

Court of Registration: Municipal Court of Budapest as
Court of Registration

Company Registration Number: 01-10-042030

ANY Biztonsági Nyomda Nyrt.

1102 Budapest, Halom u. 5.

REMUNERATION POLICY

In Budapest on 27th April 2020

Effective Date 27th April 2020

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1. Recitals

- 1.1. Pursuant to the relevant provisions of Act No. LXVII of 2019 on encouraging long-term shareholder engagement and amendments of further regulations for harmonization purposes, **ANY Biztonsági Nyomda Nyrt.** (*hereinafter referred to as: Company*) hereby introduces the following remuneration policy.
- 1.2. The purpose of the present Policy is that the Company:
 - complies with its obligations pursuant to Section 16 of Act No. LXVII of 2019; and furthermore, pursuant to Section 3:268, Article (2), (3), and (4); Section 3:273, Article (5) and Section 3:279 of the Civil Code of Hungary;
 - complies with the relevant provisions of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement;
 - adopts a remuneration policy improving its operation.

2. Purpose and Content of the Remuneration Policy

- 2.1. The purpose of the Remuneration Policy is to regulate the remuneration system of the Company in order to ensure the effective and successful accomplishment of long-term Company objectives, as well as the establishment of responsible risk management.
- 2.2. The remuneration system adopted by the Company shall:
 - not encourage the assumption of unreasonably high risks, and
 - coordinate the personal goals of Board Members with the business objectives and sustainability of the Company.
- 2.3. The Remuneration Policy includes:
 - remuneration principles adopted by the Company;
 - personal scope of the Remuneration Policy;
 - forms of remuneration used during the application of the Remuneration Policy;
 - methods of performance evaluation;
 - relevant regulations concerning the definition of certain remunerations;
 - definition of minimal wages and performance remuneration;
 - rules applicable to the provision of remuneration;
 - decision-making process concerning the adoption, revision and application of the Remuneration Policy;
 - content and publication of the remuneration sheet.

3. Scope, Adoption, Application and Modification of the Remuneration Policy

3.1 Personal Scope of the Remuneration Policy

The personal scope of this Remuneration Policy extends over the following Board Members:

- CEO;
 - Board Members;
 - Supervisory Board Members;
 - Vice-Chairmen;
- hereinafter referred to as: Board Members.

3.2 Material Scope of the Remuneration Policy

The present Remuneration Policy defines the rules applicable to the remuneration provided to Board Members, and furthermore, it stipulates Company obligations aimed at complying with the relevant provisions of applicable regulations on remuneration.

In relation to Board Members, the material scope of the present Remuneration Policy includes:

- all payments or remuneration provided by the Company or its affiliates; or
 - transfer of Company shares in any form;
- should they constitute consideration for services provided by Board Members.

3.3 Duration of the Remuneration Policy

The present Remuneration Policy shall become effective on the date of its adoption by the general assembly of the Company. Regulations concerning the remuneration of Board Members and the amendment of risk requirements shall become applicable starting from the financial year of 2020.

3.4 Adoption, Application, Revision and Amendment of the Remuneration Policy

The general principles of the Remuneration Policy (Article 4 of the present Policy) shall be adopted, pursuant to the motion of the Board Members, by the General Assembly, with the Board Members being liable for their application.

The present Remuneration Policy shall be adopted, revised or amended by the General Assembly of the Company. Remuneration of the CEO and Vice-Chairmen shall be determined by the Board Members; remuneration of the Board Members and the Supervisory Board Members shall be determined by the General Assembly.

The CEO shall be liable for the implementation of the Remuneration Policy, which shall be audited annually by the Audit Committee of the Company, in order to assess whether the implementation of the Remuneration Policy complies with the principles adopted by the General Assembly.

Implementation of the principles applicable to the present Remuneration Policy shall be inspected by the Audit Committee of the Company at least once a year. The Audit Committee shall make recommendations to the Board Members concerning the findings it has discovered during the inspection.

The present Remuneration Policy shall only be amended in writing. The consolidated version of the Remuneration Policy, including all amendments thereto, shall be available to all persons to whom this Policy applies at the seat of the Company.

4. Basic principles during the application of the Remuneration Policy

During the application of the present Remuneration Policy, the Company shall adhere to the following basic principles:

- the Remuneration Policy of the Company complies with the requirements of reliable and effective risk management, and promotes such efforts;
- the Company shall, to the benefit of the Board Members, create a system of interests that prefers the accomplishment of long-term objectives instead of serving short-term interests;
- the Remuneration Policy reflects the ability and willingness of the Company to assume risks, and shall not encourage the assumption of risks in excess of Company risk limits;
- within the framework of statutory requirements, the Company shall apply the pertinent regulations in accordance with their scope, internal structure, activities pursued and legal form, proportionately to their complexity and burden of risks (principle of proportionality);
- the Company shall select the pertinent methods of performance remuneration in a way that motivates the persons mentioned under Article 3.1 hereinabove to offer long-term and effective performance, and which allows for risk-adjusted secondary corrections;
- the remuneration systems shall, in any case, take into account competencies, the evaluation of pertinent employment fields, skills and performance;

- the Remuneration Policy shall comply with the business strategy, goals, values and long-term interests of the Company, taking into account its profitability, the amount of risks and capital;
- in lieu of sufficient performance, payments related to the termination of employment (e.g. severance packages) - in accordance with the applicable labor law regulations - shall not be provided;
- the Company shall act with due diligence during the assessment of the financial situation and determination, payment or transfer of the performance remuneration; the Company shall ensure that the total value of the annual performance remunerations to be awarded, paid or transferred shall not have a negative impact on the financial status of the Company;
- employment relationships of Company employees shall be primarily determined pursuant to the Labour Code, and employees shall receive wages as stipulated under their employment contracts; wages of employees shall only be modified upon modification of their employment contracts; the scope of liabilities arising from the legal relationship shall also be stipulated under the employment contract;
- the Company shall aim to achieve parity between non-variable and variable remuneration elements, and furthermore, non-variable elements shall account for such a part that allows for their parity with variable elements.

4.1 Base Salary

Upon determination of base salaries, the rate of remuneration shall, at all times, adhere to the business plan of the Company for the reporting year, and furthermore, the position held, the quality, quantity and complexity of activities performed by the employee shall also be considered.

4.2 Benefits

The system of benefits shall be stipulated under the Collective Agreement of the Company.

4.3 Performance-Based Remuneration (Variable Remuneration)

The CEO and Vice-Chairmen falling under the scope of the Remuneration Policy may, according to their annual performance, receive a **premium (bonus)**, which shall be paid in half-year installments following the evaluation of the reporting half-year, and their approval by the Board Members. Eligibility conditions for receiving the bonus are the fulfillment of the net group income plan, the earnings per share (EPS) plan, as well as the most significant individual tasks of the reporting business year.

In addition to task bonuses, employees falling under the scope of the Remuneration Policy may receive **objective bonuses** upon fulfilling certain important tasks. The award of such bonuses shall be recommended by the CEO within the framework of the business plan adopted by the Board Members.

Objectives related to individual task bonuses and objective bonuses, as well as the maximum amount of performance bonuses, shall be determined by the person exercising Employee rights - that is, the CEO -, who shall determine such bonuses following careful examination and the principle of proportionality, taking into account the performance of annual results, as well as the position and base salary of the pertinent employee. The amount of individual task bonuses and objective bonuses shall be determined as a discretionary measure pursuant to the performance evaluation and the business results of the Company.

Employees shall only receive performance and objective bonuses, that is, performance and objective bonuses shall only be paid to the employees, if the payment of such bonuses does not endanger the financial situation or liquidity of the Company.

The Board Members may decide on reducing the amount of bonuses, and furthermore, reduction or cancellation of payments in relation to awarded task or objective bonuses, especially if the financial results of the Company shall not reach planned performance levels.

Performance Evaluation: once a year, the annual performance of employees shall be formally evaluated by the person exercising employee rights or executive employees delegated thereby. Performance evaluation is based on the joint evaluation of the pertinent employee, the pertinent department unit, as well as the general results of the Company. Upon evaluation of the individual employee results, financial and non-financial criteria shall also be considered. Performance-based evaluation is based on short-term and long-term Company results, therefore the objectives of performance-based (task) bonuses may include short-term or long-term bonuses as well.

The payment of task- and objective-based bonuses of employees falling under the scope of the Remuneration Policy - should it be reasonable due to the financial condition of the Company - may be postponed, if stipulated under a decision delivered by the Board Members based on the proposal of the CEO. In such cases, the employee shall only gain eligibility to receive postponed remuneration in the reporting year. At the end of the postponement period, that is, by January 31 of each year, the performance of the employee, the Company and the pertinent organizational unit shall be reviewed, and a decision shall be delivered on the payment of the postponed remuneration.

Should the employment relationship of the employee be terminated, the employee shall be eligible to receive a proportionate amount of bonuses.

5. Special Rules of Company Remuneration Policy

5.1 Remuneration of Company CEO

The Company CEO is eligible to receive a base salary, and in excess of that, upon the fulfillment of certain objectives, bonuses and objective bonuses. The amount of benefits shall be stipulated under the Collective Agreement of the Company.

The CEO shall not receive remuneration for positions held in Company affiliates.

The Company shall provide any and all tools necessary for the CEO to perform work.

Following the approval of the ESOP by the General Assembly and the adoption of its detailed regulations, the CEO shall be eligible to purchase Company stock at a discounted rate.

Upon termination of his employment contract, the CEO shall be eligible to receive a severance package and to serve a cancellation period.

5.2 Remuneration of Board Members

Board Members shall receive a fixed salary approved by the General Assembly, and furthermore, they are entitled to receive compensation of travel expenses related to the performance of their tasks.

5.3 Remuneration of Supervisory Board Members

Supervisory Board Members shall receive a fixed commission fee approved by the General Assembly, and furthermore, they are entitled to receive compensation of travel expenses related to the performance of their tasks.

5.4 Remuneration of Company Vice-Chairmen

The Company Vice-Chairmen are eligible to receive a base salary, and in excess of that, upon the fulfillment of certain objectives, bonuses and objective bonuses. The amount of benefits shall be stipulated under the Collective Agreement of the Company.

The Company shall provide all tools necessary for the Vice-Chairmen to perform work.

Following the approval of the ESOP by the General Assembly and the adoption of its detailed regulations, the Vice-Chairmen shall be eligible to purchase Company stock at a discounted rate.

Upon termination of their employment contract, the Vice-Chairmen shall be eligible to receive a severance package and to serve a cancellation period.

5.5 Publishing of the Remuneration Policy

Following the voting of the General Assembly, the Company shall publish the Remuneration Policy on the website of the Company, along with the date and results of the voting. During the existence of the Remuneration Policy, all documents shall be constantly available.

5.6 Remuneration Reports and their Publishing

The Company shall produce an annual Remuneration Report. The Report shall be clear and comprehensible, providing sufficient data to offer a comprehensive overview of any and all remuneration of any kind awarded to Board Members during the recent financial year, or pursuant to its results in accordance with the Remuneration Policy, including newly employed Board Members in the reporting financial year.

The Remuneration Report shall also include the following compulsory information on the remuneration of pertinent Board Members:

- a)** total amount of remuneration with a price breakdown, relative ratio of non-variable and variable remuneration elements, statement on the compliance of the total remuneration with the approved Remuneration Policy and its contribution to the long-term effectiveness of the Company, and furthermore, data on the application of performance criteria;
- b)** annual changes to the remuneration for the last five financial year, progress of Company performance and average remuneration of non-executive Company employees, listed as full-time and fixed amounts and allowing for comparisons to be drawn;
- c)** all remuneration received from companies belonging to the same group as the parent company and its affiliates pursuant to the relevant provisions of Act No. C of 2000 on accounting;
- d)** number of transferred or offered shares and share options, primary conditions of exercising rights thereto, including the rate and date of redemption, as well as their changes;
- e)** information on recovery options of variable remuneration elements;
- f)** information on any deviations from the process of applying the remuneration policy, as well as any deviations applied in accordance with Article 17, paragraph (5) of Act No. LXVII of 2019, including the specification of unusual circumstances and the identification of specific elements constituting the deviation.

The Remuneration Report shall elaborate on how the Company has taken into account the opinion of the General Assembly on the Remuneration Report concerning the previous financial year.

The Company Auditor shall verify, whether the Remuneration Report contains all aforementioned data. Should the Auditor determine that the Remuneration Report does not comply with the requirements stipulated under the present Article, he shall notify the Board Members to adopt all necessary measures. Should the Remuneration Report not be remedied, the Auditor is entitled to inform shareholders at the next general assembly concerning the identified shortcomings, errors and measures adopted by him.

Following the opinion delivered by the General Assembly, the Company shall publish the Remuneration Report on its website - free of charge - for a period of ten months.

The Board Members shall adopt all measures within their discretion in order to ensure compliance of the Remuneration Report with all regulations, and furthermore, to ensure its publication.

In Budapest on April 27, 2020

Dr. Ákos Erdős
Board Chairman