

Severance Pay Policy



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1 Introduction

In general the doBank Group does not provide additional remuneration or individual discretionary pension benefits for the early termination of the employment relationship.

Additional remuneration is not considered to include:

- payments and fees due based upon provisions of law and collective agreement such as indemnities in lieu of prior notice;
- payments defined on the basis of a collective redundancy agreement;
- sums determined by the judicial authority (for example, by way of compensation for damages, lost earnings, etc.).

2 Governance Process

In line with the contents of the Supervisory Provisions¹, the Parent Company develops the Severance Pay Policy for the whole Group, ensures its overall consistency, provides the necessary instructions for its implementation and verifies its correct application.

The work process relating to the formation, application and control of implementation of the Severance Pay Policy is coherent with the process relating to the Remuneration and Incentive Policies at Group level, the respective activities, the functions of reference and the controls involved at the various levels, in accordance with the principles of segregating functions, authorities and powers and the traceability of the operations performed.

The Severance Pay Policy is defined by the Parent Company's Board of Directors at the proposal of the Remuneration Committee. . It is subsequently submitted for approval by the Shareholders' Meeting, in compliance with the contents of the existing Supervisory Provisions. In the event of changes, it is updated according to the following process.

All Subsidiaries, once they have received the document approved by the Parent Company, guarantee its incorporation and implementation by the competent decision-making bodies and consequently adjust the responsibilities, processes and internal regulations, in line with their characteristics and dimensions.

The individual Group companies in any case remain responsible for respecting the regulations directly applicable to them and for the correct implementation of the instructions provided by the Parent Company.

¹ See. Bank of Italy, Circ. 285/2013, Title IV, Chapter 2, Section 1, par. 8.

3 Any remuneration upon the early termination of the employment relationship

In the event of termination at the initiative and/or in the interest of the Company, in unilateral or consensual form, additional remuneration may be provided, objectively motivated, by way of redundancy incentive for accompaniment to the pension or in the case of early requirement or paid in order to avoid the risk of litigation. That remuneration is calculated taking account of the mandatory criteria provided by employment law and by any applicable collective agreements.

In particular, the following circumstances are taken into consideration:

- the actual duration of the employment relationship, with significant reductions of the remuneration in question for particularly short relationships;
- whether or not the person has given, above all repeatedly, quali-quantitatively inferior performances than reasonably expected;
- whether or not the individual has assumed risks deemed to be inadequate to the Group's *Risk Appetite Framework*;
- the motivation for the decision to end the relationship (also with reference to notions of just cause and justification according to the parameters in force each time), compared with the company's interest in reaching a mutual - rather than unilateral - termination of the relationship through the payment of a sum whose cost, calculated on the basis of adequate analyses (and possibly as indicated by competent third parties, such as the judicial and/or arbitration and/or conciliatory authority) is not higher than that which would presumably be incurred if the individual was dismissed and later brought action before the courts to protect his/her interests.

For Personnel those sums are in any case defined within the scope of 24 months of total remuneration² and included in the maximum amount of €1,500,000.

The sums paid in view of or on the occasion of the early termination of the employment relationship and/or early cessation of the role are calculated in the calculation of variable remuneration for the purposes of verifying the limit on the incidence of variable on fixed remuneration of the last year, with the exception of sums paid:

- by way of non-disclosure agreement, for the share that does not exceed the last year of fixed remuneration, for each year of duration of the agreement;
- as part of an agreement with Personnel intended to settle a current or potential dispute, in any venue it is reached. That agreement involves the payment of 10 months of total remuneration³ (12 where the beneficiary belongs to the control functions) for each year for which the beneficiary has stayed in the company

²A sum that considers the latest fixed remuneration and the average of variable remuneration attributed in the last 3 years (accrual of the year of reference, including the shares that are deferred in subsequent years and excluding the shares deriving from deferments of previous years). Entirely theoretically, in view of the possibility for some resources to accrue, for excellent performances, a variable remuneration up to twice the fixed remuneration, the 24 months of total remuneration may actually correspond to 6 years of fixed remuneration.

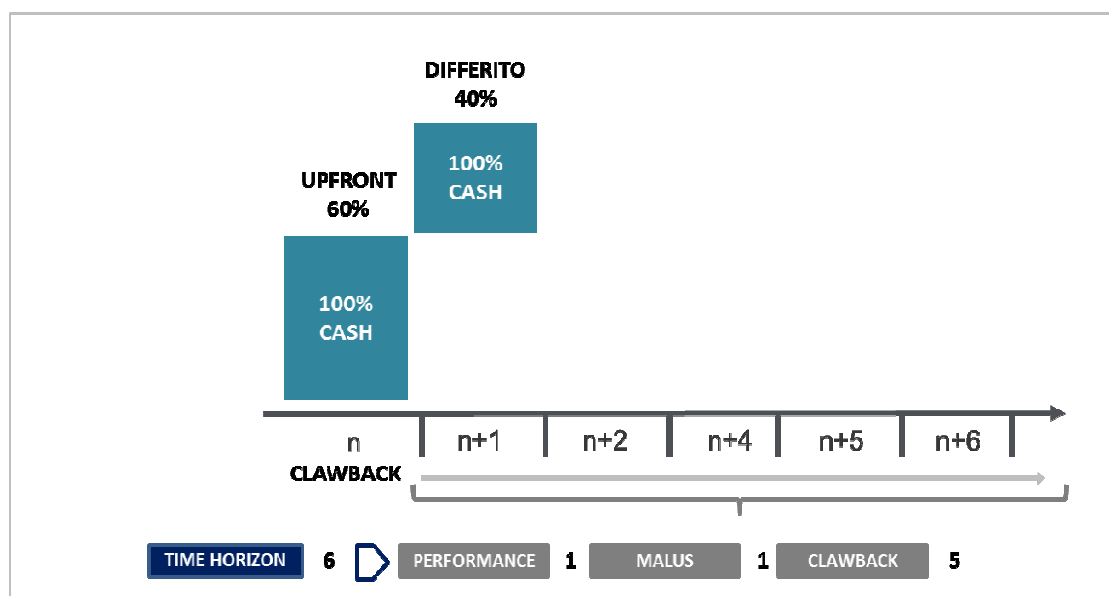
³A sum that considers the fixed remuneration and the average of variable remuneration attributed in the last 3 years (accrual of year of reference, including shares that are deferred in subsequent years and excluding shares deriving from deferments of previous years, split into 12 months).

(rounded to the higher amount). For the Managing Director, see Art. 4.

For Material Risk Takers, any remuneration agreed and approved by the Board of Directors, subject to the opinion of the Remuneration Committee, is paid coherently with the following criteria:

- it is subject to conditions of deferment and possible Retention, if the payment is made in financial instruments,
- it is subject to ex post correction mechanisms (malus and clawback) to cover any fraudulent behaviours or gross negligence in detriment to the company.

The payment occurs with the same deferment scheme activated for the variable remuneration of Material Risk Takers (in cash with a deferment of 40% of the defined fee, scheduling its payment after at least 12 months from the payment of the upfront component, subject to verifying the absence of malus clauses, to be verified at 31/12 of the year prior to the payment of the deferred fee in addition to the verification, if later, at the end of the quarter immediately before) and in any case in line with the deferment scheme regulated for variable remuneration in the Remuneration Policies in force each time, as structured by the Board of Directors by virtue of the delegation received from the Shareholders' Meeting.

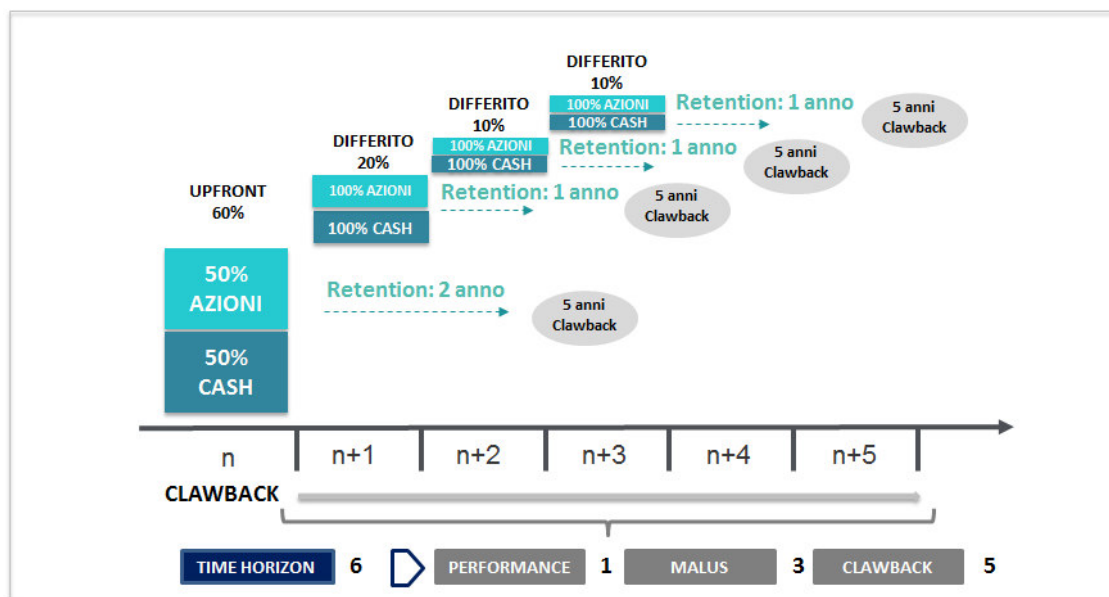


In view of the applicable regulatory framework, the following represent malus clauses, which involve the zeroing of the deferred component:

- CET1 Ratio at least equal to the tolerance defined within the *risk appetite framework*;
- LCR Ratio at least equal to the tolerance defined in the *risk appetite framework*.

In addition to the ascertainment of fraudulent behaviours, wilful misconduct or gross negligence in detriment to doBank or to Group companies.

For the Key Resources, any remuneration is paid on the early termination of the employment relationship, for 50% in cash and for 50% in shares, scheduling the deferment of 40% of the amount paid over three years, pro rata, and in any case in line with the deferment scheme, the cash/shares mix and Retention periods for the portions in upfront and deferred shares regulated for variable remuneration in the Remuneration Policies in force each time, as structured by the Board of Directors by virtue of the delegation received from the Shareholders' Meeting.



The deferred shares are paid subject to verifying the absence of malus clauses, to be ascertained at 31/12 of the year before the payment of the deferred component in addition to verifying, if later, the absence of the same in the quarter immediately before.

In view of the applicable regulatory framework, the deferred shares may only be paid in the case of:

- CET1 Ratio at least equal the tolerance threshold defined within the *risk appetite framework*;
- LCR Ratio at least equal to the tolerance defined within the *risk appetite framework*.

In addition to the ascertainment of the absence of fraudulent behaviours, wilful misconduct or gross negligence in detriment to doBank or to Group companies.

The described methods of payment of the amount granted on the occasion of the early termination of the employment relationship are applicable if the amount is higher than 40,000 Euro. For values below this threshold, the variable component is paid in cash and in a lump sum.

The entire amount paid is also subject, for all Personnel, to claw-back rules in the event of ascertaining fraudulent behaviours, wilful intent or gross negligence in detriment to doBank or for the Group companies.

With reference to the Material Risk Takers, the Board of Directors, having heard the opinion of the Remuneration Committee, may request the return of the sums paid, within 5 years from the payment of the individual portions, in the event of:

- behaviour resulting in a significant loss for doBank;
- violations of laws, regulations and internal procedures especially with regard to risk-related procedures;
- significant violations in the area of risk management processes;
- violations of the obligations of Article 26, or when the individual is an interested party, of Article 53, paragraph 4 et seq. of the Consolidated Banking Law, or of obligations concerning remuneration and incentives;
- with reference to the Managers with Strategic Responsibilities, in the case of data relating to the activation gates, objectives or vesting conditions that are later found to be manifestly incorrect;
- fraudulent behaviour characterised by wilful misconduct or gross negligence to the detriment of doBank.

In exceptional circumstances, dictated by the pursuit of the business interest, which require deviations from the payment methods of the additional remuneration illustrated above, the internal process that leads to the attribution of the indemnities must be adequately formalised and must report the motivations that led to an assessment of deviation with respect to what is stated in the Remuneration Policies approved by the Shareholders' Meeting and in force each time.

The internal process must involve the competent functions in assessing the impacts of risks, conformity and adequacy, and it must be submitted, with reference to the Material Risk Takers, after consulting the Remuneration Committee, to the resolution of the Board of Directors, which will inform the Shareholders' Meeting thereof, during the disclosure regarding the implementation of the Remuneration Policies. The internal process with reference to the remaining personnel, after the involvement of the competent functions in assessing the impacts of risk, conformity and adequacy, will involve annual information to the Remuneration Committee.

4 Individual agreements in view of the early cessation of the role (known as Golden parachutes)

Individual agreements agreed in advance (known as *Golden parachutes*) are limited to the role of Managing Director of doBank and subject to approval of the Board of Directors with the opinion of the Remuneration Committee, and they may be defined when entering into the contribution granting the role or later if the role is attributed to an employee of the Group having an existing employment contract.

In particular, specific clauses may be scheduled in relation to additional economic treatment applicable in the case of early cessation of the role. That remuneration, determined in coherence with the overall regulations of reference, is defined so as to reflect actual and lasting results.

The maximum limit for remuneration to be paid in view of the early cessation of the role and/or termination of the employment relationship is included, in line with the 2018 policy, within the limit of 24 months of total remuneration⁴.

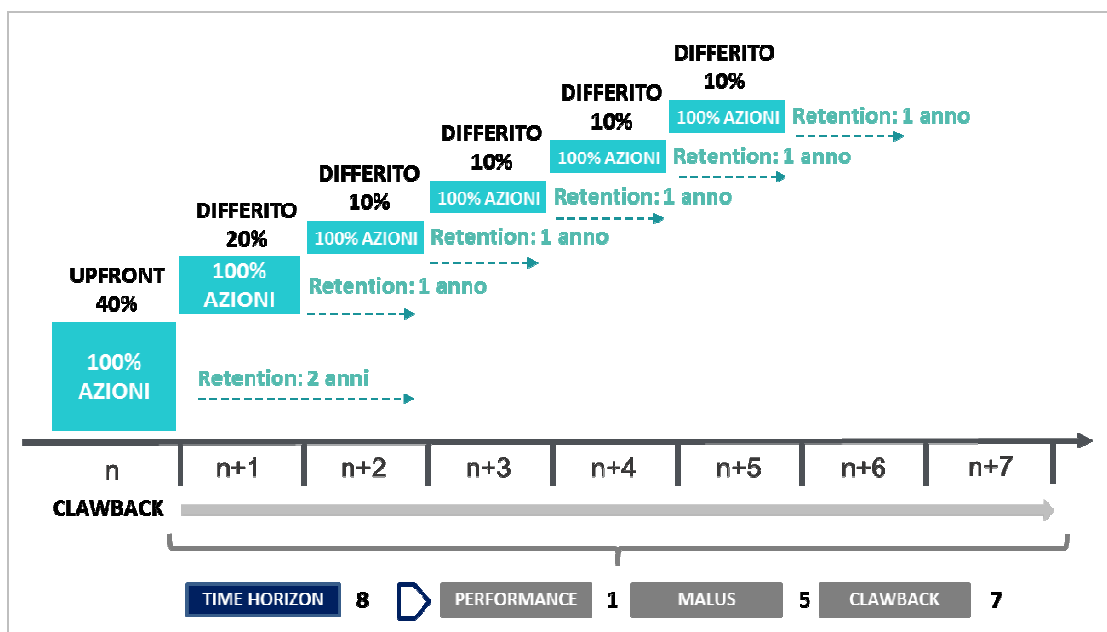
In particular, with reference to the clauses in place for the Managing Director, the remuneration relating to any early cessation of the role is defined, within the maximum limit of the monthly payments indicated above, taking into consideration the performances achieved.

The existing agreement, based upon a pre-defined formula, links the remuneration to the performance achieved and the residual duration of the contract (in the presence of an inadequate performance, the maximum limit is reduced to €625,000 and decreases, in any case, as the expiry of the contract approaches, until becoming zero upon reaching the same, in coherence with the principle of not incentivising the early conclusion of the employment relationship). The respective sums are defined according to the following formula:

- 25% of the latest fixed monthly remuneration received, multiplied by the number of months between the date of cessation of the role and the month of March, inclusive, of the year after the last exercise of the mandate in progress plus 1/12 of 50% of the latest MBO attributed, multiplied by the number of months between the date of cessation of the role and the closing date of the 2022 financial year.

That remuneration is paid in full in shares (a cash component may be provided to fulfil tax fulfilments) and deferred for 5 years, pro rata and subject to malus and claw-back, in any case in line with the deferment rules provided for variable remuneration attributed to the Managing Director in the Remuneration Policies in force each time and taking account of the applicable prudential supervision provisions.

⁴Sum that considers the last month of fixed remuneration and the variable remuneration paid in the previous financial year. In view of the possibility of accruing, for excellent performances, a variable remuneration up to twice the fixed remuneration, the maximum amount of the remuneration to be paid in the case of early cessation of the role in a good leaver situation is included, in the case of over-performance in the previous year, within 4 years of fixed remuneration and within a maximum amount of €10,000,000, only if the performances were such as to pay the maximum of the variable opportunity in the previous year (reduced compared to the maximum amount indicated in the 2018 policy, by virtue of the peculiarities of the pre-defined formula which involves the reduction, until zeroing, of the sums by way of golden parachute with the approaching contractual expiry). That maximum amount reduces to €625,000 indicated in the case of inadequate performance.



In view of the applicable regulatory framework, the following represent malus clauses, which involve the zeroing of the deferred component:

- CET1 *Ratio* at least equal to the tolerance threshold defined within the *risk appetite framework*;
- LCR *Ratio* at least equal to the tolerance threshold defined within the *risk appetite framework*.

In addition to the ascertainment of fraudulent behaviours, wilful misconduct or gross negligence in detriment to doBank or to Group companies.

In addition, the Board of Directors, having consulted the Remuneration Committee, may request the return of the sum attributed to the Managing Director within 7 years from payment of the individual portions, and with reference to the last year of being in the role, of:

- behaviours resulting in a significant loss for doBank;
- violations of laws, regulations and internal procedures especially with regard to risk-related procedures;
- significant violations in the area of risk management processes;
- violations of the obligations in accordance with Article 26, or when the individual is an interested party, of Article 53, paragraph 4 et seq. of the Consolidated Banking Law, or obligations in relation to remuneration and incentives in performing his role as Managing Director;
- in the case of data relating to the activation gates, objectives or vesting conditions that are later found to be manifestly incorrect;
- fraudulent behaviour characterised by wilful misconduct or gross negligence to the detriment of doBank.

There is no provision for **discretionary pension benefits**. If it is deemed appropriate to assign those benefits, the criteria established in that regard by the Supervisory Provisions⁵ will be applied.

Coherently with the regulatory provisions, any discretionary pension benefits and *golden parachutes* granted are not included in the calculation of the variable/fixed ratio limit.

The deferment and the respective malus clauses are not applied, even for Material Risk Takers, in the following cases⁶:

- *golden parachutes* agreed as part of extraordinary operations (e.g. mergers) or company restructuring processes, provided that they jointly respect the following conditions:
 - they exclusively respond to logics of reducing company costs and streamlining the Personnel organisation;
 - they do not amount to more than 100,000 Euro;
 - they provide claw-back mechanisms, which at least cover cases of fraudulent conduct or gross negligence in detriment to the company or the Group;
- redundancy incentives, even connected to extraordinary operations (e.g. mergers) or company restructuring processes provided that they jointly respect the following conditions:
 - they exclusively respond to logics of reducing company costs and streamlining the Personnel organisation;
 - they encourage the acceptance of the support measures provided, by law or by the collective agreement, for all employees;
 - they do not produce ex ante distortions on the conduct of Personnel;
 - they provide claw-back mechanisms, which at least cover cases of fraudulent conduct or gross negligence in detriment to the company or the Group.

The respective remuneration is in any case subject to claw-back in the case of ascertainment of fraudulent behaviours, wilful misconduct or gross negligence in detriment to doBank or to Group companies.

⁵See. Bank of Italy, Circular no. 285/2013, Part I, Title IV, Chapter 2, Section III, paragraph 2.2.1.

⁶See. Bank of Italy, Circular no. 285/2013, Part I, Title IV, Chapter 2, Section III, paragraph 2.2.3.

GLOSSARY

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| Parent Company or doBank | Means doBank S.p.A. |
| Supervisory Provisions | Means Circular no. 285 of the Bank of Italy dated 17 December 2013 as amended and/or supplemented. |
| Company Function | The first or second level structure, which reports to the Bodies with strategic supervision and/or management function, in charge of overseeing and coordinating the company activities. They are split into the Corporate, Control and Business Functions. |
| Company Control Functions | Means the set constituted by the following Company Functions: Compliance Function, Anti-Money Laundering Function, Risk Management Function and Internal Audit Function. For the purposes of this Policy - as indicated in the Supervisory Provisions (First Part, Title IV, Chapter 2, Section 1). |
| doBank Group or Group | Means the doBank banking group, defined in conformity with Art. 60 of the Consolidated Banking Law and Circ. 285/2013, Part I, Title IV, Chap. 2, Sect. II. |
| Personnel | Means the members of the Bodies with strategic supervision, management and control function, the employees and collaborators of the Group, except for persons who belong to the external network. |
| Material Risk Takers | Means the categories of persons whose professional activity has or may have a significant impact on the Group's risk profile, identified in these Policies. |
| Remuneration policies: | The remuneration and incentive policies approved by the doBank Board of Directors on 22 March 2019 and by the Shareholders' Meeting on 17 April 2019. |
| Severance Pay Policies | Means the policies that regulate any fees in view of or on the occasion of the early conclusion of the employment relationship or early cessation of the role. They were submitted for the approval of the Shareholders' Meeting on 17 April 2019 with a separate document. |
| Up-Front Share | Means payments that are made immediately after the occurrence of the early cessation of the role and/or early termination of the employment relationship, in view of individual agreements in that sense, in view of or on the occasion of the same. |
| Deferred share | Means the payments that are made after a deferment period with respect to the upfront component, subject to verifying the malus conditions established |
| Issuers' Regulation | Means CONSOB Regulation adopted with resolution no. 11971 dated 14 May 1999 as updated. |

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| Remuneration | Means any form of payment or benefit paid, directly or indirectly, in cash, financial instruments or in kind (<i>fringe benefits</i>), in exchange for work performances or professional services rendered by Personnel to doBank or to other Group companies. Marginal payments or benefits, granted to Personnel on a non-discretionary basis, that fall within a general policy of the Group and that do not produce effects on the level of incentives to recruitment or control of risks may not be included. |
| Key Resources | They are resources, identified by the Managing Director from among the Material Risk Takers, with the support of the Human Resources Department, who have key roles in pursuing the business lines. The Board of Directors, subject to the opinion of the Remuneration Committee, is informed of the respective remuneration structure. They may be recipients of an opportunity of variable remuneration higher than 1:1 compared to the fixed remuneration and, in any case, less than 2:1, in line with the approval of the Shareholders' Meeting on 21 June 2017. |
| Retention | Means the period of time after the accrual of the instruments granted by way of variable remuneration during which they may not be sold and may not be disposed of. |
| Consolidated Banking Law | Means Italian Legislative Decree dated 24 February 1998, no. 58 as updated. |