



DOCUMENTS FOR THE ANNUAL GENERAL MEETING

**ANNUAL GENERAL MEETING OF THE ZWACK UNICUM PLC.
TO BE HELD ON 28 JUNE, 2016**

DATE OF THE AGM: 28 JUNE, 2016, 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 28, 2016 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, 2015 and terminating on March 31, 2016 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, 2015 and terminating on March 31, 2016 ;
- (6) Approval of the Annual Report of the Company, including the Balance Sheet concerning the business year starting on April 1, 2015 and terminating on March 31, 2016 ;
- (7) Approval of the Annual Report of the Zwack Unicum Plc. concerning the business year starting April 1, 2015 and terminating on March 31, 2016 , 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 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, 2015 and terminating on March 31, 2016 and presentation of the related draft Annual Report of the Company

REPORT ON THE ACTIVITY OF THE 2015-2016 BUSINESS YEAR

The Zwack Unicum Plc. has closed a successful and profitable business year, worthy of the 225th anniversary of the Unicum liqueur.

Overall, the macroeconomic environment in Hungary continues to be favourable. Hungary's GDP increased in 2015 (though to a lesser extent than a year earlier), and growth in consumption by the population accelerated (to 2.6% as compared to 1.5% in 2014).

Those favourable developments have counterbalanced the impact of the public health product tax (NETA), increased prices. The public health product tax was introduced for a wide range of spirits on 1 January 2015.

Thanks to the above-described market developments – which were much more favourable than expected – the Company's gross sales have all but levelled off. That is quite an achievement considering that – in view of the then forthcoming introduction of the public health product tax – in December 2014 many of our trading partners stocked up the spirits concerned for three to five months ahead. Obviously that had a negative effect on our sales in the first quarter of the 2015/2016 business year.

Market research shows that during the business year Zwack's market share went up in two crucial market segments (premium and quality) both in volume and value.

The welcome tendencies in Hungarian economy (that is, the growth in consumption) in the past two business years, and the Company's improving business performance have enabled us to increase our investments in production. During the 2015/2016 business year expenditure on marketing went up and we heavily invested in production facilities.

That said, the Company's profit after taxation was very close to that of the previous business year, and the Company's financial standing continues to be robust.

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

		2012–2013	2013–2014	2014–2015	2015–2016	Plan
		business	business	business	business	2016–2017
		year	year	year	year	business
						year
Gross sales	HUF mill	19 593	19 767	21 385	21 136	21 959
Net sales	HUF mill	12 078	11 775	12 795	12 458	12 833
Gross margin	HUF mill	6 487	6 549	7 117	7 152	7 188
Profit before taxation	HUF mill	1 777	1 852	2 248	2 178	1 954
Profit after taxation	HUF mill	1 444	1 492	1 714	1 694	1 508
Dividend	HUF mill	1 550	5 000	2 400		
Gross margin	%	53.7%	55.6%	55.6%	57.4%	56,0%
Net profit margin	%	12.0%	12.7%	13.4%	13.6%	11,8%
Earnings per share	HUF	722	746	857	847	754
Dividend/profit after taxation	%	107.3%	335.1%	140.0%	100.4%	

Market situation

The Hungarian taxed spirit market shrank by 4.2% in terms of volume but the tendencies varied in the several price segments. There was nearly identical increase in the premium and quality segments (5.7% and 6.5%, respectively) while there was considerable decrease in the non-branded segment (-15.3%). The premium segment accounted for one third of the total market in volume and the quality products accounted for 25%. The non-branded segment accounted for the biggest share (42%) despite a marked fall in its volume.

Sales of premium products climbed up nearly at an identical pace in off trade and on trade (+5.5% and +6%). Increase in the sales of quality products in off trade by far surpassed that in on trade (+8.4% and +1.9%).

Within the market of premium products the average growth rate (+5.7%) was by far surpassed by pálinkas (+14.7%), bitters (+11%), and gins (+6.6%). Increase was also seen in the category of brandies (+4.4%) and rums (+2.5%), however the sale of spirits in other categories (liqueur, vodka and whisky) decreased.

Marketing activities

Strong brands are the main pillars of our Company's success. That is why we have always seen it a priority to grant appropriate marketing support for the pre-eminent products. Traditional activities have been a part of our marketing arsenal but each year we complement them with novel solutions.

We have launched a new commercial (television advertisement) for Unicum, our 225 years old premier spirit, and the commercial has been well received among consumers. In addition to a strong media presence, we forwarded commercial messages to consumers on many occasions and in a number of ways both in on trade (during festival and during points of sale promotions) and in off trade (promotion during the Christmas season, and special packaging to mark the 225th anniversary). The Zwack Unicum Heritage Visitors' Centre has been the venue of a growing number of quality events.

The design of our Fűtűlős products was revamped in summer 2015. We introduced the Strawberry Rose liqueur and complemented the assortment of that line of products with 0.2 litres bottles.

The St. Hubertus range continued its double-digit growth in volume. The introduction in autumn 2015 of St. Hubertus with Herbs and Wild Berries played a key role in that. The results of recent years indicate that we have made the right decision to renew that brand.

The Diageo portfolio is a key component of our product range. As Diageo also treats Hungary as an important market, we could give appropriate marketing support for its three flagship brands (Johnnie Walker, Baileys and Captain Morgan).

Financial report

Net domestic sales were down from the previous year by 2.2% (-HUF 250 million). (That is a year-on-year decrease from HUF 11,283 million to HUF 11,033 million.)

Net domestic sales in the fourth quarter was considerably higher than the January–March 2015 figure: it surpassed the earlier figure by 57.4%, by HUF 534 million. That was mostly because the sales figure of the fourth quarter of the current business year was ordinary, whereas that of the previous business year had been extremely low. As the public health product tax was introduced in January 2015, the majority of our trading partners had brought forward their purchases to December 2014. Let us add that in 2016 Easter fell on March so the Easter spike in turnover contributed to the results of the fourth quarter.

Within domestic sales the aggregate net sales figure of own-produced goods for the whole business year showed a year-on-year decrease of 2.6%. Domestic sales of premium products increased by 1.2% while the net sales of quality products went down by 11.9%. The latter development was due to decrease in trade inventories.

In the net earnings from traded products there was a year-on-year decrease of 0.8%. Broken down, sales of the Diageo portfolio came down by 4.3%, while those of other products traded went up by 6.0%.

Export earnings were HUF 1,425 million, which is a year-on-year decrease of 5.8% (-HUF 88 million). The brunt of the decrease had its cause in the ups and downs of our trade relations with China: the previous business year had seen a major one-off sales deal with China, which has not been repeated this year. Among the focus markets Italy did very well, Germany repeated its results of the previous business year, but there was a year-on-year decrease in our sales to Slovakia and Romania.

The decrease of 6.6% (-HUF 372 million) in material costs and costs of material type was due mainly to changes in volume.

The gross margin of sales improved by 1.8 percentage points (from 55.6% to 57.4%) owing mainly to higher sales prices.

Employee benefits expense decreased by HUF 69 million (-2.6%). The Annual General Meeting of the Company, held on 25 June 2015, decided to pay dividend at HUF 1200 per share. According to IFRS, dividends paid after liquidation preference shares is a personnel type of cost; consequently, the lower dividend brought down payment to personnel by HUF 45 million. That was the main cause of the year-on-year decrease in payment to personnel.

The other operating expenses increased by HUF 371 million (15.7%) due to increase in marketing expenditure. As compared to the corresponding period of the previous year, marketing expenditure went up on Unicum (in Hungary and in Italy) and on St. Hubertus and the brands of Diageo.

The other operating income increased by HUF 172 million (27.9%). Of the increase, HUF 150 million was due to the higher cost reimbursements because the brand owners of the distributed products increased their marketing expenditures compared to the last year.

The net financial income/loss decreased by HUF 10 million (42.4%). Presently the deposit interest rate is considerably lower than a year ago. Note that in July 2014 the Company paid HUF 5 billion in dividend. Thus in the first quarter of the previous business year cash in hand and in banks was considerably bigger than in the first quarter of this business year.

The Company's profit after taxation according to the International Financial Reporting Standards (IFRS) stood at HUF 1,694 million, a year-on-year decrease of 1.2% (previous: HUF 1,714 million).

There are considerable year-on-year changes in the following lines: Inventories, Trade and other receivables, and Trade and other liabilities. Each of those changes is due to the higher sales figure of the January–March 2016 period (see above). Parallel with increase in sales, the accounts receivable went up. Due to the resultant increase in the

taxes payable, there has also been increase in the line of Trade and other liabilities. While the level of our inventories was very low in the previous business year, we have closed the present business year with an “ordinary” level of inventories.

The HUF 706 million (14.9%) drop in the profit reserves mainly is the result of the higher dividend payment than the last year’s profit.

During the 2015–2016 business year the Zwack Unicum Plc. spent HUF 692 million on fixed assets. Spending in this category was higher than in previous years because the Company started two major technological projects. We have embarked on modernizing bottling and have therefore purchased new machines for bottle filling, packaging and palletizing at a total cost of HUF 331 million. HUF 37 million was spent for the installation a new extracting technology. Both investment projects support the technological upgrade and the effectiveness of production.

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, 2015 and terminating on March 31, 2016.

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 2016 (in which the balance sheet total is THUF 10,212,618, the profit per balance sheet is THUF 1,725,354), 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 provisions 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 2016, 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 of 31 March 2016.

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 2016 is consistent with the disclosures in the financial statements as of 31 March 2016.

Budapest, 24 May 2016

Mészáros Balázs
Partner
Statutory auditor
Licence number: 005589
PricewaterhouseCoopers Könyvvizsgáló Kft.
1055 Budapest, Bajcsy-Zsilinszky út 78.
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, 2015 and terminating on March 31, 2016 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, 2015 and terminating on March 31, 2016**

In the business year starting on April 1, 2015 and terminating on March 31, 2016, 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, 2015 and terminating on March 31, 2016, 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 1 729 750 000 as a dividend (from HUF 1 725 354 000 after tax profit and by using HUF 4 396 000 of the 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, 2018; and
- (ii) honoraria - amounting to HUF 12 400 000 / year + 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 2016/17 and 2017/18 business years 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 24, 2016

Dr. Hubertine Underberg Ruder
Chair of the Supervisory Board

Dr. Salgó István
Substituting the 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, 2015 and terminating on March 31, 2016.

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, 2015 and terminating on March 31, 2016.

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, 2015 and terminating on March 31, 2016

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 1 725 354 (one billion seven hundred and twenty-five million three hundred and fifty-four thousand Hungarian Forints) from the after-tax profit, and thousand HUF 4 396 (four million three hundred and ninety-six thousand) from the profit reserves amounting altogether to thousand HUF 1 729 750 (one billion seven hundred and twenty-nine million seven hundred and fifty thousand 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 14, 2016. The distribution of the dividends shall commence on July 21, 2016.

Item No. 6
Approval of the Annual Report of the Company, including the Balance Sheet
concerning the business year starting on April 1, 2015 and terminating on March 31,
2016

Resolution proposal:

The AGM approved the Annual Report of the Company concerning the business year starting on April 1, 2015 and terminating on March 31, 2016, which was prepared in accordance with Hungarian accounting standards and contains the audited balance sheet concerning the business year starting on April 1, 2015 and terminating on March 31, 2016, showing a total balance of assets and liabilities in the amount of thousand HUF 10 212 618 as well as the Oprofit-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>
Invested assets:	3 624 681
Intangible assets	112 534
Tangible assets	3 465 779
Financial investments	46 368
Current assets:	6 440 439
Inventories	2 127 358
Receivables	2 055 639
Securities	0
Liquid assets	2 257 442
Accrued and deferred assets	147 498
<u>Total assets:</u>	10 212 618
<u>Liabilities:</u>	
Equity:	5 287 012
Share capital	2 035 000
Capital reserves	264 044
Accumulated profit reserves	2 987 968
Balance sheet profits	0
Provisions:	318 329
Liabilities:	3 504 111
Accrued expenses:	1 103 166
<u>Total liabilities:</u>	10 212 618

PROFIT & LOSS STATEMENT:

	<u>in HUF (in thousands; -,000)</u>
Net sales revenues	24 068 859
Capitalised value of own performance	433 943
Other revenues	212 898
Material Costs	9 468 469
Payment to personnel	2 607 523
Depreciation reserves	462 338
Other expenditures	10 144 558
Net profit on ordinary business	2 032 812
Net profit on financial transactions	80 001
Regular entrepreneurial profit	2 112 813
Extraordinary profits	-109 595
Net profit before taxation	2 003 218
Tax payable	277 864
After-tax profits	1 725 354
Profit reserves used for dividends	4 396
Approved dividends	1 729 750

Balance sheet profits

0

Item No. 7

Approval of the Annual Report of the Company concerning the business year starting April 1, 2015 and terminating on March 31, 2016, 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, 2015 and terminating on March 31, 2016, prepared in accordance with the international accounting standards (IFRS) as follows:

BALANCE SHEET: ZWACK UNICUM PLC.

<u>Assets:</u>	<u>in million HUF</u>
Non-current assets:	3 283
Property, plant and equipment	2 845
Intangible assets	119
Returnable packaging materials	17
Investments in associates	50
Employee loans	24
Deferred tax assets	228
Current assets:	6 295
Inventories	1 876
Trade and other receivables	2 162
Cash and cash equivalents	2 257
Total assets:	9 578
<u>Equity and liabilities:</u>	
Shareholder's equity:	6 210
Share capital	2 000
Share premium account	165
Retained earnings	4 045
Non current liabilities:	360
Other financial liabilities	360
Current liabilities:	3 008
Trade and other liabilities	2 889
Provisions	119
Total equity and liabilities:	9 578

PROFIT & LOSS STATEMENT (IN MILLION HUF)

Sales net of excise tax	12 458
Operating expenses	11 087
Material cost of goods sold	5 306
Employee benefits expense	2 542
Depreciation and amortization expense	514
Other operating expenses	2 725
Other operating income	789
Profit from operations	2 160
Net financial income	21
Share of profit of associates	-7

Profit before tax	2 177
Income tax expense	483
Profit after tax	1 694

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, 2015 and terminating on March 31, 2016 as follows:

Chairman of the Board of Directors:	3,7 M HUF
Deputy Chairman of the Board of Directors	3,1 M HUF
Members of the Board of Directors:	2,5 M HUF
Chairwoman of the Supervisory Board:	3,7 M HUF
Deputy Chairman of the Supervisory Board	3,1 M HUF
Members of the Supervisory Board:	2,5 M HUF

Item No. 9
Election of members of the Board of Directors

Resolution proposals:

The AGM acknowledged the resignation of Mr. **Dr. György Geiszl** (mother's full name: Katalin Tóth; Address: Vértanúk útja 20, 2045 Törökbálint, Hungary) from his membership in the Supervisory Board and simultaneously, from the Audit Board as of June 27, 2016. The AGM discharged Mr. **Dr. György Geiszl** from his liabilities in connection with his activities as member of the Supervisory Board.

The AGM acknowledged with regret that **Dr. Rudolf Kobatsch** member of the Supervisory Board and Chairman of the Audit Board deceased on March 29, 2016. The AGM proclaims that **Dr. Rudolf Kobatsch** always carried out his activities in the Company's interests and discharged him from his liabilities in connection with his membership in the Supervisor and Audit Boards.

The AGM approved the election of **Mr. Gábor Zeisler** (mother's full maiden name: Katalin Murin address: Bérkocsi utca 49; 1222 Budapest, Hungary) as a member of the Supervisory Board for a definite period of time starting on June 28, 2016 and expiring on June 28, 2020.

The AGM approved the election of **Mag. Karin Trimmel** (mother's full maiden name: Elfriede Schindler; address: Schimmelgasse 21/17, 1030 Wien, Austria) as a member of the Supervisory Board for a definite period of time starting on June 28, 2016 and expiring on June 28, 2020.

The AGM approved the election of **Mr. Gábor Zeisler** (mother's full maiden name: Katalin Murin address: Bérkocsi utca 49; 1222 Budapest, Hungary) as a member of the Audit Board for a definite period of time starting on June 28, 2016 and expiring on June 28, 2020.

The AGM approved the election of **Mag. Karin Trimmel** (mother's full maiden name: Elfriede Schindler; address: Schimmelgasse 21/17, 1030 Wien, Austria) as a member of the Audit Board for a definite period of time starting on June 28, 2016 and expiring on June 28, 2020.

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, 2018. 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 / year + 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 2016/17 and 2017/18 business years 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

Modifications and amendments to the Statutes, to be accepted by the Annual General Meeting of June 28, 2016

The modifications and amendments to the statutes (the "**Statutes**") of Zwack Unicum Likőripari és Kereskedelmi Nyilvánosan Működő Részvénytársaság (the "**Company**"), to be accepted by the AGM of June 28, 2016 of the Company are the following (with the deletions marked in ~~stricken through~~, and the insertions marked in underlined):

(1) Section 14/A.1 of the Statutes is amended as follows:

"14/A.1 The Company shall establish an Audit Board consisting of three members, elected by the Shareholder's Meeting from the independent members of the Supervisory Board. The chairman of Audit Board shall be appointed by the Supervisory Board. At least one member of the Audit Board shall have a professional certificate in accounting or auditing.

The members of the Audit Board shall collectively have the special knowledge about the industry in which the Company operates."

(2) Section 14/A.2 (b) of the Statutes is modified as follows:

"(b) monitoring the statutory audit of the annual report prepared pursuant to the applicable regulations, taking into consideration the findings and statements of the authority supervising auditing activities, made in the course of its quality control procedures set forth in Act LXXV of 2007 on the Hungarian Chamber of Auditors, auditing activities and the supervision of auditors (the "Auditing Act").~~monitoring the statutory audit of the annual report prepared pursuant to the Accounting Act;~~"

(3) Section 14/A.2 (e) of the Statutes is modified as follows:

"(e) monitoring compliance with the qualification requirements, with the regulations on conflict of interest, and with requirements on independence on the part of the Auditor, especially taking into consideration Section 5 of Regulation (EU) No 537/2014 of the European Parliament and Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, discharging the duties relating to cooperation with the Auditor, monitoring other services provided by the auditor to the company besides the auditing of the annual report prepared pursuant to the Accounting Act, and - where necessary - tabling recommendations to the Board of Directors or the Supervisory Board for taking measures;"

Resolution proposal:

The AGM **approved** the amendments of the Statutes of the Company and its annex as set attached to the Minutes of the AGM as Appendix 1.

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 24, 2016 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 28, 2016 by its resolution no. 5/28.06.2016 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).

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) and its Rules of Operation, accepted by itself.

The Board of Directors, during the past 2015-2016 business year, had seven (7) meetings, with an average attendance of 92%.

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).

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 was Dr. Rudolf Kobatsch until his demise on March 29, 2016. 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).

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 2015-2016 business year, had three (3) meetings, with an average attendance of 100%.

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) 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 was Dr. Rudolf Kobatsch until his demise on March 29, 2016. 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).

The Audit Board, during the past 2015-2016 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) 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 or two (2) years, 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).

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 – together with the Board of Directors and the Supervisory Board – reviewed the result of the different administrative supervisions held at the Company and analyzed - together with the management - the IT 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), on the homepage of the Budapest Stock Exchange (www.bet.hu) and on the homepage 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).

CORPORATE GOVERNANCE DECLARATION ON COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

The Annual General Meeting of the Company held on June 28, 2016 by its resolution no. 5/28.06.2016 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).

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 28, 2016

Zwack Unicum Nyrt.
by

Mr. Sándor Zwack, Chairman

Mr. Frank Odzuck, General Manager

on behalf of the Board of Directors