



RESPONSIBLE CORPORATE GOVERNANCE REPORT AND STATEMENT

KONZUM NYRT.



KONZUM
PRIVATE EQUITY

Introduction

KONZUM Nyrt. (1062 Budapest, Andrásy út 59., hereinafter referred to as: “Company”) listed its shares on the Budapest Stock Exchange (hereinafter referred to as: “BÉT”) on 1 November 1990. On 7 March 2018, the BÉT listed the shares in Category Premium with Decision No. 80/2018.

Since the entry of the shares to BÉT, the Company has put great emphasis on the development and maintenance of a high quality corporate governance system that is in compliance with both Hungarian and international requirements, with special attention to the compliance with the Responsible Corporate Governance Recommendations of BÉT in effect from 1 December 2012.

In the scope of the operation of the Company, it shall fully comply with the laws and regulations related to the same. Its organisational structure and operating principles are included in the Company Statutes in effect.

Executive Boards

Board of Directors

The Board of Directors is the Company’s executive body. The Company’s legal representation is performed by the members of the Board of Directors, as executive officers. The executives entitled to take measures shall manage and control the Company’s Board of Directors in accordance with the provisions of the Statutes and the decisions of the General Assembly, and it’s not limited only to the General Assembly.

The number of the members of the Board of Directors is not less than 3 (three) and not more than 7 (seven). The members of the Board of Directors are elected by the General Assembly from the shareholders and others for a definite period of time, but not more than 5 (five) years. The Chairperson is elected by the same from its members by simple majority. The General Assembly may recall the members of the Board of Directors at any time.

The Board of Directors shall have sessions as necessary. Board of Directors sessions shall be summoned, if requested by the members of the Board of Directors, the Supervisory Board or the auditor in matters related to the Company’s business, specifying the reason and purpose. Should the Chairperson not be able to summon the Board of Directors session, the member nominated by the same shall do so.

The Board of Directors has a quorum, if more than half of its members are present. Each member of the Board of Directors shall have one vote. The Board of Directors has a quorum, if more than half of its members cast their votes. In case of a tie, the Chairperson’s vote shall decide.

On matters, which can be decided without summoning a session, the Board of Directors may decide by way of written voting. The decisions of the Board of Directors shall be put in writing, which shall be certified by 2 (two) members.

The members of the Supervisory Board may participate in the Board of Directors session with consultation right.

The tasks of the Board of Directors include especially, but are not limited to the following:

- ensuring that the Share Book is kept;
- decision on the Company's investments and the contracts outside of the Chief Executive Officer's scope as specified in the decisions of the General Assembly;
- specification of the Company's business plans;
- preparation of reports on business management, the Company's financial situation and business policy every year for the General Assembly, and every 3 (three) months for the Supervisory Board;
- provision of information about the Company's transactions, at shareholder request;
- reporting to the court of registration, the amendment of the Company Statutes, rights, facts and data recorded in the company registry, as well as their amendments, and other data specified in the relevant laws and regulations;
- establishment and termination of the employment relationship with the Chief Executive Officer managing the Company's work organisation, and the exercise of employer rights;
- acquisition of own shares based on the decision of the General Assembly;
- reporting to the General Assembly on the responsible corporate governance practice followed in the previous year, and the disclosure of the report

Members of the Board of Directors

Gellért Jászai, the Chairperson of the Board of Directors since 30 April 2015.

Aladin Ádám Linczényi, member of the Board of Directors since 26 April 2016.

Dr. Beatrix Mészáros, member of the Board of Directors since 26 April 2017.

Ágnes Homlok-Mészáros, member of the Board of Directors since 26 April 2017.

Lőrinc Mészáros, member of the Board of Directors since 26 April 2017.

Supervisory Board

The Supervisory Board shall control the Company's management for the purpose of protecting the Company's interests. The Supervisory Board may review the Company's documents, accounting records, books, and request information from the executive officers and employees of the Company, may examine the Company's payment account, cash register, securities and goods as well as agreements, or have the same reviewed by an expert.

The Supervisory Board is obliged to examine the proposals submitted to the General Assembly, and make its standpoints related to the same known.

The Company's General Assembly shall only make a decision on the statement made in accordance with the accounting act and the use of after-tax profit, if the written report of the Supervisory Board is provided.

Should the Supervisory Board find that the Board of Directors's activity violates the law, the Statutes or the decisions of the General Assembly, or otherwise violates the Company's or the shareholders' interests, it shall summon an extraordinary session of the General Assembly, and also make a suggestion with regard to the items on the agenda.

The members of the Supervisory Board shall participate in the sessions of the General Assembly with consultation rights.

The report on the responsible corporate governance practice cannot be submitted to the General Assembly without the Supervisory Board's approval.

The Supervisory Board may request the hearing of the Company's auditor in the session of the Supervisory Board.

The Supervisory Board has at least 3 (three) and at most 7 (seven) members. Its Chairperson is elected by the same from its members. The members of the Supervisory Board are elected by the General Assembly for a definite period of time, but not more than 5 (five) years. The Supervisory Board specifies its own order of business, which is approved by the General Assembly. The Supervisory Board acts as a panel, and its members are obliged to act in person.

The members of the Supervisory Board for a determined period of time until 30.04.2019:

János Tima, Chairperson of the Supervisory Board since 26 April 2017

Dr. Orsolya Páricsi Dr. Egyedné, member of the Supervisory Board since 26 April 2017

Dr. Ádám Balog, member of the Supervisory Board since 26 April 2018

Sessions of the Supervisory Board are summoned and lead by the Chairperson. Any members of the Supervisory Board may request the Chairperson in writing to summon a session – specifying the reason and the purpose -, and the Chairperson is obliged to take measures in order to summon the session within 8 (eight) days after the receipt of the request setting a date within 30 (thirty) days. The Supervisory Board has a quorum, if at least 2/3 of its members, but at least 3 (three) members are present. Decisions are made by open voting and simple verbal majority. In case of a tie, the Chairperson's vote shall decide.

Audit Committee

The Company has a 3-5 (three-five) member Audit Committee, which helps the Supervisory Board control the financial accounting system, the selection of the auditor, and the cooperation with the auditor. The committee's scope of authority is specified by the laws in effect, the Company Statutes, the decisions of the General Assembly, as well as its order of business.

The Audit Committee is elected by the General Assembly from the independent members of the Supervisory Board. They are elected for the same period as their membership in the Supervisory Board.

The members of the Audit Committee for a determined period of time until 30.04.2019:

János Tima, Chairperson of the Audit Committee since 26 April 2017

Dr. Orsolya Páricsi Dr. Egyedné, member of the Audit Committee since 26 April 2017

Dr. Ádám Balog, member of the Audit Committee since 26 April 2018

Auditor

The Company's audit is performed by ESSEL Audit Könyvvizsgáló Korlátolt Felelősségű Társaság (1162 Budapest, Fertály u. 7.). In 2018, the Company did not give any other assignments to the auditor on top of the audit, thus the requirement of independence is completely met.

In 2018, the auditor totally fulfilled its tasks specified in the laws on auditor and the Statutes, namely, the auditor performed the audit specified in the accounting act, during which he/she qualified whether the Company's account prepared in accordance with the accounting act is in compliance with the laws and regulations, and whether it gives a fair and reliable image of the Company's material and financial situation, and the result of its operation.

The statement related to the independence of the auditor is provided by the auditor to the Audit Committee.

Notification

As a publically operating company registered on the stock exchange, the regular provision of authentic information to shareholders and other players of the capital market is indispensable from the aspect of transparency, well founded investment decisions and the Company's image. The Company shall comply with the notification and disclosure (information) obligation in compliance with the provisions included in the laws and regulations related to notifications and disclosures – especially Act CXX of 2001 (Capital Market Act – Tpt.), Act V of 2013 on the Civil Code (Civil Code – Ptk.) as well as PM Decree 24/2008 (VIII.15.) on the detailed rules of the disclosure obligations connected to publicly issued securities (PM Decree) as well as the relevant policy of the Budapest Stock Exchange (BÉT) (BÉT General Terms and Conditions).

Introduction of the rules related to the enforcement of shareholder rights, the conduct of the sessions of the General Assembly, and disclosure

The Company's ordinary shares make up a share series, and constitute the same shareholder rights. Shares are equal, and none grants more benefits with regard to the enforcement of shareholder rights.

The shareholder shall be entitled to exercise his/her shareholder rights with the Company subsequent to the owner identification specified in the general terms and conditions of KELER Zrt, or the entry into the share book based on the owner's certificate issued by the security account holder. Participation in the sessions of the General Assembly is possible for the shareholders and the representatives of the shareholders, who were entered to the share book two days prior to the starting date of the session of the General Assembly.

Shareholder rights in the sessions of the General Assembly can be exercised by the person, whose name is included in the share book – at the time of closure (by 6PM on the second day preceding the day of the session of the General Assembly). Transfer of the share prior to the start day of the session of the General Assembly shall not impact the shareholder's right to attend the session, and exercise the rights he/she is entitled to as a shareholder. The member of the Board of Directors and the Supervisory Board and the auditor may not represent the shareholder. Should the shareholder be represented by several representatives, who cast different votes or make different statements, all votes and statements shall be null and void.

Each and every shareholder shall be entitled to attend the session of the General Assembly, request information and make comments. The shareholder shall be entitled to submit a proposal and vote, should he/she have shares representing voting rights. Voting rights vested in shares are determined by the nominal value of the share.

With regard to the matter put on the agenda, at the shareholder's written request submitted at least eight days prior to the session of the General Assembly, the Board of Directors is obliged to inform the same at least 3 (three) days prior to the session of the General Assembly. The Board

of Directors may refuse to provide such information, if it considers that it would violate the Company's business secrets.

The significant data of the statement of the Board of Directors made in accordance with the accounting act as well as the report of the Supervisory Board, the summary of the proposals related to the items on the agenda, and proposed decisions were disclosed 21 days prior to the 2019 regular session of the General Assembly.

The Board of Directors shall disclose the draft statement made in accordance with the accounting act, and the significant data of the Board of Directors and the Supervisory Board, the summaries related to the number of shares and voting rights upon the time of summons as well as the summary of the proposals related to the items on the agenda 21 (twenty-one) days in advance.

The annual session of the General Assembly shall be summoned by no later than 30 April of the year.

Obligatory topics of the regular General Assembly:

- report of the Board of Directors on the Company's business activity in the previous business year
- approval of the account prepared in accordance with the accounting act, including the decision related to the use of after-tax profit
- auditor's report
- report of the Supervisory Board
- report of the Board of Directors on the Responsible Corporate Governance Practice

The session of the Company's General Assembly is summoned by the set deadline, specifying the items on the agenda, and is held in the presence of the shareholders and their representatives.

The Board of Directors is entitled to summon an extraordinary session of the General Assembly, especially with regard to matters in the General Assembly's scope of authority, when the urgency of decision-making does not make possible the wait for the regular session.

The General Assembly has a quorum, if shareholders holding more than half of all votes constituted by the shares granting the right to vote. If the General Assembly does not have a quorum, the repeated session shall have a quorum with regard to the original items on the agenda irrespective of the number of those present.

If the General Assembly does not have a quorum, in accordance with the Company Statutes, the repeated session shall have a quorum with regard to the original items on the agenda irrespective of the number of votes represented by those present, if the repeated session is summoned at least 10 (ten) days and at most 21 (twenty-one) days after the original date.

The General Assembly shall make its decisions with the simple majority of shareholder votes – in accordance with the provisions of the Company Statutes, except for the decisions requiring qualified majority.

The function of the Chairperson of the General Assembly is fulfilled by the Chairperson of the Board of Directors. If the Chairperson of the Board of Directors cannot do so, any of the members shall act. The General Assembly's scope of authority and minority rights are governed by the Company Statutes in accordance with the provisions of the Civil Code. Minutes shall be taken down at the session of the General Assembly, as specified in the Civil Code. Attendance sheets shall be verified by the signature of the Chairperson of the General Assembly and the keeper of

the minutes. The Board of Directors shall submit a certified copy of the minutes taken down at the session of the General Assembly, or an excerpt of the same, the attendance sheet as well as the announcement on the summons of the General Assembly within thirty days after the conclusion of the session of the General Assembly.

Votes are cast by the show of voting sheets issued based on the ownership certificates.

If the shareholder cannot cast a vote in accordance with the law or the Company Statutes, the shareholder shall be disregarded in the determination of quorum with regard to the particular issue. The shareholder cannot cast a vote, if the decision in question provides exemption from an obligation or responsibility, or gives benefits at the Company's expense, as well as those with whom the decision specifies the conclusion of an agreement, or the conduct of a lawsuit.

The shareholders, who make a decision, of which they knew or should have known that it violates the Company's significant interests, shall have joint and several liability for the damages arising from the same.

The session of the General Assembly is conducted in accordance with the rules specified in the Statutes disclosed on the Company's website. The decisions approved in the session of the General Assembly are disclosed at the Company's and the Stock Exchange's website, which is followed by the certified minutes of the General Assembly.

With regard to insider nature, the Company still regards Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 (MAR) and the Capital Market Act applicable, and specified its internal policy in consideration of these provisions.

With regard to disclosures, the Company shall act in accordance with the provisions of the Capital Market Act (Tpt.), the relevant PM regulation and the General Terms and Conditions of the Budapest Stock Exchange. Accordingly, the Company prepared and published a semi-annual and an annual report last year, and its extraordinary notifications are also in compliance with the system of rules related to the content and form.

The Board of Directors considered the disclosure practice appropriate.

At the shareholders' request, the Company complied with the direct information obligation, and ensured the enforcement of shareholder rights in accordance with the provisions of the Statutes.

Compliance with Recommendations

1.1.1. There is an organisational unit operating in the Company dealing with investor relations, or there is a specific person assigned to perform such duties.

Yes

1.1.2. Company Statutes are available at the Company's website.

Yes

1.1.4. If the Company Statutes allows the shareholders to exercise rights in their absence, the Company shall disclose the method and conditions related to the same, on its website, also including the necessary documents.

Yes

1.2.1. The Company disclosed on its website, the rules related to the conduct of the sessions of the General Assembly and the exercise of the voting rights of the shareholders.

Yes

1.2.2. The Company disclosed the date related to which the scope of those entitled to attend the given Company event is specified, giving an exact date (record date), as well as the last day, when the shares granting rights to attend the given Company event are traded.

Yes

1.2.3. The Company allowed as many shareholders as possible to attend the sessions of the General Assembly.

Yes

1.2.6. The Company did not restrict the assignment of a separate representative by the shareholder by securities account for the session of the General Assembly

Yes

1.2.7. With regard to the recommendations prepared for the items on the agenda, besides the decision recommendation of the Board of Directors, the shareholders could also get to know the opinion of the Supervisory Board.

Yes

1.3.3. The Company did not limit the right of the shareholders present at the session of the General Assembly related to receive information, give comments and make proposals, or subject the same to any precondition, except for the measures taken for the regular and proper conduct of the session of the General Assembly.

Yes

1.3.4. Company, when answering the questions asked in the session of the General Assembly, ensured the compliance with the information and disclosure principles specified in the laws and regulations as well as the stock exchange requirements.

Yes

1.3.5. The Company disclosed the answers to the questions on its website, to which no satisfactory answers were given by the representatives of the Company's bodies or auditor at the session of the General Assembly, or the Company disclosed the reasons for refraining from answering.

Yes

1.3.7. The chairperson of the General Assembly ordered a break, or proposed the suspension of the General Assembly, if a motion or recommendation is submitted for any of the items on the agenda of the General Assembly, which the shareholders could not know prior to the General Assembly.

Yes

1.3.8.1. The Chairperson of the General Assembly did not apply the joint vote method to elect and dismiss executive officers and the members of the Supervisory Board.

No, there was no such event

1.3.8.2. With regard to executive officers and the members of the Supervisory Board nominated with shareholder support, the Company provided information on the person(s) of the supporting shareholder(s).

Yes

1.3.9. Prior to the discussion of the items on the agenda related to the amendment of the Statutes, in a separate resolution, the General Assembly decided whether they wished to decide on the individual sections of the amendment of the Statutes

separately, jointly or grouped according to certain considerations.

No, there was no event related to several points of the Statutes and shareholder rights, which would justify this.

1.3.10. The Company published the minutes including the resolutions, presentation of the recommendations for resolutions, and the important questions and answers related to the recommendations for resolutions within 30 days after the session of the General Assembly.

Yes

1.5.1.1. The Board of Directors or the committee established from the members of the same drafted guidelines and regulations for the evaluation of the work performed by the Board of Directors and the Audit Committee, and for the remuneration of the same.

No, the remuneration of the Board of Directors and the Supervisory Board is specified by the General Assembly.

1.5.1.2. When specifying performance-based remuneration for the members of the management, the members' duties and scopes of responsibility were taken into account as well as the Company's achievement of its goals and the Company's business and financial standing.

No, in the Company, the Board of Directors is in charge of controlling the performance of the management and the specification of their remuneration

1.5.1.3. The Supervisory Board expressed its opinion on the remuneration principles drafted by the Board of Directors and the committee set up of the members of the Board of Directors.

No, there is no separate remuneration committee, as the management receives the usual market based remunerations specified in their respective employment contracts.

1.5.1.4. The principles related to the remuneration of the members of the Board of Directors and the Supervisory Board (and their significant changes) were approved by the General Assembly in a separate item on the agenda.

Yes

1.5.2.1. The Board of Directors is in charge of controlling the performance of the management and the specification of the remuneration of the same.

Yes

1.5.2.2. The framework of non-standard benefits due to the members of the management, and the changes of the same were approved by the General Assembly in a separate item on the agenda.

No, the it does not fall in the scope of the General Assembly due to the holding structure, and the market-based employment contracts of the management.

1.5.3.1. The General Assembly approved the principles of share-based remuneration plans. No, the Company has no such plans.

1.5.3.2. Prior to the General Assembly's decision on share-based remuneration plans, the shareholders had been informed in detail (at least as specified in Section 1.5.3).

No, the Company has no such plans.

1.5.4. The Company set up its remuneration system in a way not to exclusively encourage short-term maximization of share prices.

Yes

1.5.5. With regard to the members of the Supervisory Board, a fixed amount remuneration system is in place and there is no remuneration based on share prices.

Yes

1.5.6. The Company prepared a notice about the principles of remunerating the members of the Board of Directors, the Supervisory Board and the management and about their actual remuneration ("Declaration of Remunerations"), with the content and details specified in the prevailing sectoral statutory regulations mandatorily applicable to it and submitted it to the General Assembly. The Declaration of Remuneration presented the emoluments paid to the members of the Board of Directors / Board of Directors and the Supervisory Board, as well as the guidelines that provide the basis for the evaluation of their activities and for the establishment of their remuneration. The notice includes a disclosure of the information on the board-level remuneration of the Board of Directors / Board of Directors and the Supervisory Board, detailing the fixed and variable components and other benefits; the presentation of the basic principles of the remuneration scheme and their changes relative to the previous financial year.

No

1.6.1.1. In its disclosure policy, the Company also addresses the procedures of electronic and

Internet-based disclosure.

Yes

1.6.1.2. The Company develops its website with a view to the disclosure criteria and to investor information.

Yes

1.6.2.1. The Company has an internal regulation on public disclosure, which also discusses the management of the information listed in Section 1.6.2 of the Recommendations.

Yes

1.6.2.2. The Company's internal regulation addresses the rating of events that are material for public disclosure.

Yes

1.6.2.3. The Board of Directors / Board of Directors assessed the efficiency of disclosure procedures.

No, the Board of Directors complied with all of its obligations in accordance with the responsibility rules related to persons, thus there was no need for the examination of the efficiency of disclosure procedures.

1.6.2.4. The Company published the findings of the audit of disclosure procedures.

No, the Board of Directors did not examine the efficiency of disclosure procedures for the lack of any reason related to its own internal operation.

1.6.3. The Company published its calendar of corporate events.

Yes

1.6.4. The Company published its strategy, code of business conduct, and policy related to other stakeholders.

Yes

1.6.5. The Company published information in the annual report or on its website on the professional careers of the members of the Board of Directors, the Supervisory Board and the management.

Yes

1.6.6. The Company disclosed the appropriate information on the work performed by the Board of Directors, Supervisory Board and the management, as well as the evaluation of the

same and the changes in the reporting year.

Yes

1.6.7.1. In accordance with the recommendations specified in Section 1.5, the Company disclosed its remuneration policy.

No, the General Assembly is in charge of specifying the remuneration of the Board of Directors and the Supervisory Board, and the remuneration of the management is to be specified by the Board of Directors.

1.6.7.2. In accordance with the recommendations specified in Section 1.5, the Company disclosed its declaration of remuneration.

No, the General Assembly is in charge of specifying the remuneration of the Board of Directors and the Supervisory Board, and the remuneration of the management is to be specified by the Board of Directors.

1.6.8. The Company disclosed its risk management principles and its information on the system of internal controls, major risks and the principles of their management.

No, the Company regulates them as specified in the internal regulations, and the employment contracts of the management.

1.6.9.1. The Company disclosed its policy related to the insider trade in the Company's shares.

No, the Company does have a policy related to insider trading, which is in compliance with the laws and regulations, which introduces all persons falling in the scope of the regulation.

1.6.9.2. The Company appropriately disclosed the interests the members of the Board of Directors, Board of Directors and the management hold in the Company's securities and in the share-based incentive scheme in its annual report or otherwise.

Yes

1.6.10. The Company disclosed the relationships between the members of the Board of Directors, a Supervisory Board and the management with any third party if it affects its operation.

Yes

2.1.1. The Company Statutes includes obvious provisions related to the tasks and scope of authority of the Board of Directors / Management Board.

Yes

2.2.1. The Board of Directors has rules of procedure to determine the actions related to the

preparation and arrangement of session and to the adopted resolutions, as well as other matters affecting the operation of the Board of Directors / Management Board.

Yes

2.2.2. The Company disclosed the procedure of nominating people for members of the Board of Directors / Management Board and the principles of their remuneration.

Yes

2.3.1. In its procedural rules and work plan, the Supervisory Board gives details of the operation, powers and responsibilities of the board, and the administrative rules and procedures that the Supervisory Board respects during its action.

Yes

2.4.1.1. The Board of Directors and the Supervisory Board held sessions at predefined regular intervals.

Yes

2.4.1.2. The rules of procedure of the Board of Directors and the Supervisory Board regulate the implementation of sessions that cannot be planned in advance, and decision-making by electronic means of telecommunication

Yes

2.4.2.1. The panellists had access to the proposals to be submitted at the given session at least five working days before the session of the panel concerned.

Yes

2.4.2.2. The Company provided for the proper proceedings of the sessions, taking minutes of same, and handling the documentation of and resolutions adopted by the Board of Directors and the Supervisory Board

Yes

2.4.3. The procedural rules regulate the regular and ad hoc participation of non-panellists in panel sessions.

Yes

2.5.1. The members of the Board of Directors and the Supervisory Board were nominated and

elected in a transparent way, and the information on the nominees were disclosed in time before the session of the General Assembly.

Yes

2.5.2. The composition and headcount of the various panels fulfil the principles specified in Section 2.5.2 of the Recommendations.

Yes

2.5.3. The Company provided an opportunity for the newly elected panellists to familiarize themselves with the Company's structure and operation, and with their responsibilities as panellists.

Yes

2.6.1. At regular intervals the Board of Directors and the Supervisory Board requested (in relation to the preparation of its report on responsible corporate governance) its members considered independent to confirm their independence.

No, the criteria of independence are included in Section 3:287 of the Civil Code, based on which the Board of Directors and the Supervisory Board shall act.

2.6.2. The Company shall provide information on the means that ensure that the Board of Directors objectively assesses the activities of the management.

No, the evaluation of the management's activity is predetermined in the employment contract.

2.6.3. On its website, the Company disclosed its policy regarding the independence of the Board of Directors / Supervisory Board and the applied criteria of independence.

No, the criteria of independence are governed by the Civil Code

2.6.4. The Supervisory Board of the Company does not have any member who had held an office in the Company's Board of Directors or management, excluding the cases of ensuring employee participation.

Yes

2.7.1. The member of the Board of Directors informed the Board of Directors (Supervisory Board / Audit Committee) if he or she (or any person in business relations with him or her, or any of his relatives) had a significant personal interest in any transaction conducted by the Company (or any of its subsidiaries) that ruled out his or her independence.

No, there was no such transaction.

2.7.2. Transactions and commissions between the members of panels and of the management (and the persons in close relationship with them) and the Company (and its subsidiaries) were implemented and approved according to the Company's general business practice but based on transparency rules that are stricter than the general business practice

No, there was no such transaction.

2.7.3. The panellist informed the Supervisory Board / Audit Committee (nomination committee) of any request made to him or her for a position in a panel or management of a company outside the company group

Yes

2.7.4. The Board of Directors developed its policy regarding the flow of information within the Company and the management of insider information, and monitors compliance with these rules.

Yes

2.8.1. The Company developed an independent internal control function reporting to the Audit Committee / Supervisory Board.

No, the members of the Supervisory Board and the Audit Committee fulfil the internal control function.

2.8.2. Internal Control has unlimited access to all the information required for the investigations.

No, the members of the Supervisory Board and the Audit Committee fulfil the internal control function.

2.8.3. The shareholders were informed of the operation of the internal control system

No, the members of the Supervisory Board and the Audit Committee fulfil the internal control function.

2.8.4. The Company has a compliance function.

Yes, our Company is in contact with a legal firm, which supports the preparation of internal policies, the implementation of continuous legal control of operation, and watches the Company's compliance with different sectoral laws and regulations, providing internal control. Subsequent to the merge of KONZUM Nyrt., the function of compliance will be reviewed with regard to the legal successor.

2.8.5.1. The Board of Directors, or the committee operated by the same is responsible for

the supervision and control of the Company's overall risk management.

Yes

2.8.5.2. The appropriate body of the Company and the General Assembly were informed about the efficiency of the risk management procedures.

Yes

2.8.6. The Board of Directors worked out with the involved areas the risk management principles related to the specificities of the sector and the Company.

Yes

2.8.7. The Board of Directors drafted the principles related to the system of internal controls, which ensure the management and control of risks related to the activity of the Company, as well as the achievement of the Company's performance and profit targets.

Yes

2.8.8. The functions of the internal control system reported about the operation of internal control mechanisms and corporate governance functions at least once to the competent body.

Yes

2.9.2. The Board of Directors invited the Company's auditor to its sessions addressing the financial accounts with consultation rights.

No, the findings of the audit did not make this necessary.

Compliance with recommendations

1.1.3. The Company Statutes make possible for the shareholders to exercise their voting rights in their absence.

Yes

1.2.4. The Company specifies the place and time of the session of the General Assembly initiated by the shareholders taking into account the recommendations submitted by the shareholders.

No, there was no such recommendation. Should such recommendation be submitted, the Management Body would take measures in a formal decision, also introducing the relevant justification.

1.2.5. The voting procedure applied by the Company shall ensure the clear, understandable and fast specification of the voting results, its authentication, and reliability, if performed electronically.

Yes

1.3.1.1. The Board of Directors and the Supervisory Board were represented in the General Assembly.

Yes

1.3.1.2. The Chairperson of the General Assembly gave sufficient information about the possible absence of the Board of Directors and the Supervisory Board prior to the detailed discussion of the items on the agenda.

Yes

1.3.2.1. The Company Statutes does not restrict the invitation of any person by the Chairperson of the Board of Directors with the right of giving comments and opinions, if the presence and opinion of such person are expected to enhance the supply of information to the shareholders, and the passing of the decisions of the General Assembly.

Yes

1.3.2.2. The Company Statutes does not restrict the invitation of any person by the shareholders requesting the supplement of the items on the agenda with the right of giving comments and opinions.

Yes

1.3.6. The Company's annual account prepared in accordance with the accounting act includes a short, understandable and illustrative summary, which specifies all significant information related to the Company's annual operation.

Yes

1.4.1. In accordance with the provisions of Point 1.4.1., dividend is paid by the Company in 10 business days to the shareholders, who provided all necessary information and documents for the same.

No, the Company did not pay any dividend.

1.6.11. In compliance with the provisions of Point 1.6.11, the Company disclosed its notifications in English too.

Yes

1.6.12. The Company informed its investors on a regular basis, but at least every quarter about its operation as well as its financial and pecuniary conditions.

No, in accordance with the Company's obligations specified in the Tpt., and other notification regulations, the Company totally complied with its public notification obligation within the legal deadline.

2.9.1. The Company shall specify the internal procedures to be followed with regard to the use of external adviser(s) and their outsourced services.

Yes, the Company specified the scope of the activity or service and the way of keeping contact in the contracts made with the auditor and the contracted lawyer's office.

KONZUM Befektetési és Vagyonkezelő
Nyilvánosan Működő Részvénytársaság
Board of Directors