MEDIOBANCA
INTERNATIONAL (LUXEMBOURG) SA

2024/2025 REMUNERATION POLICY

Mediobanca International (Luxembourg) S.A.

Board of Directors

21 October 2024

MEDIOBANCA
INTERNATIONAL (LUXEMBOURG) SA

Contents

Objective of document

This document has been drawn up to provide disclosure on the remuneration and incentive scheme established for the staff of Mediobanca International (Luxembourg) S.A. ("**MBIL**", "**Bank**" or the "**Company**"), a company 100%-owned by Mediobanca S.p.A. ("**MB**", "**Parent Company**" or "**Parent**") and forming part of the Mediobanca Banking Group ("**Group**" or "**Mediobanca Group**").

The main regulatory sources to which the Policy refers are as follows:

- Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions ("**CRR**").
- EU Capital Requirement Directive[1] ("**CRD V**"), which updates the set of prudential regulations for banks and investment companies and provides instructions on remuneration and incentive policies and practices;
- The Regulatory Technical Standards to identify risk takers based on qualitative and quantitative criteria included in Commission Delegated Regulation (EU) 2021/923 of the European Commission of 25 March 2021 published in the Official Journal of the European Union on 9 June 2021, and directly applicable in each of the Member States. These standards in turn incorporate the Regulatory Technical Standards defined by the European Banking Authority ("**EBA**") on 18 June 2020 and in force as from 2021 in application of the new CRD V;
- The revised Guidelines on sound remuneration policies published by the EBA on 2 July 2021 (EBA/GL/2021/04), and transposed by Bank of Italy into the Italian regulatory framework in November 2021;
- The Luxembourg Law of 5 April 1993, as amended by the Luxembourg Law of 20 May 2021 transposing CRD V,
- The Circular of the *Administration des contributions directes* L.I.R. n. 115/12 of 11 February 2021;
- CSSF Circular 10/437, Guidelines concerning the remuneration policies in the financial sector;
- CSSF Circular 15/622 on higher ratio notification procedure applicable to remuneration policy according to Article 94 of CRD IV following its transposition into Luxembourg Law via article 19 of the law of 23 July 2015;
- CSSF Circular 22/797, adoption of the EBA Guidelines on sound remuneration policies – EBA/GL/2021/04;

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[1] Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.

- CSSF Circular 24/858, application of the Guidelines of the European Banking Authority on benchmarking of diversity practices, including diversity policies and gender pay gap, under Directive 2013/36/EU and Directive (EU) 2019/2034 (EBA/GL/2023/08).

Remuneration and incentive system

1.1. Description

MBIL adopts and implements the Mediobanca Group Remuneration Policies (the "**Group Policies**") approved annually by the shareholders of MB in general meeting, which integrates with the Policy on staff remuneration and incentive set out below.

The MBIL staff remuneration and incentive system, in accordance with the Group Policies and in compliance with the regulatory provisions:

- sets out the principles and criteria for defining and implementing the Company's remuneration and incentive processes;
- describes the related mechanisms, the organizational and governance issues;
- identifies the objectives intended to be pursued.

1.2. Principles and aims

The general principles and criteria on which the Policy is based are as follows:

- maintain the objective of attracting and retaining highly qualified and professional staff commensurate with the complexity and specialization of the Company's business, based on a rationale of prudent management and sustainable costs and results over time;
- ensure consistency with the Group Policies, the Company's own objectives and values, as well as its long-term strategies and risk management policies;
- promote compliance with the applicable legal and regulatory framework;
- ensure that staff employed in the control units do not benefit from incentive mechanisms linked to earnings objectives;
- monitor the process so that improper practices which could induce staff to breach regulations or engage in undue risk-taking are discouraged;
- ensure that a variety of stakeholders are involved in the process of establishing the remuneration system.

1.3. Staff remuneration structure

The staff remuneration structure is based on different components with the objective of (i) ensuring that the fixed and variable remuneration components remain balanced over time (pay mix), (ii) implementing a flexible approach to remuneration, and (iii) rewarding performances based on Company role without inducing risky or short-termist behaviour. The positioning of the remuneration package within the reference market is assessed in conjunction with the Parent Company on a regular basis.

The staff remuneration structure therefore consists of:

- fixed salary: this reflects the employee's technical, professional and managerial capabilities, so as his/her respective responsibilities. It also takes into account any collective bargaining regulations that may be applicable and market practice.

- variable remuneration: this acknowledges and seeks to reward objectives assigned and results achieved. It is paid in accordance with the provisions set forth in the Group Policies.

- benefits: in line with market practice, the remuneration package is completed by a variety of employee benefits and by promotion of a healthy work-life balance. These consist chiefly of pension, insurance and healthcare schemes, and may be distinguished by families of professionals but no provision is made for individual discretionary systems. Company cars are only offered for the very highest professional profiles.

1.4. Gender Pay Gap (GPG) and remuneration policy neutrality (Equal pay)

The Remuneration Policy reflects gender neutrality principles to ensure equal treatment regardless of gender and any other form of diversity, basing evaluation and remuneration criteria exclusively on professional ability. The Mediobanca Group and MBIL are committed to offering remuneration in line with the market, which reflects each employee's role, capabilities contribution to company performance objectively measured, and professional experience, thus guaranteeing that the principle of equal opportunities is applied in practice.

With reference to inclusion, the Group and MBIL guarantee that all its collaborators are treated without distinction, exclusion, restriction or preference, whether direct or indirect, based on their: age, gender, sexual orientation, civil status, religion, language, ethnic or national origins, physical or mental disabilities, state of pregnancy, maternity or paternity (including as a result of adoption), personal convictions, political opinions, and/or trade union affiliation or activities.

The Mediobanca Group and the Company pursue the appropriate balance between genders at all levels of the company, focusing in particular on senior and management positions where the gender gap is most felt.

In its regular review of the policies in force, the Board of Directors analyses the gender neutrality of the Remunerations Policy, examining the gender pay gap in particular and its development over time.

1.5. Governance process

The remuneration policy is approved annually by the Bank's Board of Directors and published on the Bank's website.

Various organizational units are involved in the process, operating both at local - in conjunction with the respective Parent Company units - and Parent Company level:

- Parent's Remunerations Committee assesses (i) the overall amount of the variable remuneration (bonus pool) due the fact that MBIL is considered a relevant business unit at Group Level, and (ii) the performance indicators ("Scorecard") set for the Chief Executive

Officer – if identified as Group Material Risk Takers - and verifies whether or not they have been met;

- Parent's Risks Committee ascertains whether the incentives provided by the remuneration system take due account of the Group's risks and comply with the minimum capital and liquidity requisites at consolidated level, liaising with the Remunerations Committee. The Committee, supported by the Group Risk Management Unit, approves a basket of indicators (known as the **KPI Bluebook**), which is then sent to the Remunerations Committee for use in the individual Scorecard of the Chief Executive Officer.

- Group HR directs and governs the entire remuneration and incentivization process;

- the Accounting and Tax department reviews the system's sustainability and solidity with regard to the Company's objectives;

- the Risk Management unit is responsible for co-operating in the process of defining the metrics used to calculate the risk-adjusted Bank performance, validating the results and the gateways, and checking their consistency with the provision of the RAF;

- the Compliance unit checks, among other things, that the Company's incentive system is consistent with the objectives of compliance with regulations, Articles of Association and Code of Ethics or other applicable standards of conduct, to ensure that legal and regulatory risks are kept to a minimum. The unit is involved in the processes of revising, adapting and managing the remuneration systems, in order to bring them in line with the regulations in force at the time;

- the Group Audit unit checks once a year that the staff remuneration policy is compliant with the regulatory guidelines.

In line with the regulatory framework, and in view of the Company's characteristics, its size, organizational structure and the reach and complexity of its activities, MBIL has not established a Remunerations Committee.

Disclosure must be provided to shareholders in general meeting once a year on the methods by which the remuneration and incentive system operates (ex-post disclosure), also with reference to the Chief Executive Officer, and evidence shall be provided of any changes to the system which have previously been agreed with the Parent Company, in particular in cases where the Company's business has changed or in the event of amendments to the Group Policies.

The Company applies the guidelines and principles laid down in the Parent Company's Remunerations Policies, thus ensuring the overall coherence of the Policy at the local level. MBIL is responsible for correctly implementing the guidance issued by the Parent Company.

1.6. Principle of proportionality at company and local level

The Chamber of Deputies and the *Commission de Surveillance du Secteur Financier* ("**CSSF**" or "**Regulator**") have set the following limits for the enforcement of the proportionality principle and for the adoption of stricter requirements in case of material risk takers with variable remuneration of over €50,000[2] in accordance with the company's characteristics and complexity:

- Total assets in excess of €5bn.[3]

Given that the Company exceeds the threshold set by the Regulator, it may be considered as a complex company and hence bound - in the event of variable remuneration being paid to material risk takers of over €50,000 - to apply stricter requirements on the remuneration structure as below (i.e. between 40% and 60% of the variable remuneration to be deferred for a period of between four and five years, malus clauses, use of financial instruments for at least 50% of the variable remuneration subject to an additional retention period of at least six months).

1.7. HR management system

MBIL seeks to valorise its staff on a meritocratic basis, developing their professional capabilities in accordance with the principle of equal opportunities and in accordance with its own strategic choices, its organizational and productive requirements. Professional development is also achieved through appropriate training, practical work experience under the direction of the management, transfers to different positions (including across the Group), performance assessment, career advancement and promotion.

1.8. Definition of "identified staff"

In order to classify "Identified Staff" ("**IDS**") or "Material Risk Takers" ("**MRT**") with a substantial impact on MBIL's risk profile, MBIL adopts the regulatory technical standards issued by the EBA in June 2020 and incorporated in the Commission Delegated Regulation (EU) 2021/923 of the European Commission of 25 March 2021, published in the Official Journal of the European Union on 9 June 2021 ("**RTS**").

In accordance with the regulatory provisions, MBIL's organizational structure is subject to a regular analysis with a view to classify the IDS or MRT. The process is directed by the Parent Company, which co-ordinates the process of identifying and consolidating the scope at Group level.

The assessment process involves criteria which are:

- qualitative, i.e. linked to the organizational position and based on holding a governance (including non-executive directors) and managerial role, not only within the first-line "relevant" Company units, but also within the control, staff and support units;

- quantitative, i.e. based on overall remuneration for the previous year.

As at 30 June 2024, MBIL had a total of eleven IDS designated based on provisions of the RTS. IDS consist of the non-executive Directors including the Chairman (1 + 5 Directors), the Chief Executive Officer, the Chief Financial Officer, the heads of the control units (Chief Risk Officer and Chief Compliance Officer)[4] and the IT Officer[5].

[2] Art. 38-6 (2)(b) of the Luxembourg Law of 5 April 1993 on the financial sector.
[3] Art. 38-6 (2)(a) of the Luxembourg Law of 5 April 1993 on the financial sector.
[4] For the Group Audit unit, activities are centralized at the Parent Company level.
[5] As Outsourcing Manager of the IT activity outsourced and classified IEF under the Bank's Directive on outsourcing activities.

These results have been approved by the Bank's Board of Directors and sent to the Parent Company which maps the identification process at consolidated level.
Subsequent to the consolidation process at Group level, only the Chief Executive Officer has been included in the Group-wide definition of IDS/MRT.

1.9. Determination of variable component

1.9.1. Gateways

The payment of the variable component for the Material Risk Takers is envisaged in accordance with and in compliance with the risk profile defined by the Risk Appetite Framework approved by the Board of Directors and with a view to business continuity and sustainability of results in the long term (income indicators).

Specifically, the payment of variable remuneration for the Material Risk Takers is envisaged only if the indicators ("**gateways**") of capital (CET1 ratio) and liquidity contained in the Risk Appetite Framework and of income sustainability (Operating Result) are respected.

1.9.2. Exceptional situation

The Board of Directors, upon the proposal of the Chief Executive Officer in line with the Parent Company's indications, may authorise the payment of variable remuneration to the Material Risk Takers for retention purposes, even in the event of non-compliance with the "gateways".

In particular, the disbursement of a variable retention component is assessed according to the underlying causes of the failure to comply with the individual gateways and the relevance of the individual indicator on the Company's profitability and capital adequacy. The extent of the population concerned and its amount are based on the following guiding criteria: contribution of the individual beneficiary to the Company's overall results, criticality of the profile for the sustainability of prospective results, analysis of market benchmarks and competitive context, need to ensure business continuity.

1.9.3. Bonus pool

The overall amount of the variable remuneration is determined annually based on the risk-adjusted earnings performance delivered by the Group and the Company, so as on other secondary quantitative objectives. Other factors are also used in the assessment linked to the performance quality achieved and the degree to which strategic, organizational and/or project objectives have been met.The Parent Company, under the powers vested in the Remuneration Committee, Risks Committee, General Manager and Group HR, approves the overall amount of the variable remuneration ("**Bonus Pool**").

The Parent Company's Remuneration Committee sets also the Scorecard, in line with the KPI Bluebook[6], for the Chief Executive Officer and ascertains whether or not they have been met, with the related award of the variable component which is submitted to the ex ante and ex post evaluation and approval of MBIL's Board of Directors (which also approves any revisions to the fixed component and adopts resolutions with regard to the Authorized Managers' remuneration). The annual variable component may only accrue if the "gateways" provided for by this policy and by Mediobanca Group policies are complied with in the case of inclusion

[6] Refer to the Chapter KPI Bluebook.

in the perimeter of the Group's most significant personnel. It is commensurate with the achievement of quantitative/financial and qualitative/non-financial performance indicators contained in an individual performance evaluation scheme assigned at the beginning of the year by the Parent Company's General Management[7].

The Parent Company's Board of Directors defines the principles underpinning the incentive mechanism for the other staff, delegating its determination in practice to the Chief Executive Officer and the Board of Directors of MBIL.

The Chief Executive Officer proposes the remuneration for the heads of the Control units[8] (structured with a prevalence of the fixed component plus a variable component that shall remain within the limit of 50% of the former, as determined by the Board of Directors, to be awarded annually based on criteria of efficiency and effectiveness) to the Board of Directors, and submits it to the approval of MB in accordance with the provisions of the Group Remuneration Policies. The Board receives notification of the final decision before the first available meeting.

1.9.4. KPI Bluebook

The Parent Company has adopted a system known as the KPI Bluebook, containing a basket of indicators to be used in the individual scorecards of the Group's senior management representatives whose performance is evaluated directly by the governing bodies and as part of the performance evaluation of the other non-senior management Material Risk Takers (MRT) using a cascade approach.

The Bluebook contains a detailed entry for each of the indicators, which includes: i) a description of the indicator and its consistency with the company business objectives; ii) the type of indicator involved, and its alignment with the Group's RAF and risk strategies; iii) the level an organizational unit responsible for recording the indicator and an indication of the likely recipients; iv) a general description of the method by which the indicator is general calculated, with reference to other relevant internal regulations where appropriate; v) the time horizon over which the indicator is recorded.

The indicators are classified into the following categories:

- **Pure risk:** used as risk management metrics;
- **Risk-adjusted:** indicators for which risk metrics are built into the calculation methods;
- **Earnings:** indicators of profitability, efficiency and growth by division;
- **ESG:** indicators related to environmental, social and governance objectives.

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[7] Refer to chapter KPI Bluebook.
[8] Limited to the heads of the control units who are directly employed by the Company (in this connection see the comments made above in footnote n. 2).

1.9.5. ESG KPI

As part of the performance evaluation process in connection with the remuneration and incentivization policy, the Mediobanca Group and MBIL devote special and increasing attention to the achievement of environmental, social and governance (ESG) objectives.

The short-term incentive scheme for senior figures also may include - where and if appropriate - the presence of quantitative, measurable ESG indicators. Non-financial ESG objectives have also been set for these figures, with a focus on People Strategy issues (diversity, training, succession planning, work/life balance; staff conditions), possibly also structured as projects.

1.10. Quantitative and qualitative assessment of individual performance in the award of an annual bonus

The assignment of an annual bonus to individual beneficiaries is established via an annual performance assessment process, based on merit and professional quality, with a focus in particular on reputational issues. Indeed, bonuses may be withheld or reduced for employees who have committed breaches of internal and/or external regulations during the financial year under review.

In accordance with the provisions in force for the Parent Company and the other Group companies, the remuneration system of MBIL devotes special attention to the question of proper individual conduct (such as compliance with internal regulations and procedures) through recourse to the concept of the so called "compliance breach", both at the initial award stage of the variable component and afterwards in assessing whether or not distribute any deferred items in practice.

At the beginning of the financial year the respective line managers assign professional, operational, personal and corporate development objectives to each team member. These objectives are meant to be achievable, challenging and weighted according to the priorities assigned to each staff member. Particular emphasis is given to the issue of proper individual conduct, in accordance with the provisions set forth in the Code of Ethics, the Organizational Model, the Business Conduct policy, and in general by the provisions of the laws, regulations, operational rules and internal procedures, with particular reference to those of most relevance to reputational risk.

At the end of the financial year, the line managers carry out their assessment of each team member on the basis of the objectives assigned. Regular feedback is provided throughout the year to allow the line managers and the team members to agree on the extent to which the objectives have been met, as well as facilitating clear dialogue on the actual performance. This system ensures that the organization meets its objectives without prejudice to the Company's values, while at the same time provides transparency with regard to training opportunities, professional development and assessment criteria.

For staff employed at the business end of MBIL's operations, the assessment reflects:

- earnings results delivered, such as whether or not the budget objectives set on the basis of directives, business decisions and strategic guidelines established by the Parent Company have been met, and taking due account of the current and future risks taken on by the Company;

- qualitative criteria: proper conduct and professional reliability, technical and analytical skills, cost discipline, emphasis on pursuit of operational efficiency, co-operation with other Group companies, reputational and compliance issues.

For all other staff, the main items of assessment are based on broader qualitative objectives, regarding compliance with the regulations, cost discipline, and efficient management of resources.

In particular, for staff employed in the accounting and/or control and planning areas, items considered include performing all obligatory and supervisory duties correctly, providing financial disclosure to markets, efficient and accurate management of all accounting processes, IT procedures and tax declarations.

For staff employed in the control units, the factors for consideration include ongoing management and control of the Bank's processes and operations, carried out independently and autonomously in order to prevent risk situations and promptly detect irregular behaviour or events, continuous assessment of compliance with regulations through planned checks, update of the internal procedures and guidelines, regular training to internal units, development of models, methodologies and metrics to measure market, credit and operational risks accurately, producing appropriate reporting for their effective monitoring, and detailed analysis in respect of new products and the associated risk profiles.

In connection with the assessment process, staff may also be involved in career advancement aimed at covering new organization roles, promotion to a higher contractual level, or assignment of a new corporate title based on the experience acquired and the results achieved. Promotions are proposed by the line manager of the unit to which the team member belongs, agreed with the Chief Executive Officer, and approved by the Parent's General Manager and Group HR. For the highest professional level (managerial or equivalent), the process also includes specific evaluation of the candidate by other senior Group management with different professional backgrounds, experience and roles.

1.11. Variable component structure: timescales for distribution and payment instruments, malus conditions and clawback provisions

A substantial proportion of the variable component is deferred in time and distributed in the form of equity instruments, in order to link incentives to the objective of value creation in the long term, and to allow the continuity of the Company's positive results to be verified. Payments are made through annual pro rata instalments and depends on the beneficiary's role and the variable remuneration payable to them.

For any MBIL employees who is included in the definition of Group identified staff (if any), the variable component is paid in accordance with the guidelines set down by the Group Policies and is subject to the malus conditions also stipulated therein if aligned or more restricted of the provisions set up by Luxembourg Regulations.

For members of the management body and authorized managers the deferral period is always five years[9]. The deferred component is:

- 60% (50% in equities and 50% in cash), for variable remuneration equal to or higher than €363,000;

[9] Art. 38-6 (1)(m) of the Luxembourg Law of 5 April 1993 on the financial sector.

- 40% (50% in equities and 50% in cash) for variable remuneration of less than €363,000.

For other Identified Staff, deferral is over a four-year time horizon, made up as follows:

- 60% (50% in equities and 50% in cash), for variable remuneration equal to or higher than €363,000;
- 40%, (50% in equities and 50% in cash), for variable remuneration of less than €363,000.

50% of the variable remuneration will be paid in financial or other equivalent instruments of Mediobanca Group, subject to an additional retention/holding period of one year. For the Material Risk-Takers, the upfront component is paid half in cash and half in Mediobanca shares.

The €363,000 threshold has been identified as the 25% of the "average total remuneration per individual" for Luxembourg high earners stated in the EBA 2024 report[10] (based on data as of 2022), i.e. €1,453,565. This threshold may be reviewed from time to time, at least once every three years.

For Identified Staff, the deferral mechanism does not apply if their annual variable remuneration does not exceed the materiality threshold of €50,000[11] and does not represent more than one-third of their total compensation.

An overview of the timing for the various distributions (effective payout) is shown in the table below:

	Year T	T+1	T+2	T+3	T+4	T+5
Senior management with variable remuneration ≥ €363,000	20% Upfront cash	20% Upfront equity	13% Deferred cash	11% Deferred equity	11% Deferred equity	11% Deferred equity 14% Deferred cash
Senior management with variable remuneration < €363,000	30% Upfront cash	30% Upfront equity	10% Deferred equity	10% Deferred cash	10% Deferred equity	10% Deferred cash
Other Identified Staff with variable remuneration ≥ €363,000	20% Upfront cash	20% Upfront equity	15% Deferred equity 5% Deferred cash	15% Deferred equity 5% Deferred cash	20% Deferred cash	
Other Identified Staff with variable remuneration < €363,000	30% Upfront cash	30% Upfront equity	10% Deferred equity 5% Deferred cash	10% Deferred equity 5% Deferred cash	10% Deferred cash	

In the event of losses due to (illustrative but not exhaustive) provisions proving to be insufficient, contingent liabilities or other items which could compromise the integrity of MBIL's capital ("**Malus Condition**"), it may be decided not to pay all or part of the deferred variable component. Particular attention is devoted to the question of whether or not the beneficiary has committed any compliance breach (i.e. has not been made subject to disciplinary

[10] EBA/REP/2024/07 of April 2024.
[11] Art. 38-6 (2)(b) of the Luxembourg Law of 5 April 1993 on the financial sector.

measures on the basis *inter alia* of the provisions of the Code of Ethics, Organizational Model, Business Conduct policy and the other internal Mediobanca Group and MBIL regulations).

MBIL and the Parent reserve the right to take all measures necessary to claim back variable remuneration already paid (the "**Clawback**" mechanism) in the event of damages emerging to the integrity of its capital, profitability and financial or reputational situation, which are attributable to the conduct of individual staff members even without fraud and/or wilful misconduct being established.

1.12. Cap on variable remuneration

As regards the cap set on the variable remuneration payable to staff, and hence to all the employees classified as identified staff by the Company at the individual level or by the Group as a whole, MBIL refers to the provisions set forth in the Group remuneration policies.

Accordingly, unless decided otherwise by the shareholders of the Parent in general meeting, and in accordance with the national and supranational regulations in this area, the Company's shareholders in general meeting approved the cap on variable remuneration of 200% of the fixed remuneration, the maximum permitted by the Luxembourg Law of 5 April 1993, for the Bank's MRT, excluding the Head of control functions, with the possibility to include further staff members within the managerial or front office positions.

The shareholders resolution is disclosed to ECB and CSSF.

1.13. Other general regulations

The means, instruments and timescales for payment of the variable remuneration, if any, are at the Company's discretion and are governed by the Mediobanca Group remuneration policies, as well as by the MBIL remuneration and incentive system approved by the competent governing bodies in force at the time. Payment, if any, of variable remuneration for consecutive years, does not give the recipient any right to be awarded or receive such remuneration in the future, and does not entail any obligation for the Company whatsoever with regard to later years. Such payment is indeed linked to the Company's performances and/or productivity and/or to the performances and/or productivity of the business unit to which the staff member belongs and/or to the individual performance of the staff members themselves and/or to market conditions. MB and MBIL retain the utmost discretion to amend the remuneration policies and the incentive system from year to year, also to comply with new regulatory provisions issued by any reference Authority.

Bonuses are to be understood as gross and do not include any social security contributions payable by the Company. The Company reserves the right to alter the incentive system.

The entitlement to receive bonuses is subject to the maintenance of the status of employee of the Mediobanca Group throughout the assessment period and at the actual date of payment (i.e. not on notice period for dismissal nor on termination for cause or other justified reasons). The distribution of other deferred items, if any, is subject to the beneficiary still being a Company's employee at the date on which the payment is actually made (i.e. not on notice period for dismissal nor on termination for cause or other justified reasons), and also to any clawback or malus condition clauses, where provided by the MBIL and Group remuneration policies.

Guaranteed bonuses: these may be awarded to staff with particularly important profiles but only at the recruitment stage and for the first year of their employment by the Company, as per regulations in force. They also include bonuses awarded upon recruitment to compensate any loss in earnings from previous jobs, in accordance with sector practice. Such bonuses are decided and paid in accordance with the policies and regulations in force.

Staff are not allowed to use personal hedging or insurance strategies involving the variable component of their remuneration or other aspects which could alter or otherwise distort the fundamental alignment of the compensation mechanisms with the Company's risk. The control units carry out checks to this end.

Remuneration cannot under any circumstances be paid in forms, instruments or means that seek to bypass the regulatory provisions.

Exceptions, especially in those cases where the employment arrangements are terminated by mutual consent ("**good leavers**" as defined in the Mediobanca Group Policy: mutual consent, including in cases of retirement or early retirement, collective retirement incentive schemes addressed to the population at large or to groups of staff following extraordinary transactions or restructuring processes defined *inter alia* on the basis of agreements with trade unions and in accordance with the legal and regulatory provisions in force at the time, possible terminations as a result of business units being spun off, or agreed transfers to legal entities not part of the Mediobanca Group, or by death or permanent incapacity, duly certified, if it renders the staff member concerned unable to perform their duties), are respectively the responsibility of the Board of Directors and the Chief Executive Officer of MBIL, according to the powers vested in them, to establish more favourable treatment in individual cases, subject to the prior favourable opinion and authorization of the General Manager of MB and Group HR.

In all other cases where the employment arrangement is ended, including resignations, the staff members concerned are considered "**bad leavers**", even though the Bank may decide to treat them as "good leavers" in any case, in view of the specific features of the case concerned, to be evaluated on the basis of suitably justified and documented objective criteria.

1.14. Intragroup mobility

In cases involving intragroup mobility, the bonus accrued at the year-end will be calculated based on the results and objectives achieved in the corresponding periods at each of the companies (pro rata, full months). Every other instance will be analysed and managed on a case-by-case basis in conjunction with Group HR.

1.15. Incentive scheme regulations

Inclusion in specific incentive schemes, such as the award of performance shares, stock options or other financial instruments by the Parent company, or inclusion in long-term incentive or other types of scheme, are formalized separately through specific award letters and relevant regulations governing the terms of the schemes in force at the time.

1.16. Policies in the event of employment being terminated or otherwise ending

MBIL refers to the provisions established by the Group remuneration policies, with particular reference to rules applicable to Group Material Risk Takers, in respect of (i) the amount of the compensation to be paid in the event of an early termination of the employment arrangement (including the limits set in terms of number of years' fixed annual salary and the maximum amount that ensures from application of such limits), and (ii) the policies to be adopted in the event of termination of the working relationship.

No provision is made for individual agreements that trigger the application of particular terms or conditions upon termination of the employment arrangement when the employment contract is signed.

The Company defines, as for the Mediobanca Group, the total maximum amount payable by way of severance as 24 monthly salaries, as defined in the Group policy and in any case no more than €5m, unless provided otherwise by shareholders in general meeting. Such maximum limits do not imply any right or even the expectation that they will be fully applied, as application follows the criteria set by practice and/or by the legal and contractual provisions locally in force.

For non-identified staff only, severance does not include any amounts paid as indemnity for failure to give notice. Severance does, however, include any sums paid under non-compete agreements.

Severance payments may not under any circumstances exceed the limits set by the law, regulations and applicable collective bargaining contracts.

Severance may not be paid in cases where the conduct of individual staff members has damaged the integrity of the Bank's capital, profitability and earnings/financial or reputational situation, whether or not fraud and/or wilful misconduct is established.

The foregoing is without prejudice to any decisions that may be taken by a third party authorized for such purpose, namely judicial authorities and/or arbitration and/or conciliation bodies.