecommunications equipment in specialised stores

4762 '08 Retail sale of newspapers and stationery in specialised stores

4778' '08 Retail sale of new products n.e.c.

4939 '08 Other passenger land transport n.e.c.

4942 '08 Removal services

5210 '08 Warehousing and storage

5221 '08 Other land transportation support activities

5224 '08 Cargo handling

5229 '08 Other transportation support activities

5520 '08 Holiday and other short-stay accommodation

5590 '08 Other accommodation

5829 '08 Other software publishing

6201 '08 Computer programming activities

6202 '08 Computer consultancy activities

6203 '08 Computer operation

6209 '08 Other information technology and computer service activities

6311 '08 Data processing, hosting and related activities

6312 '08 Web portal services

6399 '08 Other information service activities n.e.c.

6619 '08 Other activities auxiliary to financial services

6621 '08 Risk and damage evaluation

6810 '08 Buying and selling of own real estate

6820 '08 Renting and operating of own or leased real estate

6831 '08 Real estate agencies

6832 '08 Management of real estate on a fee or contract basis

6920 '08 Accounting, bookkeeping and auditing activities; tax consultancy

7010 '08 Activities of head offices

7021 '08 Public relations and communication activities

7022 '08 Business and other management consultancy activities

7112 '08 Engineering activities and related technical consultancy

7120 '08 Technical testing and analysis

7219 '08 Other research and experimental development on natural sciences and engineering

7311 '08 Advertising agencies

7312 '08 Media representation

7320 '08 Market research and public opinion polling

7490 '08 Other professional, scientific and technical activities n.e.c.

7711 '08 Renting and leasing of cars and light motor vehicles  
7712 '08 Renting and leasing of motor vehicles (over 3.5 tons)  
7733 '08 Renting and leasing of office machinery and equipment (including computers)  
7739 '08 Renting and leasing of other machinery  
8110 '08 Combined facilities support activities  
8220 '08 Activities of call centers  
8230 '08 Organization of conventions and trade shows  
8292 '08 Packaging activities  
8299 '08 Other business support service activities n.e.c.  
8532 '08 Technical and vocational secondary education  
8553 '08 Driving school activities  
8559 '08 Other education n.e.c.  
8560 '08 Activities ancillary to education  
9511 '08 Repair of computers and peripheral equipment

1.7 Duration of the Company:

The Company was established for an indefinite period of time.

## **2. REGISTERED CAPITAL OF THE COMPANY**

- 2.1. The registered capital of the Company shall be EUR 6,192,807.
- 2.2. The Company introduced EUR based book-keeping as of January 1, 2013. At that time the Company's registered capital was HUF 1,465,402,800.
- 2.3. As a result of the Transformation (merger) resolved on November 30, 2011, the Company's registered capital was increased from HUF 1,372,280,000 to HUF 1,465,402,800 in accordance with the draft merger balance sheets. The former registered capital in the amount of HUF 1,372,280,000 comprised cash contributions in the amount of HUF 401,520,000 that is four hundred and one million five hundred and twenty thousand Forints and in-kind contributions of HUF 970,760,000 that is nine hundred seventy million and seven hundred sixty thousand Forints. In the course of the Transformation no additional capital contribution was prescribed for the shareholders.
- 2.4. The registered capital of the Company was paid up in full.

## **3. THE SHARES**

- 3.1. The registered capital of the Company consists of 17,693,734 that is seventeen million six hundred ninety-three thousand and seven hundred thirty-four series "A" dematerialized, registered ordinary shares, each having a nominal value of EUR 0.35 that is thirty-five euro cents, granting equal rights to the shareholders.
- 3.2. In the course of the transition to EUR based book-keeping all shares of the nominal value of HUF 100 were changed into shares of the nominal value of EUR 0.35 as of January 1, 2013.
- 3.3. The consideration for the previously issued shares was provided to the Company in full. At the time of the modifications of June 29, 2017 to these Articles of Association, at least 25% of the HUF 15,502,500,600 issue price of the 3,039,706 shares issued during the capital increase resolved on July 29, 2017 has been provided to the Company. The

outstanding up to 75% of the issue price shall be provided to the Company within 3 days from the date of the resolution on the capital increase.

3.4. Presentation of the status prior to the Transformation resolved on November 30, 2011:

- (i) During the operation of the Company as a private company limited by shares and prior to the effective date of the Transformation (but following the capital increase resolved on May 31, 2011) the registered capital of the Company was HUF 1,372,280,000 which consisted of 24,505 that is twenty-four thousand five hundred and five registered ordinary shares each having a nominal value of HUF 56,000. From the aforementioned shares, 20,421 shares were issued prior to the capital increase resolved on May 31, 2011, while 4,084 shares were issued in the course of the capital increase resolved on May 31, 2011 with the following parameters:
- (ii) During the operation of the Company as a private company limited by shares the aggregate issue price of the 4,084 shares (each of the nominal value of HUF 56,000) issued by the Company in the course of the capital increase implemented through the issuance of new shares on May 31, 2011 was EUR 17,370,557. Out of such shares (i) 2,821 shares issued as consideration for cash contribution had an aggregate issue price of EUR 12,000,000, which was an issue price of EUR 4,253.81070543 per share, while (ii) 1,263 shares issued as consideration for in-kind contribution had an aggregate issue price of EUR 5,370,557, which was an issue price of EUR 4,252.222486 per share.
- (iii) The issue price for the 4,084 shares issued in the course of the capital increase was provided to the Company by CEE Transport Holding B.V. (registration number: 34286681; registered seat: Locatellikade 1, 1076AZ Amsterdam, The Netherlands) as follows:
  - a) as consideration for 2,821 shares, EUR 12,000,000 cash contribution was paid to the Company on May 31, 2011 via bank transfer; and
  - b) as consideration for 1,263 shares, EUR 5,370,557 in-kind contribution was provided to the Company on May 31, 2011 by way of a written transfer agreement. Such in-kind contribution consisted of the loan receivables acknowledged by the Company described in the list of in-kind contributions attached as Annex 1 to the Articles of Association dated November 30, 2011. The report of the independent auditor regarding the valuation of such in-kind contribution is attached as Annex 2 to the Articles of Association dated November 30, 2011.
- (iv) Accordingly:
  - The subject of the in-kind contribution provided by CEE Transport Holding B.V.: receivables acknowledged by the debtor (the Company) as described in Annex 1 hereto;
  - Value of the in-kind contribution provided by CEE Transport Holding B.V.: EUR 5,370,557;
  - Shares to be provided in consideration of the in-kind contribution provided by CEE Transport Holding B.V.: 1,263 series "A" dematerialized, registered ordinary shares with a nominal value of HUF 56,000 each; and
  - Independent auditor examining the value for the in-kind contribution provided by CEE Transport Holding B.V.: AUDITOR-IV. Könyvvizsgáló és Tanácsadó Kft. (registered seat: 1122 Budapest, Városmajor u. 43/a.; company registration number: 01-09-566207; registration number at the auditor's chamber: 000037), auditor acting personally: Losonczi Tiborné (mother's maiden name: Róza Kovács; residential address: H-2093 Budajenő, Csalogány u. 12.; registration number: 003558).

## 4. SHAREHOLDER RIGHTS

4.1. Registration of shareholders into the register of shareholders, keeping of the register of shareholders

4.1.1. Shareholders may exercise shareholder rights vis-à-vis the Company only upon being registered in the register of shareholders, with the proviso that the shareholders' right to participate in the General Meeting shall be regulated under Section 5.6. The omission of registration into the register of shareholders shall not affect the shareholder's right of ownership of his shares. Any shareholder who has been formally identified must be registered in the register of shareholders upon request made to the keeper of the register. In accordance with the provisions under Section 3:246 (3) of the Civil Code, the keeper of the register of shareholders may refuse to comply with the request of a formally identified person, if such person has acquired his shares in violation of the regulations on the transfer of shares set out by law or these Articles of Association. Registered shareholders must be deleted from the register of shareholders upon their written request.

4.1.2. The register of shareholders shall be updated by KELER **Központi Értéktár Zártkörűen Működő Részvénytársaság (hereinafter: KELER)** on a monthly basis in accordance with the respective provisions of the agreement, made public by the Company, entered into between the Company and KELER in respect of the keeping of the register of shareholders. In light of the foregoing, only shareholder notifications concerning the same date can be compared, thus, in the case that an (individual) registration request is received from any securities account manager in accordance with the relevant legal regulations (outside the scope of shareholder identification), no conclusion can be drawn in respect of the holders of shares not identified for the particular date of the notification.

KELER shall keep the register of shareholders by computerized recording. The registered data are the following:

- the ISIN code, series, nominal value, type and class of the share;
- the name (company name) and address (registered seat) of the shareholders or their proxy, the number of shares held thereby and the percentage of control of shareholders;
- in the case of jointly owned shares the name (company name) and address (registered seat) of the joint representative, the number of jointly owned shares and the percentage of control of shareholders and their ownership interest.

4.1.3. Any person may have access to the register of shareholders. KELER as the person entrusted with the keeping of the register of shareholders shall provide continuous access at its registered seat during working hours (between 9:00 a.m. and 15:00 p.m. on business days). The subject of any data, current or deleted, contained in the register of shareholders may request a copy of the section which pertains to him from the keeper of the register of shareholders. Such copies shall be supplied free of charge and made available to the person entitled thereto within 5 days.

4.2. Transfer of shares

4.2.1 The transfer of dematerialized shares requires a relevant transfer agreement or other legal title, as well as the debiting of the transferor's securities account and the crediting of the dematerialized share to the securities account of the new holder. Pursuant to Section 138 (2) of Act CXX of 2001 on the Capital Market (hereinafter: Capital Market Act), unless evidenced to the contrary, the holder of the share shall be the person on whose account the share is registered.

4.2.2. As Wáberer Hungária Biztosító Zártkörűen Működő Részvénytársaság (1211 Budapest, Szállító u. 4; Cg.01-10-046203.) is a wholly-owned subsidiary of the Company, the acquisition of 10% or more of the shares in the Company is subject to the prior approval

of the Hungarian Central Bank. This rule is also reflected in the text of the dematerialized share certificate. This provision applies in addition to the general provisions set out in the Capital Market Act in relation to the acquisition of shares in a company whose shares have been offered to the public.

#### 4.3. Conditions and method of exercising shareholder rights

4.3.1. Shareholders shall be entitled to exercise shareholder rights vis-à-vis the Company in possession of the shares or certificate of ownership, following their entry into the register of shareholders. No certificate of ownership is required for the exercising of shareholder rights, if entitlement is verified by way of the shareholder identification procedure.

4.3.2. In the case of shareholder identification initiated by the Company, the keeper of the register of shareholders shall delete all data contained in the register of shareholders and effective at the time of the shareholder identification procedure, and simultaneously enter the data obtained upon the identification procedure into the register of shareholders.

4.3.3. Shareholders whose name have not been entered into the register of shareholders, including shareholders who acquired their shares in violation of the regulations on the transfer and acquisition of shares shall not be entitled to exercise the rights attached to the shares vis-à-vis the Company.

4.3.4. The Company accepts the certificate of deposit issued by KELER, as depository or issued based on the certificate of KELER as verification of the ownership title of the share.

#### 4.4. Right to receive dividend

4.4.1 Shareholders shall be entitled to receive a share from the Company's profit that is available and has been ordered for distribution by the General Meeting in the percentage consistent with the nominal value of their shares. Dividends shall be paid to the shareholders that are listed in the register of shareholders at the date of the shareholder identification. The date of the shareholder identification cannot be earlier than 5 trading day following the General Meeting. Dividends may be paid by means other than cash. Shareholders shall be entitled to receive dividends based on the capital contributions they have already paid up.

4.4.2 The Company shall pay dividend to the shareholders by way of bank transfer as of the date specified by the relevant resolution of the General Meeting. The dividend payment period shall commence on the date determined in the resolution of the General Meeting on the approval of the annual financial statement prepared in accordance with the Accounting Act and the utilization of after tax profit. However, at least ten business days shall expire between the date of the first appearance of the notice of the resolution of the General Meeting on the amount of dividend to be paid and the date of commencement of dividend payment and the date of commencement of the distribution of dividend.

4.4.3 Shareholders may claim the dividend as from the date of commencement of dividend payment until the expiry of the limitation period specified by law (five years). Thereafter any claim for dividend shall lapse.

4.4.4 The General Meeting, and pursuant to Section 3:263 (3) of the Civil Code, the Board of Directors shall also be entitled to adopt a decision on the payment of interim dividends between the approval of two consecutive financial statements if

- (i) according to the interim balance sheet, the Company has funds sufficient to cover such interim dividends;
  - (ii) the amount distributed does not exceed the amount of **available profit reserves supplemented with the after tax profit shown in the interim financial statement**; and
  - (iii) the payment of such interim dividends may not result in that the Company's adjusted equity capital falls below its share capital.
- 4.4.5 Interim dividends may be paid upon the recommendation of the Board of Directors. The prior consent of the Supervisory Board is required for the recommendation of the Board of Directors.
- 4.4.6 If according to the annual financial statements prepared after the distribution of interim dividends there was no justification for the payment of dividends, such distribution must be returned by the shareholder when so requested by the Company.
- 4.4.7 Dividends payable in respect of treasury shares shall be considered as distributions due to the shareholders entitled to receive dividends in proportion to the nominal value of their shares.
- 4.4.8 The Company shall not be subject to any interest payment obligation in respect of dividends.
- 4.5. Right to information
- 4.5.1 The Board of Directors shall provide information to the shareholders in respect of the Company, as well as access to the documents and records concerning the Company, provided that the shareholder requesting such access has made a written confidentiality statement. The Board of Directors may refuse to provide information and access to documents, if the foregoing request would harm the confidential business information of the Company, the person requesting such information abuses his right to information, or fails to make a confidentiality statement despite request to this effect. If the person requesting information considers the refusal of such request unjustified, he may request that the competent court of registration obligate the Company to provide such information.
- 4.5.2 The Board of Directors shall provide information to all shareholders which are necessary for the discussions held in connection with the items placed on the agenda of the General Meeting in such manner that, upon written request submitted by the shareholder at least eight days before the date set for the General Meeting, the relevant information is provided to the shareholder at the latest three days before the date set for the General Meeting.
- 4.5.3 The Board of Directors shall disclose to the shareholders the key data of the financial statements and the key data of the report of the Board of Directors and the Supervisory Board prepared in connection with the financial statements at least twenty-one (21) days before the General Meeting.
- 4.6. Right to attend the General Meeting, right to vote
- 4.6.1 Each shareholder shall be entitled participate in, request information and make comments and proposals, as well as to vote at the General Meeting, if it holds shares with voting rights.
- 4.6.2 Shareholders may exercise their voting rights, only if they have performed their capital contribution.
- 4.7. Representation of shareholders, shareholder proxy



- 4.7.1 Shareholders may also exercise their shareholder rights through authorized proxy. Shareholders may not be represented by a member of the Board of Directors, a member of the Supervisory Board or the statutory auditor. If a shareholder is represented by several proxies and such proxies vote or make statements differently, all votes cast or statements made thereby shall be deemed null and void.
- 4.7.2 The authorization for representation shall be prepared in the form of a notarial deed or a private deed of full evidentiary force. **The proxy shall contain clearly and expressly at least:**
- a) the shareholder's statement for authorization for the representative,**
  - b) the shareholder as Principal and the representative as Proxy,**
  - c) the proxy is valid for one General Meeting or a determined period of time, but not exceeding twelve months,**
  - d) whether it covers the resumption of the suspended General Meeting and the reconvened General Meeting convened due to the lack of quorum,**
  - e) any further possible limitation of the proxy.**
- 4.7.3 Shareholders may appoint nominees to exercise their rights vis-à-vis the Company, and upon being registered in the register of shareholders, such nominee shall exercise shareholder rights vis-à-vis the Company in his own name and for the benefit of the shareholder.
- 4.8. Minority rights
- 4.8.1 Shareholders of the Company who control at least 1% of the voting rights may at any time request that the General Meeting be convened, indicating the reason and purpose thereof. If the Board of Directors fails to take measures for convening the General Meeting for the earliest date possible within eight days from receipt of the request, the General Meeting shall be convened, upon the request of the shareholders making the proposal, by the court of registry, or the court of registry shall empower the requesting shareholders to convene the meeting. The expected costs of such meeting shall be advanced by the requesting shareholders. At the meeting convened upon the request of minority shareholders the General Meeting shall resolve whether the costs incurred are to be borne by the shareholders making the proposal or the Company.
- 4.8.2 If the General Meeting has refused to consider or put to vote a proposal that the last annual financial statement or any financial event or undertaking which occurred in relation to the activity of the management in the past two years be examined by an auditor to be specifically entrusted with this task, upon request by the shareholder or shareholders controlling at least 1% of the voting rights, which request is to be submitted within thirty days from the date of the relevant General Meeting under penalty of forfeiture of rights, the court of registry shall order such examination at the cost of the Company and appoint the auditor. The court of registry shall refuse to grant the request, if the shareholders submitting such request abuse their minority rights.
- 4.8.3 If the General Meeting has refused to consider or put to vote a proposal that a claim by the Company against any shareholder, Board member, member of the Supervisory Board, or the statutory auditor be enforced, the shareholders controlling at least 1% of the voting rights may also enforce such claim themselves on behalf of and to the benefit of the Company within thirty days from the date of the relevant General Meeting under penalty of forfeiture of rights.
- 4.8.4 If shareholders controlling at least 1% of voting rights in the Company make a proposal to the Board of Directors regarding additions to the agenda in accordance with the provisions on setting the items of the agenda, or a draft resolution concerning any item already on the agenda or to be put on the agenda within eight (8) days from the publication of the notice on the convening of the General Meeting, the Board of Directors shall publish a communication on the supplemented agenda and the draft

resolutions submitted by the shareholders upon being notified of the proposal. The issues indicated in the notice shall be deemed to have been put on the agenda.

- 4.8.5 Shareholders of the Company controlling at least 1% of voting rights and any creditor of the Company with a claim which is not yet due at the time of distribution and reaches 10% of the registered capital until the expiry of the one year limitation period as from the date of distribution may request, with the simultaneous advancing of costs, that the court of registry appoint an auditor to examine whether such disbursement is lawful. Any payment **to the shareholders** made in cash or otherwise shall be construed as a distribution, with the exception of employee shares provided without compensation or at a discounted price, as well as shares provided without compensation from the share capital increased by the conversion of assets which do not form part of the share capital into share capital.

## 5. GENERAL MEETING

### 5.1. Participation in the General Meeting

5.1.1 The supreme body of the Company is the General Meeting. Shareholders are entitled to exercise their rights at the General Meeting in person or through a proxy.

5.1.2 The General Meeting may be ordinary or extraordinary. General Meetings shall be held in Budapest, or at other venues designated by the Board of Directors.

### 5.2. Mandatory convening of the General Meeting:

- a) by no later than April 30 of each year in the case of the annual ordinary General Meeting;
- b) if the shareholders controlling at least 1% of the voting rights request in writing, indicating the reason and purpose thereof, that the Board of Directors convenes the General Meeting, by simultaneously depositing the ownership certificate specified in the applicable legal regulations at the seat of the **Company**;
- c) if the Supervisory Board, the Chairman of the Supervisory Board, the **statutory** auditor or the court of registry deems necessary the convening of the General Meeting in the cases specified by the relevant legal regulations;
- d) if the Board of Directors deems necessary the convening of the General Meeting;
- e) if it is resolved at the previous General Meeting;
- f) if the number of the members of the Audit Committee drops below 3 members;
- g) the Board of Directors shall be obliged to convene the General Meeting, if the number of the members of the Supervisory Board drops below the number specified in these Articles of Association;
- h) Moreover, the Board of Directors shall, with simultaneous notice to the Supervisory Board, convene the General Meeting within the period of 8 days, in order to provide for the necessary measures, if any member thereof becomes aware that
  - due to losses, the Company's equity has dropped to two-thirds of the registered capital or below HUF 20 million, or
  - the Company is on the brink of insolvency or has stopped making payments; or
  - the Company's assets do not cover its debts.

### 5.3. Method of convening the General Meeting:

5.3.1. The Invitation to the General Meeting shall be published at the places of publication specified in Section 15.2.1 thirty days prior to the first day of the General Meeting.

at the places of publication specified in Section 15.2.1 thirty days prior to the first day of the General Meeting.

- 5.3.2. The invitation shall include the corporate name and registered seat of the Company, the date and venue of the General Meeting, the method of holding the General Meeting, the proposed items of the agenda, the provisions of the Articles of Association regarding the exercising of voting rights, the date and venue of the reconvened General Meeting and the rules applicable to quorum, if the original General Meeting has no quorum, the conditions of exercising the right to make additions to the agenda and the place where draft resolutions and the originals of complete documents to be submitted to the General Meeting are available.
- 5.3.3. If an extraordinary General Meeting is convened in consequence of the shareholders' opinion relating to a public takeover offer for the shares of the Company or at the request of the person having obtained a qualifying holding upon the successful conclusion of the public takeover offer, the General Meeting shall be convened at least fifteen days in advance.
- 5.3.4. Further to the provisions contained in Section 4.5.3, the Board of Directors shall publish on the website of the Company at least twenty-one days prior to the General Meeting, the following information:
- (i) the total number of shares and voting rights at the date of the convocation, including separate totals for each class of shares;
  - (ii) the proposals relating to the items on the agenda and the related reports of the Supervisory Board and the draft resolutions (including the proposal on the annual financial statement and the report of the Supervisory Board);
  - (iii) forms to be used for voting through a representative if those have not been directly sent to the shareholders.
- 5.3.5. Public general meeting materials are to be sent by way of electronic means to the shareholders who specifically requested it at the time of publication of such general meeting materials.
- 5.4. Agenda of the General Meeting
- 5.4.1 The agenda of the General Meeting shall be prepared by the Board of Directors.
- 5.5. Quorum
- 5.5.1 The General Meeting shall have a quorum if it was convened in accordance with the relevant rules and regulations, and if the Shareholders representing more than **forty (40) percent** of the total number of shares with voting rights of the Company are present.
- 5.5.2 If the General Meeting fails to have a quorum within one (1) hour from the time designated for commencement thereof, the Chairman of the General Meeting shall announce the date of the reconvened General Meeting as set out in the invitation to the General Meeting. The reconvened General Meeting may be called for a date following the date of the original General Meeting by not less than at least ten (10) days and not more than twenty-one (21) days. The reconvened General Meeting may be held at the same venue, or any other venue specified in the invitation to the General Meeting. The reconvened General Meeting shall have a quorum for the issues of the original agenda irrespective of the voting rights represented by those present.
- 5.6. Conditions and method of exercising of the voting rights:
- 5.6.1 Only those shareholders or shareholder proxies may attend the General Meeting who were entered into the register of shareholders on the second business day preceding the date of the General Meeting based on the shareholder identification in accordance with KELER's than applicable General Business Conditions.
- 5.6.2 ***In order to be registered in the Register of Shareholders of the General Meeting the Company will request an owner identification of the ordinary shares without blocking from, with respect to shares issued by the Company. Based on the shareholders'***

**instructions registration of shareholders in the Register of Shareholders shall be ensured by the shareholders' securities account managers who shall forward the shareholders' data to KELER. The Company shall not be responsible for the consequences of any failure on behalf of securities account manager.**

- 5.6.3 Each share having a nominal value of EUR 0.35 shall carry one vote. Each shareholder must cast all of his votes in the same way.
- 5.7. Method of voting
- 5.7.1 At the General Meeting the voting rights shall be exercised by ballot papers or by computerised voting.
- 5.7.2 During the registration process of the General Meeting the Company shall issue ballot papers or provide a voting device for computerised voting to each shareholder having voting rights after verification that the shareholder is duly registered in the Register of Shareholders. **During registration the Company will check the personal identity of the shareholders and the authorized representatives by comparing it with the data contained in the Register of Shareholders.**
- 5.8. Voting
- 5.8.1. Voting is carried out by voting device or by casting the ballot papers. Prior to the voting taking place, the General Meeting shall be advised by the Chairman or the person designated by him with respect to the technical details of the voting.
- 5.8.2. If a shareholder does not cast his ballot paper, this shall qualify as abstention from voting.
- 5.8.3. If the number of the draft resolution on the ballot paper does not correspond with the number of the draft resolution indicated in the minutes, the relevant shareholder shall be requested to declare whether he wished to vote on the given resolution, provided that the shareholder can be identified. The statement of the shareholder shall be recorded in the minutes. If the request is not fulfilled or the person voting with the wrong number cannot be identified, the relevant vote shall be deemed void.
- 5.8.4. The voting at the General Meeting shall be open in accordance with the foregoing procedure.
- 5.8.5. In the event of computerised voting, the counting of the votes shall proceed electronically. In case of non-computerised voting the General Meeting shall elect from among those present a Tellers' Committee comprising two members (Committee). The Tellers' Committee shall communicate the outcome of the voting to the Chairman of the General Meeting. The Chairman of the General Meeting shall announce the outcome of the voting and the resolution of the General Meeting.
- 5.9. Scope of competence of the General Meeting:
- 5.9.1 The following matters shall fall within the exclusive competence of the General Meeting:
- a) any reduction of the registered capital of the Company;
  - b) establishment and amendment of the Articles of Association;
  - c) decision on altering the form of operation of the Company;
  - d) decision on the transformation or the termination of the Company without legal successor (including the initiation of bankruptcy, liquidation or voluntary dissolution) or merger of the Company with or into a third party;
  - e) any increase of the registered capital of the Company (except for the increase of the registered capital by the Board of Directors pursuant to the authorization granted to the Board of Directors by the General Meeting as set out in Section 12.3

below), or the issuance of any document or security related to the registered capital of the Company, including options, warrants or any other entitlement to the shares, convertible bonds and bonds with subscription rights;

- f) election, removal and the establishment of the remuneration of the members of the Board of Directors, the members of the Supervisory Board, the **statutory** auditor and the Audit Committee **decision on the enforcement of claims for damages against them.**
  - g) determination of guidelines for the long term remuneration of and incentive schemes for the members of the Board of Directors, the members of the Supervisory Board and executive officers;
  - h) approval of the annual financial statements prepared pursuant to the Accounting Act, including the decision on the allocation of after-tax profits (payment of dividends);
  - i) granting authorization to the Board of Directors for the payment of interim dividends, the acquisition of treasury shares (except the cases stated in Article 3:223 of Civil Code, especially if the acquisition of the shares is necessary in order to prevent the imminent danger of the Company) and the increase of the registered capital;
  - j) amending rights attached to certain types, classes and series of shares, and the conversion of certain types or classes or series of shares;
  - k) subsequent approval of the actions taken by the Board of Directors or the Supervisory Board and the subsequent release of the Board of Directors or Supervisory Board (or any of their members) from liabilities in connection with their actions;
  - l) in the case of the issuance of new shares decision on the exclusion of the exercising of the preferential rights of shareholders to acquire the new shares based on the proposal of the Board of Directors;
  - m) approval of the report submitted by the Board of Directors to the annual General Meeting and presenting the corporate governance report of the Company, prepared in the form prescribed for companies listed on the stock exchanges where the Company's shares have been admitted to listing;
  - n) any other matter that by law or under these Articles of Association falls within the exclusive competence of the General Meeting from time to time.
- 5.9.2 The General Meeting adopts its resolutions by a simple majority of the votes considered upon the establishment of a quorum, except for the matters indicated by the law and specified in Paragraphs (a)-(d) of Section 5.9.1, in respect of which the General Meeting adopts its resolutions by a three-quarters majority of the votes.
- 5.9.3 Any resolution of the General Meeting which discriminates against the rights attached to a certain series of shares may only be passed, if the shareholders of the share series in question grant their explicit consent. Prior to the adoption of the resolution of the General Meeting the shareholders of the share series concerned present at the meeting deliver a decision in respect of each series of shares by the simple majority of the votes represented by the shares pertaining to a particular series. In the course thereof, the provisions on the restriction or exclusion of the voting rights attached to such shares may not be applied, not including the prohibition of exercising voting rights attached to treasury shares.
- 5.10. Publication of the minutes, attendance sheet and resolutions
- 5.10.1 The shareholders present at the General Meeting shall be entered into an attendance sheet, which shall contain the name (company name) and address (registered seat) of the shareholder or his representative, the quantity of his shares and the number of votes

he has, and any changes during the General Meeting in the persons of those present. The attendance sheet shall be signed by the Chairman of the General Meeting and the keeper of the minutes.

- 5.10.2 The minutes of the General Meeting shall contain the corporate name and registered seat of the Company, the place and time and the procedure for holding the General Meeting, the name of Chairman of the General meeting, the keeper of the minutes, the person attesting the minutes and the tellers, key events and proposals made during the General Meeting, draft resolutions, for each resolution at least the number of shares for which votes have been validly cast, the proportion of the registered capital represented by those votes, the total number of votes validly cast as well as the number of votes cast in favor of and against each resolution, and the number of abstentions from the vote. The minutes shall be signed by the keeper of the minutes and the Chairman of the General Meeting, and shall be witnessed by an elected shareholder present.
- 5.10.3 The Board of Directors shall submit the minutes of the General Meeting and the attendance sheet to the court of registry within thirty days from the close of the General Meeting.
- 5.10.4 The Company shall make the resolutions adopted by the General Meeting available to the public.
- 5.11. Chairman of the General Meeting
- 5.11.1 The Chairman of the General Meeting is generally the Chairman of the Board of Directors, or the person appointed by the Chairman of the Board of Directors.
- 5.11.2 The Chairman of the General Meeting shall:
- establish the quorum of the General Meeting, make proposals for the persons to attest the minutes and other officers of the General Meeting and appoints the keeper of the minutes;
  - conduct discussions according to the agenda;
  - initiate voting, announce the outcome thereof and the resolution of the General Meeting;
  - ensure that the minutes of the General Meeting are kept in compliance with the relevant rules and regulations;
  - certify the documents of the General Meeting by his signature.
- 5.12. Suspension of the General Meeting
- 5.12.1 The General Meeting may suspend its session once by not more than thirty days. The suspended meeting shall reconvene subject to the same quorum requirement as the original General Meeting. When the suspended meeting reconvenes, the provisions on calling the General Meeting and on the election of the officers of the General Meeting shall not apply.

## **6. THE BOARD OF DIRECTORS**

- 6.1. The Board of Directors is the managing body of the Company. The Board of Directors shall consist of a maximum of 7 (seven) members. The members of Board of Directors shall be elected by the General Meeting for **a three years term. The assignment of the members of the Board of Directors, unless otherwise provided by the General Meeting, lasts for a term of three years until May 31 of the third year subsequent to the date of the said General Meeting with the exception, that if the General Meeting in the third year is held prior to May 31 than their assignment lasts until the date thereof. Members of the Board of Directors can be removed or re-elected at any time by the General Meeting.**

- 6.2. The Board of Directors shall elect a Chairman and a Deputy Chairman from among its members. In the case of his absence or incapacity the Chairman shall be substituted by the Deputy Chairman. The Chairman or Deputy Chairman of the Board of Directors and the Chief Executive Officer may be the same person. The distribution of scope and competence among the members of the Board of Directors shall be regulated in detail by the by-laws of the Board of Directors.
- 6.3. The Board of Directors shall have powers to represent the Company in accordance with Section 11.
- 6.4. The Board of Directors may make decisions on all issues and matters concerning the Company (including establishment of branch offices and the amendment of the scope of activities save as for the main activity) which do not fall within the exclusive competence of the General Meeting. In issues pertaining to the exclusive competence of the General Meeting by virtue of law, the Board of Directors shall make proposals for resolutions of the General Meeting. The Board of Directors shall represent the Company vis-à-vis third parties before courts and other authorities. It shall be entitled to acquire rights, and undertake obligations on behalf of the Company, as well as to determine the business activity of the Company.
- 6.5. The tasks of the Board of Directors shall include among others the submission to the General Meeting of the annual financial statement prepared pursuant to the Accounting Act and the proposal for the distribution of after-tax profit. According to Section 3:250 (2) (f) of the Civil Code the Board of Directors have the right to approve the interim balance sheet in connection with the exercise of rights attaching to redeemable shares, with the acquisition of own shares, the payment of interim dividends, and with the increase of the share capital financed from assets not comprising a part of the share capital.
- 6.6. The Board of Directors shall submit a report on the management, the financial situation, the business policy and financial and investment plans of the Company at least once a year to the General Meeting and quarterly to the Supervisory Board.
- 6.7. The Board of Directors shall ensure that the books of the Company are kept in accordance with the applicable rules.
- 6.8. The meeting of the Board of Directors shall have a quorum if more than half of the Board members are present. The Board of Directors shall adopt its resolutions by a simple majority of the votes of those present, except for the cases specified under the by-laws of the Board of Directors. Further rules applicable to the holding of the meetings, the scope of competence and the adoption of the resolutions of the Board of Directors are contained in the by-laws of the Board of Directors.
- 6.9. The Board of Directors shall establish its own rules of procedure.
- 6.10. The members of the Board of Directors may hold executive positions in business associations conducting the same activity as the Company only if they have been granted authorizations by the Board of Directors of the Company.
- 6.11. Committees of the Board of Directors  
The establishment of the nomination committee and a remuneration committee (either in the form of separate committees or in the form of a joint committee), the election of the members of such committees and the determination of their remuneration shall fall into the competence of the Board of Directors. Persons other than the members of the Board of Directors may be elected as members of the nomination and remuneration committee.

## **7. THE CHIEF EXECUTIVE OFFICER**

- 7.1. Legal status of the Chief Executive Officer:
  - 7.1.1 The Chief Executive Officer of the Company shall be elected by the **Board of Directors**.

- 7.1.2 The Chief Executive Officer shall organize, direct, supervise and control the operation of the Company within the framework of the applicable provisions of law and the Articles of Association, and in accordance with the resolutions of the General Meeting and the Board of Directors.
- 7.1.3 The competence of the Chief Executive Officer shall extend to resolving in all matters not falling within the competence of either the General Meeting or the Board of Directors.
- 7.1.4 The Chief Executive Officer shall *make proposals to the Board of Directors regarding the objectives of the organizational and operational rules of the Company upon which the CEO of the Company shall approve or amend the organizational and operational rules of the Company.***
- 7.1.5 The Chief Executive Officer shall exercise employer's rights over the employees of the Company and shall be entitled to transfer such authority to the employees of the Company.
- 7.1.6 The Chief Executive Officer shall be entitled to represent the Company in accordance with article 11.
- 7.2 The Chief Executive Officer of the Company is Ferenc Lajkó.

## **8. THE SUPERVISORY BOARD**

- 8.1 The Supervisory Board shall consist of 6 (six) members. The members of the Supervisory Board shall be elected by the General Meeting for *a three years term. The assignment of the members of the Supervisory Board, unless otherwise provided by the General Meeting, lasts for a term of three years until May 31 of the third year subsequent to the date of the said General Meeting with the exception, that if the General Meeting in the third year is held prior to May 31 than their assignment lasts until the date thereof. Members of the Supervisory Board can be removed or re-elected at any time by the General Meeting.***
- 8.2 The majority of the members of the Supervisory Board shall be made up of independent persons. The member of the Supervisory Board shall be considered independent, if apart from his membership in the Supervisory Board and from any transaction conducted within the Company's usual activities aiming to satisfy the Supervisory Board member's personal needs, he has no other legal relationship with the Company.
- 8.3 The member of the Supervisory Board shall not be considered independent in the cases specified in Section 3:287 (2) of the Civil Code.
- 8.4 One third of the Supervisory Board shall be the delegate of the employees. The delegate of the employees shall be nominated by the works council from among the employees, upon consulting the trade unions of the Company for their opinion. The Supervisory Board membership of employee delegate shall terminate simultaneously with the termination of their employment. The General Meeting shall elect as members of the Supervisory Board the person nominated by the works council at its first meeting following the nomination, except if there is any reason for exclusion in respect of the nominee as specified by law. Failure to nominate shall not prevent the operation of the Supervisory Board, provided that all other conditions of lawful operation are met. In such case the seat of employee delegate may not be filled, nevertheless, the General Meeting is still to elect at least three Supervisory Board members. Employee delegate shall be removed by the General Meeting upon the proposal of the works council.



- 8.5 Following its election, the Supervisory Board shall elect a Chairman from among its members.
- 8.6 For the purpose of protecting the interests of the Company, the Supervisory Board shall control the management of the Company. For the purpose of exercising the foregoing activity, the Supervisory Board may inspect the documents, accounting records and books of the Company, request information from the Board of Directors and the employees of the Company, examine the bank account, petty cash, securities and goods portfolio and contracts of the Company, or have them examined by experts.
- 8.7 The Supervisory Board shall examine the submissions presented to the General Meeting and express its opinion on the foregoing at the General Meeting.
- 8.8 The General Meeting may resolve the approval of the annual financial statement prepared in accordance with the Accounting Act and the allocation of after-tax profits only in possession of the written report of the Supervisory Board regarding the foregoing.
- 8.9 If the Supervisory Board is of the view that the activity of the management is contrary to the legal regulations, the Articles of Association or the resolutions of the General Meeting, or such activity otherwise prejudices the interests of the Company, the Supervisory Board shall be entitled to convene the General Meeting to discuss the issue and adopt the necessary resolutions.
- 8.10 The Supervisory Board shall have a quorum if at least 2/3 of its members are present and shall adopt its resolutions by the simple majority of the votes of those present.
- 8.11 The Chairman of the Supervisory Board:
- shall convene and chair the meetings of the board,
  - shall provide for the keeping of the minutes of the meetings of the board,
  - may participate in the meetings of the Board of Directors,
  - may propose the convening of the General Meeting,
  - shall annually submit a report to the General Meeting on the activity of the Supervisory Board and the Company.
- 8.12 The Supervisory Board shall establish its own by-laws, which shall be approved by the General Meeting.

## **9. THE AUDIT COMMITTEE**

- 9.1. The General Meeting shall elect a 3 (three) member Audit Committee from among the independent members of the Supervisory Board.
- 9.2. At least one member of the Audit Committee shall have competence in accounting or auditing. The Chairman of the Audit Committee shall be elected by the members of the Audit Committee from among themselves.
- 9.3. If the number of the members of the Audit Committee drops below 3 (three) member, the Board of Directors shall convene the General Meeting in order to restore the proper operation of the Audit Committee. The Audit Committee shall establish its own by-laws, which shall be approved by the Supervisory Board. The Audit Committee shall inform the Supervisory Board about its activity in accordance with the provisions of its by-laws.
- 9.4. The Audit Committee shall provide assistance to the Supervisory Board in supervising the financial report regime and in selecting and working with the auditor. The Audit Committee, besides the duties specified in the Civil Code, also fulfils the duties specified in the Capital Market Act.

9.5. The Audit Committee may engage external expert(s) for the purpose of performing its tasks, as needed.

## 10. THE STATUTORY AUDITOR

10.1 Election of the **Statutory** auditor

10.1.1. The **Statutory** Auditor shall be elected by the General Meeting for a definite period, but at least for a period ending on the date of the closing of the General Meeting concluding the business year of the election and approving the consolidated balance sheet, but in any case by no later than June 30. The **Statutory** Auditor may be re-elected following the expiry of his mandate. The Board of Directors shall conclude with the **Statutory** Auditor the agency agreement under the terms and conditions and subject to the remuneration specified by the General Meeting within ninety days from the election. If the agreement is not concluded within the above deadline, the General Meeting shall elect a new **Statutory** Auditor.

10.2 Responsibilities of the **Statutory** Auditor

10.2.1 The **Statutory** Auditor shall be responsible for carrying out the audit of accounting documents according to the relevant regulations and to provide an independent audit report to determine as to whether the annual financial statement of the Company is in conformity with legal requirements, and whether it provides a true and fair view of the company's assets, financial position and profit or loss.

10.3 Rights and obligations of the **Statutory** Auditor

10.3.1 With a view to carrying out his duties the **Statutory** Auditor may:

- (a) may inspect the documents, accounting records and books of the Company;
- (b) may request information from the members of the Board of Directors, the members of the Supervisory Board and the employees of the Company;
- (c) may examine the bank accounts, petty cash, securities and goods portfolio and contracts of the Company;
- (d) shall attend the General Meeting of the Company discussing the annual financial statement prepared in accordance with the Accounting Act, however, the absence of the **Statutory** Auditor shall not prevent the holding of the session;
- (e) shall attend the meeting of the Supervisory Board, if so requested by the Supervisory Board;
- (f) may attend the meetings of the Board of Directors or the Supervisory Board in an advisory capacity, as needed;
- (g) shall promptly initiate with the Board of Directors the convening of the General Meeting, if the **Statutory** Auditor:
  - (i) learns about any change in the assets of the Company which threatens the satisfaction of claims raised against the Company; or
  - (ii) perceives any circumstance which entails the liability of the members of the Board of Directors or the Supervisory Board for their activity conducted in such capacity;
- (h) if the measures described in paragraph (f) remain ineffective, the **Statutory** Auditor shall inform the competent court of registry vested with judicial supervisory competence about the disclosed facts.

10.4 Auditor's conflict of interest

- 10.4.1 Shareholders, members of the Board of Directors and members of the Supervisory Board of the Company and the family members of these persons may not serve as **Statutory Auditor**. An employee of the Company may not serve as **Statutory Auditor** during the period of his employment and for a period of three years thereafter.
- 10.4.2 The **Statutory Auditor** may not provide any service to the Company and may not collaborate with the Board of Directors in a way that may imperil his ability to carry out his auditing duties objectively and independently.
- 10.4.3 Persons included in the register of auditors in accordance with the relevant legal regulations may be elected as the **Statutory Auditor** of the Company. Further requirements for auditors in terms of qualifications and conduct, and conflict of interest not contained in these Articles of Association shall be laid down in specific other legislation.

## **11 AUTHORIZATION TO SIGN ON BEHALF OF THE COMPANY**

- 11.1 The following persons shall be entitled to sign on behalf of the Company:
- a) the Chairman of the Board of Directors and the Chief Executive Officer, individually,
  - b) any two members of the Board of Directors, jointly,
  - c) one member of the Board of Directors and one employee of the Company authorized by the Board of Directors, jointly,
  - d) two employees of the Company authorized by the Board of Directors, jointly.
- 11.2 Signing on behalf of the Company shall be effected by the person entitled to represent the Company by attaching his/her name to the handwritten, stamped or printed corporate name of the Company.

## **12 INCREASE OF THE REGISTERED CAPITAL**

- 12.1 The decision for the increase of the registered capital of the Company shall lie with the General Meeting. The increase of the registered capital may be effected: (i) through the issuance of new shares, (ii) from the assets not forming part of the registered capital, (iii) through the issuance of employee shares, (iv) as conditional increase of the registered capital, through the issuance of convertible bonds. Different methods of increasing the registered capital may be decided and implemented at the same time.
- 12.2 If the Company issued shares belonging to different series of shares, the resolution of the General Meeting on the increase of the registered capital may only be validly adopted, if the shareholders of each series of shares concerned grant their prior consent to the increase of the registered capital. The shareholders of the series of shares concerned shall decide on the granting of consent prior to the adoption of the resolution of the General Meeting, separately for each series of shares, by a simple majority of the votes attached to the shares pertaining to the given series of shares. In the course of thereof, the provisions on the restriction or exclusion of the voting rights attached to such shares may not be applied, not including the prohibition of exercising voting rights attached to own shares.
- 12.3 The General Meeting may authorize the Board of Directors to increase the registered capital. The maximum amount by which the Board of Directors may increase the registered capital of the Company and a period of up to five years during which the increase of capital is to be implemented shall be specified in the authorization. In the case that the Board of Directors is authorized to increase the registered capital, the Board of Directors shall also adopt decisions relating to the increase of the registered capital, which otherwise fall within the competence of the General Meeting under the Civil Code or these Articles of Association.
- 12.4 If the registered capital is increased in consideration for asset contribution, the auditor or expert report on the valuation of asset contributions shall be published.

- 12.5 If the registered capital is increased in consideration for cash contribution, the shareholders of the Company, and in the first place, the holders of shares belonging to the same series of shares as the shares being issued, and then the holders of convertible bonds and bonds with subscription rights shall (in this order) have preferential right for the subscription of the newly issued shares. The Company shall allow at least fifteen days for the exercise of preferential rights. The Board of Directors of the Company shall inform the shareholders and the holders of convertible bonds with subscription rights by way of notice about the nominal value or issue price of the shares available for subscription, the first and last days of the period during which the preferential right can be exercised and the method of exercising such right.
- 12.6 Dividends may be paid for the first time on new shares issued with a view to increasing the registered capital from the after tax profit of the year in which the court of registry registered the capital increase.
- 12.7 The resolution containing the General Meeting's decision on increasing the registered capital through the private offering of new shares shall indicate the persons the General Meeting has authorized to subscribe for the shares, provided that the persons otherwise eligible do not intend to exercise their pre-emptive subscription rights concerning the shares in question. The same General Meeting resolution shall also specify the quantity of shares which may be subscribed for by any one person. Subscription right to the shares may be granted, if the person designated has made a preliminary statement of commitment to subscribe for the shares and to provide the appropriate consideration. The Company shall abide by the aforementioned statement of commitment.
- 12.8 The increase of the registered capital shall be considered to have failed if the persons eligible refuse to undertake the commitment for the subscription of shares in the nominal value or at the issue price sufficient to cover the planned or lowest increase of the registered capital.
- 12.9 The Company may transfer all or part of its assets other than the share capital to increase the registered capital, if, according to the balance sheet of the annual financial statement for the previous financial year or the interim balance sheet of the current year, there are sufficient additional funds available for the capital increase, and if the Company's registered capital will not exceed its adjusted equity capital. The annual financial statement or the interim balance sheet may be taken into consideration for determining the amount of funds in excess of the share capital within the six-month period following the balance sheet date.

### **13 REDUCTION OF THE REGISTERED CAPITAL**

- 13.1 The resolution of the General Meeting on the reduction of the registered capital shall specify the reasons for and the purpose of the capital reduction (in particular, whether it serves the withdrawal of capital or the settlement of losses, or the increase of another part of the Company's equity), the method of its implementation, the amount by which the registered capital is to be reduced, the details of the shares and the deadline by which the shares are to be submitted to the Company. The resolution on the reduction of the registered capital shall also provide for the amendment of the Articles of Association rendered necessary by the capital reduction. Such resolution of the General Meeting shall be effective upon compliance with the conditions for capital reduction.
- 13.2 The rules applicable to the nominal value of shares and the minimum amount of the registered capital shall be complied with also upon the reduction of the registered capital.
- 13.2.1 Within 30 days from the date of the resolution the Board of Directors shall publish such resolution in the Company Gazette on two consecutive occasions with an interval of at least 30 days, and shall request creditors to report to the Company within a period of 30 days after the last publication of such announcement, if they require any security in

respect of their claims which arose before but undue at the date of the first publishing of the resolution.

13.3 Otherwise, the provisions of the Civil Code shall apply to the reduction of the registered capital.

## **14 TERMINATION OF THE COMPANY**

14.1 The Company shall terminate, if

- the General Meeting resolves its termination without a legal successor,
- if it merges with or into another company, or transforms into another corporate form,
- It is terminated by the court of registry due to the reasons specified under Act V of 2006 (hereinafter: "Company Registration Act"),
- if so prescribed by any legal regulation.

14.2 No division of the Company may take place.

14.3 In the case of the termination of the Company without a legal successor the provisions of the Company Registration Act on voluntary dissolution shall be applied.

## **15 MISCELLANEOUS PROVISIONS**

15.1 Business year

The Company's business year shall correspond to the calendar year.

15.2 Notices

The notices, notices to shareholders and announcements of the Company shall be published on the website of the Company ([www.waberers.com](http://www.waberers.com)), **on the website of the Budapest Stock Exchange ([www.bef.hu](http://www.bef.hu)), and also on the official website for publications of Magyar Nemzeti Bank ([www.kozzetelek.hu](http://www.kozzetelek.hu))** or stock exchanges. Moreover, in the cases specified by law such notices shall also be published in the Company Gazette.

15.3 Other

15.3.1 Issues not provided for herein shall be governed by the provisions of the Civil Code and the effective provisions of other applicable legal regulations.

15.3.2 In relation to the transformation resolved on November 30, 2011, within the framework of which WABERER'S INTERNATIONAL Szállítmányozó és Fuvarozó Zártkörűen Működő Részvénytársaság (registered seat: 1239 Budapest, Nagykőrösi út 351; company registration number: 01-10-042101), DELTA SPED Szállítmányozási és Szolgáltató Korlátolt Felelősségű Társaság (registered seat: 1239 Budapest, Európa út 6; company registration number: 01-09-063509), INTERSZERVIZ Budapest Járműjavító Korlátolt Felelősségű Társaság (registered seat: 1239 Budapest, Nagykőrösi út 351; company registration number: 01-09-166709) and INFORATIO Számítástechnikai Tanácsadó és Szoftver Korlátolt Felelősségű Társaság (registered seat: 1239 Budapest, Nagykőrösi út 351; company registration number: 01-09-063397) will merge into the Company, the Company, as legal successor undertakes to apply the provisions stipulated under Section 16 (11) of the Corporate Tax Act, namely, the Company undertakes that following the Transformation it shall determine its tax base taking into account the assets and liabilities received from the legal predecessors (including provisions and deferred expenses or accrued income) by adjusting the pre-tax profit, as if the Transformation had not taken place. The legal successor shall keep separate records on the same assets and liabilities after they are revaluated, indicating their original value and the book value recorded by the predecessor for the day of Transformation, their adjusted

book value, as well as the sums it has claimed after the Transformation to adjust the pre-tax profit on the basis of the assets and liabilities in question.

Dated: Budapest, April 16, 2018

**I have prepared, consolidated the Articles of Association in accordance with the amendments approved by the AGM Resolutions .../2018. (IV. 16.) - .../2018. (IV. 16.) of the Annual General Meeting of WABERER'S INTERNATIONAL Nyrt. where the amendments are indicated in bold and italics, and pursuant to the authorization contained therein. I certify that the wording of the Articles of Association prepared and consolidated as referenced above corresponds to the effective content thereof incorporating all amendments.**

## **8. DECISION ON THE TERM OF ASSIGNMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE SUPERVISORY BOARD**

Amongst the decisions of the previous item on the agenda the General Meeting defined in respect of the establishment of the duration of the members Board of Directors and the members of the Supervisory Board a three year mandate instead of an indefinite period, in accordance with the practice of international and domestic companies listed on the stock exchange and the opinion of one of the largest asset management groups in the world. The members of the Board of Directors and of the Supervisory Board may be re-elected by the General Meeting at any time, even repeatedly.

Based on the recommendation of the Nomination and Remuneration Committee the Board of Directors submits the following resolution proposal to the General Meeting:

### **AGM Resolution 18/2018. (IV. 16.)**

**The General Meeting determines that the assignment of the current members of the Board of Directors and of the Supervisory Board shall last until May 31, 2021. Provided that the Annual General Meeting in that year is held prior to May 31 than the assignment of the members of the Board of Directors and of the Supervisory Board lasts until the date thereof.**

Relevant part of the report of the Supervisory Board:

The Supervisory Board reviewed in its merits the submissions and the resolution proposals for the General Meeting to be held on April 16, 2018 proposed by the Board of Directors the Supervisory Board fully agrees therewith.

## **9. ELECTION AND DETERMINATION OF THE REMUNERATION OF THE COMPANY'S STATUTORY AUDITOR, AND DETERMINATION OF THE CONTENT OF THE SUBSTANTIAL ELEMENTS OF THE CONTRACT TO BE CONCLUDED WITH THE STATUTORY AUDITOR**

The Board of Directors in agreement with the Supervisory Board proposes to the General Meeting to elect Ernst & Young Könyvvizsgáló Kft. as Statutory Auditor of the Company for the business years 2018-2020. In relation to the election the Board of Directors proposes the contents of the material elements of the contract to be concluded with the Statutory Auditor to be determined with the following content:

Scope of the contract:

The audits of the Standalone Annual Report and the Consolidated Financial Statements of the Company prepared according to International Financial Reporting Standards (IFRS) for the business years 2018-2020 and the review of the quarterly reports in each business year.

Billing and payment:

The Board of Directors proposes HUF 31,100,000 + VAT to be the Statutory Auditor's annual compensation for the business years 2018-2020, the fee of the Auditor shall be paid in instalments pursuant to the schedule of the contract.

Duration of the contract:

The contract is for the period ending June 30, 2021 or if the Annual General Meeting closing the 2020 business year will be held prior to June 30, 2021 then on the date thereof.

The Board of Directors in agreement with the Supervisory Board submits the following resolution proposal to the General Meeting:

### **AGM Resolution 19/2018. (IV. 16.)**

**The General Meeting hereby re-elects the Statutory Auditor of the Company Ernst & Young Könyvvizsgáló Kft. (registered seat: 1132 Budapest, Váci út 20.; company registration number: Cg. 01-09-267553; registration number: 001165) for three years to perform audit services for the business years 2018-2020 in accordance with the submission for the period ending June 30, 2021 or if the Annual General Meeting closing the 2020 business year will be held prior to June 30, 2021 then on the date thereof.**

**The auditor appointed by the Statutory Auditor and personally responsible for the audit:  
Zsuzsanna Bartha**

**Chamber membership number: 005268**

**Address: 5900 Orosháza, Rákóczi út 25. Mother's maiden name: Ilona Németh.**

**The General Meeting approves HUF 31,100,000 + VAT to be the Statutory Auditor's annual compensation to perform audit services for the business years 2018-2020, covering the audits of the Standalone Financial Statements and the Consolidated Financial Statements of the Company prepared according to International Financial Reporting Standards (IFRS).**

**The General Meeting approves the contents of the material elements of the contract to be concluded with the Statutory Auditor according to the submission.**



Relevant part of the report of the Supervisory Board:

The Supervisory Board agrees with the proposals of the Board of Directors for the election of the Statutory Auditor of the Company, the establishment of its remuneration and the determination of the contents of the material components of the contract to be concluded with the Statutory Auditor, and recommends that the General Meeting approve them.

## **10. DECISION ON THE APPROVAL OF THE REMUNERATION GUIDELINES OF WABERER'S GROUP, INCLUDING THE PRINCIPLES OF WABERER'S EMPLOYEE SHARE OWNERSHIP PROGRAMME**

Pursuant to Clause 3:289 (1) of Act V of 2013 on the Civil Code, the Board of Directors of the Company shall present a report on the corporate governance practice of the Company, prepared in a manner required for the participants in the particular stock exchange to the Annual General Meeting. The Board of Directors in compliance with the Corporate Governance Recommendations (CGR) of the Budapest Stock Exchange (BSE), formulated the Remuneration Guidelines of WABERER'S Group, and the principles of Waberer's Employee Share Ownership Programme.

Based on the recommendation of the Nomination and Remuneration Committee the Board of Directors submits the following resolution proposal to the General Meeting:

### **AGM Resolution 20/2018. (IV. 16.)**

**The General Meeting approves the Remuneration Guidelines of WABERER'S Group, and the principles of Waberer's Employee Share Ownership Programme.**

Relevant part of the report of the Supervisory Board:

The Supervisory Board reviewed in its merits the submissions and the resolution proposals for the General Meeting to be held on April 16, 2018 proposed by the Board of Directors and the Supervisory Board fully agrees therewith.

## **Guidelines of the evaluation of the work and long-term remuneration/incentive system of the members of the managing and controlling bodies and the management**

Pursuant to Section 3:289 (1) of Act V of 2013 on the Civil Code ("Civil Code"), the Board of Directors of WABERER'S INTERNATIONAL Nyilvánosan Működő Részvénytársaság (hereinafter 'Company') shall present a report on the corporate governance practice of the Company, prepared in a manner required for the participants in the particular stock exchange to the Annual General Meeting. The Company is fully committed to implementing and following corporate governance practices as of the admission of its shares to the Budapest Stock Exchange ('BSE'), which fulfil the recommendations set out in the Corporate Governance Recommendations (CGR) of the BSE to the widest extent possible.

In line with the above and the recommendations in Section 2.7. of the BSE CGR, the guidelines of the valuation of the work and long-term remuneration and incentive system of the members of the managing and controlling bodies and the management of the Company are set out as detailed below.

### **A/ Purpose of the guidelines**

The purpose of these Guidelines is to recognise the performance of the members of the managing and controlling bodies of the Company and the key employees of the Group in the achievement of the results of the Company and the Group and to encourage those individuals to achieve further objectives, focusing on the degree of responsibility of the individuals concerned as well as the Hungarian and international market benchmarks.

### **B/ Scope of the guidelines**

The scope of the Guidelines extends to the non-operational members and Chairman of the Board of Directors and Supervisory Board of the Company, and the key employees of the Company and the Group as defined in the By-laws of the Board of Directors of the Company and the scope of activities of the Nomination and Remuneration Committee. The Guidelines determine the principles of evaluation of the individuals concerned as well as lay down a framework of regulations for the remuneration.

The Guidelines are effective from the date when they are approved by the General Meeting of the company until they are revoked by the body authorised to do so.

### **C/ Guidelines**

#### **1. Evaluation of the work of the managing and controlling bodies of the Company and criteria used in relation to their remuneration**

The Board of Directors and the Supervisory Board evaluate their work every year and prepare a report to the General Meeting about it. The evaluations performed by the bodies referred to above are based on the self-evaluations of the members. The above-mentioned report is acknowledged by the General Meeting during the Annual General Meeting to be held regarding the approval of the financials on the previous business year.

The members of the managing and controlling bodies receive fixed remuneration in that role and do not receive any performance-based fee. The amount of the remuneration fee and its upper limit are approved by the General Meeting. The amount of the remuneration fee was defined on the basis of Hungarian and international market benchmarks, ensuring that it is in line with the degree of responsibility and the financial capacity of the Company.

Pursuant to the decision of the General Meeting 9/2017.05.31. of May 31, 2017 the members of the Board of Directors are eligible for no more than EUR 50,000 (net) remuneration fee pursuant to the provisions of the contracts of engagement concluded with them. The operative members of the Board of Directors and, pursuant to the Relationship Agreement between the Company and the main shareholder, the member of the Board of Directors delegated by the main shareholder do not receive any remuneration fee for their activities pursued in relation to their membership in the Board of Directors.

Based on the authorisation of the General Meeting, in the 2017 financial year Stefan Delacher and Gerard van Kesteren, members of the Board of Directors, received remuneration fee in relation to their activities indicated above. External member of the Board of Directors Péter Lakatos did not receive any separate remuneration in the 2017 financial year in view of the permanent engagement contract with Lakatos, Köves and Partners Law Office, controlled by him.

Pursuant to the decision of the General Meeting 16/2017.05.31 of May 31, 2017 the members of the Supervisory Board are eligible for EUR 10,000 remuneration fee for their activities each year. In agreement with the Nomination and Remuneration Committee and according to the proposal of the Board of Directors, the Chairman of the Supervisory Board will be eligible for EUR 15,000 remuneration fee in 2018, subject to the approval of the Annual General Meeting convened for April 16, 2018.

In view of the admission to the Stock Exchange and the change in the form of operation, the Company established a three-member Audit Committee in General Meeting resolution 17/2017.05.31 The members of the Audit Committee receive EUR 5,000 remuneration fee for their activities indicated above each year. In agreement with the Nomination and Remuneration Committee and according to the proposal of the Board of Directors, the Chairman of the Audit Committee will be eligible for EUR 10,000 remuneration fee in 2018, subject to the approval of the Annual General Meeting convened for April 16, 2018.

Based on the authorisation granted in Section 6.11 of the Articles of Association, on June 15, 2017 the Board of Directors decided to establish a three-member Nomination and Remuneration Committee. The tasks of nomination and remuneration were consolidated in one committee in order to make the personal-type decision making procedure of the Board of Directors more effective. The independent members of the Board of Directors and the Supervisory Board may be elected into the committee. In the 2017 financial year the members of the committee indicated above did not receive any remuneration for their activities. In agreement with the Nomination and Remuneration Committee and according to the proposal of the Board of Directors, the Chairman of the Nomination and Remuneration Committee will be eligible for EUR 10,000, while the members to EUR 5,000 remuneration each year, subject to the approval of the Annual General Meeting convened for April 16, 2018.

## **2. Evaluation of the works of the key employees of the Company and the Group, criteria used for their remuneration**

According to the personal scope defined in the currently effective By-laws of the Board of Directors and Rules of Procedure of the Nomination and Remuneration Committee of the Company, the following individuals qualify as key employees:

- Chief Executive Officer and General Deputy Chief Executive Officer of the Company;
- Chief Financial Officer of the Company;
- Head of the International Business line;
- Managing Director of Waberer's-Szemerey Kft. and head of the regional contract logistics business line;
- Chief Executive Officer of Wáberer Hungária Biztosító Zrt., and
- Chief Executive Officer of LINK sp. z. o.o.

The key employees are evaluated and the principles of their remuneration are defined by the Board of Directors of the Company, requesting the opinion of the Nomination and Remuneration Committee. The Chief Executive Officer of the Company and the Executive Officers of the subsidiaries exercise the employer's rights over the other employees in managerial positions, but those rights can be further delegated.

During the evaluation of the annual performance of the key employees, the annual business and financial indicators of the Company and the Group and their evaluation have a major role. In the case of the managers of the subsidiaries, apart from the indicators of the company controlled by them the achievement of the Group-level indicators is also expected in the spirit of the consolidated thinking. In addition, the criteria taken into account during evaluation include progress in the implementation of the long-term strategy, strategic thinking, recognition of business opportunities and market difficulties in time and responding to them, further extension of the reputation of the Company towards business partners, suppliers and investors and the skill of motivating managers and employees.

The remuneration of key employees consists of base remuneration and performance remuneration. The base remuneration may not depend on the performance of the eligible parties or the discretionary decision of the employer. The rate of the base remuneration and performance remuneration is defined by the Board of Directors on the basis of the function, size and complexity of the controlled organisation according to the recommendation of the Nomination and Remuneration Committee. The maximum rate of performance remuneration is 100% of the base remuneration.

Within the framework of performance remuneration, the Company measures and evaluates the individual performance of the key employees with a well-structured incentive programme within the framework of the ESOP Programme established at Group level pursuant to the provisions of Act XLIV of 1992 on the Employee Share Ownership Programme. On the basis of the authorisation granted in the General Meeting Resolution of July 15, 2016 the Board of Directors was nominated to establish the Waberer's Employee Share Ownership Programme Organisation and to elaborate the various remuneration policies. The Board of Directors of the Company, as the body entitled to make decisions in the name of the founder of the ESOP

organisation, decided on the foundation of the ESOP organisation, the beneficiary employees and the issue of the financial instruments serving the purpose of the programme as well as involvement in the programme on the basis of the above principles. The initial programmes worked on the basis of bonds, but the admission of the shares to the Stock Exchange provided an opportunity to the Company to use the shares admitted to the Stock Exchange at a price independent from the Company as the basis of the programmes. The Company plans that from 2018 the members taking part in the ESOP should be able to choose to be eligible not only for the consideration from the conversion of the financial instruments involved in the ESOP programme (Waberer's shares) but also to be able to acquire the financial instrument (Waberer's share).

The purpose of performance remuneration of the Company and the Group is:

- to improve the economic performance of the Company;
- to strengthen the organisational thinking and activity;
- to support to the management in achieving the corporate objectives (top town breakdown and delegation);
- to take an appropriate share from the corporate profits (strengthen the sense of ownership);
- to provide feedback to the staff.

The evaluation criteria of performance remuneration include the achievement of the key indicators of the Company and the Group (EBITDA, net profit, debt service, net debt etc.) depending on the contribution of the individual colleagues. A significant part of the indicators can be verified by Controlling or can be clearly measured from various reports, using statements.

#### Other benefits and social benefits

The other benefits are established on the basis of Hungarian benchmarks, focusing on cost efficiency (e.g., vehicle for personal use, mobile phone, managerial insurance medical tests, etc.). The other and social benefits are defined in the Collective Agreement of the Company issued for the specific subjects and in other internal regulations.

## **11. DECISION ON THE REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD**

The General Meeting resolution 16/2017.05.31 determined EUR 10,000 remuneration fee for the members of the Supervisory Board. Taking into account that the Chairman of the Supervisory Board has surplus tasks regarding the operation of the body and in accordance with the current market practice the proposal allows the Company to pay to the Chairman a further EUR 5,000 remuneration fee annually.

Based on the recommendation of the Nomination and Remuneration Committee the Board of Directors submits the following resolution proposal to the General Meeting:

### **AGM Resolution 21/2018. (IV. 16.)**

**The General Meeting resolves that the yearly remuneration of the Chairman of the Supervisory Board shall be maximum EUR 15,000 whilst the yearly remuneration of members of the Supervisory Board shall be maximum EUR 10,000 from January 1, 2018.**

## **12. DECISION ON THE REMUNERATION OF THE MEMBERS OF THE AUDIT COMMITTEE**

The General Meeting resolution 21/2017.05.31 determined EUR 5,000 remuneration fee for the members of the Audit Committee. Taking into account that the Chairman of the Audit Committee has surplus tasks regarding the operation of the body and in accordance with the current market practice the proposal allows the Company to pay to the Chairman a further EUR 5,000 remuneration fee annually.

Based on the recommendation of the Nomination and Remuneration Committee the Board of Directors submits the following resolution proposal to the General Meeting:

### **AGM Resolution 22/2018. (IV. 16.)**

**The General Meeting resolves that the yearly remuneration of the Chairman of the Audit Committee shall be maximum EUR 10,000 whilst the yearly remuneration of members of the Audit Committee shall be maximum EUR 5,000 from January 1, 2018.**



### **13. DECISION ON THE REMUNERATION OF THE MEMBERS OF OTHER COMMITTEES OPERATING AT THE COMPANY**

The Nomination and Remuneration Committee assists the Board of Directors in the selection of the members of the control and management bodies and in the election and evaluation of the key employees as well as on the decision of the elements of their remuneration and handling conflicts of interests. The members of the committee did not receive any remuneration for their activities, however in relation to their tasks and in line with the market practice the Board of Directors proposes to the General Meeting to determine an annual remuneration for the members of the committee.

The Board of Directors - with the consent of the Nomination and Remuneration Committee - submits the following resolution proposal to the General Meeting:

#### **AGM Resolution 23/2018. (IV. 16.)**

**The General Meeting resolves that if members of the Board of Directors or of the Supervisory Board take up membership in other committees operating at the Company the yearly remuneration of the Chairman of the given committee shall be maximum EUR 10,000 whilst the yearly remuneration of members of the given committee shall be maximum EUR 5,000 from the date of the setting up of the committee.**

Relevant part of the report of the Supervisory Board:

The Supervisory Board reviewed in its merits the submissions and the resolution proposals for the General Meeting to be held on April 16, 2018 proposed by the Board of Directors and the Supervisory Board fully agrees therewith.