



ZWACK UNICUM NYRT.

REMUNERATION POLICY

Zwack Unicum Nyrt. ("**Company**"), in compliance with the obligations pursuant to the Act LXVII of 2019 on the encouragement of long-term shareholder engagement and the modification of certain legal acts for harmonization of the law (the "**Act**"), establishes the remuneration policy concerning the directors of the Company ("**Remuneration Policy**") as follows.

(1) THE PRINCIPLES AND OBJECTIVES OF THE REMUNERATION POLICY, ITS IMPLEMENTATION

1.1 The objective of this Remuneration Policy is

- (i) to provide for shareholders of the Company a clear, understandable and comprehensive overview of the remuneration principles applicable to the titleholders of the Company defined as director by the Act (see Section 2.1 below), so that they can make an informed decision on the Remuneration Policy at the general meeting of the Company;
- (ii) to contribute to the Company's business strategy, long-term interests and sustainability;
- (iii) to assess the performance of the to the titleholders of the Company defined as director by the Act (see Section 2.1 below) on the basis of both financial and non-financial criteria, including, where appropriate, the environmental, social and governance factors.

1.2 Taking into consideration the shareholding structure of the Company¹ and the system of the nomination of titleholders as well as the facts that

- (i) several years ago, the Board of Directors of the Company has prepared and has since applied consistently and fully the guidelines for the evaluation and remuneration of the work of the management, which have been the subject of opinion of the Supervisory Board of the Company; in addition to that
- (ii) according to decades-long practice at the Company, the members of the Board of Directors and the Supervisory Board shall perform their duties for a fixed amount, which shall be approved by the General Meeting of the Company on a separate agenda each year,

¹ The qualified majority voting shares (76%+1) of the Company are held by two major shareholders.

there is no separate remuneration committee at the Company. Tasks related to remuneration are performed by the Company's Board of Directors.

1.3 The Company pursues its objectives and principles set out in section 1.1 of the Remuneration Policy by consistently and fully applying the rules and principles detailed and elaborated in this Remuneration Policy and by making public the clear, comprehensible and comprehensive information given and to be given to its shareholders.

1.4 In developing the Remuneration Policy, and in particular the remuneration of the chief executive officer ("CEO") and the deputy chief executive officer ("Deputy CEO"), the Company has taken as a starting point the remuneration of the Company's employees, their terms of employment and the Company's collective agreement in force. Accordingly, the remuneration of the CEO and the Deputy CEO depends on the weight of the position held, as determined by a function description, and the obligations and responsibilities associated with the position, which may be influenced by market conditions and other circumstances.

(2) THE SCOPE OF THE REMUNERATION POLICY

2.1 Personal scope

The personal scope of this Remuneration Policy shall extend to the following persons (the "Directors"):

- (i) members of the Company's Board of Directors;
- (ii) members of the Company's Supervisory Board;
- (iii) the CEO of the Company; and
- (iv) the Deputy CEO.

The Company may only pay remuneration to its Directors on the basis of the Remuneration Policy submitted to the General Meeting for an opinion vote.

2.2 The temporal scope of the Remuneration Policy

This Remuneration Policy shall be applicable for a period of 4 years from the date of its approval by the resolution of the Board of Directors acting in the competence of the AGM No. 33/2020. 06. 25.

3. REMUNERATION OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD

According to the Company's established practice, the members of the Board of Directors and of the Supervisory Board receive fixed remuneration in consideration of their services, the amount of which is defined in a separate resolution of the General Meeting each year with respect to the previous business year.

4. THE REMUNERATION OF THE COMPANY'S CHIEF EXECUTIVE OFFICER, THE DEPUTY CHIEF EXECUTIVE OFFICER AND OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD HAVING AN EMPLOYMENT OR OTHER RELATIONSHIP WITH THE COMPANY

4.1 The remuneration of the CEO falls within the competence of the Chairman of the Board of Directors while the remuneration of the Deputy CEO and the members of the Board of Directors and of the Supervisory Board having an employment relationship with the Company is within the competence of the CEO.

4.2 The fixed and (performance dependent) variable elements of the remuneration, and their relative proportions

4.2.1 The fixed elements of the remuneration, that is their performance-independent elements can be the following:

- (i) *Honoraria of the member of the Board of Directors², honoraria of the member of the Supervisory Board or honoraria of other board or committee membership at the Company (for example audit board);*
- (ii) *Basic salary: essentially depends on the importance of the position fulfilled - established on the basis of an analysis of the related tasks and obligations - and may be influenced by the market;*
- (iii) *Absentee fee during vacation;*
- (iv) *Cafeteria: in the amount of one month's basic salary;*
- (v) *Food allowance;*
- (vi) *Discounted Purchase (at the Company shop);*
- (vii) *Leadership health insurance;*
- (viii) *Other benefit: payment of cash benefits under the employment contract;*
- (ix) *Life insurance: paying the insurance amount to the insurance company, as well as remuneration of the personal income tax and after the expiration of the insurance, the former insurance fee and compensation is turned to salary supplement;*
- (x) *Daily allowance of a secondment;*
- (xi) *Vehicle;*
- (xii) *Company mobile phone;*
- (xiv) *IT devices;*
- (xv) *Taxi card;*
- (xvi) *Low-value allowances: pursuant to the Company's collective agreement, every employee is entitled to, for example an Easter package;*
- (xvii) *any other salary item or allowance not determined above which is based on future market practice, custom or technological innovation whose total consideration or amount may not exceed 20% of the base salary. A further condition is the approval of*

² Currently, both the CEO and the Deputy CEO are members of the Board of Directors.

the Chairman of the Board of Directors or in case of his/her conflict, the approval of the Board of Directors.

4.2.2 The variable elements of the remuneration, that is their performance dependent elements can be the following:

- (i) *Coupon bonus*: the amount corresponding to dividends on a specified number of virtual shares, as determined by the Board of Directors, in case the conditions in clause 4.2.4 below are met;
- (ii) *Bonus*: in accordance with the decision of the Board of Directors, in case the conditions in section 4.2.4 below are met;
- (iii) *Loyalty bonus*: similarly as in the cases and in the amounts provided by the collective agreement of the Company;
- (iv) *Retirement bonus*: similarly as in the cases and in the amount provided by the collective agreement of the Company; and
- (v) any *other salary item* or *allowance* not determined above which is based on future market practice, custom or technological innovation whose total consideration or amount may not exceed 20% of the base salary. A further condition is the approval of the Chairman of the Board of Directors or in case of his/her conflict, the approval of the Board of Directors.

4.2.3 The relative proportion of the fixed and variable elements of the remuneration

The basic salary shall be at least 60% of the total remuneration. The total amount of the fixed elements shall be at least 65% of the total remuneration.

4.2.4 Payment terms for variable elements of remuneration, deferral period, recovery

The terms of the payment of the coupon bonus and bonus detailed in sections 4.2.2 (i) and (ii) above are as follow:

- (i) Fulfillment of financial and non-financial performance criteria specified by the Company's Board of Directors for the reference period, based on the current market, legal and tax environment; and
- (ii) fulfillment of the criteria for sustainability and social responsibility defined in detail by the Company's Board of Directors for the reference period.

The Company considers the business strategy, the long-term interests and sustainability of the Company when determining the above conditions.

When measuring the fulfillment of measurable criteria, the Company considers the percentage of fulfillment. The Company considers the fulfillment of non-measurable criteria if the given criterium is fully met. The Company's Board of Directors may use other reasonable or valuation methods otherwise known or accepted in the market to determine the above conditions.

The payment of the above bonuses is subject to the condition that the employee be in the employment of the Company at the time of verifying the fulfillment of the criteria. The lawfully

paid bonus, based on criteria that have been fulfilled, cannot be reclaimed. The Board of Directors may waive the fulfillment of the criteria by a reasoned decision.

4.2.5 Share based remuneration

In November 2007, the Company issued 35,000 redeemable liquidation preference shares ("**Management Shares**") for a total amount of HUF 35 million for which the Company has an option to purchase, while the senior management have an option to sell and a preferential liquidation right. The vesting period was originally 10 years, which has expired. The rights related to the Management Shares, including the related sale and purchase rights, are specified in Section 5.7 of the Statutes of the Company.

Resolution of the Company's AGM no. 21/2017. 06. 29.³ provides that the Company's Board of Directors can, with the conditions contained therein, issue further Management Shares.

As the participants of the program become co-owners of the Company under certain conditions, the operation of the Program contributes substantially to the Company's business strategy and long-term interests.

4.2.6 Other terms and conditions of the employment contract

The Company shall, in respect of the duration of the employment contract, the applicable notice period, the main characteristics of the supplementary or early retirement schemes, the terms of termination of the contract and the payments required in case of a termination, apply the Company's collective Agreement, Act I of 2012 on the Labor Code and other applicable laws and regulations, with the terms and conditions of the permanent employment contract being determined on the basis of current labor market conditions and the agreement with the employee.

5. DEVIATION FROM THE REMUNERATION POLICY

Deviation from this Remuneration Policy shall only be temporary and an exceptional case.

The Board of Directors or the Chairman of the Board of Directors, as the case may be shall only be entitled to decide to deviate from this Remuneration Policy if:

- (i) Exceptional case:
that is, in cases where the deviation is necessary to ensure the long-term interests and sustainability of the Company or to ensure its viability, in particular, but not limited to,

³ Resolution of the AGM No. 21/2017. 06. 29.: The AGM authorized the Board of Directors of the Company to increase, within one or more phases, the registered capital of the Company within five (5) years as of June 29, 2019, exclusively by issuing up to 200,000 redeemable liquidation preference shares (including the already issued redeemable liquidation preference shares) through private placement. The highest amount by which the Board of Directors can increase the registered capital of the Company is up to (within one or more phases) HUF 200,000,000 that is two hundred million Hungarian forints (including the capital represented by the already issued redeemable liquidation preference shares). The placement value of such redeemable liquidation preference shares will be their nominal value equaling to HUF 1,000 (one thousand Hungarian forints). The Board of Directors is entitled to decide about the exclusion or limitation of preferential subscription rights related to such capital increase(s) as may be necessary. The Board of Directors can only exercise such capital increase right with respect to the new shares to be issued and the prior written approval of the Supervisory Board.

when the market, legal or tax environment changes, if the deviation is justified by the fairness towards the concerned party.

- (ii) under this Remuneration Policy, deviation from the given element is possible.

6. DECISION-MAKING PROCESS REGARDING THE REMUNERATION POLICY

The development, review and implementation of the Remuneration Policy is the responsibility of the Company's Board of Directors, which acts in accordance with its own rules of procedure. Conflicts of interest are governed by the general rules.

For reasons detailed in section 1.2 there is no remuneration committee at the Company.

The Remuneration Policy shall be reinforced by the General Meeting of the Company at least every four years with an opinion vote. In the event of a rejection by the General Meeting, the Company is obliged to revise the remuneration policy and to submit it to the next General Meeting (however, it may be applied until the next General Meeting).

Budapest, June 25, 2020.

Duly approved by the resolution of the Board of Directors acting in the competence of the AGM No. 33/2020. 06. 25., on the basis of Subsection (1) of Section 5 and Section 9 of the decree no. 102/2020 (IV.10.) of the Government of Hungary on the deviating regulations related to the operation of partnerships and capital-concentrating organisations during the state of emergency and Section 114 of Act LVIII of 2020 on Transitional Arrangements following the termination of the state of danger and on Healthcare Preparedness and based on the proposal no. 3/2020.05.19. of the Board of Directors, approved by the resolution no. 3/2020.05.19. of the Supervisory Board.