

# **DANUBIUS HOTELS GROUP**

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**RULES OF PROCEDURE  
OF THE SUPERVISORY BOARD  
OF  
DANUBIUS HOTEL AND SPA  
PUBLIC LIMITED COMPANY**



**DANUBIUS  
HOTELS  
GROUP**

## **I. General provisions**

1. The Supervisory Board pursues its activities as a body based on the stipulations of the provisions of Act IV. of 2006 about the Joint Regulations on Business Associations (GT), the Articles of Danubius Hotel and Spa Public Limited Company, the resolutions made at the general meeting and the present Rules of procedure.
2. The Supervisory Board is supervised by the general meeting and it is obliged to report on its activities in addition to informing the Board of directors to the general meeting. Members of the supervisory board may attend sessions of the general meetings in an advisory capacity
3. The members of the Supervisory Board are obliged to act personally and may not be represented by a third party.
4. The members of the Supervisory Board shall pursue their supervising activities with utmost care. They assume unlimited and joint and several liability for violation of their supervisory obligations.
5. The members of the Supervisory Board shall consider any information related to the business of the company as business secret.

## **II. The appointment and termination of the mandate of the Supervisory board members**

1. The general meeting of Danubius Hotel and Spa Public Limited Company (hereafter as: Company) elects a supervisory board consisting of 3-15 members for the period till the day of annual general meeting to be held in the fifth year from the day of election but no later than the 30<sup>th</sup> day in April of the fifth year. The majority of the Supervisory Board members are to be independent persons.  
The member of the Supervisory Board is considered independent if he has no other legal relationship with the Company than the supervisory board membership.
2. The appointment to supervisory member may exclusively be in line with the stipulations of the Gt. (Sections 23 and 25) and enters into effect upon written declaration of acceptance by the person under review.
3. The person appointed to be a member of the Supervisory Board shall inform those business associations where he is already a senior manager or member of the supervisory board about his appointment within 15 days of accepting the appointment.
4. The members of the Supervisory Board may be re-elected and recalled any time by the general meeting without obligation for justification.
5. The supervisory board membership ceases:
  - a) upon expiration of the term of appointment,
  - b) upon removal of the member of the supervisory board,
  - c) upon resignation,
  - d) upon death of the member of the supervisory board
  - e) upon occurrence of any statutory grounds for disqualification,,
  - f) in any other case specified in another Act.

The members of the Supervisory Board may resign their office any time. However, if so required by any vital interest of the company, such resignation shall only take effect on the sixtieth (60) day after the announcement thereof, unless the general meeting has already provided or could have provided for the election of a new member beforehand.  
Until the resignation takes effect, the member of the Supervisory Board shall participate in making any urgent decisions and taking any urgent measures.

6. In the event if the number of the members of the Supervisory Board decreases to under 3 or there is no-one to convene the meeting, the management of the company shall convene the general meeting to restore the proper operation of the Supervisory Board.

### III. Rules of operation

1. The Supervisory Board elects a chairman from its members by simple majority of votes, establishes its rules of procedure and submits it to the general meeting for approval.
2. The Company provides the material and technical facilities for the smooth operation of the Supervisory Board
3. The remuneration of members of the Supervisory Board is established by the general meeting. The Company shall refund all justified and documented costs arising in the course of their activities. The costs of the members shall be certified by the chairman of the Supervisory Board while the costs of the chairman by any member. Members of the Supervisory Board are provided all the benefits that are due to senior managers of the Company.

4. The sphere of authority and tasks of the Supervisory Board:

The Supervisory Board regularly supervises the management of the Company in the course of which it:

- a) may request information from the executive and senior officers of the company which is to be answered by the addressees in case of written request within 15 days of receipt,
- b) reviews all vital business reports included on the agenda of the general meeting and all proposals concerning matters belonging to the extraordinary sphere of authority of the general meeting.  
The general meeting may only pass decision related to the reports according to the Accounting Act and allocation of the profit after tax having received the written report of the Supervisory Board. The report on Corporate Governance cannot be submitted to the general meeting without the approval of the Supervisory Board.
- c) may have the books and documents of the company reviewed by involving an expert if necessary,
- d) if, according to the judgment of the supervisory board the activity of the management is contrary to the law, the article or the resolutions of the general meeting or otherwise infringes upon the interests of the company or its shareholders, calls the extraordinary meeting of the company and proposes its agenda.
- e) reviews and approves the rules of procedure of the Audit committee

5. The Supervisory Board holds its meetings as seen necessary but not less than five times a year.

6. The meeting of the Supervisory Board is convened by the chairman.

The board meeting is convened in writing by designating the items of the agenda in a way that the members receive the invitations at least 7 days prior to the meeting taking place. In a justified case – indicating the reasons for it – the meeting of the Supervisory Board can be convened within 3 days.

The chairman is obliged to convene the meeting even if a request is submitted to him in a written form indicating the reasons and purpose by any member of the Supervisory Board. The Chairman is obliged to take measures within 8 days of the request for convening the Supervisory Board meeting within 30 days.

Should the chairman not fulfil the request the member may convene the meeting himself.

7. Following persons shall attend the Supervisory Board meeting with a right for consultancy:
  - President and CEO,
  - Senior Vice President for Finances,
  - Auditor,
  - Chairman of the Supervisory Board of Danubius Hotel Operation and Services Private Company Limited by Shares,
  - Presidential internal auditor of the Company,
  - Internal auditor of the Company,
  - Any other person in one-off cases, if an item of the agenda requires

8. The Supervisory Board has a quorum if two third of its members or at least 3 members are present; it passes its resolutions by a simple majority of votes.

All Supervisory Board members have one voting right and may only practise its voting right personally.

9. A minutes shall be kept about the meetings of the Supervisory Board with the following contents:

- the place and date of the meeting and the persons attending indicating their names and position
- the items of the agenda,
- short description of the comments and proposals made in connection to the items of the agenda,
- the results of the voting,
- the resolutions passed,
- the signature of the person taking the minutes

The minutes is approved by the Supervisory Board at its meeting next in line.

Any dissent related to the minutes is to be attached in writing. A copy of the minutes is to be handed over to every member as well as the chairman.

10. The Supervisory Board prepares a yearly work plan in which it lays down the yearly program of activities, deadlines and responsible persons. The work plan is sent for information to the President and CEO.

11. The Supervisory Board may request the help of experts for the supervision and examination it carries out, the costs of whom will be charged to the Company.

12. The tasks of the chairman of the Supervisory Board are exclusively:

- to coordinate the activities and direct the work of the Supervisory Board as a body,
- to represent the opinion of the Supervisory Board at the general meeting, the board of directors meetings and vis a vis third persons,
- to convene the meetings of the Supervisory Board, to check the technical facilities and chair the meetings,
- to ensure the safekeeping of the documents,
- to take all measures necessary for the continuous and smooth operation of the Supervisory Board in line with the legal regulations,

Upon termination of the mandate of the chairman of the Supervisory Board the outgoing chairman shall hand over all the previous minutes and documents – listed in a minutes - to the new chairman.

13. The auditing organisation operating in the Company reports to the Supervisory Board. The Company is obliged to prepare the Internal Audit Regulations, which enters into effect only upon approval by the Supervisory Board.

Following are laid down in the Internal Audit Regulations:

- organisational and operational order of the audit,
- rules of procedure,
- the system of connections between the auditing organisation and the Supervisory Board

Present rules of procedure of the Supervisory Board were established at its meeting held on 17 March 2009 and is submitted for approval at the general meeting.

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Chairman

Present rules of procedure were approved by the AGM held on 27 April 2009 with .....no. of votes.