



## **ESOP REMUNERATION POLICY 2024**

*on the benefits of the employees of ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság  
under the Employee Share Ownership Program*

**WHEREAS**, the fundamental objective of the Company is to promote the future improvement of the Company's economic performance based on innovation;

**WHEREAS**, the Company has a related interest in enhancing the performance and loyalty of its employees by sharing in the success of the Company;

**WHEREAS**, the Company's remuneration system is designed in accordance with the principles of transparency and corporate governance and in compliance with the SRD Act and the relevant legal provisions;

**WHEREAS**, the Company has established the ESOP Organization and launched an Employee Share Ownership Program under the ESOP Act, and the experience gained has shown that remuneration under the Employee Share Ownership Program is suitable for achieving the above objectives;

**WHEREAS**, the Company adopts several remuneration policies at the same time in order to ensure long-term and predictable remuneration;

**NOW, THEREFORE**, the Company adopts the following remuneration policy for the acquisition of financial assets for the benefit of the employees of the Company as defined below, in accordance with the ESOP Act:

#### **1. Definitions used in the Remuneration Policy**

<b>Articles of Association</b>	The articles of association of the ESOP Organization as in force from time to time.
<b>Enlargement</b>	Additional Employees becoming covered by the personal scope of the Remuneration Policy after the Starting Date due to (i) the establishment of their employment or (ii) a change in their job title or position, at the Company's discretion.
<b>Enlargement Date</b>	Date of adoption of the amendment to the Remuneration Policy pursuant to Section 4.2.
<b>Director(s)</b>	Person(s) as defined in Section 2(2) of the SRD Act.
<b>Directors' Remuneration Policy</b>	The comprehensive remuneration policy for directors under the SRD Act.
<b>Remuneration Condition</b>	The condition, as defined in Section 8.1 of this Remuneration Policy, which measures the future improvement of the Company's economic performance and on the basis of which Participants may receive remuneration in accordance with the provisions of the ESOP Act, as defined in this Remuneration Policy and the Articles of Association.
<b>Remuneration Policy</b>	This ESOP Remuneration Policy 2024.
<b>Award Value</b>	The amount of the monetary contribution to be made available to the ESOP Organization in respect of a Participant, out of which the ESOP Organization is obliged to subscribe for Shares in the Capital Increase.
<b>Contact Person</b>	The employee of the Company responsible for liaising with the ESOP Organization.
<b>Beneficiary</b>	One or more natural person(s) designated in writing by the Participant to whom the Participant's membership stake under this Remuneration Policy shall pass in the event of the Participant's death.

<b>Starting Date</b>	The effective date of this Remuneration Policy.
<b>Issue Value</b>	The issue value of the Shares determined in the Capital Increase.
<b>Announcement</b>	Announcement of the Remuneration Policy to Participants as set out in Sections 5.1-5.3 of the Remuneration Policy.
<b>ESOP Organization</b>	The ALTEO Employee Share Ownership Program Organization (registered with the Budapest-Capital Regional Court under registration number 01-05-0000133), established by the Company as the founder under the ESOP Act to manage the financial assets that may be acquired by the Company under the remuneration policy.
<b>ESOP Act</b>	Act XLIV of 1992 on the Employee Share Ownership Program.
<b>Employee(s)</b>	Employees covered by this Remuneration Policy and employed by the Company who are identified (i) in <i>Annex 1</i> to this Remuneration Policy at the Starting Date and (ii) in the new Annex attached to this Remuneration Policy during the Enlargement, at the Enlargement Date.
<b>Heir</b>	One or more natural person(s) who are heirs as defined in Book Seven of the Civil Code, and who do not qualify as heir(s) excluded from the succession by reason of disqualification under Section 7:4 of the Civil Code.
<b>Civil Code</b>	Act V of 2013 on the Civil Code.
<b>Participant(s)</b>	Employees who become participants of the ESOP Organization in accordance with the provisions of the ESOP Act and the Articles of Association.
<b>Number of Shares</b>	The number of Shares to be subscribed for by the ESOP Organization in respect of a Participant or, in respect of the Enlargement, the number of Shares to be purchased by or made available to the ESOP Organization in respect of a Participant.
<b>Share(s)</b>	The dematerialized registered ordinary share(s) of ALTEO Nyrt. subscribed by the ESOP Organization in the course of the Capital Increase for the implementation of this Remuneration Policy, which will embody the same rights and obligations as the ordinary shares of ALTEO Nyrt. already listed on the Budapest Stock Exchange with ISIN HU0000155726, as well as the ordinary shares of ALTEO Nyrt. of the same series purchased by the ESOP Organization or made available by the Company to the ESOP Organization for the implementation of the Enlargement.
<b>SRD Act</b>	Act LXVII of 2019 on the Encouragement of Long-Term Shareholder Engagement and the Amendment of Certain Acts with a View to Legislative Harmonization.
<b>Company</b>	ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság (registered office: H-1033 Budapest, Kórház utca 6-12; registered at the Company Registry Court of Budapest-Capital Regional Court under company registration number Cg. 01-10-045985).
<b>Capital Increase</b>	The increase of share capital decided by the Board of Directors of the Company until 30 April 2022 to implement this Remuneration

Policy, with the purpose of issuing Shares and making them available to the ESOP Organization.

**Closing Date**

The date of the redemption of the Shares for cash pursuant to Section 9.1, when the Participants' membership stake is withdrawn and they become entitled to the portion of the ESOP Organization's profit after tax and any excess equity attributable to the Shares held in respect of their membership stake.

**2. The ESOP Organization**

- 2.1. The Company as founder established the ESOP Organization on December 16, 2016.
- 2.2. Detailed rules for the ESOP Organization are set out in the Articles of Association.
- 2.3. The Remuneration Policy is implemented by the ESOP Organization.
- 2.4. The Employees covered by the Remuneration Policy become Participants in the ESOP Organization and acquire membership stakes in accordance with the provisions of the ESOP Act and the Articles of Association.

**3. Subject of the Remuneration Policy**

- 3.1. The objective of this Remuneration Policy is
  - 3.1.1. to grant an allowance to the categories of staff defined in Sections 4.1 to 4.2, after the adjustment provided for in Section 7
  - 3.1.2. by way of the cash payment of the claim arising from the redemption for cash of the Shares subscribed from the monetary contribution provided to the ESOP Organization as set out in Section 6 and purchased by or made available to the ESOP Organization in the Enlargement and from the withdrawal of the membership stake in the Shares
  - 3.1.3. for the financial years 2022 and 2023,
  - 3.1.4. provided that the Remuneration Condition is met.
- 3.2. Cash awarded under this Remuneration Policy is an incentive linked to future improvements in the Company's economic performance.
- 3.3. This Remuneration Policy only sets out the framework for the benefits specified in Section 3.1 and does not regulate the legal relationship between the Company and the Employees or the rules governing other benefits for Employees. Under and in the context of this Remuneration Policy, a change in an Employee's job title after the Starting Date or Enlargement Date will not result in the provision of additional Shares to the ESOP Organization and will not entitle the relevant Employee to additional remuneration.
- 3.4. The remuneration paid by the ESOP Organization may only be differentiated between individual Employees in accordance with this Remuneration Policy and the Articles of Association.
- 3.5. The benefits payable under the Remuneration Policy form part of the remuneration of Directors as set out in the Directors' Remuneration Policy in force from time to time. Accordingly, the benefits payable to such persons pursuant to the Remuneration Policy must also be approved by the Company's General Meeting. In the absence of such approval by the Company's General Meeting, no remuneration may be paid pursuant to this Remuneration Policy to ALTEO Directors.

#### **4. Personal scope of the Remuneration Policy**

- 4.1. The personal scope of the Remuneration Policy extends to the employees specified in *Annex I*.
- 4.2. The Remuneration Policy also covers the employees involved in the Enlargement. The scope of the employees to be covered by the Enlargement shall be decided by the CEO of the Company, on the basis of which this Remuneration Policy will be amended by July 1, 2023, so that the employees to be covered by the Enlargement will be indicated in a new annex to this Remuneration Policy.
- 4.3. Employees are covered by this Remuneration Policy by virtue of their employment and are mandatorily required to participate in the program implemented under it.
- 4.4. Employees shall cease to fall under the scope of the Remuneration Policy if:
  - a) their employment is terminated for any reason during the period from the Starting Date or Enlargement Date to the Closing Date;
  - b) their being under the scope of the Remuneration Policy and/or acquiring a membership stake in the ESOP Organization is excluded or results in conflict of interest under applicable legislation or any of the Company's internal rules.
- 4.5. Participation in the program implemented under this Remuneration Policy does not confer any entitlement to employment to the Employee covered by it, and the Company is entitled to terminate the Employee's employment under the terms of *Act I of 2012 on the Labor Code* or the employment contract with the Employee, even while under the scope of the Remuneration Policy.
- 4.6. Should the Employee concerned become aware of a circumstance referred to in Section 4.4(b) above, he or she shall report it in writing to the Contact Person within eight days of the Starting Date or Enlargement Date, as the case may be. If the conflict of interest occurs after the Starting Date or Enlargement Date, the Employee shall notify the Contact Person of the conflict of interest within eight days of its occurrence.
- 4.7. In the case of Section 4.4(a) above, the employee shall cease to fall under the scope of the Remuneration Policy from the day following the termination of employment, while in the case of Section 4.4(b) above, from the day of the occurrence of a conflict of interest.
- 4.8. Employees of the Company who are not covered by the scope of the Remuneration Policy and Employees who cease to fall under the scope of the Remuneration Policy in accordance with Section 4.4 shall not be entitled to any indemnity, compensation or other pecuniary benefit in respect of that fact.

#### **5. Announcement of the Remuneration Policy**

- 5.1. Within 15 business days of the Starting Date or the Enlargement Date, the Company shall ensure that Employees are provided access to the following:
  - a) the fact and date of adoption and entry into force of the Remuneration Policy,
  - b) the Remuneration Policy (except for *Annex I*, subject to the provisions of Section 5.3),
  - c) the draft Articles of Association, in a consolidated structure with the amendments,
  - d) the privacy notice, including information on the Contact Person and his or her contact details.
- 5.2. The Company shall ensure that all Employees receive the documents specified in Section 5.1 via the electronic interface normally used for internal communication (or, if this is not possible, in writing) within the time limit specified therein. The entire content of the documents and

information set out in Section 5.1 is subject to the obligation of confidentiality and Employees shall keep the secrets disclosed to them through their participation in the ESOP Organization.

- 5.3. The Company shall ensure that the contents of the Announcement are made available to all Employees on equal terms, but will refrain, to the extent permitted by law, from providing any Employee with information about the contents of *Annex 1* to this Remuneration Policy or the contents of the new Annex attached to the Remuneration Policy during the Enlargement (i.e. the personal scope of the Remuneration Policy and the benefits of other Employees). This Section does not preclude the inclusion, in respect of the Directors of the Company, of the information in the Directors' Remuneration Policy and in the remuneration report prepared pursuant to the SRD Act, as well as the possibility to submit such documents and information to the General Meeting of the Company or to disclose them to the public.

## **6. Award Value and Number of Shares**

- 6.1. Pursuant to the Remuneration Policy, the Company shall make a monetary contribution to the ESOP Organization in such a way that, by way of the contribution, it is the Participant who will acquire a membership stake in the ESOP Organization pursuant to the Articles of Association and this Remuneration Policy. The nominal value of the Participant's membership stake shall be equal to the amount of the monetary contribution made to the trust fund.
- 6.2. The Company shall communicate to Employees individually, at the same time as the Announcement, the applicable Award Value via the electronic interface normally used for internal communication (or, if this is not possible, in writing). The determination of the Award Value for each Employee forms an integral part of the Remuneration Policy. The Award Value for each Employee is summarized in *Annex 1* of the Remuneration Policy. Employees may have access to the content of *Annex 1* only in respect of the information that applies to them.
- 6.3. Out of the total amount of the monetary contribution provided by the Company, the ESOP Organization will subscribe for Shares in the Capital Increase in order to implement the Remuneration Policy. The Shares subscribed for from the monetary contribution are inextricably linked to the membership stake of the Participant concerned. The ESOP Organization will subscribe for the number of shares in respect of each Participant set out in the formula below:

$$\text{NoS} = \text{AV} / \text{IV}$$

where

**IV = Issue Value**

**AV = Award Value**

**NoS = Number of Shares**

- 6.4. If, following the subscription of the Shares, the monetary contribution is not fully utilized due to the fact that the amount of the Award Value cannot be fully divided by the Issue Value, the remaining part of the monetary contribution shall remain part of the relevant Participant's membership stake.
- 6.5. Upon the Enlargement, the Company shall indicate the Number of Shares in a new annex to the Remuneration Policy. The Shares required to implement the Enlargement shall be made available by the Company, at its option, either (i) as in-kind contribution or (ii) it shall provide the consideration necessary for purchasing the Shares in the form of monetary contribution to the ESOP Organization, within the shortest period of time allowed by the circumstances. If the Company makes monetary contribution for the implementation of the Enlargement, the contribution will result in the Participant affected by the Enlargement acquiring a membership

stake in the ESOP Organization pursuant to the Articles of Association and this Remuneration Policy. If the amount of the monetary contribution is not used in full to purchase the Number of Shares indicated in the new annex to the Remuneration Policy, the remaining part of the monetary contribution shall remain part of the relevant Participant's membership stake.

- 6.6. No consideration shall be payable by Participants for the provision of monetary or in-kind contributions to the ESOP Organization or for any membership stake acquired in respect thereof. All expenses incurred in connection with the operation of the ESOP Organization (including, without limitation, expenses specifically related to the redemption of Shares for cash) shall be borne by the ESOP Organization and/or the Company in accordance with the provisions of the Articles of Association, and Participants shall not be liable for any costs and expenses incurred by the ESOP Organization.

## **7. Adjustment to the award**

- 7.1. The Company may decide to reduce a Participant's benefit on the basis of a performance evaluation related to the Participant's employment in accordance with the remuneration regulations applicable to them in force from time to time.
- 7.2. The result of the evaluation is communicated to the Participants by the person designated in the remuneration regulations applicable to employees in force from time to time. The Company may decide to reduce the Number of Shares determined for a Participant on the basis of the evaluation.
- 7.3. The portion of the relevant Participant's membership stake corresponding to the difference between the Number of Shares subscribed in respect of him or her and the reduced number of shares shall vest in the founder in accordance with the provisions of the Articles of Association.
- 7.4. The HR Manager of the Company or the person authorized by him or her shall communicate the result of the evaluation and the number of shares determined in the evaluation to the managing director of the ESOP Organization without delay, but no later than before the determination of the fulfilment of the remuneration condition set out in Section 8.1 by the managing director of the ESOP Organization.

## **8. Remuneration Condition**

- 8.1. Remuneration may be paid in the event of an improvement in the Company's economic performance between December 31, 2021 and December 31, 2023, which is met if the value of equity, excluding other comprehensive income (OCI), as at December 31, 2023 as determined based on the audited consolidated annual report adopted by the Company's General Meeting, adjusted for changes resulting from dividend payments and other equity transactions, exceeds the value of equity, excluding other comprehensive income (OCI), as determined in the audited consolidated annual report for the financial year ending December 31, 2021 as the comparative period.
- 8.2. Whether or not a Remuneration Condition is met is determined by the management of the ESOP Organization on the basis of information provided by the Company. The Company will send the relevant information through the Contact Person to the management of the ESOP Organization within five days of the publication of the annual report for the financial year 2023. The Remuneration Condition may not be satisfied earlier than 24 months from the date of the incorporation of the Remuneration Policy in a private deed countersigned by an attorney-at-law. The management of the ESOP Organization shall adopt a resolution on whether or not the Remuneration Condition is fulfilled within five days of receipt of the Company's relevant

notification, and shall communicate the resolution to the Company and the Participants in the manner set out in the Articles of Association.

## **9. Fulfilment of the Remuneration Condition and redemption of Shares for cash**

- 9.1. If the Remuneration Condition is met, the management of the ESOP Organization shall redeem the Shares held in respect of the Participants' membership stake into cash in the manner provided in the Articles of Association within 15 days of the date of the managing director's resolution on fulfilment. The Shares may be redeemed for cash at the earliest 24 months after they became available, excluding the Shares transferred as a result of the Enlargement, for which a shorter holding period applies in accordance with the provisions of the ESOP Act.
- 9.2. At the time of sale, the unweighted arithmetic average of the daily average price of the ordinary shares of ALTEO Nyrt. listed on the Budapest Stock Exchange with ISIN HU0000155726, established for the 30 trading days preceding the sale, shall be taken into account as purchase price, subject to the restrictions set forth in the authorization granted by the Company's General Meeting to acquire own shares.
- 9.3. Upon fulfilment of the Remuneration Condition and redemption of Shares for cash, Participants will become entitled to the portion of the ESOP Organization's profit after tax (for the current year) and any excess equity attributable to the Shares held in respect of their membership stake.
- 9.4. On the date of the redemption of the Shares for cash in accordance with Section 9.1, the ESOP Organization shall withdraw the Participants' membership stakes under the Remuneration Policy and settle accounts with the Participants in accordance with the provisions of the Articles of Association.

## **10. Failure of remuneration**

- 10.1. Remuneration shall fail in respect of all Participants if the Remuneration Condition is not fulfilled or, for the Participant concerned, if any of the conditions set out in Section 4.4 occurs.
- 10.2. In the event of failure of remuneration, the membership stake of the Participants concerned shall be transferred to the founder in accordance with the rules set out in the Articles of Association and the Participant concerned shall not be entitled to any further benefits.

## **11. Inheritance of the membership stake**

- 11.1. A Participant's membership stake earned under the Remuneration Policy is inheritable. In the event of the death of a Participant, the Participant's membership stake shall pass to the Beneficiary designated in writing by the Participant in accordance with the provisions of the Articles of Association. If the Participant has not designated a Beneficiary in writing, the Participant's membership stake shall pass to the Participant's Heir.
- 11.2. If there is no Beneficiary or Heir, the deceased Participant's membership stake shall pass to the founder on the date of the Participant's death.

## **12. Limitation of liability**

- 12.1. The Remuneration Policy is based on the law in force at the time of its adoption. The Company reserves the right to amend or repeal the Remuneration Policy (i) in the event of a change in law, to the extent necessary to comply with such change and to bring it into conformity with such change, or (ii) based on mandatory legal requirement or final decision of a public authority. However, the Company excludes all liability for any damages resulting from such change or repeal.
- 12.2. The adoption of the Remuneration Policy does not create any obligation for the Company to adopt in the future a remuneration policy identical or similar to the Remuneration Policy.
- 12.3. The Company also excludes its liability if, in the event of the fulfilment of the Remuneration Condition, the value acquired by the Participant is lower than the Award Value for any reason, including in particular a negative change in the Share price or an adjustment made in accordance with Section 7.

### **13. Temporal scope of the Remuneration Policy**

- 13.1. This Remuneration Policy shall enter into force on the date of its adoption and shall remain in force until the claims arising from the withdrawal of membership stakes under the Remuneration Policy have been fully satisfied.
- 13.2. The Remuneration Policy shall cease to apply upon the termination of the ESOP Organization implementing it.
- 13.3. The Company shall be entitled to repeal the Remuneration Policy in the case set out in Section 12.1 above.

### **14. Amendment of the Remuneration Policy**

- 14.1. Should any provision of the Remuneration Policy be invalid, the Company shall be entitled to amend the relevant provision of the Remuneration Policy accordingly.
- 14.2. After the Articles of Association have been signed, this Remuneration Policy may only be amended by the Company in such a way that the amendment does not result in the reduction or frustration of the rights or reasonable expectations of Employees already existing in relation to their participation in the ESOP Organization or an increase in the burden previously assumed by them in connection with their participation in the ESOP Organization. This limitation shall be without prejudice to any modification that may arise as a result of Section 12.1.

### **15. Miscellaneous**

- 15.1. The provisions of the Remuneration Policy are considered business secrets.
- 15.2. In matters not covered by the Remuneration Policy, the provisions of Hungarian law shall prevail.
- 15.3. The language of the Remuneration Policy is Hungarian.

## 16. Adoption of the Remuneration Policy

- 16.1. The Company adopts this Remuneration Policy in accordance with its articles of association and its internal rules, as authorized by *resolution No. 1/2022. (IV.20) of the Board of Directors*, and after having informed and consulted the Company's Works Council on April 7, 2022, which shall be binding on it and may only amend it in the case provided for in Section 14 and repeal it under the conditions set out in Section 13.3.
- 16.2. This Remuneration Policy must be set out in a document countersigned by an attorney-at-law.

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The undersigned, having read and understood this remuneration policy, sign it on the date and place indicated below, as one being in full agreement with our intentions.

Budapest, April 20, 2022

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**ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság**

represented with joint right to sign by:

Attila László Chikán

Domonkos Kovács

*Countersigned by me* at Budapest on April 20, 2022:

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**dr. Imre Pál Béres, attorney-at-law**

Becher, Torma & Partners Law Firm

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*Annex 1*

*Employees falling under the scope of this Remuneration Policy*

*Disclaimer: All information contained within this article is for information purposes only, and shall not be considered an official translation of the official communication referred to herein. This document does not include the integral wording of the official communication referred to herein, the original Hungarian language version of it remains to be the solely legally binding material in the subject matter. For further information, please do not hesitate to contact us.*