

**Corporate Governance Report**  
**AutoWallis Nyrt.**  
**2023**



## Introduction

**AutoWallis Nyrt.** (hereinafter: 'Company') is a public limited company registered in Hungary by the Metropolitan Court as the Court of Registration. The main market for the Company's shares and bonds is the Budapest Stock Exchange (hereinafter: 'BSE'); accordingly, the Company follows the corporate governance principles established in Hungary and the related mandatory legal regulations.

The Company has developed its Corporate Governance Processes, including this Corporate Governance Report, in accordance with Section 3:289 of the Civil Code and the Corporate Governance Recommendations of the Budapest Stock Exchange.

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

The Company's Board of Directors is the managing body of the Company, it acts as a body and exercises its powers at the meetings of the Board of Directors. The Board of Directors, or the Members of the Board of Directors authorised by it, represents the Company towards third parties, in courts and in front of other authorities. The responsibilities of the Board of Directors are divided between the Chairman of the Board of Directors and the Members of the Board of Directors.

In addition to the management of the Company, the Board of Directors plays a key role in relation to the companies belonging to the group of companies (hereinafter: 'Group') managed by the Company. The Board of Directors coordinates and manages the Group's operations, provides guidance and defines the Group's business and development concept.

The Board of Directors is entitled to include in its competence all decisions that do not fall within the competence of the General Meeting, and also decides on all matters referred to the competence of the Board of Directors by the Civil Code, other legal regulations or the Articles of Association of the Company. It may refer the performance of ad hoc tasks to the competence of the Board Member(s) delegated by the General Meeting or the Board of Directors.

The Chief Executive Officer is entitled and obliged to act in relation to an issue not expressly included in the exclusive competence of the Board of Directors, but otherwise falling within the competence of the Board of Directors, unless expressly provided otherwise in a resolution of the Board of Directors.

The Rules of Procedure of the AutoWallis Board of Directors is available on the following link: <https://autowallis.com/szabalyzatok/>.

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



The Company currently has a Board of Directors consisting of 5 members. Chairman: Zsolt Müllner, members: Gábor Ormosy (Chief Executive Officer, not independent, employee of the Company), Gábor Székely (Chief Investment Officer/IR&ESG Director, not independent, employee of the Company) Andrew John Prest (Wholesale Business Unit Director, not independent, employee of the Company), and Péter Antal (Retail and Services Business Unit Director, not independent, employee of the Company).

The Company currently has a Supervisory Board and an Audit Committee consisting of 4 members, chairman/president: Attila Chikán Jr, and members: Bence Buday, György Ecseri, Gábor Vitán.

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

During 2023, the Board of Directors of the Company held 18 meetings, 16 with 100% and 2 with 80% attendance rate.

The Supervisory Board held 4 meetings in 2023, all four with 100% attendance rate. The Audit Committee had six meetings in 2023, all six with 100% attendance rate.

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

The Board of Directors, the Supervisory Board and the Audit Committee of the Company performed the tasks required by law, their Rules of Procedure and the Articles of Association of the Company. The Company does not evaluate the work of individual members separately.

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

The Company's Audit Committee held six meetings in 2023, all of them with 100% attendance rate. The main topics of the meetings were:

- Review and comment on the 2022 annual IFRS reports and choosing a new auditor
- Review and comment on the 2023 Q1 IFRS reports



- Review and comment on the 2023 H1 IFRS reports
- Review on the auditor's contract
- Review and comment on the 2023 Q3 IFRS reports
- Procedure for engagements involving non-statutory audit services provided by the auditor

It was not necessary to convene an extraordinary meeting; the Audit Committee did not observe any event giving rise to an extraordinary investigation. The Board of Directors did not make a decision contrary to its proposal.

The professional presentation of the members of the Audit Committee can be viewed on the Company's website: <https://autowallis.com/vezeto-testuletek>.

The Rules of Procedure presenting the operation of the Audit Committee are also available on the website: <https://autowallis.com/szabalyzatok/>. The Audit Committee determines its own Rules of Procedure.

The Company's Supervisory Board held four meetings in 2023, all of them with 100% attendance rate. The main topics of the meetings were:

- Review and comment on the 2022 annual IFRS reports, appoint a new audit firm and comment on the contract and fee
- Review and comment on the 2023 Q1 IFRS reports
- Review and comment on the 2023 H1 IFRS reports
- Review and comment on the 2023 Q3 IFRS reports

The professional presentation of the members of the Supervisory Board can be viewed on the Company's website: <https://autowallis.com/vezeto-testuletek>.

The Rules of Procedure presenting the operation of the Supervisory Board are also available on the website: <https://autowallis.com/szabalyzatok>. The Supervisory Board determines its own Rules of Procedure, which are approved by the General Meeting.

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

The main goal of internal control is for the organisation to perform its defined task with an adequate quality:

- carry out its management activities regularly, economically, efficiently and effectively;
- comply with applicable laws and regulations;

The internal audit function is carried out by an internal auditor, whose duties include:

- to verify the proper functioning of the Company in accordance with its internal rules
- preparing an annual report for the Supervisory Board
- monitoring the implementation of action plans



- monitoring of IT operations
- updating the internal control rules as necessary

The activities of the internal auditor are monitored by the Supervisory Board. It receives regular information on ongoing matters, contracts and events, and has continuous access to the Company's documents.

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

PricewaterhouseCoopers Könyvvizsgáló Kft.-t (responsible auditor: Biczó Péter, chamber registration number: 004957) audited the 2022 annual IFRS reports.

The auditors also provided non-audit services during the current year, without violating their independence.

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

The Company applies the disclosure rules prescribed in its disclosure policy, legislation, BSE Regulations and the Company's Articles of Association.

Places of publication: according to the Articles of Association, the official website of the BSE ([www.bet.hu](http://www.bet.hu)), the publication website of the MNB (<https://kozvetetelek.mnb.hu/>) and the website of the Company ([www.autowallis.com](http://www.autowallis.com)).

The Company maintains a register of persons engaged in activities with the Company on a legal basis and having access to inside information. The regulation of the Company on Insider Persons, the MAD/MAR - European Regulation, and the Capital Market Act guidelines apply to the Company's insider persons.

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

A shareholder whose name appears - on the day of the closing of the Register of Shareholders - in the Register of Shareholders compiled on the basis of the identification procedure initiated by the Company is entitled to participate and vote at the General Meeting of the Company. Each share entitles its holder to one vote. The shareholder can exercise their rights in person or through a proxy. The method of voting shall be determined by the Board of Directors in such a way that the voting right can be determined on the basis of the number and nominal value of the shares.

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

The General Meeting is the highest organ of the Company.

The General Meeting shall be convened as necessary, but at least once per calendar year. A General Meeting may be convened at a place other than the registered office of the Company. The Annual Ordinary General Meeting approving the annual report of the Company shall be convened in such a way that the IFRS reports can be approved within the statutory deadline.



An Extraordinary General Meeting may be convened by the Board of Directors if it deems it necessary for the operation of the Company. The convening of an Extraordinary General Meeting may be requested by the Supervisory Board, the auditor or the Court of Registration in the cases specified in the Companies Act, and by the shareholders representing at least 5 percent of the Company's share capital, by stating, in writing, the reason and purpose thereof.

The General Meeting has a quorum if the shareholder representing more than half of the voting shares is present in person or through their authorised representative (including proxy).

If the General Meeting does not have a quorum, the repeated General Meeting to be held with the same agenda shall be convened within 21 days from the date of the original General Meeting.

An attendance sheet shall be prepared and minutes shall be kept of the General Meeting in accordance with the provisions of the Companies Act.

The members of the vote counting committee and the authenticators of the minutes shall be elected by the shareholders from amongst themselves, or from the members of the Board of Directors or the Supervisory Board, by a simple majority, with the proviso that the authenticator of the minutes of the General Meeting may only be a shareholder or their proxy.

**1.11 Presentation of the issuer's compliance with Section IV. of Act 67 of 2019 on the incentivisation of long-term shareholder participation and harmonization of particular other acts.**

Company's Remuneration Policy was adopted by the Extraordinary General Meeting was held on 1<sup>st</sup> of July 2022. A Remuneration Report for 2023 has been prepared and will be presented to the General Meeting to be held on 26<sup>th</sup> of April 2024. In the case of a transaction with a related party, the Company regularly reviews whether obligation of announcement arises based on the value of the transaction.

**Annex 2 – Recommendations**

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

yes                      no

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

yes                      no

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

yes                      no



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

yes            no

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

yes            no

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

yes            no

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

yes            no

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

yes            no

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

yes            no

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

yes            no



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

yes                      no

Description

There has been no such case, but announcements are made in such cases within 3 days.

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

yes                      no

Description

There has been no such case, but its proper management is ensured.

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

yes                      no

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

yes                      no

Description

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

yes                      no

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

yes                      no

The Company published the resolutions of the General Meeting.

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





yes no

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

yes no

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

yes no

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

yes no

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

yes no

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

yes no

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

yes no

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

yes no

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

yes no



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

yes                      no

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

yes                      no

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

yes                      no

**1.6.9.2 - Did the Company disclose the share of the Board of Directors / Governing Board, Supervisory Board and management members in the securities issued by the Company, as well as the extent of their interest under the equity-based incentive system in the annual report or in some other way?**

yes                      no

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

yes                      no

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

yes                      no

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

yes                      no



**2.2.2 - Does the Company publish the procedure used for nominating Board of Directors / Governing Board members and the principles for determining their remuneration?**

yes            no

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

yes            no

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

yes            no

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

yes            no

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

yes            no

Description

in exceptional cases, the rules of procedure of the bodies provide for the possibility of derogating therefrom

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

yes            no

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

yes            no

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

yes            no



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

yes                      no

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

yes                      no

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

yes                      no

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

yes                      no

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

yes                      no

Description

The Company acts in accordance with the Civil Code.

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

yes                      no

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

yes                      no



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

yes            no

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

yes            no

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

yes            no

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

yes            no

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

yes            no

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

yes            no

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

yes            no

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

yes            no

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



yes no

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

yes no

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

yes no

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

yes no

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

yes no

## Section 3 – Proposals

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

yes no

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

yes no

Description

There was no shareholder-initiated general meeting.

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



yes no

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

yes no

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

yes no

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

yes no

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

yes no

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

yes no

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

yes no

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

yes no



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

yes                      no

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

yes                      no

