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TERMINATION PAYMENTS POLICY

FINECO. SIMPLIFYING BANKING.

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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”), including 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.

The compensation defined, at any title, at the time of the termination is set consistently with the overall applicable rules, even of regulatory nature, and in the company's interest, identifying time by time those solutions that – respecting regulations, corporate values and peoples – allow to optimize the achievement of business objectives, at the same time minimizing costs and risks, both current and prospective.

The amounts autonomously defined by a third subject having the power to do that (such as judicial and/or arbitrary and/or conciliatory authority) as well accessory elements of limited material value are not considered as severance payments.

2. Limits and criteria

2.1. Maximum Limits

The severance Policy is restrictively revised versus the past in consideration of the evolution of national and international regulatory provisions, of prevailing practices and Investors' expectations.

In principle, the termination payments – inclusive of the indemnity in lieu of notice and of any other amount defined upon or in the occasion of the resolution of the employment – do not exceed the lower between twenty-four months of total compensation¹ or the limits foreseen by the laws and collective labor agreements locally applicable in case of lay-off.

In any case, termination payments, in excess of the indemnity in lieu of notice, do not exceed 18 months of total compensation.

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.

This Policy defines the maximum limits for severance payments and does not in any way imply the right or even only the expectation of overcoming any possibly more restrictive limit or criteria foreseen by the laws, collective contracts and/ or practices locally applicable in case of lay-off.

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 fourth 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.

¹ 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):
(Fixed [12 months BS] + Average Bonus [24 months BS]) x 24/12 = 72 months BS
The value of the severance thus determined will not in any case exceed € 5,1 million overall (inclusive of the indemnity in lieu of notice)

3. Payout Methods

The overall termination payment is paid out under the technical forms and with the juridical qualifications that – in full respect of the law – allow the best optimization of costs and pursue of corporate goals.

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” for the excess of the indemnity in lieu of notice possibly due according to laws or contracts, 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 installments during the deferral period – are subject to malus clauses that provide for their reduction / revocation in case of i) discover of fraud or negligence, unknown at the time of the termination agreement's sign-off, to the damage of the Bank / Group, or ii) 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, or, still, iii) the minimum capital and liquidity requirements as foreseen by the regulations time by time applicable should not be met. In these cases i) and ii), 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 (for the “Identified Staff”).

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 particular as far as the stipulation of non-competition / non solicitation covenants is regarded.

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 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.

