

TERMINATION PAYMENTS POLICY

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1. General principles

Within FinecoBank, in line with UniCredit Group policy, the termination payments (the so called "Golden Parachutes", hereinafter also "the *severances*"), additional to the indemnity in lieu of notice possibly due according to laws or contracts, may be generally (*di massima*) provided for in favour of subjects whose employment or office is resolved (in the case of fixed term contracts, before their natural expiry) upon company's initiative or in the interest of the same, and are aimed at provisionally support the income of the recipient.

No *severance* payments is foreseen if the resolution is due to voluntary resignation and/or the same is not consistent with company's interests.

Severances consider the long-term performance, in terms of value creation for the shareholders and do not reward failures or abuses.

Moreover they are defined consistently with the rules concerning lay-offs, as provided by regulations and by the collective and individual contracts.

Severances are in any case defined in the interest of the company, identifying time by time those solutions that – respecting regulations, corporate values and people – allow to optimize the achievement of business objectives, at the same time minimizing costs and risks, both current and perspective.

The compensation defined, at any title, at the time of termination are defined consistently with the overall applicable regulations, even of regulatory nature, and in the company's interests. They are in principle assimilated to *severances* when alternately they: i) are not grounded on specific law / contract provisions, ii) do not respond to precisely defined objects of high importance for the bank, iii) do not represent accessory elements, of limited material value.

The amounts defined by a third subject having the power to do that (such as judicial and/or arbitrary and/or conciliatory authority) are not considered as *severances*.

2. Limits and criteria

2.1. Maximum Limits

Severances do not exceed the limits foreseen by the laws and/or collective labour agreements locally applicable¹ in case of lay-off.

In the absence of such regulations, termination payments, in excess of the indemnity in lieu of notice, in principle do not exceed 24 months of total compensation².

In compliance with the law and the applicable collective labour agreements, the value of each month's salary used to calculate the *severance* is set considering the current fixed remuneration plus the average of the incentives actually cashed-in during the last three years prior to the termination, inclusive of the value of those parts disbursed in equity, with the sole exclusion of any income from the exercise of stock options or performance stock options. Further elements (such as the value of any *fringe benefit* possibly granted to the employee) may be included in the computation of the above mentioned basis if this is required or foreseen by law, regulations or by contract.

2.2. Criteria

Severances, due to the mechanism for the calculation of the compensation used for their determination, which includes the bonuses actually cashed-in after the application of *malus* clauses (as defined below), are as a matter of fact already differentiated just on the basis of risk-adjusted individual performances.

The number of months of average total compensation to which the *severance* corresponds, as determined in the third paragraph of section 2.1., is in any case defined with the goal of supporting in the best possible way the achievement of corporate goals, minimizing at the same time costs and risks, current and perspective.

Such a definition is made assessing on a case by case basis the specific objective and subjective circumstances of the relationship resolution, considered within the specific legal and contractual framework, including:

- the actual duration of the employment, with significant reductions of the *severances* in case of particularly short relationships;
- the fact that the subject has provided, especially if repeatedly, performance qualitatively / quantitatively below reasonable expectations;
- the fact that the person has assumed risks deemed to be not consistent with Fineco Risk Appetite Framework, which is coherent with UniCredit Group Risk Appetite Framework;
- the fact that the person has enacted behaviours and or demonstrated attitudes not aligned with corporate values;
- the social and personal impacts of the employment termination, especially for those subjects who are in particular personal situation;

- any other facts / circumstance / attitude / behaviours related to the individual, the company and the social context which have an impact on the decision to come to the termination of the relationship;
- the rationale at the base of the decision to terminate the employment (also with reference to the concepts of cause and justified reason according to the parameters time by time applicable), considered at the light of the company's interest to come anyway to a consensual resolution of the relationship – rather than a unilateral one – through the payout of an amount whose cost, calculated on the basis of adequate procedures and elements (and possibly as indicated by third competent subjects, such as judicial and/or arbitrary and/or conciliatory authority) is not higher than the one that would presumably born if the subject were laid-off and would apply to the judge to protect his/her interests.

In any case, the above criteria are, depending on the peculiarities of each actual case, carefully weighted and balanced among them, always in the perspective of the best company's interest.

3. Payout Methods

Severances, defined overall on the basis of the criteria previously outlined, are paid out in forms and with timings fully consistent with the discipline, also regulatory, time by time applicable to the specific case.

In relation to the requirements recalled above, when *severances* are paid to people belonging to “Identified Staff”, they can be subject to deferred payout mechanism, in cash and equity, in analogy with what foreseen for the variable remuneration of such category of employees.

In such cases, the amounts deferred in cash or shares – whose payout is split in yearly instalments during the deferral period – are subject to *malus* clauses that provide for their reduction / revocation should emerge facts / individual behaviours, unknown at the time of the termination agreement’s sign-off, constituting cases of fraud or negligence or otherwise if negative consequences, equally unknown, directly linked to the activities of the beneficiary in the period preceding the termination should manifest themselves. The employee in such cases has the faculty to ask that such circumstances are finally decided by a judge or arbitration. Pending such decision the payout of the instalments remains in stand-by.

In case of deferrals in equity instruments, the company reserves the right to use equivalent monetary instruments (e.g. *Phantom shares*).

Moreover the payout of *severances*, unless it comes from a law or pre-existing contractual obligation, or still from a judicial or arbitration decision, must be defined within a comprehensive agreement foreseeing:

- the inclusion of *claw-back* clause, covering at least the cases of fraud and/or negligence;
- the faculty for the company to exercise responsibility actions for facts / behaviours representing fraud and/or negligence, unknown at the time of resolution;
- the waiver of all claims towards the company.

4. Exceptions

In particular circumstances it might be opportune / necessary, in the framework of the due pursue of company's interests, to exceed the limits and/or deviate from the criteria for the definition or the modalities of disbursement of the *severances* provided for by this Policy.

In such cases it is foreseen a particular authorization process which envisages:

- the explication in the single proposal of rationale and/or advantages for company which suggest the deviation;
- the opinion of the Head of the internal Labour Law function and/or external lawyer;
- the opinion of the Compliance function;
- the final approval by the Manager hierarchically one level higher than the one to whom would normally belong the decision based on the powers configuration and related delegations;
- a punctual disclosure to the Remuneration & Appointments Committee.

¹ In Italy, the national labor agreement for banking industry executives currently provides for a notice period varying between 5 and 12 months and a supplementary indemnity – due in case the lay-off is not justified – ranging between 7 and 29 months of notice.

² With the only aim of meeting the regulatory provision introduced by the Bank of Italy with the VII update of Circular 285, which requires the banks to set a maximum limit to the *severances* also in terms of number of fixed months' salary and in an absolute amount, it is reported that – in view of the maximum 2:1 ratio between variable and fixed remuneration – 24 months of total compensation could arrive to correspond to a merely theoretical value of 72 months of fixed compensation in the case, purely hypothetical and improbable, of a subject who in the last three years prior to the termination has always received bonuses in a measure equal to 200% of his/her fixed compensation (BS):

$$(\text{Fixed [12 months BS]} + \text{Average Bonus [24 months BS]}) \times 24/12 = 72 \text{ months BS}$$

The value of the *severance* thus determined will not in any case exceed €5 million and any possible exception to this limit will be subject, on a case by case basis, to authorization by the Board of Directors and to disclosure in the Annual Compensation Report.