



**ESOP REMUNERATION POLICY FOR MEMBERS OF SENIOR MANAGEMENT  
2025**

**WHEREAS** the fundamental objective of the Company is to enable the future improvement of the Company's economic performance based on innovation, with the senior management of the Company playing a key role in that regard;

**WHEREAS**, in line with domestic and international practice, the Company considers the establishment of a share-based incentive scheme for members of the senior management a model to be followed, capable of motivating and retaining members of senior management beyond any short-term interests;

**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 established under the ESOP Act the ESOP Organization and launched an Employee Share Ownership Program for the acquisition of financial assets that could previously be obtained under various remuneration policies, and the experience gained has shown that remuneration under the Employee Share Ownership Program is suitable for achieving the above objectives;

**NOW, THEREFORE**, the Company adopts the following remuneration policy for the acquisition of financial assets for the benefit of the Members of Senior Management 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 Members of Senior Management 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>EBITDA</b>	The EBITDA value derived from the Company's consolidated statement of earnings under IFRS, which is equal to the sum of operating profit and depreciation and amortization.
<b>Measurement Period</b>	Financial years 2023 and 2024, in respect of which the Company's economic performance and remuneration criteria shall be assessed.
<b>Member(s) of Senior Management</b>	Members of Senior Management 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 event of Enlargement, in the new Annex to this Remuneration Policy, at the Enlargement Date.
<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 Award Value</b>	This ESOP Remuneration Policy for Members of Senior Management. The award value necessary to determine the Shares to be made available to the ESOP Organization in respect of a given Participant.

<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>Announcement</b>	Announcement of the Remuneration Policy to Members of Senior Management falling under the scope thereof as set out in Sections 5.1-5.3 of the Remuneration Policy.
<b>Approximate Award Value</b>	The variable necessary to determine the Number of Shares, which is the smallest integer equal to or greater than the Award Value that is divisible by the Share Price without a remainder.
<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>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>	Members of Senior Management who become participants of the ESOP Organization in accordance with the provisions of the ESOP Act and the Articles of Association.
<b>Share Price</b>	The offer price specified in the statutory public takeover bid for the Company's Shares approved by the Central Bank of Hungary in Resolution No. H-KE-III-77/2023 adopted on 2/3/2023, i.e. HUF 3,040.
<b>Number of Shares</b>	The number of Shares to be made available to the ESOP Organization in respect of a Participant or, in respect of the Enlargement, the number of Shares to be purchased or subscribed by or made available to the ESOP Organization in respect of a Participant.
<b>Share(s)</b>	ALTEO Nyrt. ordinary shares with a face value of HUF 12.5, ISIN identifier: HU0000155726, which are the underlying financial instruments for the purposes of the Remuneration Policy.
<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), the founder of the ESOP Organization.
<b>Closing Date</b>	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. Members of Senior Management 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. for the financial years 2023 and 2024,
  - 3.1.2. provided the Remuneration Condition is met, and after any potential adjustments as per Section 7,
  - 3.1.3. by way of a cash payment of the claim arising from the redemption for cash of the a specified number of Shares made available to the ESOP Organization by the Company free of charge under Section 6, or purchased by or made available to the ESOP Organization in the Enlargement, and from the withdrawal of the membership stake relating to the Shares,
  - 3.1.4. to grant an allowance to the categories of staff defined in Sections 4.1 to 4.2.
- 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 Members of Senior Management or the rules governing other benefits for Members of Senior Management. Under and in the context of this Remuneration Policy, a change in the job title of a Member of Senior Management 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 Member of Senior Management to additional remuneration.
- 3.4. 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 the Company's Directors.

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

- 4.1. The personal scope of the Remuneration Policy extends to the Members of Senior Management as specified in *Annex 1*.
- 4.2. The Remuneration Policy also covers Members of Senior Management involved in the Enlargement. The scope of employees to be covered by the Enlargement shall be decided by the Board of Directors of the Company, on the basis of which this Remuneration Policy will be amended by June 1, 2024, so that the Members of Senior Management to be covered by the Enlargement will be indicated in a new annex to this Remuneration Policy.

- 4.3. The Remuneration Policy shall cease to apply to a Member of Senior Management if:
- a) their employment is terminated for any reason during the period from the Starting Date or, in the case of Members of Senior Management affected by the Enlargement, from the 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.
- 4.4. Participation in the program implemented under this Remuneration Policy does not confer any entitlement to employment to the Member of Senior Management covered by it, and the Company is entitled to terminate the employment of the Member of Senior Management under the terms of *Act I of 2012 on the Labor Code* or the employment contract with the Member of Senior Management, even while under the scope of the Remuneration Policy.
- 4.5. Should the Member of Senior Management concerned become aware of a circumstance referred to in Section 4.3(b) above, they 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 a conflict of interest arises after the Starting Date or Enlargement Date, the Member of Senior Management shall notify the Contact Person of the conflict of interest within eight days of its occurrence.
- 4.6. In the case of Section 4.3(a) above, the Remuneration Policy shall cease to apply to the Member of Senior Management from the day following the termination of employment, and in the case of Section 4.3(b) above, from the day when the conflict of interest arises.
- 4.7. Employees of the Company who are not covered by the Remuneration Policy and Members of Senior Management to whom the Remuneration Policy ceases to apply in accordance with Section 4.3 shall not be entitled to any indemnity, compensation or other pecuniary benefit due to that fact.

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

- 5.1. Within 15 business days of the Starting Date (or for any Enlargement, the Enlargement Date), the Company shall ensure that Members of Senior Management have access to the following:
- a) the fact and date of adoption and entry into force of the Remuneration Policy,
  - b) the full text of the Remuneration Policy,
  - c) the draft Articles of Association, in a consolidated structure with the amendments,
  - d) the Privacy Notice,
  - e) ways of contacting the ESOP Organization and the name of the contact person.
- 5.2. The Company shall ensure that all Members of Senior Management 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. Members of Senior Management shall keep the business secrets disclosed to them through their participation in the ESOP Organization.
- 5.3. The Company shall ensure that the content of the Announcement is made available to all Members of Senior Management on equal terms.

## **6. Award Value and the making available of the Shares**

- 6.1. The Company shall, concurrently with the Announcement, individually communicate to each Member of Senior Management the Award Value applicable to them for the determination of the

Number of Shares. The determination of the Award Value for the Member of Senior Management concerned forms an integral part of the Remuneration Policy. The Award Values for Members of Senior Management are set out in *Annex 1* to this Remuneration Policy, and for Members of Senior Management affected by the Enlargement, in a new annex to the Remuneration Policy, attached during the amendment of the Remuneration Policy.

- 6.2. The Company shall make available to the ESOP Organization the Number of Shares equal to the Award Value in respect of each Participant as per Section 6.1. The Number of Shares to be made available per Participant shall be determined using the following formula:

$$\text{NoS} = \sim\text{AV} / \text{SP}$$

where

**NoS** = Number of Shares

**~AV** = Approximate Award Value,

**SP** = Share Price.

- 6.3. Pursuant to this Remuneration Policy, by May 31, 2023 the Company makes available to the ESOP Organization a total Number of Shares equal to the number of shares to be made available in respect of the Participants as set out in Sections 6.1 to 6.2.
- 6.4. No consideration shall be payable by Participants for the provision to the ESOP Organization of the number of shares corresponding to the Award Value and for any membership stakes 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, as the founder, is entitled to reduce the award due to the Participants in accordance with the provisions of Subsections 7.1.1–7.1.2 below:
- 7.1.1. **EBITDA Requirement:** The EBITDA Requirement is the amount of EBITDA projected for the financial years 2023 and 2024 in the most recent long-term business plan adopted by the Company's Board of Directors at the time of entry into force of the Remuneration Policy. Half of the Number of Shares determined in respect of the Participant for the financial years 2023 and 2024 on the basis of the audited consolidated annual reports approved by the Company's General Meeting (i) may be reduced by a maximum of 15% if the aggregate EBITDA for 2023 and 2024 is below the above-specified amount but not less than 95% thereof, (ii) may be reduced by a maximum of 40% if the aggregate EBITDA for 2023 and 2024 is below 95% of the above-specified amount but not less than 90% thereof, (iii) may be reduced by a maximum of 70% if the aggregate EBITDA for 2023 and 2024 is below 90% of the above-specified value but not less than 85% thereof, (iv) may be reduced by 100% if EBITDA is below 85% of the above-specified value.
- 7.1.2. **Consolidated operating cash flow adjusted for the impact of other comprehensive income:** The required consolidated operating cash flow adjusted for the impact of other comprehensive income is the amount projected for the financial years 2023 and 2024 in the most recent long-term Business plan adopted by the Company's Board of Directors at the time of entry into force of the Remuneration Policy. The consolidated operating

cash flow adjusted for the impact of other comprehensive income is to be determined as the sum of EBITDA and the changes in adjusted net working capital. The changes in adjusted net working capital are calculated as the sum of the following items derived from the financial statements prepared on the basis of the consolidated report under IFRS:

+/- *Change in inventories*  
+/- *Changes in emission allowances*  
+/- *Change in trade receivables, other receivables, accrued income and deferred charges*  
+/- *Change in other financial assets*  
+/- *Change in trade payables, other liabilities, accrued expenses and deferred income*  
+/- *Advances received (final settlement)*  
+/- *Other comprehensive income (after income tax)*  
**= *Changes in adjusted net working capital***

Half of the Number of Shares determined in respect of the Participant for the financial years 2023 and 2024 on the basis of the audited consolidated annual reports approved by the Company's General Meeting (i) may be reduced by a maximum of 15% if the aggregate value of consolidated operating cash flow adjusted for the impact of other comprehensive income is below the above-specified value, but not less than 95% thereof, (ii) may be reduced by a maximum of 40% if the aggregate value of consolidated operating cash flow adjusted for the impact of other comprehensive income is below 95% of the above-specified value, but not less than 90% thereof, (iii) may be reduced by a maximum of 70% if the aggregate value of consolidated operating cash flow adjusted for the impact of other comprehensive income is below 90% of the above-specified value, but not less than 85% thereof, (iv) may be reduced by 100% if the aggregate value of consolidated operating cash flow adjusted for the impact of other comprehensive income is below 85% of the above-specified value.

- 7.2. The necessity of and the result of the adjustment is communicated to Participants by the Contact Person based on the decision of the Board of Directors. In the course of the adjustment, the reduction of the Number of Shares must be determined by rounding favorable for the Participant.
- 7.3. The portion of the relevant Participant's membership stake corresponding to the difference between the Number of Shares made available in respect of them and the reduced number of shares shall vest in the founder in accordance with the provisions of the Articles of Association.
- 7.4. The Company shall communicate the result of the adjustment and the number of shares determined in the course thereof to the managing director of the ESOP Organization without delay, but no later than before the determination of the fulfilment of the Remuneration Condition 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 in the Measurement Period, that is, if the value of equity, excluding other comprehensive income (OCI), as at December 31, 2024 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 not impacting net P/L, 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, 2023 as the comparative period.
- 8.2. The above amounts and their calculation shall be approved by the Company's Audit Committee.



- 8.3. 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 audited consolidated annual report for the 2024 financial year and approval by the Audit Committee as above. 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 this 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 volume-weighted average trading price of the Shares listed on the Budapest Stock Exchange, 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 4.3 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 a natural person 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 Members of Senior Management 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 policies, as authorized by *Resolution No. 1/2023 (IV.27.) of the Board of Directors*, 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 27, 2023

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**ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság**

represented with joint right to sign by:

**Attila László Chikán**

Chief Executive Officer

**Domonkos Kovács**

Deputy CEO, M&A and Capital Markets

*Countersigned by me* at Budapest on April 27, 2023:

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

Becher, Torma and Partners Law Firm

H-1123 Budapest, Alkotás u. 53. F. ép. 4. em.

Bar ID: 36072011

*Annex 1*

*Members of Senior Management falling under the scope of this Remuneration Policy*

	<b>NAME</b>	<b>POSITION</b>	<b>AWARD VALUE</b>
1	Attila László Chikán	CEO	HUF 127,680,000
2	Péter Luczay	Deputy CEO	HUF 66,880,000
3	Domonkos Kovács	Deputy CEO	HUF 66,880,000
4	Anita Simon	Deputy CEO	HUF 33,440,000
5	Viktor Varga	Deputy CEO	HUF 33,440,000
6	Zoltán Bodnár	Deputy CEO	HUF 33,440,000

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