

REMUNERATION POLICY OF THE MEMBERS OF THE BOARD OF DIGI COMMUNICATIONS N.V. (the *Company*)

1. GENERAL

- 1.1 This remuneration policy applies to both the executive and the non-executive members of the board of directors of the Company (the **Board**) and has been adopted by the general meeting (the **General Meeting**) on April 30, 2020.
- 1.2 Our previous remuneration policy was approved by the General Meeting on 20 April 2017. It was reviewed in light of developing corporate governance best practices as well as the implementation of the EU Shareholders Rights Directive. As part of the design of this Remuneration Policy, the non-executive directors have performed a robust scenario analysis to determine both the amount and composition of the remuneration of the executive directors, with due regard to both internal pay practices and the market positioning. The most important changes are amendments made according to the implementation of the EU Shareholders Rights Directive: e.g. indicating the mission of the Company and the objective of the Policy, detailing the remuneration package of the Company's directors by categories of fixed and variable remuneration, as well as presenting the performance criteria and pay out levels of the variable remuneration.
- 1.3 A committee established by members of the Board (the **Remuneration Committee**) will review the remuneration policy regularly to ensure it remains fit for purpose and will be submitted to shareholders for approval at least every four years.
- 1.4 The Remuneration Committee will make a proposal for the remuneration of the individual directors, which shall be determined by the Board with due observance of this Remuneration Policy.

2. MISSION OF THE COMPANY AND OBJECTIVE OF THE POLICY

- 2.1 The direct and indirect subsidiaries of the Company (the **Group** and each company in the Group a **Group Company**) are leading providers of telecommunication services in the Romanian and Hungarian markets and have significant operations in Spain and are also present in Italy. Our mission is to provide our customers with high-quality telecommunications services at competitive prices, meaning that our strategy in particular focuses on:
 - Continuing to leverage our advanced fixed networks, offering high-quality service, while maintaining competitive prices.
 - Expanding our mobile network in our core geographic segments and grow our mobile communication services business line.
 - Focusing on current core markets and expanding market shares.
 - Continuing to grow our RGU base in all business lines, both organically and through acquisitions.
 - Offering premium content to increase the attractiveness of our product offerings.
- 2.2 The objective of this remuneration policy (the **Remuneration Policy**) is to provide remuneration in a manner that:

- qualified and expert directors, capable to deliver our company strategy, can be recruited and retained;
 - long term value is created by the Group for its shareholders and other stakeholders by employing qualified and expert directors;
 - directors are rewarded in consistency with the Company's performance, without however encouraging directors to act in their own interest or to take risks that are not in line with the Company's strategy and its risk appetite;
 - contributes to the Company's business strategy and its sustainability being appropriate to the dimension and the structure of the Group, as well as to the nature, business sector and the complexity of the business; and
 - takes into account the wider workforce arrangements (including internal pay ratios) within the Group to the extent possible as well as general societal views with respect to executive remuneration. It is very important for the Company's business that the executive remuneration aligns with the level of responsibility of this position of the Group and the professional experience, and to make sure that this is competitive with respect to its domestic and international comparable. Notwithstanding the foregoing, a baseline internal pay ratio is set and we keep track of how this ratio as well as the trend in executive remuneration in relation to the trends in employee compensation in general develops. We will disclose further information in this respect in the annual Remuneration Report.
- 23 This Remuneration Policy supports the Company's mission and strategy by rewarding the achievement of long-term sustainable performance goals and allowing recruitment and retention of suitable directors who are committed to act in the long-term interests of the Company, its shareholders and other stakeholders.

3. MARKET POSITIONING

The market level of remuneration payable within a group of comparable telecommunications companies of more or less the same size, complexity and scope (the *Reference Group*), will serve as a reference in determining the level of pay for the executive directors. The Remuneration Committee shall periodically evaluate the composition of the Reference Group.

4. COMPENSATION EXECUTIVE DIRECTORS

Structure

- 4.1 The remuneration package of an executive director consists of up to four elements:
- A fixed base salary
 - A variable compensation, linked to performance, consisting of an incentive component in the form of stock options or in the form of a cash bonus
 - Fringe benefits

- Severance arrangements

Fixed base salary

- 42 The fixed base salary, including also compensation for work carried out for Group Companies, will be set in such a manner that it reflects the relevant individual's role, responsibilities and experience. It is set at market-appropriate levels to attract and retain the persons needed to implement the Company's strategy. The Board shall periodically consider whether a change of base salary would be appropriate in the context of the market environment as well as the salary adjustments for other employees of the Group. Salary increases will as a starting point remain within the range of increases for the wider employee population, unless individual circumstances (e.g. change in responsibility, alignment to market level, retention) dictate otherwise.

Variable compensation

- 43 The variable compensation component intends to encourage the executive director to focus on the Company's long-term value creation consistent with the Company's strategy and align (more closely) the interest of the executive director with those of the shareholders. The variable remuneration as percentage of the fixed base salary of executive or non-executive directors of the Company ranges from a minimum of 0% up to a maximum of 500%. We are aware that the variable compensation is relatively high, but we consider this reasonable and necessary to attract and retain the suitably qualified directors in the market in which we operate: the fixed remuneration of Directors is relatively low in comparison to our peers, whereas the total remuneration (i.e. including variable) is in line with the total remuneration received by directors of our peers.

- 44 An executive director can therefore:

- be awarded stock options under the Employee Share Option Plan (**ESOP**) as approved by the General Meeting on 20 April 2017, on 2 May 2018 or as will be approved by any future General Meeting; and
- receive performance-linked cash bonuses subject to the criteria governing variable compensation.

- 45 The terms and conditions governing the awards are mentioned in the Share Option Plan approved on 20 April 2017 and the subsequent decisions taken by the shareholders meetings and published on the Company's website.

- 46 The non-executive directors will decide upon each award of performance-linked cash bonuses as part of variable compensation, taking into account the financial, non-financial and individual performance for each individual executive director. The award made will be subject to financial and non-financial performance criteria indicated at 4.8. below, representing the Company's strategic objectives and key performance indicators as well as considering the executive director's specific responsibilities and their relative weighting.

- 47 The financial and non-financial performance criteria for variable compensation in the form of cash bonuses and/or stock options granted under the ESOP are the following:

Financial:

- EBITDA of the Company as determined on the basis of IFRS financial

statements for the relevant financial year being at least 5% higher than EBITDA of the Company as determined on the basis of IFRS financial statements for the preceding year;

- Number of revenue generating units of the Group, as defined and set out in the Company's Annual Report having increased by at least one unit when compared with number of revenue generating units of the Group in the preceding year, as defined and set out in the Company's Annual Report; and
- Leverage ratio for the Group (calculated as consolidated total net financial indebtedness to EBITDA on the basis of IFRS group for the year 2019 to be less than 3.25:1 and for the following years as decided by the Remuneration Committee).

Non-financial:

- Being a director or employee of the Company or its Group Companies on the Vesting Date (as defined in the ESOP);
- Social impact and sustainability of the Group's operations – e.g. environment, safety and employee engagement.

4.8 At the end of each performance year, once the financial statements for that year are finalised, and subject to continued service in good standing as an executive director until the payment date of the variable compensation, the non-executive directors will assess the extent to which each of the performance indicators has been achieved and will determine whether the awards vest. A certain number of awards are made in relation to each of the above mentioned financial targets, whereby the achievement is assessed per target, i.e. it is possible that the awards relating to one financial target vest, whereas the others do not. Achievement of the non-financial performance indicators is determined by the non-executive directors.

4.9 Executive directors may also receive variable remuneration from Group companies. Such variable remuneration will be dependent on challenging, objective performance criteria, set at a local level in line with local legislation.

Fringe benefits

4.10 The Remuneration Committee can determine that the executive director is entitled to fringe benefits in line with industry standards, such as a company car or allowances in respect of health and nursery insurance.

Severance arrangements

4.11 The service agreements currently entered into with the members of the Board do not provide a notice period for the relevant director's benefit.

4.12 In case of a dismissal, executive directors shall, subject to mandatory law, not be entitled to any severance payment in excess of three month's base salary, unless the Board decides otherwise based on a recommendation of the Remuneration Committee, but it will in any event not exceed one year's salary (the fixed base salary) in the preceding financial year. Severance pay will not be awarded if the agreement is terminated at the initiative of the executive director or in the event of seriously culpable or negligent behaviour on the part of the relevant executive director.

Management agreements

- 4.13 Members of the Board receive a fixed term agreement. The notice period for the director will be no less than three months.

Clawback

- 4.14 Pursuant to Dutch law, where variable remuneration for a given performance period has been based on incorrect data (including non-achievement of performance indicators based on hindsight) or in the case of material financial misstatements or individual gross misconduct, the non-executive directors have the right to fully or partially reduce the payments that are not yet paid out or subject to deferral and to reclaim payments in full or in part pertaining to these events that has already been paid out. The non-executive directors may furthermore adjust the variable remuneration to an appropriate level if payment of the variable remuneration is unacceptable according to the requirements of reasonableness and fairness.

5. COMPENSATION STRUCTURE NON-EXECUTIVE DIRECTORS

Fixed fee

- 5.1 The fixed fee for non-executive directors (including for holding seats on committees, e.g. Audit Committee, Remuneration Committee etc.) of the Company will be set at market-appropriate levels. The Board shall periodically consider whether a change of fee would be appropriate in the context of the market environment.

Compensation from Group companies

- 5.2 Non-executive directors who are directors in other Group companies or employees of other Group companies may, in consideration of such separate roles and/or positions, be awarded fixed and/or variable remuneration (in the form of stock options under the ESOP or variable cash compensation as determined by the Board in full compliance with conflict of interest rules). No variable compensation will be offered in respect of their role as non-executive director of the Company and the Company will at all times take into account potential conflicts of interest.

6. PENSIONS

No contribution to pension plans (other than as required under applicable law) will apply for members of the Board.

7. LOANS AND GUARANTEES

No personal loans or guarantees, including mortgage loans, will be offered to any of the members of the Board.

8. DEVIATIONS

- 8.1 The Non-Executive Directors of the Board may, upon recommendation of the Remuneration Committee, deviate from all aspects of this policy if exceptional circumstances so require and only on a temporary basis until a new policy is adopted. Exceptional circumstances are circumstances in which deviation is necessary to serve the long-term prospects and sustainability of the Company. Any such deviations shall be aligned with the main objectives of the policy.

- 8.2 When hiring a new director, the remuneration package will be subject to this Remuneration Policy. In case of external hires, additional cash or option share-based awards may under circumstances be necessary to compensate forfeiture of incentive awards upon leaving their current employer. Legacy arrangement in place upon appointment to the Board may be respected upon approval of the Remuneration Committee. This also applies where changes are made to this policy, as a result of which contractual commitments entered into are no longer compliant with the policy.

- 8.3 Finally, above-market levels of remuneration may be awarded to attract or retain individuals who are considered indispensable to delivering the Company's strategy.

The Board will be competent to resolve upon the implementation of remuneration policies with respect to any member of the board of directors of any Group Company, as well as to selected employees or other individuals employed by any Group Company.