



**DOCUMENTS FOR THE ANNUAL GENERAL MEETING**

**ANNUAL GENERAL MEETING OF THE ZWACK UNICUM PLC.  
TO BE HELD ON 25 JUNE, 2015**

**DATE OF THE AGM: 25 JUNE, 2015, 10 a.m.  
The venue of the AGM: Larus Étterem és Rendezvényközpont, H-1124  
Budapest, Csörsz u. 18/b.**

**Dear Shareholder,**

**Zwack Unicum Plc.'s Board of Directors convened the company's Annual General Meeting to take place at 10.00 a.m., on June 25, 2015 with the below quoted items on the agenda. Please find the individual submissions and the proposed text of the General Meeting resolutions attached.**

- (1) Report of the Board of Directors on the business activities of the Company in the business year starting on April 1, 2014 and terminating on March 31, 2015 and presentation of the related draft Annual Report of the Company;
- (2) Report of the Auditor;
- (3) Report of the Supervisory Board, including the report of the Audit Board;
- (4) Approval of the Corporate Governance Report;
- (5) Resolution on the determination and allocation of the after-tax profit of the Company generated in the business year starting on April 1, 2014 and terminating on March 31, 2015 ;
- (6) Approval of the Annual Report of the Company, including the Balance Sheet concerning the business year starting on April 1, 2014 and terminating on March 31, 2015 ;
- (7) Approval of the Annual Report of the Zwack Unicum Plc. concerning the business year starting April 1, 2014 and terminating on March 31, 2015 , prepared in accordance with the international accounting standards (IFRS);
- (8) Resolution on the remuneration of the members of the Board of Directors and the Supervisory Board;
- (9) Election of members of the Board of Directors, of the Supervisory Board and of the Audit Board;
- (10) Election of the Company's auditor and approval of its remuneration;
- (11) Modification and amendment of the Statutes of the Company;
- (12) Approval of the consolidated text of the Company's Statutes, including amendments to date;
- (13) Miscellaneous.

### **Item No. 1**

#### **Report of the Board of Directors on the business activities of the Company in the business year starting on April 1, 2014 and terminating on March 31, 2015 and presentation of the related draft Annual Report of the Company**

#### **REPORT ON THE ACTIVITY OF THE 2014-2015 BUSINESS YEAR**

The 2014–2015 business year was especially successful for our Company. Its profit after taxation reached HUF 1.7 billion – the highest in the past five years.

There was a synergy of factors to bring about such results. Most importantly, there was a change in the Hungarian spirits market: for the first time in many years demand increased. (There was growth of 3.7% in volume and of 5.4% in value.) The Company's export earnings went up by more than 10%, which means it was our highest export figure in ten years. To preempt the effects of the introduction of the public health product tax (NETA) in January 2015, December 2014 saw massive purchases of our products by our trading partners. In sum, net sales grew by 8.7% and operating income shot up by HUF 500 million (growth of nearly 30%).

The Company has a robust financial standing. Throughout the business year it had a surplus position even though in July 2014 it distributed a significant dividend (HUF 5 000 million).

Hungary's macroeconomic indices have further improved in 2014. GDP increased dynamically, unemployment decreased and in practical terms there was no inflation. The household consumption – which has a direct impact on our Company's turnover – edged

upwards (by 1.7%) and that exerted a favourable influence on our market. Moreover, in 2014 – by contrast to a 15% increase a year before – the excise tax stayed put.

Market tendencies took a favourable turn for the first time in many years; there were just minor changes in the legal environment and, overall, the Company's main financial indicators improved tangibly.

**MAIN FINANCIAL FIGURES OF THE ZWACK UNICUM PLC. (in HUF million)**

data in million HUF		Plan				
		2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
		business	business	business	business	business
		year	year	year	year	year
Gross sales	HUF mill	20 452	19 593	19 767	21 385	20 336
Net sales	HUF mill	12 354	12 078	11 775	12 795	11 518
Gross margin	HUF mill	6 833	6 487	6 549	7 117	6 495
Profit before taxation	HUF mill	2 168	1 777	1 852	2 248	1 572
Profit after taxation	HUF mill	1 696	1 444	1 492	1 714	1 213
Dividend	HUF mill	1 800	1 550	5 000	2 400	
<hr/>						
Gross margin	%	55,3%	53,7%	55,6%	55,6%	56,4%
Net profit margin	%	13,7%	12,0%	12,7%	13,4%	10,5%
Earnings per share	HUF	848	722	746	857	606
Dividend/Profit after Tax	%	106,1%	107,3%	335,1%	140,0%	

**Market situation**

The taxed spirits market has shrunk for five years altogether by 35%. The tendency turned around recently and in the last year there was a growth of volume of 3.7%.

The increase was the steepest in the premium category: 6.6% in volume. The volume of quality products practically stagnated (+0.3%). Put together, those two segments – which are crucial for our Company – expanded by 3.7% and so did the volume of non-branded products. In the off-trade the overall volume went up by 2% but, broken down, only the premium category increased (+11.8%) while the other two segments went down (quality products: -1.6%; non-branded products: -0.5%). In the on-trade the average increase was 6.8% but in that segment the inexpensive products fared better (non-branded products: +12.7%; quality products: +5.1%) while the sales of premium goods only slightly edged upwards by 1.1%.

Within the premium market the average increase was 6.6%. Broken down, among sub-categories of major volumes, vodkas went up by 13.1%, bitters and whiskies 10.6% each, but as for the volume sold and the market share are concerned, there was a downward tendency for liqueurs (-0.3%), brandies (-1%) and rums (-14.9%). The volume of premium pálinkas sold increased but the growth (+1.2%) was lower than the average figure.

## **Marketing activities**

Strong brands form the pillars for this Company's success. That's why the appropriate marketing support for our key products has been a priority. The marketing arsenal includes conventional techniques but each year we add new solutions too.

During the 2014–2015 business year Unicum – Hungary's premier brand of spirits – received intensive and efficient marketing support. Alongside a strong campaign in the media, there were numerous events both in the off-trade (distinctive packaging for the Christmas season and for the FIFA Football World Cup tournament) and in the on-trade (festivals, POS promotions). The Zwack Unicum Heritage Visitors' Centre has grown in importance as a marketing channel.

In April 2014 the Zwack Fűtűlős line was augmented by a most innovative taste: Chocolate Hazelnut. Its introduction was a resounding success: no other new version managed to carve out such a big slice from the overall sales pie of that brand.

In the case of St. Hubertus, our two-year-old brand and marketing communication effort has brought about a double-digit spike in the volume sold. We will keep moving in that direction in marketing what is acknowledged as the third most important brand of our Company, and will even step up the intensity of its marketing.

Our Company has been devoting extra attention to Diageo's products because, by augmenting our premium brands with those drinks, we can offer our partners and consumers a uniquely rich portfolio. Accordingly, we stepped up the marketing activities of the three main brands concerned (Johnnie Walker, Baileys and Captain Morgan).

## **Financial report**

Net domestic sales were up by HUF 862 million that is 8.3%. (That is a year-on-year increase from HUF 10,420 million to HUF 11,283 million.)

During the 2014–2015 business year the structure of the quarterly sales figures – and of the profit figures – markedly differed from that of previous years. Sales in the third quarter were even stronger than in other years (47% instead of the usual 40%). By contrast, the last quarter (January–March) was by far weaker than usually. That was mainly because the public health product tax (NETA) – affecting a broad circle of spirits – was introduced on 1 January 2015 and many of our trading partners had filled their inventory from the products concerned for three or five months. The consequence of those pre-emptive purchases, as they were, is likely to be felt into the first quarter of the coming business year.

Within domestic sales the turnover of own-produced goods had a year-on-year increase of 8.6%. Domestic sales of premium products increased by 6.6%; the net sales of quality products increased by 21.5%. The sales of the non-branded portfolio decreased by HUF 138 million (-98.2%). The Company terminated producing non-branded products at the end of 2013 and discontinued its sale in June 2014.

The net earnings from traded products increased by 7.1%. Broken down, sales of the Diageo portfolio went up by 9.4% and those of other products traded increased by 2.6%.

Export revenues amounted to HUF 1,513 million, which is 11.6% higher than last year. (HUF +158 million). About 40% of the increase in export earnings was due to a one-off sales transaction for the PR of China. In addition, our exports increased by about 25% to Romania, North America and in the Duty Free category.

The material costs and material-type expenditures increased by 8.7%. As that equals the increase in net sales, the gross margin remained at the previous year's level (55.6%).

Employee benefits expense increased by HUF 212 million (8.8%). The Annual General Meeting of the Company that took place on 26 June, 2014, decided on the payment of a dividend of 2500 HUF per share (last year dividend was 775 HUF). Significant part of this unusual high dividend was founded by the cumulative retained earnings of the Company. According to IFRS, dividends paid after liquidation preference shares is a personnel type of cost, therefore the increase in the dividend increased the amount of personnel type of costs by HUF 60 million. Also in July the Company paid special bonuses to its personnel. Having obtained the unanimous support of the majority shareholders, the Management of the Company decided to reward the dedicated and successful work of the personnel by distributing bonuses to all employees. This resulted in an increase of HUF 70 million in the personnel type of costs. The remaining increase of 82 M HUFs was due to the 3% wage increase at the beginning of the year and the onetime costs related to the collective layoffs in Kecskemét.

The depreciation charge and the other operating expenses remained mostly the same as in the previous business year.

Other operating income increased by HUF 130 million (26.7%). Most of this increase is due to the higher cost reimbursements because the brand owners of the distributed products increased their marketing expenditures compared to the base.

The net financial income decreased by HUF 101 million (-61.8%). Though on average the net funds of the Company showed a year-on-year increase of 10% in the first four months of the business year, the deposit interest rates were halved as a consequence of the decrease in the base interest rate. Payment of dividend in late July exceeded that of the previous year by HUF 3.5 billion so from then on the Company has had a considerably smaller disposable fund than a year before – and as a result, financial profits dropped at a larger scale.

Interest expenses disclosed are related to interest portions of finance lease related charges incurred throughout the year. Financial lease calculations are utilised as means to measure the value of bottle production equipment set up for Zwack by the glass factories. Interest expenses showed a year-on-year decrease of HUF 10 million.

The Company's profit after taxation according to the International Financial Reporting Standards (IFRS) stood at HUF 1,714 million, a year-on-year increase of 14.8% (previous: HUF 1,493 million).

Within current assets, stock value decreased by 392 M HUFs (20.6%) compared to the base. On the one hand, due to the purchases brought forward in December there is a lower stock of finished products and goods, and on the other hand, palinka stocks were reduced this business year, bringing it in line with the current demand.

That our cash in banks and on hand decreased by HUF 2,765 million was due to the – above-mentioned – payment of dividend, which exceeded that a year before.

The drop in the profit reserves is the result of the higher dividend payment than the profit last year.

The Provisions for other liabilities and charges increased by HUF 50 million to cover the run out costs of remaining stock of products that the Company has stopped producing because they are not competitive in the new price environment.

During the business year the Zwack Unicum Plc. spent HUF 374 million on fixed assets, and the investments were of a supplementary character and complied with the plan. The Company made a HUF 35 million capital investment into building a warehouse suitable to store marketing materials in the Dunaharaszti factory in an area unused due to terminating the production of non-branded products. That investment project has reduced the Company's annual expenditure on storage by HUF 20 million.

### **Resolution proposal:**

The AGM **approved** the report of the Board of Directors regarding the business activities and financial results of the Company in the business year starting on April 1, 2014 and terminating on March 31, 2015.

## **Item No. 2 Report of the Auditor**

### **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Zwack Unicum Nyrt.**

#### **Report on the financial statements**

We have audited the accompanying financial statements of Zwack Unicum Nyrt. ("the Company") which comprise the balance sheet as of 31 March 2015 (in which the balance sheet total is THUF 10 257 800, the profit per balance sheet is THUF 1 767 841), the related profit and loss account for the year then ended, and the notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provision of the Accounting Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hungarian Standards on Auditing and with applicable laws and regulations in force in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Zwack Unicum Nyrt. as of 31 March 2015, and of the results of its operations for the year then ended in accordance with the provisions of the Accounting Act.

#### *Other Matters*

We draw attention to the fact that the attached financial statements have been prepared for the consideration of the shareholders at the forthcoming General Meeting and, as such, do not reflect the effects, if any, of resolutions that might be adopted at that meeting. Our opinion is not qualified in respect of this matter.

#### **Other reporting requirements regarding the business report**

We have examined the accompanying business report of Zwack Unicum Nyrt. ("the Company") for the financial year ended 31 March 2015.

Management is responsible for the preparation and fair presentation of the business report in accordance with the provision of the Accounting Act. Our responsibility is to assess whether or not the accounting information disclosed in the business report is consistent with that contained in the financial statements. Our work in respect of the business report was limited to checking it within the aforementioned scope and did not include a review of any

information other than that drawn from the audited accounting records of the Company. In our opinion the business report for the financial year ended 31 March 2015 is consistent with the disclosures in the financial statements as of 31 March 2015.

Budapest, 21 May 2015

Mészáros Balázs  
Partner  
Statutory auditor  
License Number: 005589  
PricewaterhouseCoopers Kft.  
1077 Budapest, Wesselényi u. 16.  
License Number: 001464

*Translation Note:*

*Our report has been prepared in Hungarian and in English. In all matters of interpretation of information, views or opinions, the Hungarian version of our report takes precedence over the English version. The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in jurisdictions other than Hungary.*

**Resolution proposal:**

The AGM has **approved** the report of PricewaterhouseCoopers Kft., as statutory auditor of the Company regarding the operation of the Company in the business year starting on April 1, 2014 and terminating on March 31, 2015 and the related Annual Report.



**Item No. 3**  
**Report of the Supervisory Board, including the report of the Audit Board**

**ZWACK UNICUM PLC.**

**REPORT OF THE SUPERVISORY BOARD AND THE AUDIT BOARD ON the  
business year starting on April 1, 2014 and terminating on March 31, 2015**

In the business year starting on April 1, 2014 and terminating on March 31, 2015, the Supervisory Board held 3 sessions in order to monitor and supervise the activities of the Board of Directors and the management of the Company. The Company management submitted detailed written reports at the sessions of the Supervisory Board. After receiving sufficient information on specific issues, the Chair of the Supervisory Board was requested to take a position on each issue, and such position was respected. The members of the Supervisory Board continuously monitored the individual areas of operation. The Supervisory Board was allowed access to all the information required for the satisfactory fulfilment of its supervisory function.

The Supervisory Board did not make any complaint against the activities of the Board of Directors or the management.

The Supervisory Board and the Audit Board, after examining and discussing the draft of the Company's Annual Report concerning the business year starting on April 1, 2014 and terminating on March 31, 2015, containing the balance sheet and profit and loss statement prepared by the Board of Directors and audited by PricewaterhouseCoopers Ltd., statutory auditor of the Company, unanimously approved both documents and agreed to submit them to the Annual General Meeting with a recommendation for approval.

The Supervisory Board also agreed with the Board of Directors' proposal to declare and distribute HUF 2 442 000 000 as a dividend (from HUF 1 767 841 000 after tax profit and HUF 674 159 000 profit reserve), to be allocated in proportion to shareholding and submitted the proposal to the Annual General Meeting with a recommendation for approval.

The Supervisory Board also examined the Corporate Governance Report prepared by the Board of Directors, agreed thereto and submitted it to the Annual General Meeting with a recommendation for approval.

The Audit Board did not make any complaint against the activities of the Auditor of the Company and recommends to the Annual General Meeting for approval:

(i) the re-election of PricewaterhouseCoopers Könyvvizsgáló Ltd. (H-1055 Budapest, Bajcsy-Zsilinszky út 78, registration no.:001464; individual auditor in charge: Mr. Balázs Mészáros, registration no.: 005589, the substitute auditor appointed in the event of any extended absence of the auditor in charge is: Ms. Szilvia Szabados, registration no.: 005314), as statutory auditor of the Company for a definite period expiring on July 31, 2016; and

(ii) a honoraria - amounting to HUF 12 400 000 + VAT for PricewaterhouseCoopers Könyvvizsgáló Ltd. for its services as auditor of the Company. The honoraria includes the fee for the auditing of the annual report concerning the business year starting on April 1, 2015 and terminating on March 31, 2016 in accordance with the Hungarian accounting principles and international accounting standards (IFRS).

The Audit Board prepared the agreement to be concluded with the Auditor.

The Audit Board found the operation of the financial reporting system of the Company satisfactory and did not make any recommendations in connection thereto.

The Supervisory Board expressed its appreciation of the Board of Directors and the Company management for their efforts to maintain the successful operation of the Company.

The Supervisory Board would like to take this opportunity to express its thanks to the employees of the company.

Budapest, May 21, 2015

Dr. Hubertine Underberg Ruder  
Chair of the Supervisory Board

Dr. Rudolf Kobatsch  
Chairman of the Audit Board

**Resolution proposal:**

The AGM **approved** the report of the Supervisory Board, including the report of Audit Committee for the business year starting on April 1, 2014 and terminating on March 31, 2015.

**Item No. 4**  
**Approval of the Corporate Governance Report**

Please see the Corporate Governance Report in the Appendix 1.

**Resolution proposal:**

The AGM **approved** the Corporate Governance Report of the Board of Directors, approved by the Supervisory Board for the business year starting on April 1, 2014 and terminating on March 31, 2015.

**Item No. 5**  
**Resolution on the determination and allocation of the after-tax profit of the Company generated in the business year starting on April 1, 2014 and terminating on March 31, 2015**

**Resolution proposal:**

The AGM approved the proposal of the Board of Directors on the allocation of profits, on the basis of which the Company has declared the payment of dividend in the amount of thousand HUF 1 767 841 (one billion seven hundred and sixty-seven million eight hundred and forty-one thousand Hungarian Forints) from the after-tax profit, and thousand HUF 674 159 (six hundred and seventy-four million one hundred and fifty-nine thousand) from the profit reserves amounting altogether to thousand HUF 2 442 000 (two billion four hundred and forty-two million Hungarian Forints). The AGM has ordered the Board of Directors to take

the necessary steps for the payment of the dividends on a pro rata basis in accordance with the shareholding set forth in the Company's Share Register on July 16, 2015. The distribution of the dividends shall commence on July 23, 2015.

**Item No. 6**  
**Approval of the Annual Report of the Company, including the Balance Sheet**  
**concerning the business year starting on April 1, 2014 and terminating on March 31,**  
**2015**

**Resolution proposal:**

The AGM approved the Annual Report of the Company concerning the business year starting on April 1, 2014 and terminating on March 31, 2015, which was prepared in accordance with Hungarian accounting standards and contains the audited balance sheet concerning the business year starting on April 1, 2014 and terminating on March 31, 2015, showing a total balance of assets and liabilities in the amount of thousand HUF 13 246 471 as well as the profit-and-loss statement with a net profit of HUF 0 as follows:

**BALANCE SHEET: ZWACK UNICUM PLC.**

<u>Assets:</u>	<u>in HUF (in thousands; -,000)</u>
<b>Invested assets:</b>	<b>3 473 468</b>
Intangible assets	80 466
Tangible assets	3 343 164
Financial investments	49 838
<b>Current assets:</b>	<b>6 640 310</b>
Inventories	1 742 630
Receivables	1 656 062
Securities	0
Liquid assets	3 241 618
<b>Accrued and deferred assets</b>	<b>144 022</b>
<b><u>Total assets:</u></b>	<b>10 257 800</b>
<u>Liabilities:</u>	
<b>Equity:</b>	<b>5 291 408</b>
Share capital	2 035 000
Capital reserves	264 044
Accumulated profit reserves	2 992 364
Balance sheet profits	0
<b>Provisions:</b>	<b>257 004</b>
<b>Liabilities:</b>	<b>3 828 542</b>
<b>Accrued expenses:</b>	<b>880 846</b>
<b><u>Total liabilities:</u></b>	<b>10 257 800</b>

**PROFIT & LOSS STATEMENT:**

	<u>in HUF (in thousands; -,000)</u>
<b>Net sales revenues</b>	<b>24 061 504</b>
Capitalised value of own performance	-188 976
Other revenues	194 424
Material Costs	8 985 490
Payment to personnel	2 659 472
Depreciation reserves	441 331
Other expenditures	9 887 939
<b>Net profit on ordinary business</b>	<b>2 092 720</b>
Net profit on financial transactions	83 979
<b>Regular entrepreneurial profit</b>	<b>2 176 699</b>

Extraordinary profits	-81 466
<b>Net profit before taxation</b>	<b>2 095 233</b>
Tax payable	327 392
<b>After-tax profits</b>	<b>1 767 841</b>
Profit reserves used for dividends	674 159
Approved dividends	2 442 000
<b>Balance sheet profits</b>	<b>0</b>

### Item No. 7

## Approval of the Annual Report of the Company concerning the business year starting April 1, 2014 and terminating on March 31, 2015, prepared in accordance with the international accounting standards (IFRS)

### Resolution proposal:

The AGM approved the Annual Report of Zwack Unicum Plc. concerning the business year starting on April 1, 2014 and terminating on March 31, 2015, prepared in accordance with the international accounting standards (IFRS) as follows:

### BALANCE SHEET: ZWACK UNICUM PLC.

<u>Assets:</u>	<u>in million HUF</u>
<b>Non-current assets:</b>	<b>3 090</b>
Property, plant and equipment	2 731
Intangible assets	84
Returnable packaging materials	22
Investments in associates	50
Employee loans	26
Deferred tax assets	177
<b>Current assets:</b>	<b>6 587</b>
Inventories	1 509
Trade and other receivables	1 836
Cash and cash equivalents	3 242
<b>Total assets:</b>	<b>9 677</b>
<b>Equity and liabilities:</b>	
<b>Shareholder's equity:</b>	<b>6 916</b>
Share capital	2 000
Share premium account	165
Retained earnings	4 751
<b>Non current liabilities:</b>	<b>383</b>
Other financial liabilities	383
<b>Current liabilities:</b>	<b>2 378</b>
Trade and other liabilities	2 310
Provisions	18
<b>Total equity and liabilities:</b>	<b>9 677</b>

### PROFIT & LOSS STATEMENT (IN MILLION HUF)

<b>Sales net of excise tax</b>	<b>12 795</b>
<b>Operating expenses</b>	<b>11 176</b>
Material cost of goods sold	5 678
Employee benefits expense	2 611

Depreciation and amortization expense	533
Other operating expenses	2 354
<b>Other operating income</b>	<b>617</b>
<b>Profit from operations</b>	<b>2 236</b>
Net financial income	24
Share of profit of associates	-12
<b>Profit before tax</b>	<b>2 248</b>
Income tax expense	534
<b>Profit after tax</b>	<b>1 714</b>

#### Item No. 8

### Resolution on the remuneration of the members of the Board of Directors and the Supervisory Board

#### Resolution proposal:

The AGM **approved** the honoraria for the members of the Company's Board of Directors and the Supervisory Board in regard to the business year starting on April 1, 2014 and terminating on March 31, 2015 as follows:

<b>Chairman of the Board of Directors:</b>	<b>3,6 M HUF</b>
<b>Deputy Chairman of the Board of Directors</b>	<b>3,0 M HUF</b>
<b>Members of the Board of Directors:</b>	<b>2,4 M HUF</b>
<b>Chairwoman of the Supervisory Board:</b>	<b>3,6 M HUF</b>
<b>Deputy Chairman of the Supervisory Board</b>	<b>3,0 M HUF</b>
<b>Members of the Supervisory Board:</b>	<b>2,4 M HUF</b>

#### Item No. 9

### Election of members of the Board of Directors

#### Resolution proposals:

The AGM acknowledged the resignation of **Lars Jörgen Andersson** (mother's full name: Siv Gurli Anne-Marie Johansson; Address: Acaciagatan 1, 216 18 Malmö, Sweden) as member of the Board of Directors as of June 24, 2015. The AGM discharged Mr. **Lars Jörgen Andersson** from his liabilities in connection with his activities as member of the Board of Directors.

The AGM acknowledged the resignation of Ms. **Ulrica Fearn** (mother's maiden name: Mona Eivor Birgitta Johansson; Address: 31 Fulmer Drive, Gerrards Cross, SL9 7HG, GB) as member of the Board of Directors as of June 24, 2015. The AGM discharged Ms. **Ulrica Fearn** from his liabilities in connection with his activities as member of the Board of Directors.

The AGM acknowledged the resignation of Mr. **Stephen Morley** (mother's maiden name: Jill Eames; Address: Oakdene, Oaklane, Seven Oaks, Kent, England TN131UH) as member of the Supervisory Board as of June 24, 2015. The AGM discharged Mr. **Stephen Morley** from his liabilities in connection with his activities as member of the Supervisory Board.

The AGM approved the election of Mr. **Pavel Reyes Lyubushkin** (mother's full maiden name Yulia Liubushkina; address: Kochnovsky pr, 4-1-251. 125319 Moscow Russia) as a member of the Board of Directors for a definite period of time starting on June 25, 2015 and expiring on July 31, 2018.

The AGM approved the election of Ms. **Kalina Plamenova Tsanova** (mother's full maiden name Tzvetanka Petrova Panova; address: 164 Simeonovsko shose blvd, 1137 Pancharevo, Bulgaria) as a member of the Board of Directors for a definite period of time starting on June 25, 2015 and expiring on July 31, 2018.

The AGM approved the election of **Mr. Renato Juric** (mother's full maiden name: Marija Visnja Colic; address: Schonaustrasse 74, 4058 Basel, Switzerland) as a member of the Supervisory Board for a definite period of time starting on June 25, 2015 and expiring on July 31, 2018.

#### **Item No. 10**

#### **Prolongation of the appointment of the Company's auditor and approval of its remuneration**

##### **Resolution proposals:**

The AGM **approved** the re-election of **PricewaterhouseCoopers Auditing Ltd.** (H-1055 Budapest, Bajcsy-Zsilinszky út 78, registration no.:001464; individual auditor in charge: Mr. Balázs Mészáros, registration no.: 005589, the substitute auditor appointed in the event of any extended absence of the auditor in charge is: Ms. Szilvia Szabados, registration no.: 005314), as statutory auditor of the Company for a definite period expiring on July 31, 2016. The AGM authorized the Board of Directors to conclude the agreement with the statutory auditor.

The AGM has approved the honoraria - amounting to HUF 12 400 000 + VAT for PricewaterhouseCoopers Könyvvizsgáló Ltd. (H-1055 Budapest, Bajcsy-Zsilinszky út 78, registration no.:001464;) for its performance as auditor of the Company. The honoraria includes the fee for the auditing of the annual report concerning the business year starting on April 1, 2015 and terminating on March 31, 2016 in accordance with the Hungarian accounting principles and International Financial Reporting standards (IFRS).

#### **Item No. 11**

#### **Modification and amendment of the Statutes of the Company**

There is a change in Annex (A) of the Statutes because there are personal changes in the Board of Directors and Supervisory Board.

##### **Resolution proposal:**

The AGM **approved** the amendments of the Statutes of the Company as set attached to the Minutes of the AGM as Appendices 1/A and 1/B.

**Item No. 12**

**Approval of the consolidated text of the Company's Statutes, including amendments to date**

**Resolution proposal:**

The AGM **approved** the consolidated version of the Statutes including the modifications and amendments set forth by the above Resolutions of the AGM (containing all the amendments to date) attached to the Minutes of the AGM as Appendices 2/A and 2/B.

**REPORT****RELATING TO THE CORPORATE GOVERNANCE ON THE BASIS OF THE CORPORATE GOVERNANCE RECOMMENDATIONS (THE “RECOMMENDATIONS”) PUBLISHED BY THE BUDAPEST STOCK EXCHANGE**

The Supervisory Board of Zwack Unicum Nyrt. (the “**Company**”) by its resolution dated May 21, 2015 approved the following report made by the Board of Directors in the name of the Company.

The Annual General Meeting of the Company held on June 25, 2015 by its resolution no. 5/25.06.2015 also approved the following report.

**DISCLOSURE ON CORPORATE GOVERNANCE****1. The Board of Directors of the Company**

The Board of Directors of the Company actually consists of seven (7) members. The Chairman of the Board of Directors is Mr. Sándor Zwack, the Deputy Chairman is Mr. Wolfgang Spiller. The list of the members of the Board of Directors, their presentation and the data related to their independency status are available at the homepage of the Company ([www.zwack.hu](http://www.zwack.hu)).

The members of the Board of Directors shall be elected by the Shareholders Meeting in accordance with the proposal of the Shareholders for a period of maximum four years. The Chairman and the Vice-Chairman of the Board of Directors are elected by and from among the members of the Board of Directors for a period of four (4) years. If the Chairman of the Board of Directors would be unable to execute his function, the responsibility to act as the Chairman of the Board of Directors shall be automatically transferred to the Vice-Chairman of the Board of Directors.

The Chairman of the Board of Directors is obliged to call the meetings of the Board of Directors and to organize and direct the continuous activities of the work organization of the Company.

The Board of Directors shall hold ordinary meetings at least once every quarter. The meeting of the Board of Directors is convoked by the Chairman of the Board of Directors and in case of unavailability, by the Vice-Chairman of the Board of Directors. The Chairman of the Board of Directors is also obliged to convoke the meeting of the Board of Directors if so required by two (2) members jointly with a statement regarding the reason and purpose of said request.

With the exception of a closed meeting, the members of the Supervisory Board and also the persons invited by the Board of Directors may take part in the meeting of the Board of Directors as consultants. The Board of Directors may also have closed (in camera) sessions, or discuss selected items on the agenda at closed sessions. A closed meeting shall be held at the request of any Director.

The Board of Directors has a quorum if six-seventh (6/7) of the board members are present. The propositions and resolutions of the Board of Directors shall be brought with a simple majority of the votes of the board members present, except if otherwise provided by the Rules



of Operation of the Board of Directors. Minutes have to be kept regarding the meeting of the Board of Directors, which shall contain a list of those present, the deliberations regarding the issues of the agenda, the results of the votes and the decisions.

The tasks and competences of the Board of Directors are defined by the applicable legal regulations, the Statutes of the Company (available at [www.zwack.hu](http://www.zwack.hu)) and its Rules of Operation, accepted by itself.

The Board of Directors, during the past 2014-2015 business year, had eight (8) meetings, with an average attendance of 98%.

Taking into consideration that the two main shareholders of the Company having 76%+1 vote have the right to nominate the members of the Board of Directors pursuant to their Shareholder's Agreement, the Company have not elaborated any evaluation system so far.

### **Description of the division of responsibility and duties between the Managing Body and the executive management, the management of the Company**

The Board of Directors shall appoint a General Manager from among the directors or the employees, for such period of time and under such terms as it deems fit. The Board of Directors may revoke such appointment at any time.

The General Manager, within his scope of employment, shall be responsible for the administration of the Work Organization of the Company, and shall exercise the employer's rights in respect of the employees of the Company. The General Manager shall be entitled to delegate his power to exercise the employer's rights in respect of employees of a given department to the employee in charge of that department, except for the employer's rights in respect of employees in executive positions. Employees in executive positions are those who are designated as such on the basis of the Company's Rules of Organization and Operation or by the General Manager at the time of concluding the employment contract.

The General Manager shall have the powers to decide in matters relating to the day-to-day operations of the Company. The competence of the General Manager shall be determined by the Rules of Operation of the Company approved by the Board of Directors.

The list of the members of the management and their presentation are available at the homepage of the Company ([www.zwack.hu](http://www.zwack.hu)).

### **Evaluation of the work of the management, remuneration (Remuneration statement)**

The Board of Directors continuously appraises the work of the management and prepares an appraisal on a yearly basis.

The scope of the remuneration of the General Manager (CEO) falls within the competence of the Board of Directors and the scope of the remuneration of the top managers (i.e. members of the management) is within the competence of the General Manager. However, the following principles apply universally:

Elements of the remuneration system:

- Basic salary: The basic salary essentially depends on the importance of the position fulfilled - established on the basis of an analysis of the related tasks and obligations - and may be influenced by the market.
- Bonus: The bonus is defined as a part of the annual basic salary established as a percentage thereof. The amount of the bonus is maximized and the condition of its payment is the realization of defined objectives. The most important part of the bonus depends on the realization of the planned results; the remaining part thereof depends on the realization of the 2 or 3 objectives relating to the managed field.
- Benefits provided in the cafeteria system, equaling to one month's basic salary.

The basic salary must represent at least 75% of the overall monetary salary package.

- Other benefits: use of car including full personal use; life insurance; mobile phone including full personal use; medical and sport services.

Furthermore, during year 2007, the Company elaborated a share incentive system for three key managers of the Company (Mr. Frank Odzuck, General Manager; Mr. Tibor Dörnyei, CFO and Deputy General Manager and Mr. Csaba Belovai, Commercial Director) replacing the former bonus system. In the framework of the share incentive system, the involved managers acquired 35.000 registered redeemable liquidation preference shares, each having a nominal value of HUF 1,000, without voting rights, but entitling the respective shareholders to dividend.

According to the Company's long established practice, the members of the Board of Directors receive fixed honoraria in consideration of their services, the amount of which is defined in a separate resolution of the General Meeting each year.

### **The Supervisory Board**

The Supervisory Board of the Company actually consists of six (6) members. The Chairman of the Supervisory Board is Dr. Hubertine Underberg-Ruder, its Deputy Chairman is Dr. Rudolf Kobatsch. The list of the members of the Supervisory Board, their presentation and the data related to their independency status are available at the homepage of the Company ([www.zwack.hu](http://www.zwack.hu)).

Pursuant to the Statutes, the Company shall establish a Supervisory Board consisting of at least six (6) members and at the most twelve (12) members. The management of the Company entered into an agreement with the workers' council pursuant to which the employees waived their right to participate in the operation of the Supervisory Board. The members of the Supervisory Board shall be elected by the Shareholders Meeting for a period of maximum four (4) years.

The Supervisory Board shall hold a meeting at least once every six months, at least three times a year, but at any time upon the request of the Shareholders Meeting. The meeting of the Supervisory Board shall be convoked by its Chairman, who shall also chair the meeting. The Chairman of the Supervisory Board shall be obliged to also call the meeting of the Supervisory Board, if so requested in writing by a member of the Supervisory Board who

provides the reason and objective of the meeting. If the Chairman fails to comply with such request, the member shall have the right to convene the meeting himself.

At the meeting of the Supervisory Board the Auditor may also take part with a right of consultation.

The Supervisory Board shall have a quorum if two thirds, but at least three, of the members of the Supervisory Board are present. The decisions of the Supervisory Board are brought with a simple majority of the members of the Supervisory Board present. Minutes have to be kept regarding the meeting of the Supervisory Board, which shall contain the list of those present, the results of the votes and the decisions.

The Supervisory Board, during the past 2014-2015 business year, had three (3) meetings, with an average attendance of 94%.

Taking into consideration that the two main shareholders of the Company having 76%+1 vote have the right to nominate the members of the Supervisory Board pursuant to their Shareholder's Agreement, the Company has not elaborated any evaluation system so far.

The tasks and competences of the Supervisory Board are defined by the applicable legal regulations, the Statutes of the Company (available at [www.zwack.hu](http://www.zwack.hu)) and its Rules of Operation, accepted by the General Meeting.

### **The Audit Board**

The Company established an Audit Board consisting of three (3) members, elected by the Shareholder's Meeting from the independent members of the Supervisory Board.

The Chairman of the Audit Board is Dr. Rudolf Kobatsch. The list of the members of the Audit Board and their presentation and the data related to their independency status are available at the homepage of the Company ([www.zwack.hu](http://www.zwack.hu)).

The Audit Board, during the past 2014-2015 business year, had three (3) meetings, with an average attendance of 100%.

The tasks and competences of the Audit Board are defined by the applicable legal regulations, the Statutes of the Company (available at [www.zwack.hu](http://www.zwack.hu)) and the rules of operation of the Audit Board, approved by the Supervisory Board.

Taking into consideration (i) the shareholding structure of the Company, (ii) the system of the nomination of titleholders; the facts that (iii) the Board of Directors prepared the guidelines for the remuneration and evaluation of the management; and (iv) the members of the Board of Directors receive an annual honoraria for the performance of their obligation to be approved by the AGM, there is neither nomination, nor remuneration committee at the Company. The tasks of the nomination and the remuneration committee are performed by the Board of Directors.

## **The Auditor**

The Shareholders Meeting shall appoint a statutory Auditor for a period of one (1) year, who must be a registered auditor employed or recommended by an internationally recognized auditing firm.

The tasks and competences of the statutory Auditor are defined by the applicable legal regulations, the Statutes of the Company (available at [www.zwack.hu](http://www.zwack.hu)).

The Auditor of the Company did not receive other assignment than the audit of the annual report of the Company.

## **The internal control system**

As of the 2008/2009 business year, the Company established a position of internal controller. However, the size of the Company does not justify the operation of a separate internal control department, thus the position is held by an internal controller who is already an employee of the Company and who directly reports to the General Manager. The Audit Committee reviewed the result of the different administrative supervisions held at the Company and analyzed - together with the management - the tax risks related to Zwack Unicum Nyrt. as well as the study prepared by an independent advisor.

## **Presentation of the company's disclosure policy, and its policy on trading by insiders**

The Company Documents are in compliance with the provisions of the Civil Code, Act CXX of 2001 on the capital market (the "Capital Market Act"), the Budapest Stock Exchange and the Central Depository and Clearing House respectively, and the Company is disclosing information pursuant to the above acts and regulations. Consequently, the Company publishes quarterly interim management report, quick reports, annual reports following the closing of the financial year and provides extraordinary reporting if the Company becomes aware of any information on any past or ongoing change that could directly or indirectly affect the value of or the yield on the securities, or could be significant for the market players in making their investment decisions. Furthermore, the Shareholders Bureau of the Company keeps continuous contact with the investors. The Company publishes its notifications on its own homepage ([www.zwack.hu](http://www.zwack.hu)), on the homepage of the Budapest Stock Exchange ([www.bet.hu](http://www.bet.hu)) and on the homepage [www.kozzetetelek.hu](http://www.kozzetetelek.hu).

The Company - in the Instruction no. 8/2015 - established its policy on insider tradings, pursuant to the applicable rules of the Capital Market Act. According to the instruction, the Company considers as insider - besides the persons defined as insiders by the Capital Market Act - any and all employees of the accounting and controlling department, based on their tasks, without separately weighing their status. The Company holds a register about the insiders, as prescribed by the Act. Pursuant to the Instruction and the Capital Market Act, certain persons specified in the Instruction (thus the members of the Board of Directors and of the Supervisory Board, persons living in the same household with them, their close relatives and the companies operating under their qualified influence, and in certain cases certain affiliates and their officers) shall notify the Hungarian National Bank and the Company without delay if they or their agent have concluded a transaction on the common shares or a financial instrument the value of which depends on the value or price of the common shares.

## **A brief presentation of rules on exercising shareholder's rights and on the conducting of the general meeting**

Every registered common share having a nominal value of 1,000 HUF (one thousand Hungarian Forint) shall entitle its holder to one vote at the General Meeting. Shareholders may exercise their rights at the General Meeting either in person or through an authorized representative pursuant to a voting card or an equivalent official certification confirming the right to vote (hereinafter together: "Voting Card") to be issued by the Board of Directors. The proxy empowering its holder to representation shall be incorporated into a public legal document or a fully evidencing private deed, and shall be submitted prior to obtaining the certification entitling the certificate holder to the receipt of the Voting Card.

Certification of ownership is not required for the exercise of shareholders' rights; the entitlement is verified by way of the identification procedure prescribed in the act on securities and in rules of procedures of the central depository (KELER Zrt.). The registration of the shareholder into the Share Register is the obligation of investment service firms. The registration of the ownership can be initiated through the respective investment service firm within the deadline set forth therefore. Shareholders' rights at the General Meeting may be exercised by the person whose name is contained in the Share Register at 6 PM (Budapest time) on the second business day before the first day of the Shareholders' Meeting..

In lack of a quorum, the reconvened General Meeting shall have a quorum irrespective of the actual number of shareholders present.

The detailed rules on exercising shareholder's rights and on the conducting of the General Meeting are set forth by the Statutes of the Company available at the homepage of the Company ([www.zwack.hu](http://www.zwack.hu)).

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

The Annual General Meeting of the Company held on June 25, 2015 by its resolution no. 5/25.06.2015 also approved the following report.

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

Yes (Complies)

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

No

The Company has 35.000 registered redeemable liquidation preference shares, each having a nominal value of HUF 1,000, without voting rights. With respect to its common shares, the Company applies the "one share - one vote" principle.

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

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

R 1.2.10 Shareholders' comments on and supplements to the items on the agenda were published at least two days prior to the general meeting.

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

R 2.5.1 The Supervisory Board of the company has a sufficient number of independent members to ensure the impartiality of the board.

Yes (Complies)

R 2.5.4 At regular intervals (in connection with the CG Report) the Supervisory Board requested a confirmation of their independent status from those members considered independent.

Yes (Complies)

R 2.5.6 The company disclosed on its website the guidelines on the independence of the Board of Directors / Supervisory Board, as well as the criteria applied for assessing independence.

No

Taking into  
consideration its

shareholding structure, the Company considers the fulfillment of the independence criteria set forth in the laws as satisfying.

R 2.6.1 Members of the Managing Body informed the Managing Body (Supervisory Board/Audit Committee) if they (or any other person in a close relationship to them) had a significant personal stake in a transaction of the company (or the company's subsidiary).

Yes (Complies)

R 2.6.2 Transactions between board and executive management members (and persons in close relationship to them) and the company (or its subsidiary) were conducted according to general rules of practice of the company, but with stricter transparency rules in place.

No

Such transactions were concluded according to general rules of practice of the company, with the general transparency rules.

Transactions which according to 2.6.2, fell outside the normal course of the company's business, and their terms and conditions were approved by the Supervisory Board (Audit Committee).

No

No such transactions were made.

R 2.6.3 Board members informed the Supervisory Board/Audit Committee if they received an offer of Board membership or an offer of an executive management position in a company which is not part of the company group.

Yes (Complies)

R 2.6.4 The Managing Body established its guidelines on information flow within the company and the handling of insider information, and monitored compliance with those guidelines.

Yes (Complies)



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

Yes (Complies)

R 2.7.1 The Managing Body formulated remuneration guidelines regarding the evaluation and remuneration of the work of the Managing Body, the Supervisory Board and the executive management.

Yes (Complies)

The Supervisory Board formed an opinion on the remuneration guidelines.

Yes (Complies)

The guidelines regarding the remuneration for the Managing Body and the Supervisory Board and the changes in those guidelines were approved by the general meeting, as a separate item on the agenda.

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

R 2.7.3 It is the responsibility of the Managing Body to monitor the performance of and determine the remuneration for the executive management.

Yes (Complies)

The frameworks of benefits due to members of the executive management that do not represent normal practice, and the changes in those benefits were approved by the general meeting as a separate agenda item.

Yes (Complies)

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

Yes (Complies)

Prior to the decision by the general meeting on share-incentive schemes, shareholders received detailed information (at least according to those contained in 2.7.4).

Yes (Complies)

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

Yes (Complies)

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

No

The remuneration of the members of the Board of Directors and the Supervisory Board is decided by the General Meeting of the Company and is included in the Remuneration Statement (See also section A 2.7). The consolidated amount of the remuneration of the management is included in the annual report and information concerning other benefits of the management can be found on the homepage of the Company ([www.zwack.hu](http://www.zwack.hu)).

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

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

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

No

The Board of Directors continuously deals with the issue of risk management, but the disclosure of detailed information would cause business disadvantages to the Company. In the annual report, the Board of Directors advises the shareholders in connection with the important risk factors influencing the operation of the Company.

The system of internal controls established by the executive management guarantees the management of risks affecting the activities of the company, and the achievement of the company's performance and profit targets.

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

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

No

The audit committee reviewed the result of the different administrative supervisions held at the Company and analyzed - together with the management - the risks related to Zwack Unicum Nyrt. During the past years, the Board of Directors have prepared, by independent advisors, studies evaluating the operational risks of the Company and risks relating to its information systems. Furthermore, as of the 2008/2009 business year, the CEO established a function of internal controller. Although the size of the Company does not justify the operation of a separate internal control department, the position is held by an internal controller who is already an employee of the Company and who also reports to the CEO. The audit committee approved the internal audit plan and the internal controller reports about the outcome of the controls to the audit committee.

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

Yes (Complies)

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

Yes (Complies)

The Managing Body developed its procedures regarding the receipt, processing of reports on the operation of internal controls, and the preparation of its own report.

No

Please see section R 2.8.7 above.

R 2.8.11 The Managing Body identified the most important deficiencies or flow in the system of internal controls, and reviewed and re-evaluated the relevant activities.  
Yes (Complies)

R 2.9.2 The Managing Body, the Supervisory Board and the Audit Committee were notified in all cases when an assignment given to the auditor may have resulted in significant additional expense, caused a conflict of interest, or affected normal business practices significantly in any other way.  
Yes (Complies)

R 2.9.3 The Managing Body informed the Supervisory Board of any assignment given to the external auditor or an external advisor in connection with any event which held significant bearing on the operations of the company.  
Yes (Complies)

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

R 3.1.6 On its website, the company disclosed duties delegated to the Audit Committee, as well as the committees targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).  
Yes (Complies)

R 3.1.6.1 On its website, the company disclosed duties delegated to the Nomination Committee, as well as the committees targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

No

There is no Nomination Committee at the Company. The tasks of the Nomination Committee are performed by the Board of Directors.

R 3.1.6.2 On its website, the company disclosed duties delegated to the Remuneration Committee, as well as the committees targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).

No

There is no Remuneration Committee at the Company. The tasks of the Remuneration Committee are performed by the Board of Directors.

R 3.2.1 The Audit Committee / Supervisory Board monitored the efficiency of risk management, the operation of internal controls, and the activity of the Internal Audit.

Yes (Complies)

R 3.2.3 The Audit Committee / Supervisory Board received accurate and detailed information on the work schedule of the Internal Auditor and the independent auditor, and received the auditor's report on problems discovered during the audit.

Yes (Complies)

R 3.2.4 The Audit Committee / Supervisory Board requested the new candidate for the position of auditor to submit the disclosure statement according to 3.2.4.

Yes (Complies)

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

No

The tasks of the nomination and the remuneration committee are performed by the Board of Directors.

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

No

Please see Section R 3.3.1 above.

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

No

Please see Section R 3.3.1 above.

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

No

Please see Section R 3.3.1 above.

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

No

Please see Section R 3.3.1 above.

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

No

The tasks of the nomination and the remuneration committee are performed by the Board of Directors (please see in the Remuneration statement, included in the first part of this Report).

R 3.4.2 The Remuneration Committee made a proposal for the system of remuneration for the boards and the executive management (individual levels and the structure of remuneration), and carries out its monitoring.

No

Please see Section R 3.4.1 above.

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

No

Please see Section R 3.4.1 above.

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

No

Please see Section R  
3.4.1 above.

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

No

Please see Section R  
3.4.1 above.

R 3.4.4 The Remuneration Committee made proposals regarding remuneration guidelines.

No

Please see Section R  
3.4.1 above.

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

No

Please see Section R  
3.4.1 above.

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

No

Please see Section R  
3.4.1 above.

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

No

Please see Section R  
3.4.1 above.

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

No

Please see Section R  
3.4.1 above.

R 3.5.1 The Managing Body disclosed its reasons for combining the Remuneration and



Nomination Committees.

No

Please see Section R  
3.3.1 and 3.4.1 above.

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

No

Please see Section R  
3.3.1 and 3.4.1 above.

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

No

Please see Section R  
3.3.1 and 3.4.1 above.

R 4.1.1 In its disclosure guidelines, the Managing Body established those principles and procedures which ensure that all relevant information about the operations of the company and circumstances influencing its share price are disclosed and made available accurately, in a timely fashion and in full.

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

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

Yes (Complies)

R 4.1.4 The Managing Body assessed the efficiency of disclosure processes.

Yes (Complies)

R 4.1.5 The company published its corporate events calendar on its website.

Yes (Complies)

- R 4.1.6 In the annual report and on the website of the company, the public was informed about the company's corporate strategy, its main business activities, business ethics and its policies regarding other stakeholders.

Yes (Complies)

- R 4.1.8 In the annual report the Managing Body disclosed the character and size of any other assignments given by the company or its subsidiaries to the auditing firm responsible for auditing the financial statements.

Yes (Complies)

- R 4.1.9 In the annual report and on the website the company discloses information on the professional career of the members of the Managing Body, the Supervisory Board and the executive management.

No

The above information is only disclosed on the website of the Company.

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

Yes (Complies)

- R 4.1.10.1 The company provided information on the criteria considered when evaluating the work of the Managing Body, the executive management and the individual members thereof.

No

The shareholding structure of the Company does not make this necessary. Please also see section R 3.4.1 above.

- R 4.1.11 In the annual report and in the Remuneration Statement on the company's website, the company informed the public about the applied remuneration guidelines, including the remuneration and fees provided for members of the Managing Body, the Supervisory Board and the executive management.

No

The above information is only disclosed on the

website of the Company.  
Please also see sections  
R 2.7 and R 3.4 above.

R 4.1.12 The Managing Body disclosed its risk management guidelines, including the system of internal controls, the applied risk management principles and basic rules, as well as information about major risks.

No

Please see section R  
2.8.3 above.

R 4.1.13 In order to provide market participants with information, the company publishes its report on corporate governance at the same time that it publishes its annual report.

Yes (Complies)

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

Yes (Complies)

The company published in the annual report and on its website ownership in the company's securities held by the members of the Managing Body, the Supervisory Board and the executive management, as well as any interests held in share-incentive schemes.

Yes (Complies)

R 4.1.15 In the annual report and on its website, the company disclosed any relationship between members of the Managing Body and the executive management with a third party, which might have an influence on the operations of the company.

No

One part of the related information are included into the annual report (e.g. transactions with affiliates), the other part is disclosed at the homepage of the Company (other positions of board members).

## Level of compliance with the Suggestions

S 1.1.3	The company has an investor relations department.	Yes
S 1.2.1	The company published on its website the summary document regarding the conducting of the general meeting and the exercise of shareholders' rights to vote (including voting via proxy)	Yes
S 1.2.2	The company's articles of association are available on the company's website.	Yes
S 1.2.3	The company disclosed on its website information according to 1.2.3 (on the record date of corporate events).	Yes
S 1.2.4	Information and documents according to 1.2.4 regarding general meetings (invitations, proposals, draft resolutions, resolutions, minutes) were published on the company's website.	Yes
S 1.2.5	The general meeting of the company was held in a way that ensured the greatest possible shareholder participation.	Yes
S 1.2.6	Additions to the agenda were published within 5 days of receipt, in the same manner as the publication of the original invitation for the general meeting.	Yes
S 1.2.7	The voting procedure applied by the company ensured unambiguous, clear and fast decision-making by shareholders.	Yes
S 1.2.11	At the shareholders' request, the company also provided information on the general meeting electronically.	Yes
S 1.3.1	The identity of the chairman of the general meeting was approved by the company's general meeting prior to the discussion of the items on the agenda.	Yes
S 1.3.2	The Managing Body and the Supervisory Board were represented at the general meeting.	Yes
S 1.3.3	The company's articles of association render possible that at the initiation of the chairman of the Managing Body or the shareholders of the company, a third party be invited to the company's general meeting and be granted the right of participation in the discussion of the relevant items on the agenda.	No

S 1.3.4	The company did not prevent shareholders attending the general meeting from exercising their rights to request information, make comments and proposals, and did not set any pre-requisites to do so.	Yes
S 1.3.5	The company published on its website within three days its answers to those questions which it was unable to answer satisfactorily at the general meeting. Where the company declined to give an answer it published its reasons for doing so.	Yes
S 1.3.6	The chairman of the general meeting and the company ensured that in answering the questions raised at the general meeting, national laws and regulations of the Stock Exchange pertaining to disclosure were complied with.	Yes
S 1.3.7	The company published a press release and held a press conference on the decisions passed at the general meeting.	Yes
S 1.3.11	The company's general meeting decided on the different amendments of the articles of association in separate resolutions.	No
S 1.3.12	The minutes of the general meeting containing the resolutions, the presentation of draft resolutions, as well as the most important questions and answers regarding the draft resolutions were published by the company within 30 days of the general meeting.	Yes
S 1.4.1	The dividend was paid within 10 days to those shareholders who had provided all the necessary information and documentation.	Yes
S 1.4.2	The company disclosed its policy regarding anti-takeover devices.	No
S 2.1.2	The rules of procedure define the composition of the Managing Body and all procedures and protocols for the preparation and holding of meetings, the drafting of resolutions and other related matters.	Yes
S 2.2.1	The rules of procedure and the work schedule of the Supervisory Board gives a detailed description of its operation and duties, as well as procedures and processes which the Supervisory Board followed.	Yes
S 2.3.2	Board members had access to the proposals of a given meeting at least five days prior to the board meeting.	Yes
S 2.3.3	The rules of procedure regulate the regular or occasional participation at board meetings of persons who are not members of the boards.	Yes

S 2.4.1	The election of the members of the Managing Body took place in a transparent way, information on candidates was made public at least five days prior to the general meeting.	Yes
S 2.4.2	The composition of boards and the number of members complies with the principles specified in 2.4.2	Yes
S 2.4.3	Newly elected, non-executive board members were able to familiarize themselves with the structure and operations of the company, as well as their duties as board members through a tailored induction programme.	Yes
S 2.5.2	The separation of the responsibilities of the Chairman of the Managing Body from those of the Chief Executive Officer has been outlined in the basic documents of the company.	Yes
S 2.5.3	The company has published a statement about the means it uses to ensure that the Managing Body gives an objective assessment of the executive management's work where the functions of Chairman and CEO are combined.	No
S 2.5.5	The company's Supervisory Board has no member who held a position in the Managing Body or the executive management of the company in the three years prior to his nomination.	No
S 2.7.5	The development of the remuneration system of the Managing Body, the Supervisory Board and the executive management serves the strategic interests of the company and thereby those of the shareholders.	Yes
S 2.7.6	In the case of members of the Supervisory Board, the company applies a fixed amount of remuneration and does not apply a remuneration component related to the share price.	Yes
S 2.8.2	The Managing Body developed its risk management policy and regulations with the cooperation of those executives who are responsible for the design, maintenance and control of risk management procedures and their integration into the company's daily operations.	No
S 2.8.10	When evaluating the system of internal controls, the Managing Body took into consideration the aspects mentioned in 2.8.10	No
S 2.8.12	The company's auditor assessed and evaluated the company's risk management systems and the risk management activity of the executive	Yes

management, and submitted its report on the matter to the Audit Committee / Supervisory Board.

S 2.9.1	The rules of procedure of the Managing Body cover the procedure to be followed when employing an external advisor.	No
S2.9.1.1	The rules of procedure of the Supervisory Board cover the procedure to be followed when employing an external advisor.	Yes
S2.9.1.2	The rules of procedure of the Audit Committee cover the procedure to be followed when employing an external advisor.	No
S2.9.1.3	The rules of procedure of the Nomination Committee cover the procedure to be followed when employing an external advisor.	No
S2.9.1.4	The rules of procedure of the Remuneration Committee cover the procedure to be followed when employing an external advisor.	No
S 2.9.4	The Managing Body may invite the company's auditor to participate in those meetings where it debates general meeting agenda items.	Yes
S 2.9.5	The company's Internal Audit function co-operated with the auditor in order to help it successfully carry out the audit.	Yes
S 3.1.2	The chairmen of the Audit Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.	Yes
S3.1.2.1	The chairmen of the Nomination Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.	No
S3.1.2.2	The chairmen of the Remuneration Committee regularly inform the Managing Body about the meetings of the committee, and the committee prepared at least one report for the Managing Body and the Supervisory Board in the given business year.	No
S 3.1.4	The company's committees are made up of members who have the capabilities, professional expertise and experience required to perform their duties.	Yes
S 3.1.5	The rules of procedure of committees operating at the company include	Yes

those aspects detailed in 3.1.5

S 3.2.2	The members of the Audit Committee / Supervisory Board were fully informed about the accounting, financial and operational peculiarities of the company.	Yes
S 3.3.3	The Nomination Committee prepared at least one evaluation for the chairman of the Managing Body on the operation of the Managing Body and the work and suitability of the members of the Managing Body.	No
S 3.3.4	The majority of the members of the Nomination Committee are independent.	No
S 3.3.5	The rules of procedure of the Nomination Committee includes those details contained in 3.3.5	No
S 3.4.5	The Remuneration Committee prepared the Remuneration Statement.	No
S 3.4.6	The Remuneration Committee exclusively consists of non-executive members of the Managing Body.	No
S 4.1.4	The disclosure guidelines of the company at least extend to those details contained in 4.1.4	No
	The Managing Body informed shareholders in the annual report on the findings of the investigation into the efficiency of disclosure procedures.	No
S 4.1.7	The company's financial reports followed IFRS guidelines.	Yes
S 4.1.16	The company also prepares and releases its disclosures in English.	Yes

Budapest, June 25, 2015

Zwack Unicum Nyrt.  
by

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Mr. Sándor Zwack, Chairman

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Mr. Frank Odzuck, General Manager

on behalf of the Board of Directors