



# **CIG PANNÓNIA**

## **BIZTOSÍTÓ**

**CIG PANNÓNIA LIFE INSURANCE PUBLIC LIMITED  
COMPANY  
REMUNERATION POLICY  
IN RELATION TO THE PERSONNEL DEFINED IN SECTION 2  
(2) OF THE SRD ACT  
(PILLAR III OF THE UNIFORM REMUNERATION SYSTEM)**

**PREPARED BY:** The Board of Directors of CIG Pannónia Life Insurance Plc., as recommended by the Remuneration and Nomination Committee (RNC), with the concurring opinion of the Supervisory Board

**REVIEWED BY:** DR. Gábor Dakó

**POLICY OWNER:** Deputy CEO for Corporate Governance and Prudential Compliance

**VERSION NUMBER:** 2.0

**APPROVED BY:** GENERAL MEETING OF CIG PANNÓNIA LIFE INSURANCE PLC.

**CIG PANNÓNIA LIFE INSURANCE PLC.**

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## 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: '**Issuer**' or '**Company**') 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.

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, and the obligation set out in Section 3 of this Document, **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.

The Remuneration Policy includes a description of the decision-making process for the determination, review and implementation of the remuneration policy and the role of the Remuneration and Nomination Committee operated by the Company as defined in the SRD Act.

The content of the Remuneration Policy is in line with the 'Board Selection Guidelines'<sup>1</sup> applied by the Company.

In view of the above, the Board of Directors, upon the recommendation of the Remuneration and Nomination Committee and with the concurring opinion of the Supervisory Board, approved the uniform Remuneration Policy in the following uniform structure, which, with effect from the date of its entry into force, from 19 April 2021, replaces the previous remuneration policy of the Company in use from 24 April 2020 **in terms of the personnel specified in Section 2 (2) of the SRD Act (Directors)**. This Remuneration Policy, as a result of a revision following its entry into force, was adopted under version 2.0 by the Company's General Meeting held on 19 April 2022 by resolution No **....**

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[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)

## 1. PURPOSE OF THE REMUNERATION POLICY

- 1.1. The **general purpose** of this Remuneration Policy is to contribute to the Company's business strategy, long-term interests and sustainability and to set out in a clear and transparent manner how it intends to achieve these.
- 1.2. The **specific purpose** of the Remuneration Policy is to ensure that the Issuer has a sufficiently detailed remuneration system, as defined by the regulatory environment in virtue of its presence on the regulated market, which is aligned with, but NOT identical to, the Remuneration Policy (2. Terms) established on the basis of the Company's obligation to prepare a remuneration policy of insurance companies in accordance with 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**).
- 1.3. Furthermore, the specific purpose of the Remuneration Policy is to set out the remuneration policy for the Company as required by Section 16 (1) of the SRD Act, i.e. to establish rules for the personnel holding the position of Director as defined in Section 4 of the Remuneration Policy and to recognise the performance of such personnel in a manner that is consistent with and promotes the Issuer's business strategy, its stated objectives, the sustainability of its development in the medium and long term.
- 1.4. Another **main objective** of the Remuneration Policy is to provide the Company's Investors with accurate and factual information on the principles and practices underlying the remuneration policy, in accordance with the principle of disclosure and the rules of capital market regulation.

**This Remuneration Policy is intended to contribute to the Company's Growth Strategy<sup>2</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, the creation of an incentive for executives under the ESOP system and the disclosure of the overall remuneration rules.**

## 2. TERMS

TERMS		
1.	<b>Company or Issuer</b>	CIG Pannónia Life Insurance Public Limited Company (registered office: 1097 Budapest Könyves Kálmán krt. 11, Building 'B'; company registration number: 01 10 045857; <a href="https://www.cigpannonia.hu/">https://www.cigpannonia.hu/</a>
2.	Base wage	guaranteed benefit of the employee performed by monthly payment transfer, the size of which is specified in the employment contract and its amendments
3.	BSE	Budapest Stock Exchange (Budapesti Értéktőzsde)

<sup>2</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)

		Zártkörűen Működő Részvénytársaság) ( <a href="http://www.bet.hu">www.bet.hu</a> )
4.	EMABIT	CIG Pannónia Első Magyar Általános Biztosító Zrt. (registered office: 1097 Budapest Könyves Kálmán krt. 11, Building 'B'; company registration number: 01 10 046150
5.	Supervisory Board	the supervisory body of the Company as defined in Section X of its effective Articles of Association
6.	RCGR	RESPONSIBLE CORPORATE GOVERNANCE RECOMMENDATIONS (Prepared by the Responsible Corporate Governance Committee of Budapest Értéktőzsde Zrt., approved by the Board of Directors of Budapest Értéktőzsde Zrt. on 23 July 2018)
7.	Directors	the personnel defined in Section 2 (2) the SRD Act
8.	Board of Directors	the executive body of the Company, as defined in Section IX of the effective Articles of Association (see Section 4)
9.	Bonus	one-off performance recognition, which may be granted subsequently to employees in addition to the Base Wage specified in their employment contracts or in the Remuneration Regulation of the Company after the completion of a specified task. It is not granted by subjective right and is at the discretion of the employer.
10.	Remuneration	every benefit given directly or indirectly in cash, in kind, in right of property or in other form by the Company to its employees based on the employment relationship. This term is not identical with the term specified in Section 4 point 127 of Act LXXXVIII of 2014 on the Business of Insurance (hereinafter: '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 employed by the Company, for the purposes of this Regulation <b>only the defined category of executive officers</b>
15.	Executive officer	Employee pursuant to Articles 208 (1) and (2) of Act I of 2012 on the Labour Code
16.	Applicable legal regulations	<ul style="list-style-type: none"> <li>a) Act LXVII of 2019 Encouraging Long-Term Shareholder Engagement and amendments of further regulations for harmonisation purposes (hereinafter: '<b>SRD Act</b>')</li> <li>b) Act V of 2013 on the Civil Code (hereinafter: '<b>Civil Code</b>')</li> <li>c) Act I of 2012 on the Labour Code (hereinafter: '<b>Labour Code</b>')</li> <li>d) Act XLIV of 1992 on the Employee Share Ownership Plan (hereinafter: '<b>ESOP Act</b>')</li> </ul>

### 3. TASKS RESULTING FROM THE REGULATORY ENVIRONMENT

Pursuant to Section 3:268 (2) of the Civil Code, advisory voting on the remuneration policy is in the exclusive power of the General Meeting in the case of public limited companies. The 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 Sections 16-17 of the SRD Act. The Company establishes that, pursuant to Section 16 (5) of the SRD Act, remuneration to the Directors may only be paid pursuant to a remuneration policy submitted to the General Meeting for advisory voting pursuant to Section 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 Company's senior executives as defined in the SRD Act. The Remuneration Policy sets out the rules relating to the remuneration granted to the Directors, i.e. the **Governing Bodies (BD/SB)** and to some of the Senior Executives, i.e. the **CEO(s), Deputy CEO(s)**, 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 **material 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 executive officers holding the following positions in CIG Pannónia Life Insurance Plc. and EMABIT are covered by this Remuneration Policy:

1. Members of the Board of Directors	<b>DIRECTORS</b>
2. Members of the Supervisory Board	
3. CEO (Head of the company)(CEO1)	
4. CEO (CEO2)	
5. Deputy Chief Financial Officer	
6. Deputy CEO for Corporate Governance and Prudential Compliance	
7. Deputy CEO for Bank insurance sales	

The Company deems the annual evaluation of the work of the members of the Board of Directors/Supervisory Board, namely the personal evaluation of the members of the managing and controlling bodies by the chairpersons of the boards essential and performs it built in the process. The evaluation shall take place at the latest in the first quarter of the year following the year under review. The evaluation shall also examine the competence of the members of the board and the effectiveness of the work performed. The personal evaluation of the chief executive officer shall be performed by the chairperson of the Board of Directors of the Company. If the Chair of the Board of Directors and the CEO are the same person, the evaluation is performed by the Board of Directors as a body.

Key evaluation elements:

- taking account of meetings, activity at meetings, competencies, any changes that may have occurred in the meetings (if necessary, in the form of a board resolution);
- annual review of professional competence and business credibility (Fit&Proper Statement) (written declaration);
- Statement for the evaluation of the participation in the governing bodies of CIG Pannónia Life Insurance Plc./CIG Pannónia Első Magyar Általános Biztosító Zrt.

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

### **5.1. General provisions**

The Board of Directors is the Company's managing body. 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.

A 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.

The Board of Directors, through the Remuneration and Nomination Committee (where the membership of the Remuneration and Nomination Committee is the same as that of the Board of Directors, by adopting decisions within the framework of a Board of Directors' meeting), shall ensure that the composition of the Board of Directors is proposed by taking into account the criteria of the expectations and competencies set out in Section V of the Rules of Procedure of the Board of Directors.

The members of the Board of Directors are required to be professionally competent and to take into account the responsibilities entrusted to the responsible persons, thus ensuring that the management of the insurance company is sufficiently composed, qualified, experienced and knowledgeable, and has the required expertise, while being able to manage the Company's activities in a professional manner. The Company will also record this in the Fit&Proper Statements set out in Section 4.2 and will annually evaluate participation in the governing bodies on a member by member basis.

The member of the Board of Directors shall be eligible for 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.

The Board of Directors of the Company shall prepare an annual remuneration report in accordance with the remuneration policy, subject to the provision of Section 29 (3) of the SRD Act, as of the start of the financial year commencing on 1 January 2021 (i.e. for the first time in 2022), and submit it to the General Meeting for obtaining its opinion. The report shall be clear and understandable and shall be suitable for providing a comprehensive overview of all remuneration awarded to or based on the results of the most recent financial year, in any form, to each director in accordance with the Remuneration Policy, including directors newly appointed in the financial year. The remuneration report shall explain how the Company has taken into account the advisory vote of the General Meeting on the remuneration report for the previous financial year.

**5.2. Fixed monthly fee**

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:

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

The remuneration of the members of the Board of Directors shall be aligned with the regular (monthly) meeting practice of the members, which, in addition to the ad hoc/periodic tasks and decisions, reinforces the strategic approach of the members. The remuneration structure thus takes into account the continuous activity of the Board members, takes into account cost optimisation aspects, provides for a significant administrative simplification and, in addition, a precise fee payment schedule, which is therefore suitable to operate the model necessary to implement the Company's business strategy, is aligned with the long-term interests of the Company and its sustainability.

The composition of the Board of Directors should be in line with the guidelines for the selection of the governing bodies made publicly available by the Company<sup>3</sup>.

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<sup>3</sup>  
GUIDELINES OF CIG PANNÓNIA LIFE INSURANCE PUBLIC LIMITED COMPANY ON THE ESTABLISHMENT AND COMPOSITION OF GOVERNING AND SUPERVISORY BODIES AND THE SELECTION OF PERSONNEL FOR KEY POSITIONS IN THE WORKING ORGANISATION



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

### 6.1. General provisions

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

In accordance with the Remuneration Policy, the remuneration due to the members of the Supervisory Board of CIG Pannónia Life Insurance Plc as members of the Supervisory Board is based on an assignment relationship in accordance with the provisions of Section 3:121 of the Civil Code.

The member of the Supervisory Board shall be eligible for remuneration or its proportional part from the beginning of their membership until the day of its termination regardless of the reason for terminating their membership. The adoption and amendment of the remuneration of the members of the Supervisory Board is the sole responsibility of the General Meeting of the Issuer.

### 6.2. Fixed monthly fee

<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>		

The remuneration of the members of the Supervisory Board is in line with the regular (monthly and in line with the work plan of the Board of Directors) meeting practice of the members, which, in addition to the ad hoc/periodic decision support, control and reporting tasks, is intended to contribute to the achievement of the strategic objectives of the Company. The remuneration structure thus takes into account the continuous activity of the Board members, takes into account cost optimisation aspects, provides for a significant administrative simplification and, in addition, a precise fee payment schedule, which is therefore suitable to operate the model necessary to implement the Company's business strategy, is aligned with the long-term interests of the Company and its sustainability.

The composition of the Supervisory Board should be in line with the guidelines for the selection of the governing bodies made publicly available by the Company<sup>4</sup>.

### 6.3. The Audit Committee

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

## 7. 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. There may be non-competition clauses with benefits to ensure that the Executive is not employed at an organisation performing the same activity as the Company for a specified period after losing their job. The application of a non-competition clause is therefore not a mandatory element<sup>5</sup>. The person of the employee, the content of the agreement, its terms and conditions, including the non-competition clause, are proposed by the Remuneration and Nomination Committee and the Board of Directors is authorised to sign the agreement.

### 7.2. Remuneration of Executives

ANNUAL BASE WAGE (annual amount of fixed monthly base wage)	INCENTIVE (BONUS) SCHEME (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	The annual incentive targets are set as a combination of key financial and non-

<sup>4</sup>

GUIDELINES OF CIG PANNÓNIA LIFE INSURANCE PUBLIC LIMITED COMPANY ON THE ESTABLISHMENT AND COMPOSITION OF GOVERNING AND SUPERVISORY BODIES AND THE SELECTION OF PERSONNEL FOR KEY POSITIONS IN THE WORKING ORGANISATION

<sup>5</sup> The Company's employment contracts do not currently contain any such clauses.

market. The Executive's base wage increase is dependent on individual performance.	financial performance indicators to support the achievement of the Company's objectives.
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### 7.3. The incentive scheme

The Executives are directly responsible for the financial and non-financial performance indicators, in particular the Company's profit before tax within the financial indicators.

The incentive rate for Executives is based on a percentage of the annual base wage. The final rate of payment is determined based on the performance evaluation of the Executives. The performance evaluation is described in the 'Employee Incentive Scheme: Performance Evaluation System (PES) Regulation'.

Performance evaluations for Executives are proposed by the Remuneration and Nomination Committee and approved by the Board of Directors.

For the payment of the performance incentive for Executives (variable remuneration component), if the variable remuneration component exceeds one third of the annual income (base wage) of the Executive receiving the incentive or the equivalent of EUR 50,000<sup>6</sup>, 40% of the total amount of the incentive may be paid in deferred payment only after the third year from the due date.

A bonus may be paid in recognition of individual performance in a given year, up to an amount equivalent to one month's base wage of the employee concerned, at the discretion of the CEO in the case of Deputy CEOs and the Board of Directors in the case of CEOs, based on a proposal from the Remuneration and Nomination Committee.

### 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 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 Life Insurance Plc. and CIG Pannónia Első Magyar Általános Biztosító Zrt.' (hereinafter: 'Remuneration Principles') (approved by Resolution No. 8/2016 (29 April) of

<sup>6</sup> based on the official MNB (National Bank of Hungary) exchange rate on the date of the establishment of the entitlement to the incentive and the amount of the incentive

the General Meeting of the founding Company amended by Resolution No. 16/2017 (24 April) specified in the ESOP Remuneration Policy via the ESOP Organisation. In order to fulfil this objective ESOP Organisation is entitled to manage instruments tied to the price of equity shares issued by the Company (call option) and equity shares (ISIN: HU0000180112). This entitlement extends to the executive officers of the Company and EMABIT or employees performing tasks of outstanding significance as defined 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 for them to contribute, through their interest in the Issuer, to its efficient and effective risk management.

In accordance with the provisions of the ESOP Act, the share-based incentive is granted through a legal entity independent of the Company, the CIG Pannónia Plc. ESOP Organisation.

The efficient and effective risk management of the Company and EMABIT for each reporting year is achieved as a Condition if, for the given year, both the founding Company and the subsidiary EMABIT meet the prudentially required solvency capital requirement of 150% plus a volatility capital buffer as set by the supervision (MNB Recommendation 6/2016 (14 June)).

Further general characteristics of the plan:

- indefinite period;
- linked to a performance evaluation;
- participation in the plan is mandatory for personnel under its effect;
- a defined payout cycle.

In order to provide full shareholder information, the Company publishes the ESOP Remuneration on its website.

#### **7.5. Other fixed benefits**

Other benefits granted to Executives:

- company car for business and private use,
- mobile phone,
- cafeteria (uniform gross amount of HUF 35,000/month for all employees),
- personal insurance.

Personal insurance (2 insurance products) is provided for all employees.

- (i) Group risk life insurance under the Group Life and Accident Insurance Contract<sup>7</sup>.
- (ii) Best Doctors Group Health Insurance for the employees of CIG Pannónia Life Insurance Plc. and CIG Pannónia Első Magyar Általános Biztosító Zrt.<sup>8</sup>.

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

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<sup>7</sup> the Company automatically provides group life and accident insurance for the employees of CIG Pannónia Life Insurance Plc. and CIG Pannónia Első Magyar Általános Biztosító Zrt.,

<sup>8</sup> employees who agree to contribute a minimum monthly amount to the premium of the insurance are covered by the group insurance

### **8.1. The decision-making process for approval, review and implementation of the remuneration rules.**

According to Section 17 (1) d) of the SRD Act, the remuneration policy must include a description of the decision-making process for determining, reviewing and implementing the remuneration policy and the role of the remuneration committee or other relevant committee, and, pursuant to Sections 1.5.1.1 - 1.5.1. 4 of the RCGR, the Board of Directors or a committee composed of the members of the Board of Directors is the proposed body to formulate principles and rules for the evaluation of the work and remuneration of the Board of Directors and the Supervisory Board, which are to be approved by the Supervisory Board and which principles and rules (and any significant changes thereto) are to be approved by the General Meeting of Shareholders in a separate agenda item.

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

As part of the annual review, the Remuneration and Nomination Committee (**RNC**) assesses whether the Remuneration Policy and related processes function as intended, in particular whether the operations comply with other internal rules, whether the payment of remuneration is appropriate and in line with the business strategy, whether they adequately reflect the medium and long-term objectives and other stated goals of the Company and whether they comply with national and international regulations, principles and standards.

The key task of the RNC:

- (i) establishing the guidelines for the evaluation and remuneration of the work of the Executives;
- (ii) setting (proposing) and monitoring the implementation of indicators to assess the performance of Executives;
- (iii) monitoring the performance of Executives in accordance with the remuneration rules;
- (iv) checking whether the Company has complied with its disclosure obligations on remuneration matters;
- (v) monitoring and reviewing the system of legislation and other regulations (recommendations) relating to remuneration rules, in particular the Remuneration Policy, and makes recommendations for compliance and best practice;
- (vi) giving its opinion on the Remuneration Report;
- (vii) monitoring the remuneration-related processes.

The RNC will prepare a report (hereinafter: '**Report**') on its review findings as set out in (v), including, if deemed necessary, a proposal for amendments to the Remuneration Policy, and submit it to the Supervisory Board for its opinion.

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

Develops the Remuneration Policy, including:

- (i) defines the actual elements of the remuneration;
- (ii) determines the remuneration of the Executives and the budget available for that

purpose;

- (iii) examines the Report and, taking into account the opinions of the RNC and the Supervisory Board, decides whether to maintain the Remuneration Policy without changes or to amend it and, in the event of significant (substantive) changes, to submit it to the General Meeting.

The Board of Directors prepares a Remuneration Report annually, at the latest after the end of the year under review and until the publication of the invitation to the Annual General Meeting (after the entry into force of Section 29 (3) of the SRD Act (from the 2021 financial year), which is approved by the Board of Directors on the basis of the opinion of the RNC and the Supervisory Board, and thereafter submitted to the General Meeting for a non-binding (opinion) vote. Before submitting the Remuneration Report to the General Meeting, the Auditor shall check whether the Remuneration Report complies with the Remuneration Policy and, taking into account the provisions thereof, with the statutory requirements, and whether it contains the information required by law. If the Auditor concludes that the Remuneration Report does not comply with the requirements, the Auditor will call on the Board of Directors to take the necessary action. If the errors or deficiencies are not corrected, the Auditor is entitled to inform the shareholders at the General Meeting of the errors or deficiencies detected and the measures taken.

The Board of Directors shall prepare the Remuneration Report annually, starting from the year 2021, on the basis of a proposal by the Chairman of the Board of Directors, approve it by a resolution adopted by a simple majority and, after the audit by the Company's permanent auditor, submit it to the Annual General Meeting for an opinion and vote, together with the opinion of the Supervisory Board. The Remuneration Report shall contain a description of all remuneration granted to the Directors in the previous financial year or based on the results of the previous financial year, in whatever form, in accordance with the Remuneration Policy, as well as the elements required by Section 19 (2) and (3) of the SRD Act, subject to compliance with the applicable data protection rules.

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

The Supervisory Board shall, in accordance with Section IV a) of the Rules of Procedure, examine all proposals submitted to the General Meeting and present its position thereon at the General Meeting. On this basis, it shall, after having heard the views of the RNC give its opinion on the Remuneration Policy and the Remuneration Report within the scope of Section 8.2 (v) and shall send its opinion to the Board of Directors. The proposal for the Remuneration Policy and the Remuneration Report submitted by the Board of Directors to the General Meeting shall also contain the opinion of the Supervisory Board on this matter.

The Supervisory Board shall monitor the implementation of the Remuneration Policy in accordance with its annual audit plan.

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

The vote on the Remuneration Policy is the sole responsibility of the General Meeting following a proposal by the Board of Directors. Pursuant to the provisions of Sections 16-18 of the SRD Act, the amendment of this Remuneration Policy falls within the exclusive competence of the General

Meeting of the Company.

The vote on the Remuneration Report falls within the exclusive competence of the General Meeting following the proposal of the Board of Directors. The Company shall accept the decision of the General Meeting as binding in its own right.

The Remuneration Report shall be made publicly available on the Company's website, free of charge, for a period of at least ten (10) years following the decision of the General Meeting.

#### **8.6. Conflict of interest**

The Company has a specific policy on conflict of interest situations which is published on the Company's website.

The Company will follow the provisions of this separate and annually revised policy in relation to conflict of interest situations, including those that arise or may arise in the course of the decision-making process for the determination, review and implementation of the Remuneration Policy.

The affected Executive may not take part in decisions to be made on the remuneration of Executives Officers pursuant to Section 7 of this Remuneration Policy.

### **9. CONSISTENCY OF THE REMUNERATION POLICY 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.

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

### **10. FINAL AND ENACTING PROVISIONS**

The three pillars of the remuneration system described in the PREAMBULUM together replace the 'CIG PANNONIA REMUNERATION POLICY IN A CONSOLIDATED STRUCTURE', adopted by the Board of Directors of the Company on 24 April 2020, pursuant to Section 9(2) of Government Decree 102/2020 (10 April), within the powers of the Board of Directors of the Company.

The Company pays remuneration to the Directors in accordance with this approved Remuneration Policy in a transparent manner.

The Company will publish the approved Remuneration Policy, the date of the General Meeting

and the result of the vote at the General Meeting on its website without any delay. The Company shall provide free access to the approved remuneration policy at least for the effective term of the remuneration policy.

Derogations from the remuneration policy are not permitted.

These remuneration rules have been drawn up on the basis of the principle of '*clarity and comprehensibility*' and contain all mandatory elements pursuant to Sections 16-18 of the SRD Act.

The Remuneration Policy entered into force on the date of its approval by the General Meeting of the Company, i.e. 19 April 2021. The reviewed and revised version 2.0 regulation, as proposed by the Remuneration and Nomination Committee, was approved by the Board of Directors of the Company by resolution of CIG Pannónia Life Insurance Plc. on .../2022 and entered into force on ... day of April 2022 by General Meeting resolution .../2022 (19 April 2022) of the General Meeting.



## 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	no	12 months for cases under the Labour Code	12 months for cases under the Labour Code	no	no

