



# **CIG PANNÓNIA**

## BIZTOSÍTÓ

### **A CIG PANNÓNIA LIFE INSURANCE PUBLIC LIMITED COMPANY**

### **2021 REMUNERATION REPORT**

prepared and approved by the Board of Directors of CIG Pannónia Life Insurance Plc. in its resolution no. 27 /2022.03.28 as recommended by the Remuneration and Nomination Committee (RNC) , with the concurring opinion of the Supervisory Board, and discussed and adopted by the General Meeting of the Company by an advisory vote

19 April, 2022

## PREAMBLE

The remuneration system of **CIG Pannónia Life Insurance Public Limited Company** (registered office: 1097 Budapest Könyves Kálmán krt. 11, building 'B'; company registration number: 01 10 045857; court of registration: Court of Registration attached to the Metropolitan Court) (hereinafter: '**Company**'), which forms the basis of this Remuneration Report (hereinafter: '**Report**'), is a remuneration policy of uniform structure built on three pillars (hereinafter: '**Uniform Remuneration System**').

The establishment of the Uniform Remuneration System in separate internal rules, taking into account the interdependencies and interconnections between the different regulatory regimes, is implemented along the personal scope of the regulators and, as a specific element, along a system of remuneration with separate rules, **as of 19 April 2021**.

In order to give shareholders a real say in remuneration policy, the Uniform Remuneration System ensures full transparency and the right to vote on the Company's remuneration policy on an advisory basis, based on a clear, understandable and comprehensive overview of the remuneration policy. The Report contributes to the Company's business strategy, long-term interests and sustainability by ensuring compliance with and full disclosure of the Company's remuneration policy and the overall remuneration system. The main parameters of remuneration are not linked to short-term objectives.

It is important to underline that in preparing the Report, the Company, as the only insurance company listed on the Budapest Stock Exchange, has taken into account the requirement and the declaration of the relevant EU Directive (**SRD II**<sup>1</sup>) that transparency requirements should not be aimed at requiring companies, institutional investors, asset managers or shareholder proxy advisors to disclose certain specific information, the disclosure of which would seriously harm their business position.

The provisions of the three pillars and thus of the Uniform Remuneration System applicable to employees are contained in the CIG Pannónia Remuneration Regulation (**Pillar I: Remuneration Regulation**), which, in the light of the provisions of Section 29 (3) of Act LXVII of 2019 on Encouraging Long-Term Shareholder Engagement and amendments of further regulations for harmonisation purposes (hereinafter: '**SRD Act**'), which establishes a delayed entry into force, **is supplemented by a separate set of rules in respect of the personnel covered by the SRD Act**, in accordance with this Regulation (pursuant to its rules under Section 1 subsection 1.2) **by virtue of their presence on the regulated market (Pillar III: Remuneration Policy)**. Additionally, the Uniform Remuneration Policy includes a remuneration policy drawn up within the framework of the ESOP (Employee Stock Ownership Plan) scheme (**Pillar II: ESOP Remuneration**), which is a separate remuneration element defined under the ESOP Act for the implementation of the form of remuneration and the personnel defined in the ESOP Remuneration in accordance with the rules of Pillars I and II, but is not a separate remuneration system.

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<sup>1</sup> Directive (EU) 2017/828 of the European Parliament and of the Council

The Report is subject to the provisions of Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, with the proviso that at the time of preparation and adoption of the Report, no implementing rules on the practice to be followed are available to the Company.

The content of the Report is also in line with the 'Board Selection Guidelines' applied by the Company and published publicly.

**The Company is required to prepare an annual Remuneration Report in accordance with the Remuneration Policy.<sup>2</sup> This Remuneration Report, negotiated in accordance with the recommendations of the RNC and approved by the Board, is clear and understandable and is suitable for providing a comprehensive overview of all remuneration awarded to or based on the results of the most recent financial year (2021), in any form, to each director in accordance with the Remuneration Policy, including directors newly appointed in the financial year (2021).**

**The Company's permanent auditor has verified that the remuneration report contains the information required by the relevant and currently applicable law.**

In view of and in accordance with the above, the Board of Directors, upon the recommendation of the Remuneration and Nomination Committee and with the concurring opinion of the Supervisory Board, has consolidated the Report as set out below, publishes it and submits it to the Company's General Meeting for an advisory vote in respect of the year 2021.

## 1. FUNCTION OF THE REMUNERATION REPORT

- 1.1. **This Remuneration Report is intended to contribute to the Company's Growth Strategy<sup>3</sup> published on 19 July 2021 through the other elements of the Company's Uniform Remuneration System, which are closely linked and interact with each other, such as the setting of base wages at market levels, the application of the differentiated performance assessment system from 2022, the creation of an incentive for executives under the ESOP system and the disclosure of the overall remuneration rules.**
- 1.2. The Report provides a sufficiently detailed, transparent and publicly available description of the Company's remuneration system for the financial year (2021), as determined by the regulatory environment by virtue of its presence on the regulated market. This allows the public to ascertain, by reference to the financial year in question, whether the remuneration of the persons occupying the position of Director is in line with the Company's Uniform Remuneration System, its business strategy, its stated objectives and the sustainability of its development in the medium and long term.
- 1.3. The **main objective** of the Remuneration Policy is to provide the Company's Investors with accurate and factual information on remuneration practices in accordance with the principle of disclosure and the rules of capital market regulation.

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<sup>2</sup> The remuneration policy prescribed by the Act shall be adopted for the first time in the financial year commencing after the entry into force of this Act (2021) and shall be applied for the first time in the following financial year (2022) in respect of 2021.

<sup>3</sup> [https://bet.hu/site/newkib/hu/2021.07./Strategia\\_megalkotasa\\_es\\_elfogadasa\\_128587250](https://bet.hu/site/newkib/hu/2021.07./Strategia_megalkotasa_es_elfogadasa_128587250)

## 2. SCOPE AND TIMELINESS OF THE REMUNERATION REPORT

2.1 The **personal scope** of the Remuneration Report covers a specific group of senior executives of the Company and EMABIT. The Remuneration Policy sets out the rules and specifics of the remuneration granted to the Directors, i.e. the Governing Bodies and to one or more of the Executive Officers, i.e. the CEO(s), Deputy CEO(s), as defined in the SRD Act, and also sets out the amount of remuneration and the manner in which remuneration is granted to the Directors of the Company. **The Report includes all remuneration received from the companies belonging to the same group comprising the parent company and all its subsidiaries within the meaning of Act C of 2000 on Accounting.**

2.2 The **object scope** of the Remuneration Policy covers the entire Remuneration, that is to say any payment or allowance extended to the concerned personnel (Directors) by the Company or EMABIT if it is performed as offset of service extended by any member of the personnel under its effect.

The persons holding the following positions in CIG Pannónia Life Insurance Plc. and EMABIT are covered by this Remuneration Policy:

<p>Members of the Board of Directors (Company)</p> <ul style="list-style-type: none"> <li>- Zoltán Polányi – Chair of the Board of Directors, CEO</li> <li>- Dr. István Fedák – Member of the Board of Directors, CEO</li> <li>- Ódorné Zsuzsanna Angyal - Member of the Board of Directors</li> <li>- Dr. Péter Bogdánffy - Member of the Board of Directors</li> </ul>	<p><b>DIRECTORS</b></p>
<p>Members of the Board of Directors (EMABIT)</p> <ul style="list-style-type: none"> <li>- Dr. István Fedák – Member of the Board of Directors, CEO</li> <li>- Zoltán Polányi – Chair of the Board of Directors, CEO</li> <li>- Ódorné Zsuzsanna Angyal - Member of the Board of Directors</li> <li>- Dr. Péter Bogdánffy - Member of the Board of Directors</li> </ul>	
<p>Members of the Supervisory Board (Company, EMABIT)</p> <ul style="list-style-type: none"> <li>- János Tima – Chair of the Supervisory Board</li> <li>- Erika Vada– Member of the Supervisory Board</li> </ul>	

<ul style="list-style-type: none"> <li>- Ákos Veisz – Member of the Supervisory Board</li> </ul>	
<p>Chief Executive Officer(s) (Company, EMABIT)</p> <ul style="list-style-type: none"> <li>- Zoltán Polányi is the CEO of the Company and EMABIT, the chief executive officer of the Company,</li> <li>- Dr. István Fedák, CEO of the Company and EMABIT, the chief executive officer of EMABIT</li> <li>-</li> </ul>	
<p>Deputy CEO(s) (Company, EMABIT)</p> <ul style="list-style-type: none"> <li>- Árpád Szűcs, Deputy Chief Financial Officer of the Company and EMABIT,</li> <li>- Zoltán Kőrösi, Bank Insurance Deputy Chief Sales Officer of the Company and EMABIT,</li> <li>- Dr. Gábor Dakó, Deputy CEO for Corporate Governance and Prudential Compliance of the Company and EMABIT</li> </ul>	

**Timeliness: the Company prepares and submit a Remuneration Report to the General Meeting for an advisory vote every year starting from 2021<sup>4</sup>**

**The Report therefore only covers the financial year of 2021 in accordance with the regulations.**

### **3. EVALUATION OF THE ACTIVITIES OF THE GOVERNING BODIES IN 2021**

In 2021, the Company continued to evaluate the work of the members of the Board of Directors/Supervisory Board, i.e. it performed an individual evaluation of the members of the management and supervisory bodies. The evaluation examined the competence of the board members and the effectiveness of the work performed. The background and basis for the evaluation was as set out in the Company's Board Selection Guidelines<sup>5</sup>.

<sup>4</sup> the Report shall, as a general rule, show the annual change in remuneration over at least the last five financial years, the evolution of the company's performance and the average remuneration of the company's non-executive employees over that period, expressed in full-time equivalents and presented in a way that allows comparison, but with the addition that the main rule is complied with by the public limited company in the first five financial years of application of the remuneration policy adopted under the SRD Act by applying the provision only to remuneration policies already adopted under the SRD Act.

<sup>5</sup> [https://www.cigpannonia.hu/docs/default-source/t%C3%A1rsas%C3%A1gir%C3%A1ny%C3%ADt%C3%A1s/l\\_nl\\_test%C3%BCleti\\_kiv%C3%A1laszt%C3%A1si\\_ir%C3%A1nyelvek\\_20220309.pdf?sfvrsn=fa7ccb6c\\_4](https://www.cigpannonia.hu/docs/default-source/t%C3%A1rsas%C3%A1gir%C3%A1ny%C3%ADt%C3%A1s/l_nl_test%C3%BCleti_kiv%C3%A1laszt%C3%A1si_ir%C3%A1nyelvek_20220309.pdf?sfvrsn=fa7ccb6c_4)

The work was evaluated taking into account the Board Selection Guidelines<sup>6</sup>.

The overall evaluation concluded the following:

- the members of the Board of Directors/Supervisory Board participated in the work of the Board of Directors according to the eligibility criteria, along their personal competences and in full compliance with the applicable legislation,
- the competence of all Board members and the effectiveness of the work performed were also examined, taking into account the annual activity. The Board of Directors/Supervisory Board, as a body, was fully, actively and in many cases proactively involved at all meetings, and written decisions were taken in the prescribed disciplined manner.

#### 4. MEMBERS OF THE BOARD OF DIRECTORS JAVADALMAZÁSA

##### 5.1. Fixed monthly awards

Pursuant to and from the date of entry into force of Board of Directors' Resolution 12/2021 (19 April), adopted at the 2021 Annual General Meeting, **the Directors who are not employed by the Company** receive the following fixed amount of gross monthly remuneration as of the date of the Annual General Meeting:

members of the Board of Directors (Company)	HUF 125,000/month	Members of the Board of Directors do not receive any other remuneration in addition to the fixed monthly fee
members of the Board of Directors (EMABIT)	HUF 125,000/month	Members of the Board of Directors do not receive any other remuneration in addition to the fixed monthly fee
<b>Other benefits granted to Members of the Board of Directors:</b>		
-		

**The Members of the Board of Directors who are employed by the Company do NOT** receive any honorary fees for holding office pursuant to Board of Directors' Resolution 12/2021 (19 April), adopted at the 2021 Annual General Meeting and from the entry into force of this Regulation.

##### 5.2. INDIVIDUAL BENEFITS PAID IN THE 2021 FINANCIAL YEAR

###### CIG Pannónia Life Insurance Plc.

AREA	NAME	POSITION	FIXED COMPONENT OF REMUNERATION - Honorary fee (2021)	VARIABLE COMPONENT OF REMUNERATION - variable wage/reward/cafeteria/bonus/stock option/other - (2021)

<sup>6</sup>

[https://www.cigpannonia.hu/docs/default-source/t%C3%A1rsas%C3%A1gir%C3%A1ny%C3%ADt%C3%A1s/testulet\\_kivalasztasi\\_iranyelvek\\_2019.pdf?sfvrsn=11cf4ff0\\_0](https://www.cigpannonia.hu/docs/default-source/t%C3%A1rsas%C3%A1gir%C3%A1ny%C3%ADt%C3%A1s/testulet_kivalasztasi_iranyelvek_2019.pdf?sfvrsn=11cf4ff0_0)

<b>BOARD OF DIRECTORS</b>	Zoltán Polányi	CHAIR	-	-
	Dr. István Fedák	MEMBER	-	-
	Ódorné Zsuzsanna Angyal	MEMBER	2,500,000	-
	Dr. Péter Bogdánffy	MEMBER	2,500,000	-

#### **CIG Pannónia Első Magyar Általános Biztosító Zrt.**

<b>AREA</b>	<b>NAME</b>	<b>POSITION</b>	<b>FIXED COMPONENT OF REMUNERATION - Honorary fee (2021)</b>	<b>VARIABLE COMPONENT OF REMUNERATION - variable wage/reward/cafeteria/bonus/stock option/other - (2021)</b>
<b>BOARD OF DIRECTORS</b>	Dr. István Fedák	CHAIR	-	-
	Zoltán Polányi	MEMBER	-	-
	Ódorné Zsuzsanna Angyal	MEMBER	1,000,000	-
	Dr. Péter Bogdánffy	MEMBER	1,000,000	-

### **5. REMUNERATION SYSTEM FOR MEMBERS OF THE SUPERVISORY BOARD/AUDIT COMMITTEE**

#### **6.1. Fixed monthly awards**

<b>Members of the Supervisory Board (Company)</b>	<b>HUF 125,000/month</b>	Members of the Supervisory Board do not receive any other remuneration in addition to the fixed monthly fee
<b>Members of the Supervisory Board (EMABIT)</b>	<b>HUF 125,000/month</b>	Members of the Supervisory Board do not receive any other remuneration in addition to the fixed monthly fee
<b>A Supervisory Board tagjait megillető miscellaneous benefits: -</b>		
-		

#### **6.2. INDIVIDUAL BENEFITS PAID IN THE 2021 FINANCIAL YEAR**

**CIG Pannónia Life Insurance Plc.**

AREA	NAME	POSITION	FIXED COMPONENT OF REMUNERATION - Honorary fee (2021) <sup>7</sup>	VARIABLE COMPONENT OF REMUNERATION - variable wage/reward/cafeteria/bonus/stock option/other - (2021)
SUPERVISORY BOARD	János Tima	CHAIR	2,800,000	-
	Erika Vada	MEMBER	3,400,000	-
	Ákos Veisz	MEMBER	2,650,000	-

### CIG Pannónia Első Magyar Általános Biztosító Zrt.

AREA	NAME	POSITION	FIXED COMPONENT OF REMUNERATION - Honorary fee (2021)	VARIABLE COMPONENT OF REMUNERATION - variable wage/reward/cafeteria/bonus/stock option/other - (2021)
SUPERVISORY BOARD	János Tima	CHAIR	1,000,000	-
	Erika Vada	MEMBER	1,000,000	-
	Ákos Veisz	MEMBER	1,000,000	-

### 6.3. The Audit Committee

Members of the Audit Committee do NOT receive any honorary fee for holding office.

## 6. REMUNERATION SYSTEM FOR THE CEO(S)/DEPUTY CEO(S)

### 7.1. Conditions of employment

This Section 7 applies to the following positions (**Executives**):

- (i) CEO(s)
- (ii) Deputy CEO(s)

Executives have indefinite term employment contracts. The employment contracts of Executives provide for a probationary period of three (3) months and a notice period of twelve (12) months, with no supplementary pension or early retirement schemes. In the cases provided for in the Labour Code, the Executive is entitled to severance pay (Section 77 (1) of the Labour Code). The severance pay is equal to the equivalent of twelve (12) months' absence pay.

Non-competition clauses/restrictions are NOT applied by the Company and EMABIT in relation to the executives.

<sup>7</sup> the reason for the different amounts of payments shown next to each member is due to the different accounting and payments made prior to the fixed amount and uniform system effective from 1 May 2021. As of 1 May 2021, the system and therefore the timing of payments is uniform for all members of the Board.



## 7.2. Remuneration of Executives

<b>ANNUAL BASE WAGE</b> (annual amount of fixed monthly base wage)	<b>INCENTIVE (BONUS) SCHEME</b> (annual bonus based on individual and company consolidated performance)
The base wage is a fixed monthly payment guaranteed under the employment contract, the level of which is determined by the level of the job in the Hay system and the professional experience and knowledge of the Executive.	The aim of the Company's incentive scheme is to encourage employees to strive to achieve annual business and individual objectives that support its long-term strategy.
Base wages are reviewed regularly to ensure competitiveness in the labour market. The Executive's base wage increase is dependent on individual performance.	The annual incentive targets are set as a combination of key financial and non-financial performance indicators to support the achievement of the Company's objectives.

## 7.3. The incentive scheme

**In 2021, no incentives were defined or applied and therefore no bonus was paid to Executives.**

## 7.4. Shareholder (ESOP) scheme

The remuneration policy prepared within the framework of the ESOP scheme (**ESOP Remuneration**) is a separate, but not independent, remuneration system defined under the ESOP Act for the implementation of the remuneration policy in accordance with the rules of the Remuneration Guidelines, in respect of the form of remuneration and the personnel defined in the ESOP Remuneration (part of the Uniform Remuneration System), to which the provisions set out in the Remuneration Guidelines apply mutatis mutandis (except for those provisions which are inapplicable or irrelevant to this ESOP in relation to employees covered by the ESOP Remuneration by virtue of their nature/function) and whose rules are consistent with this Remuneration Policy.

The Company's ESOP Remuneration is public.

**No payments were made in respect of Executives under the ESOP Remuneration in 2021.**

## 7.5. The aggregate amount of the base wages awarded to the CEOs/Deputy CEOs in the previous financial year

<b>Global Including contribution (+17%)</b>	197,564,000
	9,000,000
	2,606,250 <sup>8</sup>
	<b>209,170,250</b>
	<b>244,729,193</b>

7.6. **Variable components paid to CEOs/Deputy CEOs in the previous financial year, individually**

No variable component payments were made to CEOs/Deputy CEOs in 2021 in addition to the annual base wages.

7.7. **Other fixed benefits**

<b>Other fixed benefits for Executives (2021)</b>			
<b>company car</b>	<b>mobile phone</b>	<b>cafeteria</b>	<b>personal insurance</b>
for business and private use, monthly limit for fuel card use: - HUF 300,000/month for CEOs - HUF 200,000/month for Deputy CEOs	unlimited use of telephone and data according to the current Corporate mobile phone usage policy	Gross HUF 35,000/month for all employees  the amount of the annual cafeteria allowance paid to Executives: HUF 1,208,181/year	<b>A.</b> Group risk life insurance under the Group Life and Accident Insurance Contract, automatically provides group life and accident insurance for the employees of CIG Pannónia Life Insurance Plc. and CIG Pannónia Első Magyar Általános Biztosító Zrt.  the initial insurance premium is

<sup>8</sup> the amount shown here is a specific item left over from the calculation of the basic and variable wages previously in force but paid in the reference year

HUF  
8,886,304. The  
premium is  
paid in a single  
annual  
instalment by  
1 December

**B.** Best Doctors  
Group Health  
Insurance for  
the employees  
of CIG  
Pannónia Life  
Insurance Plc.  
and CIG  
Pannónia Első  
Magyar  
Általános  
Biztosító Zrt.,

Employees  
who agree to  
contribute a  
minimum  
monthly  
amount to the  
premium of  
the insurance  
are covered by  
the group  
insurance,

For CEOs and  
Deputy CEOs,  
the premium  
paid by the  
Insurer for  
2022 is HUF  
38,391 per  
person.

## **7. CONSISTENCY OF THE REPORT WITH THE INTEGRATION OF SUSTAINABILITY RISKS INTO THE DECISION-MAKING PROCESS**

The Company strives to ensure that its remuneration policy promotes the appropriate and effective management of sustainability risks in such a way that the structure, elements and

overall remuneration does not encourage excessive risk-taking with respect to sustainability risks and is linked to risk-adjusted performance. For this purpose, on 17 February 2022, the Company implemented the 'Employee Incentive Scheme: Performance Evaluation System (PES) Regulation' for the Company and EMABIT, which, among other things, sets out the order and amount of the bonus payments, which obviously did not apply to the 2021 financial year, with no payments being made in 2021, therefore the rules contained therein do not constitute the subject of the Report.

In this context, the Company does not apply remuneration principles that are inconsistent with the integration of sustainability risks into the investment decision-making process when setting its remuneration rules, nor does it include factors that would lead to conflicts of interest in relation to sustainability risks.

## Rules applicable under the Remuneration Policy pursuant to the SRD Act

### Annex 1

#### Data relating to the work concluded with Directors or the performance of duties, or remuneration related thereto [Section 17 (1) c) of the SRD Act]

[Note: Pursuant to Section 17 (1) c) of the SRD Act, the remuneration policy must include the term of the contract relating to work or the performance of duties, or related remuneration concluded with the directors, the applicable notice period, the main features of supplementary pension or early retirement schemes, the conditions for termination of the contract and the payments to be made in the event of termination].

	Chair of the Board	CEO	Deputy CEO	Member of the Board of Directors	Member of the Supervisory Board
Term of the contract relating to work or the performance of duties, or related remuneration	The contracts of the members of the BD and SB are for a fixed term of up to 3-5 years. The mandate of the subsequently elected BD and SB members expires at the end of the mandate of the previously elected members, therefore the mandate of all members expires on the same date.	indefinite, pursuant to the Labour Code	indefinite, pursuant to the Labour Code	The contracts of the members of the BD and SB are for a fixed term of up to 3-5 years. The mandate of the subsequently elected BD and SB members expires at the end of the mandate of the previously elected members, therefore the mandate of all members expires on the same date.	The contracts of the members of the BD and SB are for a fixed term of up to 3-5 years. The mandate of the subsequently elected BD and SB members expires at the end of the mandate of the previously elected members, therefore the mandate of all members expires on the same date.

Applicable notice period	<p>The mandate of the members of the BD and SB is terminated in the cases specified in Section 3:25 of the Civil Code.</p> <p>The General Meeting is entitled to recall these persons, even with immediate effect.</p> <p>BD and SB members may resign at any time, but if the operation of the Company so requires, the resignation shall take effect upon the appointment or election of a new executive officer, failing which no later than sixty days from the date of the announcement.</p>	12 months according to the permissive provision of the Labour Code for executive officers	12 months according to the permissive provision of the Labour Code for executive officers	<p>The contract of the members of the BD and SB is terminated in the cases specified in Section 3:25 of the Civil Code.</p> <p>The General Meeting is entitled to recall these persons, even with immediate effect.</p> <p>BD and SB members may resign at any time, but if the operation of the Company so requires, the resignation shall take effect upon the appointment or election of a new executive officer, failing which no later than sixty days from the date of the announcement.</p>	<p>The contract of the members of the BD and SB is terminated in the cases specified in Section 3:25 of the Civil Code.</p> <p>The General Meeting is entitled to recall these persons, even with immediate effect.</p> <p>BD and SB members may resign at any time, but if the operation of the Company so requires, the resignation shall take effect upon the appointment or election of a new executive officer, failing which no later than sixty days from the date of the announcement.</p>
<u>Main characteristics of supplementary pension or early retirement schemes</u>	-	The Company does not operate an early retirement scheme, otherwise in accordance with the legislation in force at the time	The Company does not operate an early retirement scheme, otherwise in accordance with the legislation in force at the time	-	-
Conditions for contract termination	The contract of the members of the BD and SB is terminated in the cases specified in Section 3:25 of	Pursuant to the Labour Code	Pursuant to the Labour Code	The contract of the members of the BD and SB is terminated in the cases specified in Section 3:25 of the Civil Code.	The contract of the members of the BD and SB is terminated in the cases specified in Section 3:25 of the Civil

	the Civil Code.				Code.
Payments due in the case of termination	none	12 months for cases under the Labour Code	12 months for cases under the Labour Code	none	none

