



**CIG PANNÓNIA**  
BIZTOSÍTÓ

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

**REMUNERATION POLICY**

concerning personnel specified in Article 2 (2) of Act LXVII of 2019 on Encouraging Long-Term Shareholder Engagement and amendments of further regulations for harmonization purposes (SRD Act - Hungarian acronym: SRD tv.)

(pillar III of Uniform Remuneration System)

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**drawn up by the**

**Board of Directors of CIG Pannónia Életbiztosító Nyrt.**

**pursuant to the recommendations of the Remuneration and  
Nomination Committee**

**with the agreeing opinion of the Supervisory Board, and**

**the approval of the General Meeting of the Company**

**on 19 April 2021**

**Date of entry into force: 19 April 2021**

## **PREAMBLE**

**CIG Pannónia Life Insurance Public Limited Company** (registered office: 1097 Budapest Könyves Kálmán krt. 11, „B” épület; company registration number: 01 10 045857; court of registration: Court of Registration of the Budapest Metropolitan Court) (**Issuer or Company**) has a remuneration policy, which is a remuneration policy of uniform structure built on three pillars (**Uniform Remuneration System**).

The incorporation of the Uniform Remuneration Policy in separate internal regulations is in the personal scope of the regulators with the relations and connections between the different regulatory regimes taken into account, and as a special element remuneration is performed pursuant to a system including independent rules.

CIG Pannónia Remuneration Regulation (Pillar I: **Remuneration Regulation**) includes the provisions concerning the three pillars and the Uniform Remuneration System regarding the employees, which - having regard to the provisions of Article 29 (3) of Act LXVII of 2019 (**SRD Act**) on Encouraging Long-Term Shareholder Engagement and amendments of further regulations for harmonization purposes establishing late entry into force, and the commitment specified in Section 3 of the present document - is supplemented by the **rule system existing due to presence on the regulated market with respect to especially the personnel under the effect of the personal scope of the SRD Act pursuant to a separate regulation** (in harmony with Subsection 1.2 of Section 1 of the present regulation) (**Pillar III: Remuneration Policy**). Additionally, the Uniform Remuneration Policy includes a remuneration policy drawn up within the framework of ESOP (Employee Stock Ownership Plan) program (**Pillar II: ESOP Remuneration**), which is a remuneration form complying with the rules of Pillars I and II specified in ESOP Remuneration and is an independent remuneration element serving the purpose of its implementation in terms of the personnel specified pursuant to the ESOP Act (Hungarian acronym: MRP tv.). It is, however, not an independent remuneration system.

The Remuneration Policy includes the presentation of the decision making procedure aimed at the definition, review and implementation of the remuneration policy and the role of the Remuneration and Nomination Committee operated by the Company pursuant to the provisions of the SRD Act.

The Remuneration Policy is in harmony with the provisions of the “Board election principles” applied by the Company.

Considering above, upon the recommendation of the Remuneration and Nomination committee and the agreeing opinion of the Supervisory Board - the Board of Directors approved the Remuneration Policy drawn up in uniform structure according to the following uniform structure, which as of the date of its entry into force, shall replace the previous remuneration policy of the

Company in use since 24 April 2020 **in terms of the personnel specified in Article 2 (2) of SRD Act.**

## 1. PURPOSE OF THE REMUNERATION POLICY

- 1.1. The **general purpose** of the present remuneration policy is to contribute to the business strategy of the Company, its long-term interests and its sustainability, and to explain clearly and transparently the method by which it is wished to be achieved.
- 1.2. The **specific purpose** of the Remuneration Policy is the Issuer to have an appropriately detailed remuneration system, specified by the regulatory environment due to presence on the regulated market. The remuneration system shall adapt to Remuneration Regulation (2. Terms) pursuant to Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (**Solvency II**), however, it is NOT identical with the Regulation.
- 1.3. A specific purpose, furthermore, is that the Remuneration Policy shall specify remuneration policy in terms of the Company pursuant to article 16 (1) of the SRD act, which means that it shall establish rules concerning the personnel in director position as specified in Section 4 of the Remuneration Policy and it shall recognise the performance of this personnel in line with the objectives of the business strategy, established goals, the sustainability of the development of the Issuer both in medium and long terms and shall help their implementation.
- 1.4. Another **outstanding objective** of the Remuneration Policy is to provide the Investors of the Company with precise, factual information on the principles regarding remuneration and the practices based on them in compliance with the rules of the principle of openness and the capital market regulations.

## 2. TERMS

TERMS		
1.	Company or Issuer	CIG Pannónia Életbiztosító Nyilvánosan Működő Részvénytársaság (registered office: 1097 Budapest Könyves Kálmán krt. 11, „B” épület; company registration number: Company registration number: 01 10 045857); <a href="https://www.cigpannonia.hu/">https://www.cigpannonia.hu/</a>
2.	Basic salary	Guaranteed payment of the employee performed by monthly payment transfer, the size of which is specified in the work contract and its amendments
3.	BSE (Hungarian acronym: BÉT)	a Budapesti Értéktőzsde Zártkörűen Működő Részvénytársaság (Budapest Stock Exchange Private Limited Company ( <a href="http://www.bet.hu">www.bet.hu</a> ))

4.	EMABIT	CIG Pannónia Első Magyar Általános Biztosító Zrt. (CIG Pannónia First Hungarian General Insurance Company Plc) (registered office: 1097 Budapest Könyves Kálmán krt. 11, „B” épület; company registration number: 01 10 046150)
5.	Supervisory Board	supervisory body of the Company specified in Section X of its effective Byelaw
6.	‘FTA’	FELELŐS TÁRSASÁGIRÁNYÍTÁSI AJÁNLÁSOK (RESPONSIBLE CORPORATE GOVERNANCE RECOMMENDATIONS (RCGR) (prepared by the Responsible Corporate Governance Committee of Budapesti Értéktőzsde Zrt., approved by the Board of Directors of Budapesti Értéktőzsde Zrt. on 23 July 2018)
7.	Directors	personnel specified in Article 2 (2) of SRD Act
8.	Board of Directors	managing body of the Company specified in Section XI of its effective Byelaw see: Section 4)
9.	Bonus	one-off performance recognition, which may be granted subsequently to employees in addition to the Basic Salary specified in their work contracts or in the Remuneration Regulation of the Company after the completion of a specified task It is not paid by subjective right, its granting is in the weighting competence of the employer
10.	Remuneration	Every allowance given directly or indirectly in cash, in kind, in right of property or in other form by the Company to its employees based on employment relationship This term is not identical with the term specified in Article 4 127 of Act LCCCVIII of 2014 on the Business Insurance (Hungarian acronym: Bit)
11.	Remuneration Regulation	regulation concerning every employee of the Company approved by the Board of Directors of the Company including the principles and rules of specifying general performance oriented

		remuneration, which is <b>NOT</b> identical with the present Remuneration Policy.
12.	General Meeting	annual ordinary or extraordinary general meeting of the Company
13.	ESOP Act	Act XLIV of 1992 on the Employee Stock Ownership Plan
14.	Employee	natural persons in employment relationship with the Company, <b>specified employees of the members of senior management only</b> in the application of the present regulation
15.	Member of Senior Management	employee pursuant to Articles 208 (1) and (2) of Act I of 2012 on the Labour Code
16.	Relevant Regulations	<p>a) Act LXVII of 2019 on Encouraging Long-Term Shareholder Engagement and amendments of further regulations for harmonization purposes (<b>SRD Act</b>)</p> <p>b) Act V of 2013 on the Civil Code (Hungarian acronym: <b>Ptk.</b>)</p> <p>c) Act I of 2012 on the Labour Code (Hungarian acronym: <b>Mt.</b>)</p> <p>d) Act XLIV of 1992 on the Employee Stock Ownership Plan (Hungarian acronym: <b>MRP tv.</b>)</p>

### 3. TASKS RESULTING FROM THE REGULATORY ENVIRONMENT

Pursuant to Article 3:268 of the Civil Code opinion expressing voting on the remuneration policy is in the exclusive power of the general meeting in the case of public limited companies. Remuneration policy shall be put on the agenda of the general meeting should it change significantly, but on minimum one occasion in every four years. The Company shall review its remuneration policy annually.

Recommendations of the European Commission cover stock exchange companies, the provisions of which were adapted by Budapest Értéktőzsde Zrt. (**BSE**) within the framework of responsible corporate governance recommendations ((EC No 913/2004; (EC) 162/2005). The obligation to prepare Remuneration Policy and its mandatory content elements are regulated by Articles 16-17 of the SRD Act. The Company establishes that remuneration to the Directors may only be paid pursuant to a remuneration policy submitted to the general meeting for opinion expressing voting pursuant to Article 3:268 (2) of the Civil Code.

The obligation to prepare the remuneration policy of insurance companies is provisioned by Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (**Solvency II**), and pursuant to these rules the Remuneration Policy provisions full enforcement of the requirements resulting from this legal environment.

#### **4. GENERAL PROVISIONS, SCOPE OF THE REMUNERATION POLICY**

- 4.1. The **personal scope** of the Remuneration Policy covers the specified members of the senior management of the Company and EMABIT. The Remuneration Policy defines the rules related to remuneration extended to the Directors, that is to say, part of the Managing Body, Members of the Senior Management, and regulates the obligations of the Company serving the purpose of complying with the regulations concerning remuneration. The relevant remuneration rules shall specify the principles and conditions of remuneration, including the amount of the remuneration and the method of extending the remuneration to the directors of the Company in the manner specified by Chapter IV of the SRD Act.
- 4.2. 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 personal scope of the present Remuneration Policy shall cover persons working in the following positions in CIG Pannónia Életbiztosító Nyrt. and in EMABIT:

members of the Board of Directors Members of the Supervisory Board: Chief Executive Officer Deputy Chief Executive Officer	<b>DIRECTORS</b>
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The Company deems the annual assessment of the work of the members of the Board of Directors/Supervisory Board, namely the personal assessment of the members of the managing and controlling bodies by the chairpersons of the boards essential and performs it built in the process. The expertise of the board members, the efficiency of the performed work shall also be examined in the course of the assessment. The personal assessment of the chief executive officer shall be performed by the chairperson of the Board of Directors of the Company.

#### **5. REMUNERATION SYSTEM OF THE MEMBERS OF THE BOARD OF DIRECTORS**

##### **5.1. General provisions**

The Board of Directors is the managing body of the Company. It represents the Company before third persons, courts and other authorities. The obligation of the Board of Directors is to establish and manage the organisation of the Company as well as to exercise the employer's rights.

Board of Directors with minimum three and maximum seven members operates at the Company, the members of which are elected and recalled by the General Meeting.

By using the Remuneration and Nomination Committee the Board of Directors ensures to make a proposal for the constitution of the Board of Directors with the viewpoints concerning the requirements and competences specified in Section V of the Rules of Procedures of the Board of Directors taken into account.

Professional competence and the requirement of taking the obligations vested on the responsible persons into account are expected from the members of the Board of Directors ensuring this way the collective necessary constitution of the management of the insurance company managing the activity of the Company professionally with appropriate qualification, experience, knowledge.

The member of the Board of Directors shall be eligible to remuneration or its proportional part from the beginning of the mandate until the day of its termination regardless of the reason for terminating the mandate.

The remuneration of the members of the Board of Directors is a fixed amount. The approval and amendment of the remuneration due to the members of the Board of Directors is in the exclusive power of the General Meeting of the Company.

Having regard to the provision in Article 29 (3) of the SRD Act the Board of Directors of the Company shall prepare a remuneration report as of the start of the business year beginning on 01.01.2021 complying with the Remuneration Policy and shall submit it to the General Meeting for expressing opinion. The report shall be clear and suitable for providing a comprehensive review of all remunerations established for the different directors, including the new directors employed in the business year, given or due in the last business year based on its results extended in any form pursuant to the remuneration policy.

The remuneration report shall present the way the opinion expressing vote of the General Meeting concerning the remuneration report of the previous business year was taken into account by the Company.

## 5.2. Monthly remuneration of fixed amount

**Members of the Board of Directors not in employment at the Company** shall receive the following monthly gross fee of fixed amount pursuant to and as of the effect of Board of Directors Resolution No. .../2021 (IV.19.) adopted in General Meeting Authority at the 2021 annual ordinary General Meeting:

<b>members of the Board of Directors (Company)</b>	<b>HUF 125.000/ month</b>	In addition to the fixed monthly fee the members of the Board of Directors shall not receive other remuneration
<b>members of the Board of Directors (EMABIT)</b>	<b>HUF 125.000/ month</b>	In addition to the fixed monthly fee the members of the Board of Directors shall not receive other remuneration
<b>Other allowances due to the members of the Board of Directors:</b>		

## Personal insurances

**Members of the Board of Directors in employment at the Company** shall NOT receive fee for the position pursuant to and as of the effect of Board of Directors Resolution No. .../2021 (IV.19.) adopted in General Meeting authority at the 2021 annual ordinary General Meeting.

### 6. REMUNERATION SYSTEM OF THE MEMBERS OF THE SUPERVISORY BOARD/AUDIT COMMITTEE

#### 6.1. General provisions

Supervisory Board with minimum three and maximum ten members operates at the Company, the members of which are elected for a period of maximum five years and are recalled by the General Meeting. With the exception of the persons acting as employee representatives, the members of the Supervisory Board may not be in employment relationship with the Company. The Supervisory Board elects a chairperson from among its members.

Pursuant to the Remuneration Policy the remuneration due to the members of the Supervisory Board received as the members of the Supervisory Board of CIG Pannónia Életbiztosító Nyrt. is based on assignment relationship in compliance with the provisions of Article 3:121 of the Civil Code.

The member of the Supervisory Board shall be eligible to remuneration or its proportional part from the beginning of the membership until the day of its termination regardless of the reason for terminating the membership. The approval and amendment of the remuneration due to the members of the Supervisory Board is in the exclusive power of the General Meeting of the Company.

#### 6.2. Monthly remuneration of fixed amount

<b>Members of the Supervisory Board (Company)</b>	<b>HUF 125.000/ month</b>	In addition to the fixed monthly fee the members of the Supervisory Board shall not receive other remuneration
<b>Members of the Supervisory Board (EMABIT)</b>	<b>HUF 125.000/ month</b>	In addition to the fixed monthly fee the members of the Supervisory Board shall not receive other remuneration
<b>Other allowances due to the members of the Supervisory Board:</b>		
<b>Personal insurances</b>		

#### 6.3. Audit Committee

The members of the Audit Committee shall NOT receive fee for the position.

**7. REMUNERATION SYSTEM OF THE CHIEF EXECUTIVE OFFICER(S)/DEPUTY CHIEF EXECUTIVE OFFICER(S)**

**7.1. Conditions of employment**

The following positions (**Executive Officers**) shall be under the effect of the present Section 7:

- (i) Chief Executive Officer(s)
- (ii) Deputy Chief Executive Officer(s)

Executive Officers have work contract for indefinite period. The trial period of the Executive Officers according to the work contracts is three (3) months and the notice period is twelve (12) months. There are no supplementary old age pension or early old age pension schemes. The Executive Officer shall be eligible for severance payment in the cases specified by the Labour Code (Article 77 (1) of the Labour Code). Severance payment shall uniformly equal to twelve (12) months absentee fee. There are no-competition restrictions to ensure that the Executive Officer shall not be employed at an organisation performing the same activity as the Company for a specified period after losing his/her job.

**7.2. Remuneration of the Executive Officers**

ANNUAL BASIC SALARY (annual amount of specified monthly basic salary)	INCENTIVE (BONUS) SYSTEM (Annual bonus based on individual, company, consolidated performance)
The basic salary is a guaranteed monthly fixed payment pursuant to the work contract, the size of which is specified by the job level according to the Hay system and the professional experience, knowledge of the Executive Officer Employee.	The objective of the incentive of the Company is to encourage the concerned persons to achieve annual business and individual targets supporting the long term strategy.
Basic salaries shall be regularly reviewed in order to ensure labour market competitiveness. Increase of the basic salary of the Executive Officer shall be subject to individual performance.	The incentive annual targets shall be defined as the total of financial and non-financial performance indicators to support the implementation of the Company's objectives.

**7.3. Incentive system**

The Executive Officers shall be directly responsible for the financial and non-financial performance indicators, especially for the pre-tax profit of the Company within the financial indicators.

The base of the size of incentive is a defined percentage of the annual basic salary in the case of Executive Officers. The final size of the payment shall be specified in the course of the performance assessment of the Executive Officers.

The Remuneration and Nomination Committee shall make a proposal concerning the performance assessment of the Executive Officers, which shall be approved by the Board of Directors.

If in the case of paying the performance incentive of the Executive Officers (changing component of the incentive), the changing incentive component exceeds 1/3 of the annual income (basic salary) of the executive officer, or amount equalling EUR 50,000<sup>1</sup>, 40% of the total incentive amount shall be paid with deferred payment, only after three years following the due date.

#### **7.4. Employee stock ownership plan (ESOP)**

The Remuneration Policy elaborated within the framework of ESOP (**ESOP Remuneration**) is a form of remuneration specified in ESOP Remuneration in harmony with the rules of Remuneration Principles serving the purpose of its implementation in personnel terms. It is an independent remuneration system defined pursuant to the ESOP Act. It is not a separate remuneration system (it is part of the uniform remuneration system), to which the provisions specified in the Remuneration Principles shall be appropriately applied (with the exception of the provisions, which are inapplicable to employees under the personal effect of ESOP Remuneration due to their character/purpose, or which do not have significance), and the rules of which are in harmony with the present Remuneration Policy.

The objective of ESOP Remuneration is the payment of the part of '*performance-based cash remuneration*' payable pursuant to the regulation of the Company on '*The Remuneration Principles of CIG Pannónia Életbiztosító Nyrt.*' and '*CIG Pannónia Első Magyar Általános Biztosító Zrt.*' (Remuneration Principles) (approved by Resolution No. 8/2016 (04.29.) of the General Meeting of the founding Company amended by Resolution No. 16/2017 (VI.24.)) specified in the ESOP Remuneration Policy via the ESOP Organisation. In order to fulfil this objective ESOP Organisation shall be entitled to manage instruments tied to the price of equity shares issued by the Company (call option) and equity shares (ISIN: HU0000180112). This authorisation shall cover the members of senior management of the Company and EMABIT or employees performing tasks of outstanding significance by the Board of Directors of the Company - **chief executive officer(s) and deputy chief executive officer(s) in terms of the Remuneration Policy** - in order that by their interest established in the Issuer they contribute to its efficient and successful risk management.

From the beginning of 2021 the Executive Officers may chose share-based bonus, which, pursuant to the provisions of ESOP Act shall be implemented via the so-called CIG Pannónia Nyrt. ESOP Organisation, a legal entity independent of the Company.

In terms of the given current years the efficient and successful risk management of the Company and EMABIT, as Condition, shall be met in the given year if both the founding Company and the

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<sup>1</sup> Based on NBH official foreign exchange rate effective on the day of eligibility to the incentive and the establishment of its size

subsidiary EMABIT comply with the prudentially expected 150% adjusted capital requirement increased by capital buffer specified by the supervision (in NBH Recommendation No. 6/2016 (VI.14.)).

Further general characteristics of the plan:

- indefinite period;
- with performance assessment;
- participation in the plan is mandatory for personnel under its effect;
- existence of 2-year holding period.

#### **7.5. Other allowances**

Other allowances to members of senior management:

- status car for business and private use,
- mobile telephone,
- cafeteria (gross HUF 35,000/month uniformly for every employee),
- personal insurances.

### **8. OTHER REMUNERATION RULES**

#### **8.1. Decision making process applied to the approval, review and execution of remuneration rules.**

Pursuant to Article 17 (1) d) of the SRD Act the remuneration policy shall include the presentation of the decision making process aimed at the definition, review and execution of the remuneration policy and the role of the remuneration committee or other concerned committee, as well as the fact that pursuant to Sections 1.5.1.1 - 1.5.1.4 of RCGR the Board of Directors or a committee set up from the members of the Board of Directors shall be the recommended body to define principles and rules concerning the assessment and remuneration of the work of the Supervisory Board, on which opinion shall be given by the Supervisory Board and which principles and rules (and their significant changes) shall be approved by the General Meeting in a separate agenda item.

#### **8.2. Remuneration and Nomination Committee**

Within the framework of the annual review, and as part of it, the Remuneration and Nomination Committee (**RNC**) shall evaluate if the practice of the Remuneration Committee and the related processes work as intended, especially if the operation complies with other internal rules, the payment of the remunerations is appropriate and is in harmony with the business strategy, and whether it reflects the medium and long term objectives of the Company and its other specified goals appropriately, furthermore whether they are in compliance with the domestic and international regulators, principles and standards.

Priority task of RNC:

- (i) establishment of the principles concerning the assessment and remuneration of the work of the Members of Senior Management;
- (ii) establishment of index-numbers in the interest of assessing the work of the Members of Senior Management and checking their implementation;
- (iii) checking the performance of the Members of Senior Management;
- (iv) checking whether the Company met its information obligations concerning remuneration issues;
- (v) monitoring and reviewing the system of legal regulations and other regulators (recommendations) concerning remuneration rules - with special attention given to the rules of the Remuneration Policy - and making proposals in the interest of legal compliance and best practice;
- (vi) giving opinion on the Remuneration Report;
- (vii) monitoring remuneration related processes.

RNC shall prepare a report on its review findings specified in Point (v) (**Report**), which - if it is necessary - shall include an amendment proposal concerning the Remuneration Policy and shall be submitted to the Supervisory Board for opinion.

### **8.3. Board of Directors**

Shall elaborate the Remuneration Policy, within it: it shall

- (i) specify the effective elements of the allowances;
- (ii) specify the remuneration of the members of the Senior Management and the budget to be used for this purpose;
- (iii) examine the Report and with the opinion of RNC and the Supervisory Board taken into account it shall decide about keeping the Remuneration Policy in unchanged form, its amendment or its submission to the General Meeting if there is significant (content) change.

The Board of Directors shall prepare the Remuneration Report before publishing the invitation to the annual ordinary General Meeting following the current year (from the beginning of the 2021 business year) - after entry into force specified in Article 29 (3) of the SRD Act. Based on the opinion of RNC and the Supervisory Board the Board of Directors shall approve the Report and submit it to the General Meeting for (opinion expressing) voting of non-binding force. Prior to its submission to the General Meeting the Auditor shall check if the Remuneration Report complies with the provisions of the Remuneration Policy and based on the content of the Policy with the provisions of the law and if it includes information prescribed by the law. Should the Auditor find that the Remuneration Report is not in compliance with the provisions, it shall call the Board of Directors to take the necessary action. Should the errors or deficiencies not be corrected the Auditor shall be entitled to inform the shareholders of the detected errors, deficiencies and the actions taken by the Auditor at the General Meeting.

Starting from 2021 the Board of Directors shall prepare the Remuneration Report annually based on the proposal of the Chairperson of the Board of Directors and shall approve it with a resolution adopted by simple majority. After the audit is performed by the permanent auditor of the Company the Board of Directors shall submit the Report with the opinion of the Supervisory Board

attached to the annual ordinary meeting of the General Meeting for opinion expressing vote. The Remuneration Report shall include information on all remunerations established in any form in line with the Remuneration Policy granted to the Directors in the previous business year, and the mandatory elements prescribed in Articles 19 (2) and (3) of the SRD Act, with the applicable data protection rules observed.

#### **8.4. Supervisory Board**

Pursuant to Section IV. a) of its Rules of Procedure the Supervisory Board shall examine every proposal to be submitted to the General Meeting and shall share its related standpoints at the General Meeting. Based on this - after becoming familiar with the standpoint of RNC - it shall give an opinion on the Remuneration Policy and the Remuneration Report as specified in Section 8.2 (v), which it shall send to the Board of Directors. The proposal concerning the Remuneration Policy and the Remuneration Report proposed by the Board of Directors to be submitted to the General Meeting shall also include the opinion of the Supervisory Board given in this subject.

Pursuant to its annual audit plan the Supervisory Board shall audit the implementation of the Remuneration Policy.

#### **8.5. General Meeting**

After the proposal of the Board of Directors in the subject the opinion expressing voting on the Remuneration Policy shall be in the exclusive power of the General Meeting. Pursuant to the provisions of Articles 16-18 of the SRD Act the amendment of the present Remuneration Policy shall be in the exclusive power of the General Meeting of the Company.

After the proposal of the Board of Directors in the subject the opinion expressing voting on the Remuneration Report shall be in the exclusive power of the General Meeting. The Company shall accept the opinion expressing resolution of the General Meeting as binding for itself.

After the resolution of the General Meeting the Company shall make the Remuneration Report publicly available at its website for the minimum period of ten (10) years.

#### **8.6. Conflict of interests**

The Company has separate rules for conflict of interests situations, which are published at the website of the Company.

Concerning conflict of interest situations the Company shall follow the provisions of these rules, including the conflict of interest situations, which arise or may arise in the course of the decision making procedure aimed at the definition, review and implementation of the Remuneration Policy.

Pursuant to Section 7 of the present Remuneration Policy Members of Senior Management concerned in making decisions on the remuneration of Members of Senior Management shall not

participate in making the decisions to be made.

## **9. HARMONY OF THE REMUNERATION POLICY WITH THE INTEGRATION OF SUSTAINABILITY RISKS INTO THE DECISION MAKING PROCEDURE**

The Company shall strive for the remuneration policy advancing the appropriate and efficient management of sustainability risks in a manner to avoid encouraging exaggerated risk assumption in terms of sustainability risks by the structure, elements and the whole of the incentive and to tie it to risk adjusted performance.

In connection with this, in the course of elaborating its remuneration policy, the Company shall not use remuneration principles against the integration of sustainability risks into the investment decision making procedure, and shall not include factors, which would lead to conflicts of interests related to sustainability risks.

## **10. REMUNERATION POLICY**

## **11. CLOSING PROVISIONS**

The three pillars presented in the PREAMBLE shall together replace the document titled 'CIG PANNÓNIA REMUNERATION POLICY DRAWN UP IN UNIFORM STRUCTURE' approved by the Board of Directors of the Company in general meeting authority pursuant to Article 9 (2) of Government Decree 102/2020 (IV.10.) on 24 April 2020.

The Company shall pay remuneration to the Directors pursuant to the Remuneration Policy in transparent manner.

The Company shall make the approved remuneration policy, the date of the General Meeting and the result of the vote of the General Meeting available to the public at its website without unnecessary delay. The Company shall provide free-of-charge access to the approved remuneration policy for at least the period of the validity of the remuneration policy.

Differing from the remuneration policy shall not be allowed.

These remuneration rules were established with the principle of '*clarity and unambiguity*' observed and include all mandatory elements pursuant Articles 16-18 of the SRD Act.

The present Remuneration Policy shall enter into force on 19 April 2021, on the day of its approval by the General Meeting of the Company.

Annex No. 1

of the **Remuneration Policy pursuant to the SRD Act.**

**Data concerning the contract for work performance or position fulfilment concluded with the Directors or data concerning the related remuneration [Article 17 (1) c) of the SRD Act]**

[Comment: Pursuant to Article 17 (1) c) of the SRD Act the remuneration policy shall include the period, applicable notice period, key characteristics of supplementary old age pension or early old age pension scheme of the contract, conditions of terminating the contract and the payments due in the case of terminating the contract concluded with the directors for work performance or position fulfilment and the related remunerations.]

	<b>Chairperson of the Board of Directors</b>	<b>Chief Executive Officer</b>	<b>Deputy Chief Executive Officer</b>	<b>member of the Board of Directors</b>	<b>member of the Supervisory Board</b>
Period of the contract of BoD and SB members concluded for work performance, position fulfilment or related remunerations	shall be for a definite period of maximum 3-5 years. The expiry of the mandates of BoD and SB members elected later shall be adjusted to the expiry of the members elected earlier, which means that the mandate of every member shall end at the same time.	indefinite, pursuant to the Labour Code	indefinite, pursuant to the Labour Code	shall be for a definite period of maximum 3-5 years. The expiry of the mandates of BoD and SB members elected later shall be adjusted to the expiry of the members elected earlier, which means that the mandate of every member shall end at the same time.	shall be for a definite period of maximum 3-5 years. The expiry of the mandates of BoD and SB members elected later shall be adjusted to the expiry of the members elected earlier, which means that the mandate of every member shall end at the same time.
Applicable notice period	The mandate of the BoD and SB members shall be terminated in the cases specified by Article 3:25 of the Civil Code. The General Meeting shall be entitled to recall these persons	12 months according to the permissive provision of the Labour Code concerning members of senior management	12 months according to the permissive provision of the Labour Code concerning members of senior management	The contract of the BoD and SB members shall be terminated in the cases specified by Article 3:25 of the Civil Code. The General Meeting shall be entitled to recall these persons even with immediate effect. BoD and SB	The contract of the BoD and SB members shall be terminated in the cases specified by Article 3:25 of the Civil Code. The General Meeting shall be entitled to recall these persons

	even with immediate effect. BoD and SB members may resign at any time, however if the operation of the Company so requires, the resignation shall take effect by the assignment or election of the new member of the senior management, or for the lack of it, on the sixtieth day after its announcement, the latest.			members may resign at any time, however if the operation of the Company so requires, the resignation shall take effect by the assignment or election of the new member of the senior management, or for the lack of it, on the sixtieth day after its announcement, the latest.	even with immediate effect. BoD and SB members may resign at any time, however if the operation of the Company so requires, the resignation shall take effect by the assignment or election of the new member of the senior management, or for the lack of it, on the sixtieth day after its announcement, the latest.
<u>Key characteristics of supplementary old age pension or early old age pension scheme</u>	-	The Company does not have early old age pension related scheme, Pursuant to the effective regulations in other cases	The Company does not have early old age pension related scheme, Pursuant to the effective regulations in other cases	-	-
Conditions of terminating the contract	The contract of the BoD and SB members shall be terminated in the cases specified by Article 3:25 of the Civil Code.	pursuant to the Labour Code	pursuant to the Labour Code	The contract of the BoD and SB members shall be terminated in the cases specified by Article 3:25 of the Civil Code.	The contract of the BoD and SB members shall be terminated in the cases specified by Article 3:25 of the Civil Code.
Payment due in the case of termination	none	12 months in the cases pursuant to the Labour Code	12 months in the cases pursuant to the Labour Code	none	none

