GROUP REMUNERATION POLICY AND REPORT

MEDIOBANCA

Section 1. Mediobanca Group staff remuneration and incentivization policy FY 2020-21

Section 2. Report on compensation FY 2019-20

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Dear Shareholders,

We have called you together in general meeting to:

A) Submit the Mediobanca Group's new remuneration and incentivization policies for FY 2020-21, approved by the Board of Directors on 16 September 2020, to your approval; and;

B) Report to you on the remuneration policies applied and compensation paid during the twelve months ended 30 June 2020.

During the twelve months under review, the governing bodies of Mediobanca have continued to pay close attention to its staff remuneration and incentivization policies, taking into account *inter alia* the new documents published by the supervisory authorities on this issue. The following documents in particular are of importance in this area:

- The new Regulatory Technical Standards to identify risk takers based on qualitative and quantitative criteria published by the European Banking Authority (EBA) on 18 June 2020 in application of the new Capital Requirements Directive ("CRD V"). The standards, which are directly applicable to all EU member states, will come into force from January 2021;

- Implementing Technical Standards on public disclosures by institutions, including relating to remuneration policies, and supervisory reporting implementing changes introduced in the revised Capital Requirements Regulation ("CRR II") published by the EBA on 24 June 2020, applicable as from 30 June 2021;

- Consultation document on the consultation ended on 1 December 2019, regarding changes to the Regulations for Issuers on transparency in remuneration, issued by Consob to complete the process of implementing Directive (EU) 2017/828 ("Shareholders' Rights Directive II");

- The new version of the Code of Conduct for Listed Companies published in January 2020.

This report – which is published on Mediobanca's website – incorporates all the changes to the regulations and meets the disclosure requirements set forth in the Consob Regulations and the Bank of Italy's Supervisory Instructions. It is split into two sections: the first regards the remuneration and incentivization policies adopted by the Group with reference to corporate strategy, pursuit of long-term interests, and the sustainability of Mediobanca's operations. The second section, including tables with quantitative information (analytical and aggregated), provides details on the policy's application, including compensation paid, in the financial year ended 30 June 2020.

MEDIOBANCA

Section 1

Mediobanca Group staff remuneration and incentivization policy FY 2020-21

1 Introduction

In line with previous versions of this document, the new policies:

- Comply with the applicable regulations;
- Enable the areas of the Bank and Group which create value to be suitably incentivized, on the basis of objective measurement criteria;
- Allow the Group to attract and retain professionals with skills and capabilities appropriate to its needs;
- Are aligned with the policies adopted by other leading Italian and international players.

A cap on variable remuneration continues to be adopted, set at 200% of fixed remuneration, with the exception of recipients who work in asset management, for whom different limits are set.

2 Transparency and sustainability

Growth and sustainability are distinctive features of the Mediobanca Group, and play an integral and fundamental role in the defining of its strategies. The Group's remuneration and incentivization policies also seek to generate sustainable value over the long term: responsible, fair and transparent remuneration mechanisms increase and protect reputation, credibility and consensus over time, forming the basis for developing business with the objective of creating and protecting value for all stakeholders. In practical terms, the sustainability of the remuneration mechanisms takes the following forms:

- Pre-established governance mechanisms involving various different bodies, organizational units and parties, to guarantee that the processes followed are structured, controlled, and verifiable *ex post*;
- An overall remuneration package which reflects a balanced pay mix between fixed and variable components according to company role, which does not encourage or promote risky behaviour or conduct that is unduly geared to achieving short-term results, and completed by a series of corporate welfare solutions intended to meet the needs and improve the well-being of staff members and their families;
- An ongoing commitment to offering a fair level of remuneration reflecting the competences, abilities and professional experience of each staff member, ensuring that the principle of equal opportunities is applied, with the objective of pursuing fair salaries without discrimination in terms of age, gender, sexual orientation, married status, religion, language, ethnic or national origins, physical or mental disabilities, pregnancy or parenthood (including parents of adopted children), personal convictions, political opinions, or trade union affiliation or activities;
- A short- and long-term incentive structure based on risk-adjusted indicators with a view to achieving business continuity and sustainable results over the long term that combines balanced growth with the conviction that ethics and profit do not necessarily have to be in opposition to one another;
- Correlation of the incentivization system to the principles set out in the Group Sustainability Policy; ESG criteria being integrated into the models used for lending,

investing and advisory services, and the inclusion of sustainability issues in the Group's short- and long-term business and financial strategies;

- Limits or cap on variable remuneration;
- Individual performances are evaluated clearly and transparently, based on merit and in accordance with the principle of equal opportunities, seeking to valorize talent and to promote the professional and personal growth of all Group collaborators;
- Variable remuneration is deferred and paid over a time horizon of several years, including in the form of equity instruments, in order to link incentives to the creation of value over the long term;
- Reputational issues have a central role in this system, *ex ante* and *ex post*, in the form of malus and clawback mechanisms which have been introduced in the knowledge that conduct which is fair, transparent and responsible increases reputation, credibility and consent and protects them over time, all of these being fundamental prerequisites to achieving sustainable business development with the objective of creating and protecting value for all stakeholders;
- Pre-established, transparent means of treatment for staff in the event of their employment with the Mediobanca Group ceasing;
- Transparency in reporting.

3 Governance

The governance process for the Group remuneration and incentivization policy is structured across two levels.

a) Governing bodies

- Shareholders in general meeting set the annual fixed fee payable to members of the Board of Directors when they are appointed, and for the entire duration of their term of office, to be allocated among the individual members based on the Board's own decision. Directors who are not members of the Group's senior management are entitled to receive refunds for expenses incurred by them in the performance of their duties.
- Shareholders in general meeting, within the terms set by the regulations in force at the time, approve the remuneration and incentivization policies and compensation schemes based on financial instruments for Group directors, staff and collaborators, and set the criteria for establishing compensation to be agreed in the event of a beneficiary leaving the company or office, including the limits on annual fixed salary and the maximum amounts payable as a result of the policies' application.
- At the Board of Directors' proposal, shareholders in general meeting may, if the requisite quorum is achieved, establish the variable remuneration of Group staff and collaborators up to a maximum of 200% of their fixed salaries or any other limit set by the regulations in force at the time.
- The Board of Directors compiles the staff remuneration and incentivization policy, submits it to the approval of shareholders in general meeting, reviews it at least once a year, and is responsible for ensuring it is applied correctly in practice. The Board also: approves the results of the Material Risk-Takers identification process, including any exclusions; defines the remuneration and incentivization systems for senior figures; ensures that these systems

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are consistent with the Bank's overall choices in terms of risk-taking, strategies, long-term objectives, corporate governance structure and internal controls system; and ensures, among other things, that the remuneration and incentivization systems are able to guarantee compliance with the legal, regulatory and statutory provisions and any codes of ethics or conduct in force, encouraging recipients to adopt conduct in accordance with such provisions or codes.

- The Remunerations Committee consists of between three and five non-executive members, the majority of whom qualify as independent, including the Chairperson. The Committee's duties include proposing compensation for staff whose remuneration is decided by the Board of Directors. It serves in an advisory capacity for decisions regarding the criteria to be used for compensation payable to all identified staff; and monitors application of the rules governing the remuneration of the heads of the company's control units, working closely with the Statutory Audit Committee in this connection. It works together with the other internal committees, in particular the Risks Committee; and ensures that all relevant company units are involved in compiling and checking the remuneration and incentivization policies and practices. It gives its opinion on the results of the Material Risk-Takers identification process, including any exclusions, and on whether the performance objectives to which the incentivization schemes are linked have been reached. It establishes whether the other conditions precedent to payment of compensation have been met, on the basis *inter alia* of information received from the other company units; and provides feedback on the activities performed to the governing bodies. To be able to perform its activities effectively and responsibly, the Remunerations Committee is endowed with sufficient funds to guarantee it is independent in operational terms, and may call on the services of experts, including from outside the company, on matters that fall within its remit. The Committee is regularly constituted at meetings where a majority of the directors in office are in attendance, and adopts resolutions on the basis of the majority of those present voting in favour. Minutes of Committee meetings are taken and kept in separate registers.

- The 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 in this connection.

- The Chief Executive Officer presents the proposed Group staff remuneration and incentivization policies to the governing bodies, is responsible for staff management, and after consulting with the Group General Manager, determines the variable remuneration based on the criteria established by the Board of Directors and then distributes it.

b) Organizational units

- Group HR directs and governs the entire remuneration and incentivization process, involving the governing bodies, control units and other teams responsible for verifying the Group's earnings and financial data.

- The Planning, Accounting and Financial Reporting area provides the data for ascertaining that the gateways have been met and for determining the business areas' and divisions' annual and long-term performances based on the results achieved.

- The Group Risk Management unit helps in defining the metrics used in order to calculate the risk-adjusted company performance, validating the results and the gateways, and checking that these are consistent with the provisions of the Risk Appetite Framework.

- The Compliance unit carries out an annual assessment of the remuneration policies' compliance with the sector regulatory framework, the Bank's Articles of Association, and any applicable codes of ethics or standards of conduct. It is also responsible, after consulting with the other control units, for checking whether any compliance breaches have been committed that might be relevant for purposes of assessing the performance and award of the variable remuneration component. The Compliance unit is involved in the processes of revising, adapting and managing the remuneration systems to ensure these are in line with the regulations in force at the time, including in terms of establishing the identified staff, analysing the metrics adopted, and the practice in cases where the beneficiary has left the company.

- The Group Audit unit checks that the staff remuneration and incentivization practices correspond to this policy and controls on the data and process, and brings any irregularities to the attention of the relevant bodies for the appropriate corrective action to be taken.

It also carries out annual controls on the data and process, and brings any irregularities to the attention of the relevant bodies for the appropriate corrective action to be taken.

c) Application to Banking Group

Mediobanca, as part of its activities of direction and co-ordination of its own Group companies, ensures that the remuneration and incentivization systems operating within the Banking Group are consistent, while respecting the specific nature of their sectors of operation, organizational structures, regulations applicable according to type of business and geographical location. In particular, the parent company manages the process of defining Identified Staff, issues guidance to be adopted, and takes part in drafting documents relating to the remunerations policies to be compiled by the subsidiaries.

Mediobanca approves the amount of the variable remuneration, including that for identified staff in the individual companies. It sets the objectives for the CEOs and/or General Managers of the Group companies, ascertaining whether they have been met; and defines the basic principles of the guidelines of the incentives mechanism for the other staff at the companies, leaving the specific decisions up to their respective Boards of Directors.

4 Policy for identification of Material Risk-Takers

Material Risk-Takers, i.e. staff members whose professional activity may impact substantially on the Mediobanca Group's risk profile, are identified annually at the end of a formalized process involving Mediobanca S.p.A. and the other Group companies.

a) Criteria adopted

In order to identify Material Risk-Takers, the Mediobanca Group adopts the new regulatory technical standards issued by the EBA in June 2020, even though they are only applicable starting from January 2021. The criteria are:

- Qualitative: linked to role (including for non-executive directors) and to decision-making powers assigned and responsibilities taken within the Group structure, consistent with the nature, range and complexity of the activities performed. Factors considered include organizational position within the Group, materiality of the business unit (not just in terms of the capital allocated to them, but also of volumes and complexity[1]), risk profile,

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1) The regulatory criterion for inclusion as a material business unit is that the capital allocated to it must represent at least 2% of the Banking Group's overall capital. Additional criteria include: whether or not the individual entities/business units form part of higher-level divisions in accordance with management reporting and the strategic plan; business volumes; organizational complexity and size; type of activity performed if the primary risk profile involved is not credit, market or liquidity risk. For the asset management area, in addition to the above, the main criteria considered is the amount of AUM above the limit that would qualify it as a material company under the regulations normally applicable in the respective national legislations on UCITS/AIFM.

including with reference to reputation, participation in internal Group committees, independence in terms of decision-making and operations, geographical location of the office at which they work (in view of the pay differences between different countries), and specific characteristics of the sectors concerned (e.g. asset management).

- Quantitative: based on the total overall remuneration received in the previous financial year.[2]

The definition of Material Risk-Taker also includes financial and insurance brokers and financial advisors authorized to offer products door-to-door.[3]

b) Process

- Group HR is responsible for the process, and ensures that a unified approach is adopted at Group level;
- Compliance validates the process, ascertaining that the applicable regulations have been properly applied;
- Planning, Accounting and Financial Reporting collects the earnings data to be analysed and the criteria to be applied;
- Group Risk Management takes part in the analysis, to identify the impact of the same resources on the risk profile of material and non-material business units;
- Group Audit checks that the criteria have been correctly applied and the assessment made has been properly formalized. The unit participates in the process, providing support to Group HR in checking that the regulations have been properly applied.

All the Group companies take part in the annual definition of Identified Staff. The mapping is carried out on an individual basis by all the banks in the Group (CheBanca!, Compagnie Monégasque de Banque CMB, Compass and MB International) and the asset management companies, based in Italy (MB SGR) and elsewhere (Cairn Capital, RAM and MB Management Company), subject to the sector regulations. The information collected is then sent to Mediobanca S.p.A. to be consolidated, whereas for the other, non-banking subsidiaries, the parent company carries out its own assessment.

Group HR monitors organizational changes which could lead to differences in the scope of definition on an ongoing basis.

A record of the whole process is kept in the form of minutes of the meetings held by the parent company units involved. When the process is complete, a list with the names of the Identified Staff for the financial year concerned is drawn up, specifying those who have been included for the first time and any others who have been excluded, with an indication of their roles, responsibilities and the divisions of which they form part, and a comparison with the previous financial year. Any exclusions are highlighted and duly justified. A primary external consultancy company certifies the entire process.

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2) Mediobanca may also decide that individual staff members, including Financial Advisors, do not impact on the Group's risk profile despite receiving total remuneration in excess of the quantitative limits set by the regulations in force.

3) With reference to the CheBanca! Financial Advisors, all Network Managers and Area Managers with a percentage of AUM managed by the FAs under their responsibility above 10% of the total AUM managed by the network are included in the definition of Group identified staff by qualitative criteria. All the Group's FAs who individually manage more than 10% of their network's AUM are also included in the definition of Group identified staff by qualitative criteria. Among the Group's identified staff, those employed by Mediobanca Private Banking, the business units of Compass and CheBanca! and the FAs (for a total of 23 persons as at 30 June 2020) also qualify as relevant persons according to the definition contained in the Bank of Italy's Instructions on transparency of banking and financial operations and services. Under the same regulations, the following qualified as relevant persons: for the WM division – Mediobanca Private Banking, 83 staff members – twelve of whom with managerial roles – plus two Financial Advisors; for the WM division – Affluent/Premier (CB!) 796 staff members – seventeen of whom with managerial roles – plus 414 Financial Advisors, 69 of whom with managerial roles; for the Consumer Banking division, 896 persons associated with the network - 37 of whom with managerial roles – plus 25 associated with the external networks.

The results are approved by the Board of Directors, at the Remuneration Committee's proposal.

Once the process is complete, individual notice is provided in writing to staff included in the scope of Material Risk-Takers.

If, at the end of the identification process, there are staff identified by quantitative criteria for whom the notification and/or exclusion procedure must be launched, Group HR does so in accordance with the Bank of Italy Supervisory Instructions.

c) Identified staff as at 30 June 2020

As at 30 June 2020 the Group's "identified staff" (including the non-executive directors), identified based on Regulation (EU) 604/2014 still in force, which also sets out the criteria for exclusion from the definition,[4] broke down as follows:

Cluster	Definition	EBA regulations	PPR # 2020	PPR # 2019
1) Non-executive directors	Non-executive members of BoD, including Chairman	Article 3.2	**1 (+12)**	**1 (+12)**
2) Directors with executive duties	Management who are members of Executive Committee	Article 3.1	**2**	**2**
3) Senior management and heads of relevant BUs (principal business lines, geographical areas and other senior business figures)	• Co Head of CIB • Co Head of CIB/Head Inv. Banking Division • CEO, Compass/CB! • Head of Principal Investing • Head of MB Private Banking • Head of CIB Markets Division • Head of CIB Debt Division • Head of London branch office • Head of Governance & Treasury • Head of Finance Division • CEO, CMB	Article 3.3 Article 3.5 Article 3.6	**10**	**11**
4) Heads and senior staff of internal control units	• Compliance & Group AML • Group Risk Management • Group Audit	Article 3.4 Article 3.7 Article 3.15	**21**	**20**
5) Staff with managerial responsibilities in relevant business units	• Heads of trading desks, liquidity, origination, trading, and brokerage/sales • Staff with significant responsibility in business and product areas • General and commercial managers of Compass and CB!, CEOs of SelmaBipiemme, MB SGR, MBFacta and MB Lux • Financial Advisors with managerial responsibilities and/or 10% of the network's AUM	Article 3.8 Article 3.15	**36**	**32**
6) Heads and senior staff in Staff and support units	• Head of Company Financial Reporting • Planning, Control and Budgeting • Chief Operating Officer • Chief Information Officer • Group Head of HR • Group Head of Reward • Legal Counsel • Macroeconomic Strategist	Article 3.9 Article 3.15	**8**	**8**
7) Quantitative criteria	Roles with total compensation ≥ €500,000 or same remuneration bracket in previous financial year not included in categories listed above	Article 4	**38**	**34**
	TOTAL as at 30/6/20[5] As % of total Mediobanca Group staff		**116 (128)** **2.35%**	**108 (120)** **2.24%**

Management with strategic responsibilities (as defined in Article 3 of Regulation (EU) 596/2014) other than directors (i.e. the three heads of the control units, the Head of Company Financial Reporting, the Head of Group HR & Organization, the Head of the Consumer Banking division and Wealth Management/Affluent-Premier business line, and the two Co-Heads of the Corporate and Investment Banking division) are all included in the definition of Identified Staff.

4) For the twelve months ended 2020, a total of seven such staff members (employed in asset management in the United Kingdom and Switzerland – Cairn Capital and RAM and in advisory business in France - Messier Maris et Ass.) with overall remuneration in the previous year in excess of €500,000 excluded from the definition of MRTs under the regulations currently in force, without prejudice to the application of the new EBA Regulatory Technical Standard published in June 2020.

5) The Mediobanca Group headcount as at 30 June 2020 consists of 4,920 staff, split as follows: 630 Corporate & Investment Banking (43 Identified Staff), 2,021 Wealth Management (18 Identified Staff, two of whom in the control units of the companies that form part of the division), 1,441 Consumer Banking (5 Identified Staff, two of whom in the control units of the companies comprising the division), 817 Holding Functions (35 Identified Staff employed by Mediobanca S.p.A., 17 of whom in the control units and 18 in other units), 11 Principal Investing (1 Identified Staff). The definition of Identified Staff also includes 14 Financial Advisors, six of whom qualify by the qualitative criterion and eight by the quantitative criterion (out of a total of 416 FAs linked to the Mediobanca Group).

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5 Remuneration structure

a) General principles and objectives

The Mediobanca Group Remuneration and incentivization policy is intended to attract and retain highly qualified professional and ethical staff members, who are suited to the complexity, increasing internationalization and specialization of its businesses, based on a rationale of prudent management and sustainability of costs and results over time.

b) Pay mix constituents

The structure of the Group's staff remuneration is based on various components, with the objective of: balancing the fixed and variable parts over time (pay mix), implementing a flexible approach to remuneration, and ensuring that compensation remains geared towards performance in view of the significance of role within the company without encouraging risky and/or short-term behaviour.

To ensure that the remuneration package on offer is competitive and retain the best talent in terms of performance and potential, Mediobanca carries out annual benchmarking activity to assess the Group staff's positioning in terms of compensation relative to the market. The benchmarking is performed with the support of leading specialists in this area, and takes account of the divisions and geographical locations in which staff are employed.[6]

I. Fixed salary

This reflects technical, professional and managerial capabilities, and the related responsibilities, in accordance with the principle of equal opportunities and fair salaries. Mediobanca devotes continuous attention to the value of the fixed salaries it pays, which are adapted to changes in the market scenario on a regular basis, avoiding excessive reliance on the variable component while at the same time being careful not to make the overall package unduly inflexible.

II. Variable remuneration

This is the incentivizing component that functions as recognition and reward for the results achieved and objectives met, and is calculated based on risk-adjusted indicators. It constitutes an important motivational factor, and for some business figures (in the Wholesale Banking and Wealth Management divisions in particular) forms a significant portion of their annual pay, in line with reference market practice, without prejudice to the cap and to the other conditions established by the regulations in force.

Variable remuneration (see Section 6 "Incentivization system" below) is paid on the basis of pre-set performance indicators. The time horizon for evaluation may be short-term (i.e. linked to the annual budget, as is typical of short-term incentive systems) or long-term (as in cases where long-term incentive schemes are run).

The variable remuneration is paid in cash and equity instruments, in part upfront and in part deferred to subsequent years, subject to additional performance conditions being met. Any

6) The benchmarking activity is based on a significant and coherent sample of peers diversified according to the Group's individual divisions: for the Consumer (Compass) and WM Affluent/Premier (CheBanca!) divisions, the sample is based on the leading commercial players operating on the Italian market; for the Corporate and Investment Banking division, it is based on the bulge-bracket investment banks, independent advisory boutiques and the CIB divisions of the leading European commercial banks; for the WM HNWI division (MB Private Banking), the sample is based on the market of Italian operators and non-Italian players operating in Italy; for the Group's asset managers, the sample is constructed from independent companies and others forming part of banking groups or insurers operating in the relevant geographical areas. For the Chief Executive Officer and General Manager, the sample comprises a mixture of midcap firms which are comparable to Mediobanca in terms of either business model taken as a whole or individual segment of activity represented within the Group (i.e. advisory, asset management, innovative retail, etc.): these include Close Brothers, Lazard, Julius Baer Group, Macquarie, Vontobel, Bankinter, Schroders, Fineco Bank and Banca Generali.

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shares awarded are subject, after the respective rights have vested, to an additional holding period for retention purposes.

III. Limits on variable remuneration

Subject to approval by shareholders in annual general meeting, in accordance with the national and international regulations in force on this subject, the upper limit on variable remuneration for all staff belonging to the Mediobanca Group[7] and hence the entire scope of Identified Staff has been set, as in the previous Remuneration Policies, at 200% of fixed remuneration (without prejudice to the provisions in force for staff employed in the control units).

The reasons justifying this proposed limit are primarily:

- The need to attract and retain the most talented staff, in investment banking especially, by aligning the Bank's practice with that of its competitors;
- The need to maintain the appropriate operating flexibility, minimizing the risks that would be associated with increasing the fixed labour cost component excessively;
- To ensure that the remuneration policy is consistent with incentives which seek to promote virtuous conduct in the pursuit of business objectives and value creation;
- To align the Bank with the policies adopted by the leading Italian and international banks;
- The increasing presence of competitors in sectors (financial institutions which are not banks, private equity, hedge funds) or geographies (United States, Far East) with a less restrictive regulatory framework;
- The possibility of ensuring that funds are distributed appropriately between the most deserving candidates.

The sustainability of this limit is guaranteed by the provisions of the remunerations policies regarding the determination of the variable component, the correlation between risk and performance, and the performance conditions, malus conditions and clawback provisions.

As permitted by the Bank of Italy's Supervisory Instructions currently in force, Mediobanca has taken up the option to make an exception to the 2:1 cap on variable remuneration relative to fixed salary for all staff, including those qualifying as Identified Staff at Group level, belonging to the Mediobanca Group companies which operate in asset management in Italy (MB SGR) and elsewhere (Cairn, RAM, MB Management Company, CMG).[8] They adopt a specific cap on variable remuneration of up to five times fixed remuneration (5:1). This exception, which is in line with those adopted by the majority of the Bank's leading Italian and non-Italian competitors, is based on the following points:

- These companies are individually subject to UCITS/AIFM sector regulations which do not set limits on variable remuneration;
- The need to safeguard the attractiveness and competitiveness of the remuneration packages paid to staff working in asset management, a market which includes players that do not set caps, because they are a) independent; b) part of international banking

7) With the exception of Financial Advisors linked to the Group under agency contracts, and for staff employed at the Group's non-Italian companies which are not banks which perform pure advisory services, despite not being included in the definition of Group Identified Staff.
8) As at 30 June 2020, the Group's Identified Staff employed by the asset management companies consist of one employee of MB SGR identified on the basis of qualitative criteria (cluster 5), three by RAM and one by Cairn identified by quantitative criteria.

groups that can apply exceptions to the salary cap under the regulations in force in the countries where they are headquartered; and c) owned by insurance companies;

- Strengthening in the Wealth Management sector is one of the Group's main pillars of growth;

- The asset management companies have a different risk profile to the dominant one in the Banking Group's activity, and are not subject to direct financial risks (market, credit or liquidity) for investment products where the assets at risk belong to the client subscribing to them. For asset management products, the risk profile for the client is an integral part of the mandate regulations, and as such is governed and expressly represented in the documentation which the customer receives when they subscribe to the product;

- The incentivization system designed for the fund manager is based on the same mechanisms provided for clients, meaning their interests are aligned within the system of controls that can be implemented for the asset management sector;

- With reference to operational and reputational risks linked to the product investment process and potential related complaints from customers, including complaints related to conduct issues by staff, no incentive for staff is permitted that would increase the company's exposure to financial risks in order for them to reach their remuneration targets.

Applying this exemption does not impact on the earnings/financial sustainability of the companies involved, as: a cap is applied in any case to the variable remuneration; and their staff remuneration and incentivization mechanisms guarantee close correlation to results, consistent with the companies' characteristics and size, internal organization, nature, and the range and complexity of their activities. The mechanisms are implemented over a period of time which is appropriate to the life and/or investment cycle of the UCITS or AIFs managed, or to the holding period for the instruments recommended to the investors, to ensure that the valuation process is based on longer-term results and that actual payment of the results-based remuneration components is distributed over a period that takes due account of the investment risks and repayment policy (if any).

IV. Other remuneration components

Buyout, sign-on and entry bonuses 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 the regulations in force. They also include bonuses awarded at recruitment to compensate for 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.

For specific categories of staff and/or on an individual basis, in cases which involve ongoing employment or its termination, contracts may be signed with minimum guaranteed duration clauses (sometimes referred to as stability pacts), non-competition agreements, extended notice arrangements, retention bonuses or other arrangements as permitted under the applicable employment law and other regulations. The internal regulations set out the guidelines for managing such ancillary arrangements, and in particular govern the treatment of sums paid as compensation under such agreements, especially with reference to their inclusion in the variable remuneration components.[9]

9) As variable remuneration, such arrangements may fall within the situations regulated by Bank of Italy circular no. 285 on "Limits on distributions and capital conservation plan". Such provisions are the only ones that could justify suspension of the treatment of this contractual component for both Group employees included in the definition of Identified Staff and for other employees as well. The gateways included in the Group Remuneration Policies applicable to Identified Staff and/or those provided by the individual legal entities' policies apply only to payment of the annual or long-term

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Any compensation paid to Group management for positions held on behalf of Mediobanca in Group or investee companies is paid to Mediobanca itself.

V. Benefits and welfare

Based on an awareness that corporate welfare makes a significant contribution to the implementation of CSR, the Group has adopted instruments which produce positive effects outside the company, benefiting not only staff members but also their family and the local community in general. Corporate welfare creates value that is shared with a broad range of stakeholders, and so helping to produce collective benefits that endure over time.

From this viewpoint and in line with the market, the remuneration package is complemented by a series of benefits that reflect the attention devoted by Mediobanca to the personal needs and welfare of its staff, including those already in retirement. The benefits are for the Group's entire population, and may be distinguished by families of professionals and geographical areas but do not make provision for individual discretionary systems.

- Complementary pension scheme: employees are entitled to participate in complementary corporate pension schemes, with contribution rates distinguished by category and length of time employed by the company.

- Healthcare scheme: this scheme covers healthcare, dental and preventative medicine expenses for staff members and their family. An extensive network of doctors and dentists who are part of the scheme enables beneficiaries to have direct access to services without having to pay in advance and providing significant financial benefits.

- Accident insurance policy, life insurance policy, and long-term care insurance policy: these policies guarantee coverage to staff in the event of their having an accidents either work- or non-work-related; entitle claimants to a guaranteed capital sum in the event of an employee's death; and pay out an annuity in the event of permanent incapacitation.

- Company welfare/flexible benefit systems: these have been instituted for all staff or like-for-like categories of staff, as provided by the applicable tax legislation and regulations in force.[10] Such systems involve the provision of non-cash services and instruments (e.g. training activities, study and education courses, welfare services, etc.), which Group companies make available to their staff and families, with the possibility of paying any amounts unused to the complementary pension scheme. Production and/or result bonuses provided for under complementary company contracts may be used to this end, or other amounts earmarked for the welfare of similar categories of employee and according to marginality criteria relative to the capacity to pay principle. The objective is to: expand the range of welfare initiatives offered contractually, in order to provide increased benefit to staff members and their families by enabling them to access specific products and services which can be tailored to their specific requirements; offer increased protection for public welfare provision; and obtain improved purchasing power for overall remuneration, through relief on tax and social security contributions permitted by law.

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variable incentivization system component. Any suspension of the amount of the ancillary arrangement is valid only temporarily, for the period in which the limit on distribution is manifested.

10) In Italy the applicable regulations are laid down by Article 51, paragraphs 2 and 3 of the Italian Income Tax Act, as amended by the 2016 budget law as amended. These have introduced certain changes to how income from paid employment is taxed, increasing the range of possibilities and examples of sums and benefits not included in the calculation of income from paid employment, and which for this reason were previously considered to be instances requiring protection from the legislator. The changes have made it easier to introduce corporate welfare schemes, which make available a basket of options to staff members from which they can choose the benefits that are most appropriate to their own needs and family situations.

- Company cars: these are assigned only to the highest professional figures or those with commercial roles. The range of cars available is notable for the number of hybrid and/or electric vehicles on offer, in accordance with environmental sustainability criteria.

6 Incentivization system

Variable remuneration and the correlation between risks and performance are determined via a process which aims to reward staff based on the Bank's and the Group's risk-adjusted performances, in line with the risk profile defined in the Risk Appetite Framework (RAF), with a view to achieving business continuity and sustainable results over the long term.

a) Gateways and risk-performance correlation

Distribution of the variable remuneration earmarked for the remuneration of the "identified staff" in each Group organizational division only takes place if the following indicators or "gateways" are met:

a) Capital adequacy and liquidity requirements at levels which are higher than those stated in the Risk Appetite Framework[11] approved by the Board of Directors, which are the primary indicators taken into consideration in the ICAAP. These are: CET 1 ratio, Leverage ratio, AFR/ECAP, Liquidity Coverage Ratio, and Net Stable Funding Ratio.

b) Positive operating profit delivered at Group level.[12]

Group gateways	KPI
CET 1 ratio	≥ 9,5%
Leverage ratio	≥ 4%
AFR/ECAP	≥ 115%
Liquidity Coverage Ratio	≥ 110%
Net Stable Funding Ratio	≥ 102.5%
Positive operating profit at Group level	> 0

b) Annual variable remuneration (short-term incentives)

I. Budget phase

The process for defining the annual incentivization system and subsequently determining the divisional variable remuneration provides that the budget approved by the Board of Directors should include the estimated cost of labour for the financial year to come, including the amount of variable component, determined on the basis of the all the Mediobanca Group divisions' expected earnings performance targets, the market scenario and historical pay trends.

11) The Risk Appetite Framework identifies the risks which the Bank is willing to take, and for each risk defines the objectives and limits in normal and stressed conditions, identifying the management actions necessary to bring the risk back within the set limit. It is based on assessment of the principal risk drivers to which the Bank is exposed, both macroeconomic and specific. The RAF is subject to ongoing fine-tuning and update, in line with the continual changes in the risk metrics and analysis methodologies adopted, not to mention to the regulatory framework and the corporate processes with which it is integrated.
12) Total income less operating costs and loan loss provisions, as shown in the consolidated restated financial statements.

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II. Determination and allocation of annual divisional variable remuneration

Once the final results have been closed, the annual variable remuneration payable to the Group's divisions and business units, including the share attributable to identified staff, is calculated based on the risk-adjusted earnings performances of the respective divisional areas (Economic Profit and/or ROAC and/or other risk-adjusted metrics) and on other secondary quantitative and qualitative objectives.

- Mediobanca Wholesale Banking: the Chief Executive Officer of Mediobanca identifies the share of the share of the division's Economic Profit[13] to be used for the variable remuneration. The aggregate amount reflects assessment of other quantitative parameters (Group results, Risk Appetite Framework indicators other than those already included among the gateways, comparison of performances delivered versus annual budget objectives and the long-term business plan, comparison versus historical performances, and cost/income and compensation/income ratios) and qualitative parameters (market positioning and share, retention of key staff, need to recruit new professional talent). The amount thus determined is compared with those derived from the individual business units' scorecards, and different payout ratios are applied – based on the activity performed – to Economic Profit or to other risk-adjusted metrics, then to other secondary metrics, both quantitative (such as reference to budget objectives and historical results trends) and qualitative. A cap is in place on these amounts, which may be fine-tuned to preserve the overall sustainability of the Group's variable remuneration.

- Mediobanca Private Banking: for the Private Banking division, the Chief Executive Officer of Mediobanca identifies the share of ordinary gross operating profit, net of the cost of risk, to be set aside as variable remuneration. To determine this amount, other secondary quantitative metrics, such as inter-company cross-selling, cash/AUA transformation to AUM, and operational risk assessment) and qualitative metrics (adequate transparency in banking and financial transactions and services provided to clients; management of resources, compliance with regulations) are also used. Variable remuneration is allocated on the basis of an evaluation of the individual's contribution to area results (indicators used include Net New Money, AUM, revenues, cost/income ratio attributable to each individual banker) and their internal organizational unit.

- Principal Investing division: the variable remuneration is determined on the basis of specific qualitative and quantitative performance indicators for the area.

- Holding Functions/control, staff and support units: the aggregate variable remuneration is established by the Chief Executive Officer of Mediobanca on the basis of general earnings sustainability. The variable component, which is usually small, is not related to earnings performance or the Group's results, but to individual qualitative performance (value of staff, quality of performance, retention strategies) and to the role's positioning relative to the reference market.

- Group Treasury, Strategic and Trading Portfolio: aggregate variable remuneration is determined on the basis of scorecards which use quantitative metrics, linked to both risk and earnings indicators according to the nature of the business and activity (e.g. Liquidity Coverage Ratio, Net Stable Funding Ratio, cost of funding, HQLA and P&L thresholds). Secondary qualitative metrics are also provided.

- For the other divisions and business lines (Consumer Banking, Wealth Management Affluent/Premier, CMB and the entities performing asset management activities,

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13) Economic Profit (EP) is defined as the pre-tax profit earned by the Wholesale Banking division, net of variable labour costs and the cost of regulatory capital (not represented in the accounts) required to perform such activities. It therefore measures the additional profit generated after the return on capital, the cost of which is calculated based on a risk-free rate in the medium/long term, the risk premium and taking into account the division's cost of funding. As required by the supervisory authorities, the EP metric reflects both present and future risks and the sustainability of results over time.

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Speciality Finance and Advisory), the amounts are determined by the Chief Executive Officers of the relevant related legal entities, who to this end liaise with the General Manager and Group HR based at Mediobanca.

III. Individual performance evaluation

The individual incentivization system and assignment of variable remuneration to individual beneficiaries are established via an annual performance assessment process based on merit and professional quality, with particular attention to reputational issues: indeed variable remuneration may be ruled out or reduced for staff guilty of committing compliance breaches of either internal or external regulations in the course of the year. The entitlement to receive variable remuneration is subject to the beneficiary remaining an employee[14] of the Mediobanca Group throughout the assessment period and still being in the company's employment at the actual date of distribution and/or not serving a period of notice for resignation or dismissal. The remuneration may not be split over fractions of years, hence if the employment relationship begins or ceases in the course of the relevant financial year, the staff member concerned is not entitled to any variable remuneration, even pro rata. For identified staff, the amounts are validated individually by the Chief Executive Officer and General Manager of Mediobanca with the support of Group HR.

Mediobanca valorizes its staff on a meritocratic basis, developing their professional capabilities and career opportunities in accordance with the principle of equal opportunities and in line with the Bank's own strategic, organizational and business choices. Difference of gender and thought is treated as a value to be leveraged, providing a source of enrichment in cultural and professional terms. Professional development is facilitated through the provision of the appropriate training, practical work experience under the leadership of line managers, mobility across different positions, assessment of performance, and ultimately the career advancement and promotion process. The Group also encourages its staff to get involved in its company volunteering programme, to foster talent, passion and commitment on the part of staff by including them in the various environmental and social initiatives which the Group supports.

All these instruments together provide an opportunity for the Group's staff to feel valued. Our people represent a fundamental part of our capital and are indispensable to making us competitive and so helping the Bank deliver performances that are sustainable over the long term.

At the start of the year the professional, personal and company objectives for each staff member are assigned and discussed with the respective line manager. Such objectives are meant to be achievable, challenging and weighted according to the priority assigned to each staff member. Particular attention is paid to proper individual conduct in accordance with the provisions of the Code of ethics, Organizational model and Business conduct policy, and in general terms with the principles established by the laws, regulations, operational rules and internal procedures, with reference in particular to those considered to be most relevant in terms of reputational risk. Increasing consideration is being devoted as part of the evaluation process to the achievement of environmental, social and governance (ESG) objectives with reference to the individual and business areas of responsibility.

At the end of each year, the line managers make their assessment of the individual staff members based on these objectives. Mid-term feedback throughout the year also allows the line managers and staff to agree on the extent to which the objectives have been met, as part of objective discussion of individual performances. In this way, the organization is able to

14) The other contractual forms provided for by the regulations apart from full employment contracts (e.g. collaboration or employment agency contracts) are considered equivalent.

reach its objectives while respecting its corporate values, and transparency is assured in the area of training opportunities, professional development and evaluation criteria.

For staff belonging to the business units, the evaluation reflects:

- Earnings results achieved, with regard to the budget objectives and risk/return and cost/income ratios;

- Qualitative criteria: development of product offering, professional conduct and reliability, quality in terms of customer relationships, technical and analytical skills in the field of finance, ability to control costs, importance placed on achieving operating efficiency, and co-operation with other areas of the Bank, reputational and compliance issues, and adherence to the Bank's values.

For all the other units, the main aspects of the evaluation are based on qualitative objectives and a broader appraisal regarding compliance with regulations, control of costs and efficient management of resources. In particular, for staff employed in the accounting, planning and control areas the following aspects are considered: all obligatory, supervisory and market disclosure requirements being complied with, all the accounting processes, related electronic procedures and tax requirements being managed efficiently and accurately. For staff employed in the internal control units (i.e. Group Audit, Compliance and Risk Management), assessment is made of the continuous monitoring and control of the Bank's processes and operations carried out by them, independently and autonomously, to prevent risk situations developing and ensure irregular behaviour or events is picked up swiftly. Also evaluated is these units' continuous assessment of compliance with the regulations in the form of appropriate audit plans, updates to internal guidance, training of internal units; correct development of models, methodologies and metrics with which to measure market, credit and operational risks, producing adequate reporting for monitoring processes; and accurate analysis of new products and their risk profiles.

In close relation to the evaluation process, staff may also be promoted to a new contractual level or being assigned a new corporate title, as part of the career advancement process linked to covering new organizational roles based on experience acquired and results achieved. Promotions are proposed by the head of the business unit concerned, agreed with the relevant Human Resources department, and approved by the General Manager and/or the Chief Executive Officer (for middle management). For higher levels (senior management or equivalent), the process involves specific appraisal of the candidate concerned, including by other senior Bank staff from a variety of different professional backgrounds, experience and roles. The process is closely linked to that of succession planning which involves researching, identifying and managing individual candidates for senior positions (specifically executive directors, including in cases where such figures have to be replaced ahead of the scheduled expiry of their term of office). The process also requires a pool of possible high-potential replacements to be identified (the "senior talent pool") for key positions, including the business areas, control units, and staff and support roles, in view of likely future requirements in terms of strategic leadership and/or professional and managerial capabilities based on a global organizational approach, without neglecting to monitor the market on an ongoing basis. Growth and career development pathways are devised for such staff, including involvement in specific strategic projects, exposure to Board/committee meetings, and international and intra-Group rotation. Selection is based on assessment of professional and technical skills, as shown by CV and company record as well as performance over time, possession and development of key leadership capabilities.

The remunerations policies are therefore co-ordinated with the selection, appointment, succession and assessment of the adequacy of company representatives and Key Function Holders and the Staff management policies.

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IV. Exceptions (variable remuneration for retention purposes and floors)

The Board of Directors, at the Chief Executive Officer's proposal and with the Remunerations and Related Parties' Committees in favour, may approve payment of variable remuneration in favour of Identified Staff in order to safeguard the most critical professional capabilities, even if the gateways have not been met. The possibility of paying variable remuneration for retention purposes is assessed in the light of the causes for the individual gateways not being met, and the impact of the individual indicator on the Group's capital adequacy, liquidity and profitability, including through assessment of the causal link with the Group's various divisions. The scope of the staff and the amount involved is based mainly on the following criteria: the contribution of the individual beneficiary to the overall results of the division and the Group, the importance of the profile to the sustainability of future results, benchmark analysis of the market and competitive scenario, the need to ensure business continuity, and consistency with the succession planning policy.

Furthermore, if the gateways are met but an Economic Profit or other divisional indicator is delivered which is negative or small, the Chief Executive Officer may also propose a variable remuneration floor pool for identified staff, agreeing the rationale for distributing the proceeds with the governing bodies based on the individual contributions of the business activities to the company's results.

c) Long-term variable remuneration (long-term incentive)

Upon the approval of a long-term Group strategic plan, the Board of Directors may choose to adopt a long-term incentivization scheme conditional upon the objectives set out in the plan itself being reached.

This plan directs the conduct of the beneficiaries towards creating long-term value for shareholders; correlates a part of the variable remuneration to achieving objectives over the medium and long term; is constructed in such a way as to ensure that achieving the plan's results does not encourage taking more risk than the governing bodies have decided is sustainable; and promotes loyalty retention. It is consistent with sustainability objectives that endure over time and is able to create value that is shared with all stakeholders.

The long-term incentive scheme has specific quantitative/financial and qualitative/non-financial objectives linked to the scheme's time horizon, and is subject to gateways. Of these gateways, the capital and liquidity indicators included in the RAF are assessed at the end of each year for the period covered by the Plan, while the earnings indicators are he gateways are assessed against the capital and liquidity indicators stated in the RAF at the end of each financial year through the course of the Plan, and for the earnings indicators, on an aggregated basis at the end of the Plan itself.

Payment will be made in accordance with the terms, conditions and methods provided for the variable remuneration component in this Policy, unless stipulated otherwise by the Board of Directors after consulting with the Remunerations Committee, in accordance with the regulations in force for long-term incentivization schemes and for payment of the variable remuneration accrued, including any specific resolutions requiring to be adopted in general meetings. In addition to the Chief Executive Officer and Group General Manager, other Group senior representatives may be included in the Plan, with a specific pay mix identified for them between short- and long-term variable components. The 2:1 cap on variable/fixed remuneration approved by the shareholders in general meeting must be complied with for each year.

The Long-Term Incentivization Plan currently in force is linked to the 2019-23 Strategic Plan and involves the CEO of Mediobanca, the Group General Manager and the CEO of Compass/CheBanca! (see Section 7).

d) Payment of variable component

I. Timing and instruments

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 directors with executive duties and senior management (i.e. groups 2 and 3 in the table of Identified Staff), the deferral period is always five years. The deferred component is:

- 60% (55% in equities and 45% in cash), for variable remuneration equal to or higher than €425,000;
- 50% (56% in equities and 44% in cash) for variable remuneration of less than €425,000.

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

- 60% (50% in equities and 50% in cash), for variable remuneration equal to or higher than €425,000;
- 40% (50% in equities and 50% in cash), for variable remuneration of less than €425,000.

For the Material Risk-Takers, the upfront component is paid half in cash and half in Mediobanca shares.

The €425,000 threshold has been identified in accordance with the regulations, as the lower amount between 10x the average overall compensation within the Group (approx. €84,200) and 25% of the overall remuneration for Italian high earners stated in the EBA 2019 report (i.e. €425,000). This threshold can be reviewed at least once every three years.

For Identified Staff, the deferral mechanism applies starting from a materiality threshold of variable remuneration equal to or higher than €80,000.

After the vesting period, the shares are subject to a further retention holding period of one year.

The time horizon over which the variable remuneration is distributed, in cash and shares, is therefore six years for senior management and four years for the other Identified Staff.

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An overview of the timing for the various distributions is shown in the table below:

	Year T	T+1	T+2	T+3	T+4	T+5
Senior management with variable remuneration ≥ €425,000	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 < €425,000	25% Upfront cash	25% Upfront equity	11% Deferred cash	9% Deferred equity	10% Deferred equity	9% Deferred equity 11% Deferred cash
Other Identified Staff with variable remuneration ≥ €425,000	20% Upfront cash	20% Upfront equity 5% Deferred cash	15% Deferred equity 10% Deferred cash	15% Deferred equity 15% Deferred cash		
Other Identified Staff with variable remuneration < €425,000	30% Upfront cash	30% Upfront equity	10% Deferred equity 10% Deferred cash	10% Deferred equity 10% Deferred cash		

Mediobanca also applies a 30% deferral over a three-year time horizon, all in cash and subject to malus conditions, to all staff not included in the definition of identified staff who receive variable remuneration equal to or higher than €100,000.[15]

II. Performance share scheme

In order to have ordinary shares for use as components of staff remuneration, Mediobanca has adopted an incentivization system based on performance shares submitted to the approval of shareholders at the Annual General Meeting to be held on 28 October 2020 (the "2021-25 Performance Share Scheme"). Reference is made to the relevant report for further details.

The scheme involves the award of Mediobanca shares to staff members (employees, collaborators, staff on agency contracts) as the equity component of the variable remuneration granted to them as a result of the performance evaluation process, both short-term in relation to the annual budget (short-term incentive plan) and long-term (long-term incentive plan) usually assigned in conjunction with approval of the strategic plan.

The performance shares allocated as upfront equity component are subject to a holding period of no less than one year before they are actually awarded, subject to the beneficiary continuing to work with the Mediobanca Group.[16]

The performance shares awarded as deferred equity component are:

- Assigned within an overall vesting period for all deferred components over a time horizon of at least three years, provided that the beneficiaries are still employed by the Group[17]

15) For personnel not included among the definition of Identified Staff, the Group companies are free to adopt or not adopt their own internal deferral mechanisms and respective thresholds, including on the basis of specific sector regulations (e.g. in asset management). The deferral structure adopted to this end by Mediobanca applies to those Group companies which do not have a policy or other specific remuneration and incentivization of their own, and which therefore adopt the Group policy directly without further specification. The foregoing is also without prejudice to application of deferral mechanisms other than those described in this section, if set by the local regulations in force, in particular for companies based in non-EU member states, but in any case consistent with the regulations applicable to the Mediobanca Group and consistent also with the provisions of this Policy.

16) I.e. the existence of a co-operation agreement between the beneficiary and the company, whether an employment contract or some other arrangement, not during a period of advance notice for resignation/withdrawal/termination, whether voluntary or due to dismissal/withdrawal on the part of the company. For Directors of Group companies who are not tied to the Group by employment contracts, when their terms of office come to an end as a result of expiring naturally or failing to be renewed, the rights are maintained subject to the provisions of the specific individual agreements and provided that the person concerned has not left office due to compliance breaches or other deeds attributable to them.

17) See previous note.

and that the additional performance conditions stipulated in the remuneration policies in force at the time regarding the sustainability of the results achieved have been met, with the conditions regarding the company's capital solidity and liquidity and/or proper individual conduct in particular respected;

- Subject to a further holding period of at least one year prior to the their actual assignation, which remains conditional upon the beneficiary continuing to work with Mediobanca.[18]

Awards which are spread over time are an incentive to staff, depending on their role and business activities, to adopt conduct that ensures the Mediobanca Group's results are sustainable over the long-term, encouraging them to maintain performances over time that guarantee the Bank maintains a solid capital base, ample liquidity, control of all risks and profitable results.

The Chief Executive Officer of Mediobanca may also use ordinary shares as an instrument outside the annual award cycle, to define remuneration packages upon the occasion of recruiting new key staff or for retention purposes, including outside the annual and/or long-term award cycle and with specific deferral mechanisms. The governing bodies may also award quantities of performance shares as part of compensation agreed in respect of early termination of the working relationship, to link it to the performance delivered and the risks taken by the individual and the Bank, as required by the regulations and consistent with the provisions of the remunerations policies in force at the time.

The shares received are personal, without prejudice to inheritance rights. The right to receive shares is retained in the event of retirement or the beneficiary being permanently disabled and/or suffering from an illness which makes them unable to continue working. Conversely, the right to receive shares is forfeited in cases where the working relationship ends, whether governed by an employment contract or some other arrangement, due to resignation, dismissal and/or withdrawal. Exceptions to the foregoing are handled by the governing bodies within their respective areas of authority, namely the Board of Directors, Remunerations Committee and the Chief Executive Officer of Mediobanca, based on the powers vested in them, particularly in cases which involve departures by mutual consent within the limits defined by the remunerations policies in force at the time. 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, and without prejudice to any regulations providing for more favourable treatment instituted by the applicable local legislations.[19]

Performance shares are awarded from capital increases approved by the shareholders in general meeting or from any treasury shares the Bank may possess (once again subject to a resolution being passed in general meeting). The maximum number of shares that may be awarded under the terms of the existing scheme is 20 million, from the capital increase reserved for this purpose, to be approved at the Annual General Meeting held on 28 October 2020, for award to Mediobanca staff members by 28 October 2025 pursuant to Article 2349 of the Italian Civil Code. Alternatively, the treasury shares currently held by the Bank not reserved for other purposes may also be used to this end.[20] At present a total of 6,619,406 performance shares have been assigned under the previous limit set by shareholders in annual general meeting (the "2015 Performance Share Scheme"), but not yet awarded as they are still subject to vesting/holding periods. The fully-diluted percentage of the share capital accounted for by the equity instruments already assigned to Group staff amounts to approx. 0.74%. The impact on the stock's value and the possible dilution of the share capital is

18) See note 16.
19) The provisions of this paragraph also apply to the deferred cash component.
20) In accordance with the provisions of the resolution adopted by shareholders in the annual general meeting held on 27 October 2018.

negligible, given that there are several schemes in operation over different years and with different vesting and holding periods over a medium-/long-term time horizon.[21]

III. Additional performance conditions for the deferred components

The deferred variable remuneration component is paid, after the performance evaluation process has been completed over the relevant timeframe, i.e. annual (short-term incentive) or long-term (long-term incentive), provided that:

- The beneficiary is still a Group employee[22] and not serving a period of notice for resignation or dismissal;
- In each of the financial years, the performance conditions equating to the gateways described in the section entitled "Gateways and risk-performance correlation" are met;
- The beneficiaries' business units post a positive risk-adjusted result net of extraordinary items and the effects of strategic decisions, as validated by the Risk Management unit.

This method is consistent with the requirement for staff, in accordance with their role and business activity, to conduct themselves at all times in such a way as to ensure that Mediobanca retains a solid capital and liquidity base, control of all risks as well as positive earnings results, thus guaranteeing that the remuneration systems remain sustainable over the long term.

For staff employed at other Group companies, the Chief Executive Officer may choose to identify one or more specific economic indicators in place of those referred to above.

The Board of Directors, with the favourable opinion of the Remunerations Committee, may, at the Chief Executive Officer's proposal, authorize payment of the deferred component, including in part, even if the gateways are not achieved, either to business divisions or individuals who during the year have delivered particularly outstanding performances or who are expected to be decisive with regard to the sustainability of results over time, for retention purposes.

e) Malus and clawback conditions

The remuneration and incentivization system must not only discourage improper behaviour, but must also contribute to promoting virtuous conduct. Conduct is therefore an important component of the remuneration policies, which must take account of individual and collective responsibilities in cases of misconduct and must define their impact on remuneration.

Variable remuneration components may only be assigned, when awarded and when deferred payment takes place, if the beneficiary has not committed any compliance breaches (i.e. has not been subject to disciplinary proceedings based *inter alia* on the provisions of the Code of Ethics, Organizational Model instituted pursuant to Italian Legislative Decree 231/01, or violations of the Business Conduct policy and/or the other internal guidelines issued by Mediobanca), and if no losses are attributable to their actions.

Mediobanca has prepared a Group Directive to this end, defining the rules to identify and evaluate compliance breaches and to assess their impact on the variable remuneration

21) At the extraordinary annual general meeting held on 27 June 2007, the shareholders of Mediobanca adopted a stock option, which was then revised by the Board of Directors at a meeting held on 24 June 2011 to become a performance stock option scheme. No options remain to be taken up from that scheme. The 24,464,000 shares remaining from the capital increase (to be implemented by 1 July 2022) can no longer be used.

22) Equivalent provisions have also been provided for working arrangements other than employment itself (e.g. co-operation or agency contracts). For Directors of Group companies who are not tied to the Group by employment contracts, when their terms of office come to an end as a result of expiring naturally or failing to be renewed, the rights are maintained subject to the provisions of the specific individual agreements and provided that the person concerned has not left office due to compliance breaches or other deeds attributable to them.

component, both those already assigned and those still to be assigned. In particular, malus mechanisms may be activated in the event of compliance breaches, that reduce or cancel the value of: (i) variable remuneration, to be assigned for each financial year during the annual performance evaluation process, both individual or for a specific unit; and/or (ii) the deferred component for previous years not yet paid; and clawback mechanisms which require the beneficiary to pay back the amount of variable remuneration that has already been paid.

In order to identify a compliance breach, the instances of violations detected by the control units (Compliance & Group AML, Group Audit and Group Risk Management) and the authorities (e.g. Bank of Italy and Consob) are the primary sources taken into consideration. To ensure greater effectiveness, and in accordance with the principle of proportionality, under the terms of the Directive only material violations constitute compliance breaches, i.e. those which have exposed the Bank to a significant non-compliance risk. In general this means breaches of the regulations that entail criminal or administrative liability (e.g. pursuant to Italian Legislative Decree 231/01) or of regulations specific to the banking and finance sector (e.g. market abuse, provision of banking and investment services, anti-money-laundering and business conduct). Any more minor breaches detected by a control unit, and/or behavioural infringements noted by Group HR, which do not constitute compliance breaches may nonetheless be taken into consideration in the assignment of variable remuneration, as part of the performance evaluation process which includes general compliance with the conduct requirements among its criteria, along with individual management objectives.

The significance of a breach is assessed on the basis of the following aspects: seriousness of the breach, size of the breach, external detection. Each compliance breach is evaluated based on the above criteria, being assessed as nil, low, medium or high, resulting in an overall score being assigned. A reduction in the variable remuneration component is associated with each score, which may affect the amount of variable remuneration paid for the year in progress (known as an "in-year adjustment") and/or the reduction of the deferred component assigned in previous years and not yet paid. If enquiries or disciplinary proceedings by the authorities are still in progress and which have not yet established clear breaches of the procedures in force, the Group may decide to suspend payment of the variable upfront and/or deferred component as yet unpaid until the results of the enquiry process are known. The outcome of the enquiries and the impact on variable remuneration, both individual or in terms of the unit's scorecard, are formalized and filed by the Compliance unit. Regular reporting to the governing bodies on this issue has been instituted.

Mediobanca reserves 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 earnings/financial or reputational situation, which are attributable to the conduct of individual staff members even without fraud and/or wilful misconduct being established. In particular, provision for such measures is made in cases involving breach of the obligations imposed under Article 26 of the Italian banking act (company representatives – personal and professional qualifications and independence) or, where relevant to the party involved, Article 53, paragraphs 4ff (regulatory supervision), of the obligations in respect of remuneration and incentivization.

Clawback clauses can be applied to Identified Staff up to the fifth year following payment of variable remuneration, upfront or deferred, and up to one year for other staff.

f) Ban on hedging strategies

Staff members are not allowed to use hedging or insurance strategies on their remuneration or other aspects which could alter or otherwise distort the risk alignment effects inherent in the compensation mechanisms, especially if they refer to the variable component paid in the form of financial instruments.

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As governed by the applicable internal regulations,[23] Identified Staff must give notice of transactions executed by them directly or indirectly in financial instruments issued by Mediobanca and those with Mediobanca instruments as underlying, transactions identified as potentially able to affect the risk alignment mechanisms, and more generally, to impact on achieving the objectives of the regulations in force in the area of remuneration.[24] Identified Staff are required to give notice of contracts executed with counterparties that generate the same effect (e.g. OTC derivatives). They are also obliged to disclose, from the moment they are included in the definition of Identified Staff and once a year if their inclusion is confirmed:

- All custody and administration accounts – opened with the Group or with other intermediaries – of which they are holders and/or joint account holders at the disclosure date. Also relevant in this connection are any accounts attributable to them indirectly (e.g. made out to companies 100% owned by them);
- The list of the financial instruments listed above with an indication of their respective quantities;
- The fact that no contracts have been entered into with third parties for hedging and/or insurance purposes.

Failure to disclose the above information constitutes a compliance breach.

The foregoing is without prejudice to the obligations and restrictions in force under any additional internal regulations governing trading in financial instruments on a personal basis.

Based on the information contained in the above disclosures, the control units carry out checks on the accounts and make further enquiries which may include asking to see the statements of account as appropriate.

7 Retribution structure for particular categories of staff

a) Non-executive directors

The emolument payable to non-executive directors of Mediobanca and the Group companies is set by the shareholders in general meeting, and no provision is made for incentives linked to the Bank's performance.

The directors of Mediobanca and all the Group companies are covered by a D&O insurance policy.

The Chairman is entitled to receive fixed remuneration only. The Board of Directors may, after consulting with the Remunerations Committee and the Related Parties Committee, and within the limits set by the regulations in force, assess whether or not it is appropriate to pay him a variable component, on an exceptional basis, to be paid in accordance of the rules of this policy.

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23) "Disclosure of accounts and trades by Group Identified Staff", "Regulations on internal dealing" and "Regulations governing personal transactions involving financial instruments made by relevant persons".
24) Specific provisions are adopted for the companies operating in asset management, as the variable remuneration in such cases may be assigned in the form of fund stock units and/or fund-linked products.

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b) Statutory Audit Committee

The annual compensation payable to the Statutory Audit Committee is set in a fixed amount by the Bank's shareholders gathered in general meeting.

c) Mediobanca CEO and Group General Manager

The remuneration of the CEO and the Group General Manager is regulated by individual agreements approved by the Board of Directors, and comprises:

1) A fixed salary;

2) A variable annual component (short-term incentive) which only accrues if the gateways stipulated in these policies are met (see the section entitled "Gateways and risk-performance correlation"), commensurate with the quantitative/financial and qualitative/non-financial performance indicators contained in an individual scorecard approved annually by the Board of Directors at the Remunerations Committee's proposal being met.

   The scorecards provide for performance objectives for their respective areas of responsibility. For example, these may regard: risk-adjusted profitability; revenues, Group-wide or for particular divisions; profitability, or Economic Profit of individual areas for which they are responsible; and/or other objectives consistent with the guidelines of the strategic plan with respect to capitalization, liquidity or new business initiatives. Each objective is weighted according to the relevance assigned to it by the Board of Directors and the actual margin of autonomy in terms of decision-making. If the quantitative/financial objectives are met, this triggers the payment of a variable bonus ranging from 50% (or 40% if the minimum target is only partially met, i.e. at least 85%) of the gross annual salary on certain minimum objectives being reached (usually related to the budget objectives) to a maximum of 150% in the event of particularly good performances. Regarding the qualitative objectives, the variable component deriving from the quantitative objectives may be adjusted by the Board of Directors based on the degree to which the non-financial objectives have been reached, in a range from -10% to +15%. The qualitative objectives are considered as having equal weighting, and are to be assessed individually. The cap on the variable remuneration in the short-term component remains set at 160% of the fixed salary for purposes relating to the Long-Term Incentive Plan described in the next section.

   Of the variable component, 60% is deferred over a five-year time horizon, in cash and in Mediobanca shares, in accordance with the provisions of these Policies in the section entitled "Timing and instruments". All deferred components are subject to the performance and malus conditions stipulated in these Policies (see the section entitled "Performance conditions, malus conditions and clawback").

   For the financial year ending 30 June 2021, the Chief Executive Officer has been assigned the following quantitative objectives:

Objective	Weighting	KPI
Profit before Taxes (PBT) from Group banking activities/capital absorbed *(Optimization of return on capital allocated to core activities)*	30%	Vs Budget
Cost of risk *(Focus on the Group's principal income source and asset quality)*	30%	Vs Budget
Total fees/banking revenues *(Focus on share of capital-light revenues as % of total income)*	20%	Vs Budget
RWA density for banking activities: RWAs/Finrep assets *(Focus on loan quality)*	20%	Vs Budget

The Group General Manager has been assigned the following objectives:

Objective	Weighting	KPI
Profit before Taxes (PBT) from Group banking activities/capital absorbed *(Optimization of return on capital allocated to core activities)*	25%	Vs Budget
Cost of risk *(Focus on the Group's principal income source and asset quality)*	25%	Vs Budget
Cost/income ratio in banking activities *(Balanced growth in revenues and costs)*	20%	Vs Budget
ROAC Wealth Management *(Optimization of return on capital absorbed by the WM division)*	30%	Vs Budget

The following non-financial objectives have been assigned for the year ending 30 June 2021: to the Chief Executive Officer: a specific CSR objective, with focus on diversity, inclusion and employee engagement, and ongoing strengthening of the distribution platforms for the Wealth Management and Consumer Banking divisions; for the Group General Manager, maximization of synergies between the distribution network and product factors, and developing a project for all Group companies to adopt an "agile and smart working platform" consistent with the ESG objectives.

3) A long-term variable component (the Long-Term Incentive Plan): in conjunction with the approval of the 2019-23 Strategic Plan, based on the provisions of the Remuneration Policies, the Board of Directors approved the inclusion of the Chief Executive Officer and Group General Manager in the Long-Term Incentive plan linked to the Strategic Plan's objectives.[25]

Individual scorecards are used to show when the quantitative/financial and qualitative/non-financial objectives have been reached, whereupon the amount of the bonus awarded to the CEO and Group General Manager ranges from 20% to 40% of the value of their annual fixed remuneration for each year of the strategic plan. The variable LTI component deriving from the financial/quantitative objectives may be adjusted by the Board of Directors according to whether or not the non-financial/qualitative objectives have been reached, in a range between -10% and +15%. The non-financial/qualitative objectives are considered as having equal weighting, to be assessed individually. The adjustment to these objectives applies without prejudice to the annual cap of 40% deriving from achievement of the financial objectives.

The final amount payable at the end of the plan, pro rata to the overall performance delivered, is determined by evaluating each of the objectives contained in the scorecard based on the weighting assigned to them. The main features of the Plan are as follows:

25) The CEO of Compass and CheBanca! is also included in the Plan.

Components	Description
Time horizon over which performance is assessed	Four financial years, from FY 2019-20 to FY 2022-23, consistent with the Strategic Plan
STI/LTI pay mix	◆ On an annual basis, pay mix maximum of 80% STI -20% LTI ◆ To comply with the 2:1 cap approved by shareholders in annual general meeting, maximum of 160% short-term incentive/40% long-term incentive on an annual basis
Gateways	Same as provided in the Remuneration Policies, assessed over the course of the plan, as follows: ◆ RAF capital and liquidity indicators subject to annual assessment as at the balance-sheet date; ◆ Earnings indicators on an aggregated basis at the end of the Plan.
KPIs	◆ Financial/quantitative KPIs have been selected from among the Plan objectives linked to value creation. ◆ Non-financial/qualitative objectives have also been set.
Means of payment	As per the deferral scheme provided in the Remunerations Policies currently in force (i.e. 60% deferred over a five-year time horizon, 47% cash/ 53% equity). The value of the MB share is established on the basis of the average stock market price in the 30 days before the LTI plan is approved by the BoD.

	KPI	Weighting	Target KPIs 2019-23 Strategic Plan	Assessment criteria	
				KPIs threshold	% fixed on an annual basis – Strategic Plan time horison[1]
Growth	EPS Growth	33%	4%	> 5%	40%
				4% - 5%	30% - 40%
				4%	30%
				3% - 4%	20%
				< 3%	0
Profitability	Group ROTE	34%	11%	> 12.1%	40%
				11% - 12,1%	30% - 40%
				11%	30%
				10% - 11%	20%
				< 10%	0
Capitalization	CET 1[2]	33%	13.5%	>13.5%	40%
				13% -13.5%	20% - 40%
				< 13%	0

1) Where a range is indicated, quantification is by linear interpolation.
2) Conditional upon shareholder remuneration of up to €2.5bn over four years (€1.9bn in cash dividends and €0-3-€0.6bn in share buybacks with shares cancelled) and the regulatory requisites being met.

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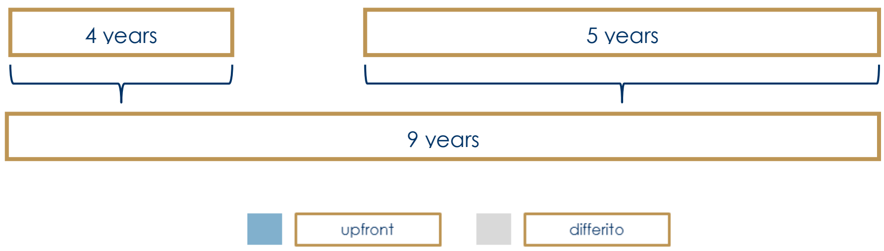
Non-financial qualitative objectives	KPIs	Assessment criteria
Corporate Social Responsibility Targets (UN SDG Global Goals)	◆ Average hours' training +25% ◆ AM: 100% of new investments selected using ESG as well as financial criteria ◆ €700m to be invested in outstanding Italian SMEs ◆ 30% more ESG products in clients' portfolios ◆ €4m per annum in projects with positive social/environmental impact ◆ Customer satisfaction: CheBanca! CSI in core segments @73, NPS @25 - Compass: CSI @85, NPS @55 ◆ Energy: 92% from renewable resources, CO^{2} emissions reduced by 15%; hybrid vehicles @90% of MB fleet ◆ CheBanca! green mortgages up 50%	**-5% / +7.5 % quantitative financial results**
Relative performance Total Shareholder Return	Mediobanca stock market performance vs Total Shareholder Return index (TSR: based on assumption of dividends being reinvested) of 26 leading European banks (Euro Stoxx Banks – code SX7GT-STX), which includes Mediobanca	**-5% / +7.5 % quantitative financial results**

The variable component will be paid by the terms, conditions and methods set out in these policies based on the following scheme:

Instrument	Long Term Incentive							Total
	Performance evaluation	Payment						
	FY 19/20 - FY 22/23	2023	2024	2025	2026	2027	2028	
Cash		20%		13%			14%	47%
Equity			20%		11%	11%	11%	53%



The share-based component has been calculated based on the Mediobanca stock market price at the date on which the LTI Plan was approved (i.e. the average price in the thirty days prior to the Board meeting held on 19 December 2019, namely €10.1356). The actual number of shares to be assigned, subject to the additional performance/malus conditions and/or holding periods provided for in the Remuneration Policies will be finalized and rebalanced when the Plan is completed and the variable component has effectively accrued. The total number of shares that can be awarded is 276,093, 150,597 of which to Alberto Nagel and 125,496 to Francesco Saverio Vinci.

In the event of substantial changes to the Strategic Plan or exceptional events, the Board of Directors, if the Remunerations Committee is in favour, may choose to cancel or revise the Plan, or amend its characteristics and/or manage its respective impact on the individual beneficiaries.

4) The Chief Executive Officer and General Manager also receive their emoluments as directors, but not those due in respect of participation in committees. An insurance policy is available to cover them for third-party liability, and they also benefit from participation in the complementary pension scheme, other benefits and welfare schemes operated for Mediobanca Group management staff.

5) The Chief Executive Officer is required to hold a number of Mediobanca shares equal in value to twice the amount of his fixed remuneration, and the Group General Manager one time, even after the shares deriving from the award of the variable component have actually been assigned, until the respective vesting/holding periods expire (known as the "stock ownership requirement"). The equivalent amount of shares, to be delivered in a timespan of five years from the date of their first award, must be held throughout the duration of their terms of office, to ensure their interests are aligned with those of the shareholders.[26]

d) Identified Staff employed in control units

The remuneration package for the Group's Identified Staff in the control units (Group Audit, Compliance and Risk Management) is structured so that the fixed component represents the majority, with a variable component assigned annually based on qualitative criteria in relation to the effectiveness and quality of control action. The variable component has a maximum limit of 33% of the fixed component, while that of the heads of unit is set annually by the Board of Directors, at the Remuneration Committee's proposal.

e) Staff working for Group companies

In Group companies, the incentivization system is reserved specifically to senior staff who, on account of their professional specialization, organizational role and importance to the business, have an impact on their companies' performance and value creation. The beneficiaries are identified by the Chief Executive Officer and/or General Managers of the companies themselves, after consulting with the General Manager of Mediobanca and with Group HR. Each beneficiary is notified of their inclusion in the incentives scheme, with a defined annual bonus target and calculation method. The bonus is determined annually on an individual basis in view of the risk-adjusted earnings performance delivered by the company (the indicator used for the Group companies is usually the Economic Profit and/or ROAC delivered by the business division in which they work or by other specific risk-adjusted metrics based on the type of activity, as is the case with asset management) and other secondary, quantitative objectives. Specific long-term incentivization plans may also be implemented, with performances evaluated over a time horizon of several years.

For the commercial branch and credit management network, the variable component is determined on the basis on specific quantitative indicators that can be applied individually or collectively by organizational unit. Valuation indicators are also adopted to incentivize proper relations with clients, including (but not limited to): customer satisfaction analysis, commodity checks, lack of complaints attributable to specific responsibilities due to improper conduct versus clients, transparency in banking and financial transactions and services offered to clients, evaluation of other quality indicators (e.g. correct MiFID profiling, absence of contractual irregularities, observance of internal processes in the area of powers, proxies and guidelines). Due consideration is also taken of the results of checks made by the control units. The evaluation is completed by consideration of whether or not individual and project

26) At 30 June 2020, the Chief Executive Officer held 2,857,550 Mediobanca shares and the Group General Manager 1,117,000 Mediobanca shares, equal to approx. *10x and 4.7x* their fixed remuneration respectively based on the Mediobanca stock market price at the same date.

objectives have been achieved. For the staff, support and control units, allocation is based primarily on qualitative criteria.

Below given limits, the bonus is paid entirely in cash in the year in which it accrues. Above such limits provision is made for forms of deferral, on a three-year basis. In the event of losses related (including, but not limited to) to provisions which prove to be insufficient, contingent liabilities or other items which might prejudice the integrity of the accounts (such instances not to be construed restrictively; the "malus conditions"), all or part of the deferred share may not be paid.

In line with the provisions in place for Mediobanca, the incentivization schemes in operation at the Group companies too place particular emphasis on the issue of proper individual conduct (i.e. compliance with regulations and internal procedures, and transparency versus clients) by adopting the concept of compliance breaches, both at the stage of award of the variable component, and in assessment of whether or not to pay any deferred components.

f) Persons working for asset management companies

The Group includes companies in the asset management sector (UCITS and AIFs) which operate in different jurisdictions (Italy, United Kingdom, Switzerland, Luxembourg, Principality of Monaco). They are subject to the sector regulations instituted by the local regulators (for the European companies this means the national regulations transposing the UCITS V and AIFMD directives[27]) based *inter alia* on the criteria of proportionality and within the broader framework of the consolidated banking regulations on subjects including:

- Role of shareholders in general meeting, governing bodies, Remunerations Committee, and governance processes in general where applicable;
- Definition of identified staff at individual and consolidated levels;
- Remuneration and incentivization system structures correlated to performance indicators for the manager and the UCITS and AIFs managed and measured net of the risk concerning their operations, and which take account of the level of the capital and liquidity resources necessary to cover the activities and investments made;
- Application of specific means of deferral between different categories of risk-takers, including variable remuneration assigned in the form of financial instruments linked to shares in funds or equivalent non-cash instruments, and including specific rules for the non-Italian companies to manage such components during the holding period;
- Caps on variable remuneration, if any, as a result of forming part of the banking group and the regulations applicable to it from time to time and/or the relevant jurisdiction (see section above on "Limits on variable remuneration" and exceptions to the 2:1 cap on variable to fixed remuneration);
- Specific malus clauses and clawback mechanisms;
- Dismissal or resignation;
- Disclosure requirements.

27) In Italy this refers to the joint Bank of Italy/Consob regulations issued on 28 April 2017 which transposes and combines the UCITS V and AIFMD guidelines, and which, since December 2019, have been included in the Bank of Italy's Regulations in pursuance of Article 4-*undecies* and Article 6, paragraph 1, letters b) and c) *bis* of the Italian Finance Act.

g) External networks and financial advisors

To achieve its strategic objectives and provide services to its clients, the Group also uses financial advisors retained on the basis of agency contracts in the Wealth Management division, and wealth managers in the Consumer Banking division. This allows them to promote and sell financial products and services without representation, on an independent and exclusive basis.

In view of the independent nature of their employment relationship, their remuneration is entirely variable but split between recurring and non-recurring components.

The recurring component chiefly consists of direct commissions (on various products, such as asset management, individual asset management, insurance, asset administration, direct funding, bank services, bank products offered by the Mediobanca Group), and indirect commissions ("oven" fees if a management mandate is issued, calculated based on the business promoted by the advisors co-ordinated and concluded by the Bank). These are credited back on various grounds (e.g. sales, maintenance, management, negotiation and distribution fees) based on the commission table in force from time to time and attached as an annex to the agency contract. They constitute the more stable, ordinary component of their remuneration and in themselves do not serve for incentivization purposes (comparable to the fixed remuneration component for employees).

The non-recurring component does serve for incentivization purposes (and is therefore comparable to the variable remuneration component for employees) and is linked, for example, to beating certain targets in terms of funding (bonus for developing portfolios or growing the Bank's customers), launch of new products, long-term incentivization schemes operative over several years, etc.

As required by the regulations in force, the Group includes staff members belonging to this category in its definition of Identified Staff based on the qualitative (i.e. responsibility for the relevant organizational units or for the earnings, financial or reputational risk to which they could expose the Group) and quantitative criteria set by the regulations.

As for staff employed by the Group, for Financial Advisors too assessment of individual conduct is taken into account, along with control of operational and reputational risks (such as compliance with the regulations and internal procedures, and transparency versus clients) through adoption of the mechanism known as compliance breach. Specific events or behaviours are monitored ex post, including (without limitation): sanctions or precautionary measures taken by the supervisory authorities against the financial advisor, complaints made by clients for actions attributable to the financial advisor, fraudulent behaviour or wilful misconduct by the financial advisor, failure to comply with the sector regulations, internal procedures and conduct obligations versus clients, with reference in particular to the duty to act in accordance with the principles of professionalism and proper conduct in relations with clients. Appropriate organizational procedures to prevent such situations from occurring are put in place ex ante.

The same rules apply to non-recurring remuneration received by financial advisors included in the definition of Group Identified Staff as apply to the payment of variable remuneration for the other Identified Staff (i.e. gateways, cap, deferral, malus clause and clawback).

8 Policies in the event of the beneficiary leaving office or the employment arrangement being terminated

As provided by the regulations and the Articles of Association, the shareholders in ordinary general meeting are responsible for determining the compensation to be awarded in cases where beneficiaries leave office or the employment arrangement is terminated early, including the limits set on such compensation in terms of the annual fixed salary and the maximum amount deriving from applying them.

a) Treatment for directors leaving office early

Mediobanca does not make payments other than the ordinary component to directors who leave office for any reason.

b) Treatment for employees

Treatment for individuals linked to Mediobanca Group companies under the terms of employment contracts (i.e. including directors who are members of the Group's senior management and all Identified Staff, including the aggregate of management with strategic responsibilities) involves payment of:

- The amount established and due in accordance with the provisions of law and the locally applicable contractual regulations in respect of the cost of failure to give notice[28] and other entitlements payable upon termination (severance provision, holiday leave etc.);
- An additional amount by way of severance if appropriate: severance pay is the main instrument recognized in the various jurisdictions for cases where the employment arrangement is terminated by mutual consent, in order to minimize the earnings and reputational risks, present and future, which the Bank might face as a result of possible disputes;
- Other types of arrangement, e.g. to cover non-competition agreements or settlements paid in respect of potential moral or material damages.

c) Severance

The amount of severance pay is determined by taking into account the various factors normally stipulated in the applicable provisions of employment law and jurisprudence and in employment contracts (collective or individual), as well as the practice adopted on the respective reference markets. Although it is difficult to provide an exhaustive definition of the concrete situation ex ante, given the variety of individual cases, the following factors in particular are taken into account: number of years' service within the Group, age and personal and social conditions, role and organizational position held, the historical performance in qualitative/quantitative terms delivered by the individual, the reasons for employment arrangement being terminated (which in some cases may be organizational and strategic rather than related to individual performance), the performance of activities that have caused problems for the risk profile decided by the Group, personal conduct that does not conform to company values, and the existence of risks for the Bank linked to possible disputes. The approach adopted reflects the effective and long-term results of the individual and company performance.

28) In Italy the period of notice required is established on the basis of the national collective labour contracts in force at the time. Usually the notice period will be from six to twelve months, depending on the employees' number of years' service.

The basis for calculating the additional monthly salaries to be paid by way of severance is usually the most recent fixed salary, the average variable remuneration paid over a given time horizon (generally the last three years), and in some cases the value of fringe benefits.

Mediobanca defines the total maximum amount payable by way of severance as 24 monthly salaries, as previously defined and in any case no more than €5m, unless provided otherwise by shareholders in general meeting.

It does not include any amounts paid as indemnity for failure to give notice and the other amounts due in connection with termination of the employment relationship (severance provision, holiday leave etc.).[29] It does, however, include any non-competition agreements. Severance payments may not under any circumstances exceed the limits set by the applicable laws, regulations and collective contracts.

For Identified Staff, amounts paid as severance are included in calculating the limit on variable remuneration as a percentage of fixed remuneration represented by the cap, where instituted, with reference to the last year of employment. Any amounts agreed and/or paid under the terms of a non-competition agreement are included for purposes of calculating the cap only up to the amount which exceeds the share of the last year's annual fixed salary, for each year of the non-competition agreement's duration.

As provided by the regulations in force, in calculating whether or not the cap has been reached, no account is taken of any amounts agreed and/or paid under the terms of an agreement between the Bank and staff to settle a dispute that has already arisen (or at least is feared with good reason), at any stage of the settlement process, calculated as illustrated below. In order to quantify the risk objectively, the Bank takes advice from external lawyers specializing in employment law whose opinions are substantiated by objective legal references.

Amounts agreed and/or paid as severance under the terms of an agreement between the Bank and staff in order to settle a dispute which has already arisen (or at least is feared with good reason), without reference to the cap, are therefore determined[30] on the basis of the following formula:

Severance = monthly salary (MTC) x indicator representing number of years' service (Y) ± correction factor (CF)

or

Severance = (TCM x Y) ± FC

where:

TCM	Calculation basis: average monthly total gross compensation, or fraction thereof, usually derived from the most recent annual fixed salary, the average variable remuneration paid over a given time horizon (last three years where applicable), and the value of any fringe benefits.
Y	Indicator representing the number of years' service in the Mediobanca Group: these are considered as not less than 7 and not more than 12.

29) To express this in terms of number of years' annual fixed salary, for staff members who have received variable remuneration equal to 2x their fixed salaries (given the 2:1 cap) on an ongoing basis over the whole time horizon taken into consideration, a total of six annual fixed salaries would be payable. This estimate, which is purely theoretical, is balanced by the maximum amount payable in absolute terms established by the remuneration policies.

30) Net of the cost of any amounts paid by way of indemnity in lieu of notice and amounts due in connection with severance mentioned in point b) above, and with the provisions specified in the foregoing note 28.

CF	Correction factor: determined and justified, on the basis of objective and suitably documented parameters, to be calculated according to the criteria set forth below: ◆ Age; ◆ Personal and social conditions provided for under the internal regulations; ◆ Role and position within organization; ◆ Historical individual qualitative and quantitative performance delivered; ◆ Reason for end of employment arrangement (in some cases may be organizational and strategic and not strictly related to individual performance); ◆ Activities performed that have caused problems with respect to the risk profile adopted by the Group; ◆ Personal behaviour not aligned with company values; ◆ Existence of risks for the Bank as a result of disputes that have already arisen or are feared with good reason, based on opinions obtained from leading lawyers; and ◆ Specific refinements which take into account the employment law provisions in force in the specific countries other than Italy where the Group operates. The Bank determines analytically in its internal regulations the weightings used to define the overall correction factor applicable in practice, which in general terms may vary between - 100% and + 100%.

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.

d) Timing and instruments

For identified staff included in clusters 2 and 3 in the table shown in the section entitled "Policies for identification of Material Risk-Takers", the methods and timescales provided for in making severance payments and any compensation for non-competition agreements (except in the latter case for the share of any such amounts that does not exceed the last year's payment in terms of fixed salary) entered into upon terminating an employment relationship include payment based on the timescales and deferral mechanisms instituted for payment of variable remuneration, use of shares or instruments related to them, payment being made subject to malus conditions in the event of liability being established in cases of fraud and/or wilful misconduct and/or attributed in a court of law to the individual staff member's own responsibility during the period in which they worked for the company which emerge after the employment relationship has been terminated. For other identified staff, forms of deferral and risk adjustment may be applied, with the appropriate methods to be identified based on the amount to be paid by way of severance, in addition to the considerations described under point c) above. The Bank also reserves the right to use the claw back mechanism in the cases provided for in the applicable employment law regulations.

e) Treatment of deferred component and fringe benefits

Entitlement to receive deferred variable remuneration components, in cash and/or equity, awarded in previous years but not yet paid, is forfeited in cases where staff members tender their resignations or are dismissed, as does the entitlement to any company benefits.

For treatment in cases of "good leavers",[31] exceptions providing for more favourable treatment in individual cases and the possibility of applying more favourable local legislations, are handled by the governing bodies within their respective areas of responsibility, namely the Board of Directors, Remunerations Committee and Chief Executive Officer, based on the powers vested in them.

f) Decisions by third parties

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.

g) Involvement of governing bodies

Regular reporting is made to the Remunerations Committee on any decisions taken vis-à-vis employees qualifying as Identified Staff, and the Committee itself is involved promptly in deciding on the treatment of the most significant individual cases.

h) Arrangements for the Chairman, CEO of Mediobanca and Group General Manager

In cases where the Chairman (if a member of the Group's management), Chief Executive Officer and/or General Manager leave the Bank's employment for any reason, the provisions of the Group's remuneration policies for Identified Staff and the sector regulations in force from time to time shall apply. Any amounts paid in cash, in addition to notice, shall be subject to contributions to the company's complementary pension scheme, and save in cases of dismissal for just cause, the said persons will be allowed to retain any financial instruments assigned to them up to the time when the employment arrangement is terminated.

31) "Good leavers" are defined as those staff members whose employment arrangement ends by mutual consent (including in cases of retirement or early retirement), death or permanent incapacity, duly certified, if it remembers the staff member concerned unable to perform their duties. 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.

MEDIOBANCA

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Section 2

Report on compensation FY 2019-20

MEDIOBANCA

a) Introduction

The twelve months under review were marked by the unprecedented shock triggered by the Covid-19 pandemic, which brought the world's leading economies to a standstill, bringing them swiftly to the point of recession. Prompt monetary action by the main central banks and extraordinary fiscal policy measures taken by the individual countries' governments and by the European Union contributed strongly to the recovery of financial indicators after April 2020, and to limit the impact of the crisis on households and businesses.

The Mediobanca Group has continued in its progress to implement the 2019-23 Strategic Plan, leveraging on the distinctive features of its business model which has proved effective even in the Covid-19 crisis, helped by its focus on the more resilient customer segments (households and medium-sized/large corporates) and by the increasing contribution of low capital absorption activities (advisory services and WM).

Following the Covid-19 emergency, the Mediobanca Group took numerous initiatives right from the outset to show its support for businesses and households and to protect the health and safety of the Group's staff and its clients.

Despite the emergency, the Mediobanca Group delivered a solid set of results for the twelve months ended 30 June 2020:

- Revenues stable at €2.5bn, with net interest income and fees both up 3% YoY
- Cost/income ratio 47% (up 1pp); cost of risk 82 bps (up 30 bps YoY)
- Net profit €600m, with earnings per share down 27% YoY (EPS €0.68 vs €0.93)
- DPS 2020 reduced to zero, in accordance with ECB recommendations
- Ongoing implementation of sustainability strategy, providing consistent support to staff, clients and community amid the Covid-19 crisis.

With reference to the 2019-23 Strategic Plan, the guidelines, objectives, capital optimization policy and shareholder remuneration have all been confirmed.

Decisions on staff remuneration have therefore been taken:

- In view of the business environment that requires key resources to be retained and outstanding professionals operating in the business areas who have impressed by their contribution to the Group's results to be rewarded;
- In compliance with the regulatory guidelines issued, which have not imposed stringent limits on variable remuneration (save in cases where capital ratios have been affected), but have recommended conservative policies, reminding financial institutions to observe the principles of prudence, long-sightedness and sustainability, particularly with reference to identified staff.

b) Governance

The corporate bodies and company units have governed the entire process of applying the remunerations policies.

In particular, as described *inter alia* in the Annual statement on corporate governance and ownership structure, the Remunerations committee has met on eight occasions, and the meetings on average lasted around 1 hour and 30 minutes. The Committee is made up of four non-executive members, a majority of whom qualify as independent. The Statutory Audit Committee also participated in the Committee meetings, as did (apart from in one case) the Chief Executive Officer and the General Manager as guests. The Chief Risk Officer and the head of Group HR also took part, along with other members of the Group's staff.

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The main items discussed in Committee meetings, in addition to this report, are as follows:

- Formulation of proposals to the Board of Directors regarding the recalculation of Directors' compensation following the Covid-19 emergency;
- The proposals regarding the variable remuneration of the Chief Executive Officer and General Manager (defining and marking their annual scorecards);
- Definition of the long-term incentive scheme for Group senior management in connection with approval of the 2019-23 Strategic Plan;
- Decisions made by the Chief Executive Officer regarding the variable remuneration for staff, including definition of the aggregate bonus pools and the amount set aside for Identified Staff;
- Revision of scope of Identified Staff;
- Update of regulations based on documents issued by national and supranational regulators on the subject of remuneration;
- Analysis of market benchmark compensation and guidance from institutional investors and proxy advisors;
- Application of the severance policy.

Group HR has provided full support for all activities, co-ordinating the process of formulating the proposals and resolutions, and executing them. The services of leading external consultants have also been used in the course of various activities, in particular market benchmark analysis and finalizing the new remunerations policies.

The Compliance unit has issued a report stating that the remunerations policies conform to the Bank of Italy and internal regulations, and the Group Audit Unit checked that they were implemented correctly. The Risk Management unit, too, has been involved in ascertaining that the gateways have been met. The Planning, Accounting and Financial Reporting areas also provided the data for determining the business areas' performances and gateways.

c) Incentivization system: determination of variable remuneration and allocation using risk-adjusted metrics based on sustainable results over time

I. Assessment of gateways

All the Group's gateways for the year ended 30 June 2020 were met:

Group gateways	KPIs – 30/6/20
CET 1 ratio	16.1%
Leverage ratio	9.7%
AFR/ECAP	169%
Liquidity Coverage Ratio	165%
Net Stable Funding Ratio	109%
Group GOP	€949m

For the Group companies which adopt their own RAF on an individual basis (Compass, CB! and Mediobanca International), in the course of the twelve months their risk profile remained consistent with the objectives and limits set, with no breaches of the thresholds recorded.

The other quantitative and qualitative metrics were also met, in the sense that the Group's results reflected the required risk/return balance, in compliance with all the objectives set in the Risk Appetite Framework. From a qualitative perspective, Mediobanca confirmed its positioning and market share in a difficult market scenario.

II. Results of main business units

The Group's closing results as at 30 June 2020, helped by an excellent performance in the first eight months, reflect:

- An extremely robust capital base (CET1 16.1%, phase-in);
- Growth in both net interest income and fees (of 3%).

Obviously the last four months of the year were affected by the Covid-19 emergency, which slowed new business (provision of mortgages and consumer finance products, sale of investment products) and/or caused the postponement of corporate deals, and also reduced the value of the assets held on its balance sheet, impacting mainly on the following areas:

- Trading and the contribution from the Assicurazioni Generali investment, both of which were affected by market volatility;
- Cost of risk, which rose to 82bps (up 30bps in the twelve months), with 4Q at 141 bps (three times the lows recorded at end-2019), due to a conservative risk management policy which sees maintaining asset quality at excellent levels and increasing coverage ratios as a priority.

The Group's gross operating profit of €949m was 17% lower than the previous year.

The CIB division (Wholesale Banking and Specialty Finance) reported a net profit of €181m (ROAC 10%), after strengthening its leadership position in its core segments and markets during the twelve months, participating in some of the most important M&A transactions. Covid-19 brought about a slowdown in investment banking deals, but the pipeline is normalizing, and advisory, ECM and DCM activities are all recovering healthily.

The performance in Wholesale Banking (which forms part of the CIB division) matches the situation already described: the first six months reflecting growth, the second strongly affected by the Covid-19 crisis (reduction in proprietary trading, slowdown in investment banking activities, and significant increase in the cost of risk), which caused gross profit to drop from €337m to €242m. The main items performed as follows:

- Net interest income up 1.3%, a healthy performance in fee income (up 7.1% YoY), with fees from advisory business up 29%, including due to the consolidation of Messier Maris et Associés;
- Reduction in net trading income due primarily to losses made on the proprietary portfolio; CMS activity slowed after March 2020 (down 53% HoH);
- Loan loss adjustments which include the effect of the IFRS 9 point-in-time scenario, which fully reflects the 2Q 2020 slump in GDP.

Lower revenues were in part mitigated by cost optimization activities, which rose slightly (by 1.5%) and are below budget, despite the Group's increased scope of operations.

The Economic Profit delivered by the Mediobanca Wholesale Banking division (not included in the gateways, but used as a risk-adjusted indicator to appraise the sustainability of the bonus pool) was €127m.

Client-driven Corporate and Investment Banking activity shows:

- Economic Profit down from €263m to €141m, due to the performance in the second half-year (at end-December 2019 the profit earned was €131m);
- Decreasing revenues due chiefly to the Covid-related slowdown (total income down 20% HoH), in client trading activity in particular;
- Market leadership in advisory business.

The Wealth Management division (ROAC 19%, net profit up 13% YoY, to €80m) confirmed its position as leading contributor to Group fee income (47% of the total), on 7% growth in revenues (to €584m). Asset gathering capability in WM continues to be high, with no outflows in the Affluent/Private segment even during the lockdown period. The distribution networks brought in NNM of €4.9bn in the twelve months, €2.1bn of which in 4Q, on TFAs rising to €64bn (up 4% YoY).

For Mediobanca Private Banking, the results reflect a threefold increase in GOP with revenues up 29%, as follows:

- AUM/AUA of €10.9bn vs €10bn at end-June 2019: with a high of €11.2bn recorded in February 2020 (i.e. pre-Covid 19);
- NNM of approx. €1.6bn, €1.3bn of which AUM/AUA;
- Revenues of €82m, with fees of over €69m (up 29% YoY), with management fees growing and a positive contribution from the upfront component; performance fees also added 8% of the total, while the growth in costs was modest, at 3%;
- ROA (fee income/average AUM) was up 7%, ahead of budget due to the repricing effect.

With regard to the Wealth Management – Affluent / Premier division (CheBanca!), the top-line performance was positive, up 7% YoY, with fees ahead of budget and gross profit up slightly (by 2%), despite the impact of Covid-19 on the cost of risk, as follows:

- AUM/AUA €12.5bn (30/6/19: €10.3bn), including a recovery in 4Q (up €1.3bn); TFAs €27.8bn;
- NNM of €2.6bn in 12M, €0.9bn of which in 4Q;
- Impressive growth in fees (up 19% YoY), with the share provided by the banking component down from 39% to 36%); this, with net interest income resilient, offset the rise in development costs (GOP up 11% YoY). Fee income was resilient in 4Q as well;
- Cost of risk rose in 4Q (up €3.9m), due to Covid-19, with gross profit holding up well nonetheless;
- CB! ROAC 13%, compared with 11% in 2019;
- Cost/income and compensation/income ratios stable YoY.

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For Mediobanca SGR, gross operating profit stood at €11m, with the SGR's role as product factory developing:

- AUM/AUA €12bn, vs €12.7bn at end-June 2019, with a high of €13.5bn recorded in January;
- Reduction in AUM from institutional clients (from €4.8bn to €3.6bn), offset by growth in asset management for the Group, with €7.5bn for the MBPB network (€7.3bn at end-June 2019, with a high of €8bn in January), and €1bn for the CB! Network (€0.6bn at end-June 2019);
- Revenues of €25.6m (up 24% YoY, including management fees up 10%, from €19.5m to €21.4m and performance fees four times higher, up from €1m to €4.1m) and costs stable;
- ROA (fee income/average AUM) 17 bps, ahead of budget (16 bps).

Consumer Banking (ROAC 27% and net profit €297m, down 12% YoY) was once again the Group's leading contributor to net interest income (up 6% YoY to €948m), but penalized by the increased cost of risk (247 bps, vs 185 bps end-June 2019). The twelve months under review saw record levels of activity until February, after which lockdown significantly reduced new loans, although by end-June 2020 they had nonetheless returned to their pre-Covid levels. The main income items performed as follows:

- Net interest income was up 5.5% and ahead of budget; fee income was down due to the reduced contribution from insurance activities, plus the slowdown in new business during lockdown;
- The cost of risk rose slightly in 1H, to 190 bps (from 183 bps), in line with budget; but increased since March (247 bps for the year) due to the difficulties encountered in credit recovery activities during lockdown and the deterioration in the scenario;
- Gross operating profit €438m (down 12%YoY);
- Consumer Banking division ROAC down from 31% in 2019 to 27%;
- Cost/income and compensation/income ratios stable YoY.

Principal Investing made a positive contribution to Group profit, despite falling 6% to €295m despite the effects of the difficult market scenario.

III. Determination of variable component and bonus pool for Identified Staff at the main business units

Having therefore ascertained that all the conditions precedent to the distribution of the variable component had been met, and in application of the criteria provided for in the remuneration policies, the Chief Executive Officer of Mediobanca, after consulting with the Group General Manager, and the relevant internal and control units, therefore set the overall amount for Mediobanca S.p.A. at approx. €52m, some €18m of which for Material Risk Takers (MRT), compared with €74m in 2019 (€29m of which for MRTs, representing reductions of 30% and 38% respectively).

The variable component for Mediobanca Wholesale Banking has been set at approx. €30.5m, some €11m of which for the MRTs (vs €48m in 2019, €19.2m for the MRTs, down 37% and 42% respectively), €28.2m of which for CIB Client (vs €46m in 2019, down 43%), representing payouts respectively of 24% (19% in 2019) and 20% (17%) of Economic Profit. The fixed/variable ratio for staff employed in Mediobanca WB is therefore 58%, compared to 98% in 2019, while for MRTs it is 69% (vs 116% in 2019).

The variable component in Mediobanca Private Banking was equal to some €7.7m, €1.4m of which for MRTs (versus €7.2m in 2019, some €1.1m of which for MRTs), with a payout of 22% (vs 29% in 2019). The fixed/variable ratio for MB Private Banking staff is 45%, compared with 38% in 2019, while for MRTs it is 120% (vs 128% in 2019).

A total of €13.5m has been earmarked for staff in the PI division, MAAM and the Holding Functions units, €5.5m of which for MRTs (vs €18.6m in 2019, down 27%, of which approx. €8.2m for MRTs – down 33%), which includes the variable component assigned to the Chief Executive Officer and the Group General Manager, as well as the heads of the control units.

Considering all staff employed by the parent company Mediobanca S.p.A., the variable/fixed ratio is 43%, compared with 65% in 2019.

One of the main objectives in making individual awards of variable remuneration was to maintain a competitive compensation package for younger and business staff from a talent retention perspective. Group HR and the Compliance unit reviewed potentially relevant instances in connection with application of the compliance breach mechanism.

In CheBanca! the variable remuneration component amounted to approx. €11.2m, €0.6m of which to MRTs, slightly higher than the €11m in 2019 (of which approx. €0.7m to MRTs), due to the expanded scope of operations for the commercial network. The variable/fixed ratio for CheBanca! staff was around 43%, compared to 56% in 2019; considering all staff employed by the company, the ratio was stable at 13%, as in 2019.

The 2020 variable component for MB SGR was approx. €2m, stable versus last year (with the share paid to MRTs approx. €0.5m, the same as in 2019). The amount of the variable remuneration for the Consumer Banking division is approx. €6.4m, €1.3m of which to MRTs, lower than last year (when €7.3m was paid, approx. €1.8m of which to MRTs), consistent with the results delivered for the year. The variable/fixed ratio for identified staff in the Consumer division was around 65%, compared with 102% in 2019; considering all staff employed by the division, the ratio was stable at approx. 9% (the same as in 2019).

The variable component assigned to the Group's Identified staff accounts for some 3 bps of CET 1 (approx. €20.5m, vs €31.7m in 2019, a decrease of 35%), with a minimal impact on the Group's solidity requisites.[32]

As at 30 June 2020, management with strategic responsibilities as defined in Article 3 of Regulation (EU) 596/2014 (i.e. other than Directors) consisted of eight persons: the three heads of the control units, the head of company financial reporting, the head of Group HR & Organization, the head of the Consumer Banking division and the Wealth Management/Affluent-Premier business line, plus the two co-heads of the Corporate and Investment Banking division. Their remuneration package reflects the provisions of the remuneration policies, based on the individual category of Identified Staff to which they belong.

d) Decisions taken in response to the Covid-19 emergency

As part of the attention that the Group focuses on the community and its institutions, the following decisions were taken:

- The following reductions in emoluments were approved: 20% of the emoluments payable to Directors, and 100% of those payable to the Chairman Renato Pagliaro, the Chief Executive Officer Alberto Nagel and the Group General Manager Francesco Saverio

32) The aggregate bonus pool for Mediobanca Group companies whose financial year ended on 31 December 2019 (CMB, RAM, CAIRN and MMA) amounted to approx. €17m, approx. €2.2m of which to Group MRTs.

Vinci. The overall saving of €540,000 was donated by Mediobanca to entities and non-profit organizations identified by the Corporate Social Responsibility Committee;

- The Chairman, CEO and Group General Manager have all committed to donating 30% of their fixed salaries for the period from May to December 2020 to initiatives related to the Covid-19 emergency;

- The Statutory Audit Committee of Mediobanca also decided to support the initiatives promoted by the Bank, electing to waive 20% of the emoluments due to them for the year.

The goal of protecting the health and safety of the Group's staff and clients was pursued by setting up a Crisis Unit to manage the medical emergency, headed up by the Group General Manager, with the objective of guaranteeing the Group's operation. Staff were encouraged to work from home, the opening hours of the retail office branches were amended, a specific healthcare policy was activated, and a series of support services were activated remotely (psychological, healthcare, educational, etc.).

e) Annual variable remuneration of Mediobanca CEO and Group General Manager (Short-term incentive scheme)

The annual variable remuneration reflects the achievement of the quantitative and qualitative targets assigned in the annual individual scorecards approved by the Board of Directors. If the quantitative objectives are met, the amount of the annual variable remuneration payable to the CEO and the Group General Manager may be between 50% and 150% of their gross fixed annual salary. This amount may be adjusted by the BoD according to whether or not qualitative objectives have also been met up to 160% of the fixed salary (without prejudice to the 2:1 cap on an annual basis in connection with the long-term incentive scheme described below).

The quantitative performance indicators assigned for the financial year ended 30 June 2020 for the CEO were as follows:

Objective	Weighting	Status	Score
Profit before Taxes (PBT) from Group banking activities/capital absorbed *Optimization of return on capital allocated to core activities*	35%	Achieved in part	17.95%
RWA density: RWAs/ Finrep assets *Focus on loan quality*	25%	Achieved	60.8%
Total fees *Focus on capital-light revenues*	20%	Achieved in part	630
AUM-AUA-AUC as % of TFAs *Growth in indirect funding and reduction in percentage of liquidity*	20%	Achieved in part	63.6%

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For the Group General Manager the targets assigned were as follows:

Objective	Weighting	Status	Score
Profit before Taxes (PBT) from Group banking activities/capital absorbed *Optimization of return on capital allocated to core activities*	35%	Achieved in part	17.95%
RWA density: RWAs/Finrep assets *Focus on loan quality*	20%	Achieved	60.8%
Banking cost/income ratio *Balanced growth between revenues and costs*	20%	Achieved in part	53.8%
ROAC Wealth Management *Optimization of return on capital absorbed by WM division*	25%	Comfortably achieved	18.86%

For the CEO the qualitative objectives involved managing the Corporate Social Responsibility initiatives and strengthening the distribution platform for the Wealth Management, Consumer Banking and CIB divisions; and for the Group General Manager, maximizing the synergies between the distribution network and the product factories, plus the "IT Growth to the business" & "Data Quality" projects. In both cases the objectives were found to have been achieved.

Based on the results of the scorecards, the Board of Directors, at the Remunerations Committee's proposal, resolved to award variable remuneration of €964,000 (€2,650,000 in 2019, a reduction of 64%), and of €1,175,000 to the Group General Manager (€1,900,000 in 2019, a cut of 38%), equal to 53.6% (147% in 2019) and 78.3% (127% in 2019) of their fixed salaries. Contributions to the complementary pension scheme are also paid on the upfront cash component only. Of the variable remuneration awarded, 47% in cash and 53% in shares, 60% will be deferred over a five-year time horizon and is subject to performance conditions being met. The upfront equity component is subject to a one-year holding period.

The ratio in 2020 between the CEO's gross total compensation and the average gross total compensation for Group staff members was approx. 33x.

f) Means of distributing the variable component

The means of distribution are as provided in the remuneration policies.

The equity component ("performance shares") to be paid to Identified Staff is equal to approx. €9m which in part will be booked to the accounts over the next five financial years under the accounting standards currently in force. Accordingly, the Board of Directors adopted a resolution to award Group staff a total of 1,363,953 performance shares[33] (at the average stock market value of Mediobanca shares in the month prior to the award, i.e. €6.89) including those awarded to Identified Staff employed at Group companies. For Identified Staff employed in the asset management area (Mediobanca SGR), the financial instruments component was awarded in cash, linked to an index representative of the SGR funds' stock units, as permitted by the sector regulations in force.

g) Long Term Incentive Plan 2019-23

The component linked to the 2019-23 LTI Plan approved on 19 December 2019 for the Chief Executive Officer of Mediobanca, the Group General Manager, and the CEO of Compass and CheBanca! will be finalized when the Plan itself ends (between July and September

33) Of these, 74,071 were awarded to the CEO and 90,284 to the Group General Manager.

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2023). Via an individual scorecard, when the quantitative/financial and qualitative/non-financial objectives have been met, the amount of the bonus awarded may be comprised within a range of between 20% and 40% of the amount of the annual gross fixed salary for each year of the Plan (for details, see Section I(7), paragraph c, point 3).

Implementation of the strategy to strengthen and grow in all segments in which the Group operates, launched in the first half of FY 2019-20, slowed as from March 2020 due to the outbreak of the Covid-19 pandemic. How the pandemic will develop in the future, and the consequences it will have in economic and social terms, obviously remain uncertain. However, it seems likely that the first years of the Plan will reflect lower growth rates and profitability, and at the same time, higher capitalization rates given the regulator's recommendation not to pay dividends or implement share buybacks. At present the targets for 2023 remain unchanged, as does the strategy underpinning them and the actions planned to implement it.

As for the qualitative and quantitative targets in the Corporate Social Responsibility area, the state of progress made thus far is consistent with the time horizon contemplated in the 2019-23 Strategic Plan:

- Responsible investing: procedures have been launched to introduce ESG screening for new investments/loans by the Group;
- Equal opportunities: procedures have been implemented (including specifications for the personnel selection companies used) to ensure equal representation in the staff selection and promotion processes;
- Responsible consumption and production: a framework agreement has been approved against which the Group's first green bond has been issued;
- Support for energy transition: RAM has issued its first carbon neutral fund;
- Reduction of direct environmental impact: CO^2 emissions down 6%, 93% of energy acquired from renewable sources, increase in the number of hybrid vehicles to 13% of the total company car fleet;
- Contribution to economic growth: €100m invested in small and medium-sized Italian firms;
- Support to the local community: €5.4m invested in projects with positive social and environmental impact.

Dear shareholders,

In view of the foregoing, we invite you to adopt the following proposed resolution, with the proviso that approval of section 2 of this Report containing the disclosure on compensation paid in FY 2019-20 has purely consultative status:

"At an ordinary general meeting, the shareholders of Mediobanca,

in view of the Board of Directors' report on the Policy on remuneration and compensation paid,

HEREBY RESOLVE

a) To approve the new staff remuneration policies for the Mediobanca Group for FY 2020-21, as illustrated in Section 1 of the Board of Directors' report, including the provisions contained in the section entitled "Limits on variable remuneration";

b) To approve, under a vote which has purely consultative status, the disclosure on compensation paid in FY 2019-20 as illustrated in Section 2 of the Board of Directors' report;

c) To adopt the provision instituted in the section entitled "Policies in the event of the beneficiary leaving office or the employment arrangement being terminated" establishing the criteria for determining the compensation to be agreed in cases where directors or staff leave office or cease working for Mediobanca early, including the limits on such compensation in terms of the number of annual fixed salary payments to be made and the maximum amount deriving from their application;

d) To confer on the Board of Directors and the Chief Executive Officer and/or the General Manager on its behalf, the broadest powers to execute all deeds and perform all measures and formalities necessary in order to implement each of the three foregoing resolutions including the power to make all amendments to the new staff remunerations policies that prove necessary to bring them into line with the law and regulations in force from time to time".

Milan, 16 September 2020

The Board of Directors

Tables with quantitative data

Table 1: Compensation paid to members of the Bank's governing and control bodies, general managers and other managerial staff with strategic responsibilities (as per "Delibera Consob 18049" – 23rd December 2011)

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/severance
					Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Renato Pagliaro	Chairman	01/07/2019	30/06/2020	30/06/2020		1,800,000	1,800,000				355,475		2,155,475		
	Member of Appointments committee										of which complementary pension scheme				
											351,569				
	(I) Compensation in company preparing the accounts				**0**	**1,800,000**	**1,800,000**				**355,475**		**2,155,475**	-	
	(II) Compensation from subsidiaries/associates at 30/06/2020						-						-		
	(III) Total				**0**	**1,800,000**	**1,800,000**	-	-	-	**355,475**	-	**2,155,475**	-	-
Maurizia Angelo Comneno	Deputy Chairman of Board of Directors	01/07/2019	30/06/2020	30/06/2020	115,000		115,000						115,000		
	Member of Executive Committee	01/07/2019	30/06/2020	30/06/2020	90,000		90,000						90,000		
	(I) Compensation in company preparing the accounts				**205,000**		**205,000**						**205,000**		
	(II) Compensation from subsidiaries/associates at 30/06/2020														
	(III) Total				**205,000**	-	**205,000**	-	-	-	-	-	**205,000**	-	-
Alberto Pecci	Deputy Chairman of Board of Directors	01/07/2019	30/06/2020	30/06/2020	115,000		115,000						115,000		
	Member of Remunerations committee	01/07/2019	30/06/2020	30/06/2020	30,000		30,000						30,000		
	(I) Compensation in company preparing the accounts				**145,000**	-	**145,000**	-			-		**145,000**		
	(II) Compensation from subsidiaries/associates at 30/06/2020						-						-		
	(III) Total				**145,000**	-	**145,000**	-	-	-	-	-	**145,000**	-	-
Alberto Nagel	CEO	01/07/2019	30/06/2020	30/06/2020		1,800,000	1,800,000		828,380		389,154		3,017,534	989,860	
											of which complementary pension scheme				
											384,205				
	(I) Compensation in company preparing the accounts				**0**	**1,800,000**	**1,800,000**	-	**828,380**	-	**389,154**	-	**3,017,534**	**989,860**	-
	(II) Compensation from subsidiaries/associates at 30/06/2020						-						-		
	(III) Total				**0**	**1,800,000**	**1,800,000**	-	**828,380**	-	**389,154**	-	**3,017,534**	**989,860**	-
Francesco Saverio Vinci	General Manager	01/07/2019	30/06/2020	30/06/2020		1,500,000	1,500,000		763,900		341,637		2,605,537	866,060	
											of which complementary pension scheme				
											334,383				
	(I) Compensation in company preparing the accounts				**0**	**1,500,000**	**1,500,000**	-	**763,900**		**341,637**		**2,605,537**	**866,060**	-
	(II) Compensation from subsidiaries/associates at 30/06/2020						-	-					-		
	(III) Total				**0**	**1,500,000**	**1,500,000**	-	**763,900**	-	**341,637**	-	**2,605,537**	**866,060**	-
Marie Bolloré	Director	01/07/2019	30/06/2020	30/06/2020	80,000		80,000						80,000		
	Member of Appointments committee	01/07/2019	30/06/2020	30/06/2020	20,000		20,000						20,000		
	(I) Compensation in company preparing the accounts				**100,000**	-	**100,000**	-			-		**100,000**		
	(II) Compensation from subsidiaries/associates at 30/06/2020						-						-		
	(III) Total				**100,000**	-	**100,000**	-	-	-	-	-	**100,000**	-	-

MEDIOBANCA

(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/severance
					Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Maurizio Carfagna	Director	01/07/2019	30/06/2020	30/06/2020	80,000		80,000						80,000		
	Member of Risks committee and Related parties committee	01/07/2019	30/06/2020	30/06/2020	80,000		80,000						80,000		
	Chairman of Remunerations committee	01/07/2019	30/06/2020	30/06/2020	40,000		40,000						40,000		
	(I) Compensation in company preparing the accounts				**200,000**	-	**200,000**	-			-		**200,000**		
	(II) Compensation from subsidiaries/associates at 30/06/2020 (1)				**35,000**		**35,000**	-					**35,000**		
	(III) Total				**235,000**	-	**235,000**	-	-	-	-	-	**235,000**	-	-
Maurizio Costa	Director	01/07/2019	30/06/2020	30/06/2020	80,000		80,000						80,000		
	Chairman of Appointments committee	01/07/2019	30/06/2020	30/06/2020	25,000		25,000						25,000		
	(I) Compensation in company preparing the accounts				**105,000**	-	**105,000**	-			-		**105,000**		
	(II) Compensation from subsidiaries/associates at 30/06/2020														
	(III) Total				**105,000**	-	**105,000**	-	-	-	-	-	**105,000**	-	-
Angela Gamba	Director	01/07/2019	30/06/2020	30/06/2020	80,000		80,000						80,000		
	Member of Risks committee and Related parties committee				80,000		80,000						80,000		
	(I) Compensation in company preparing the accounts				**160,000**	-	**160,000**		-		-		**160,000**	-	
	(II) Compensation from subsidiaries/associates at 30/06/2020														
	(III) Total				**160,000**	-	**160,000**	-	-	-	-	-	**160,000**	-	-
Valérie Hortefeux	Director	01/07/2019	30/06/2020	30/06/2020	80,000		80,000						80,000		
	Member of Remunerations committee				30,000		30,000						30,000		
	Member of Risks committee and Related parties committee				80,000		80,000						80,000		
	(I) Compensation in company preparing the accounts				**190,000**	-	**190,000**		-		-		**190,000**	-	
	(II) Compensation from subsidiaries/associates at 30/06/2020														
	(III) Total				**190,000**	-	**190,000**	-	-	-	-	-	**190,000**	-	-
Maximo Ibarra	Director	01/07/2019	30/06/2020	30/06/2020	80,000		80,000						80,000		
	(I) Compensation in company preparing the accounts				**80,000**	-	**80,000**		-		-		**80,000**	-	
	(II) Compensation from subsidiaries/associates at 30/06/2020														
	(III) Total				**80,000**	-	**80,000**	-	-	-	-	-	**80,000**	-	-
Alberto Lupoi	Director	01/07/2019	30/06/2020	30/06/2020	80,000		80,000						80,000		
	Member of Remunerations committee	01/07/2019	30/06/2020	30/06/2020	30,000		30,000						30,000		
	Member of Appointments committee	01/07/2019	30/06/2020	30/06/2020	20,000		20,000						20,000		
	(I) Compensation in company preparing the accounts				**130,000**	-	**130,000**		-		-		**130,000**	-	
	(II) Compensation from subsidiaries/associates at 30/06/2020 (2)				**13,233**		**13,233**						**13,233**		
	(III) Total				**143,233**	-	**143,233**	-	-	-	-	-	**143,233**	-	-
Elisabetta Magistretti	Director	01/07/2019	30/06/2020	30/06/2020	80,000		80,000						80,000		
	Chairman of Risks committee and Related parties committee	01/07/2019	30/06/2020	30/06/2020	100,000		100,000						100,000		
	Member of Appointments committee	01/07/2019	30/06/2020	30/06/2020	20,000		20,000						20,000		
	(I) Compensation in company preparing the accounts				**200,000**	-	**200,000**						**200,000**	-	-
	(II) Compensation from subsidiaries/associates at 30/06/2020						-						-		
	(III) Total				**200,000**	-	**200,000**	-	-	-	-	-	**200,000**	-	-

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(A)	(B)	(C)			(1)			(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Post	Period for which post has been held		Term of office expires	Fixed compensation			Fees payable for participation in committees	Variable compensation (non-equity)		Non-cash benefits	Other forms of compensation	Total	Fair value of equity compensation	Indemnity payable on leaving office/severance
					Emoluments	Fixed salary	Total		Bonus and other incentives	Interest in earnings					
Vittorio Pignatti-Morano	Director	01/07/2019	30/06/2020	30/06/2020	80,000		80,000						80,000		
	Member of Risks committee and Related parties committee	01/07/2019	30/06/2020	30/06/2020	80,000		80,000						80,000		
	(I) Compensation in company preparing the accounts				**160,000**	-	**160,000**						**160,000**	-	-
	(II) Compensation from subsidiaries/associates at 30/06/2020						-						-		
	(III) Total				**160,000**	-	**160,000**	-	-	-	-	-	**160,000**	-	-
Gabriele Villa	Director	01/07/2019	30/06/2020	30/06/2020	80,000		80,000						80,000		
	Member of Executive Committee	01/07/2019	30/06/2020	30/06/2020	90,000		90,000						90,000		
	(I) Compensation in company preparing the accounts				**170,000**	-	**170,000**		-		-		**170,000**	-	
	(II) Compensation from subsidiaries/associates at 30/06/2020 (3)				**50,000**		**50,000**						**50,000**		
	(III) Total				**220,000**	-	**220,000**	-	-	-	-	-	**220,000**	-	-
Management with strategic responsibilities (8)						4,085,772	4,085,772		1,238,205		346,284		5,670,261	2,026,898	
											of which complementary pension scheme				
											304,647		304,647		
	(I) Compensation in company preparing the accounts					**4,085,772**	**4,085,772**		**1,238,205**		**346,284**	-	**5,670,261**	**2,026,898**	
	(II) Compensation from subsidiaries/associates at 30/06/2020					**762,363**	**762,363**		**246,000**		**6,422**		**1,014,785**		
	(III) Total				-	**4,848,135**	**4,848,135**	-	**1,484,205**	-	**352,706**	-	**6,685,046**	**2,026,898**	-
Natale Freddi	Chairman of Statutory Audit Committee	01/07/2019	30/06/2020	30/06/2020	144,000		144,000						144,000		
	(I) Compensation in company preparing the accounts				**144,000**	-	**144,000**		-		-		**144,000**	-	
	(II) Compensation from subsidiaries/associates at 30/06/2020						-						-		
	(III) Total				**144,000**	-	**144,000**	-	-	-	-	-	**144,000**	-	-
Laura Gualtieri	Member of Statutory Audit Committee	01/07/2019	30/06/2020	30/06/2020	112,000		112,000						112,000		
	(I) Compensation in company preparing the accounts				**112,000**	-	**112,000**		-		-		**112,000**	-	
	(II) Compensation from subsidiaries/associates at 30/06/2020						-						-		
	(III) Total				**112,000**	-	**112,000**	-	-	-	-	-	**112,000**	-	-
Francesco Di Carlo	Member of Statutory Audit Committee	01/07/2019	30/06/2020	30/06/2020	112,000		112,000						112,000		
	(I) Compensation in company preparing the accounts				**112,000**	-	**112,000**		-		-		**112,000**	-	
	(II) Compensation from subsidiaries/associates at 30/06/2020						-						-		
	(III) Total				**112,000**	-	**112,000**	-	-	-	-	-	**112,000**	-	-

Managerial staff with strategic responsibilities at 30 June 2020

For employees, fixed remuneration may include the amount relating to the request for the payment of holidays accrued and not taken

1) Fees due in respect of position held in Mediobanca SGR
2) Fees due in respect of position held in Spafid Trust
3) Fees due in respect of position held in Spafid

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Table 3A: Incentivization schemes based on financial instruments other than stock options in favour of members of the governing bodies, general managers and managerial staff with strategic responsibilities

			Financial instruments awarded in previous years which have not vested during the course of the year		Financial instruments awarded during the year					Financial instruments vested during the year and not allocated	Financial instruments vested during the year and allocated		Financial instruments attributable to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	Post	Scheme	No. and type of instrument	Vesting period	No. and type of financial instrument	Fair value at award date	Vesting period	Award date	Market price at award	No. and type	No. and type	Value upon vesting	Fair value
Alberto Nagel	CEO	28-ott-10									36,782	386,579	
		28-ott-15	66,224 Performance shares	Nov. 2020 – Nov. 2021							44,149	464,006	
		28-ott-15	91,432 Performance shares	Nov. 2020 – Nov. 2022							60,955	640,637	150,914
		28-ott-15	150,981 Performance shares	Nov. 2020 – Nov. 2023									266,328
		28-ott-15	142,358 Performance shares	Nov. 2021 – Nov. 2024									281,992
		28-ott-15			150,597 Performance shares	950,835	Nov. 2024 - Nov. 2028	19 December 2019	10.033				150,789
		28-ott-15			74,071 Performance shares	413,695	Nov. 2021 - Nov. 2025	25 September 2020	TBD				139,837
Francesco Saverio Vinci	GM	28-ott-10									30,570	321,291	
		28-ott-15	32,986 Performance shares	Nov. 2020 – Nov. 2021							21,991	231,125	30,135
		28-ott-15	70,098 Performance shares	Nov. 2020 – Nov. 2022							46,732	491,153	115,701
		28-ott-15	125,818 Performance shares	Nov. 2020 – Nov. 2023									221,941
		28-ott-15	102,067 Performance shares	Nov. 2021 – Nov. 2024									202,181
		28-ott-15			125,496 Performance shares	792,355	Nov. 2024 - Nov. 2028	19 December 2019	10.033				125,657
		28-ott-15			90,284 Performance shares	504,246	Nov. 2021 - Nov. 2025	25 September 2020	TBD				170,445

			Financial instruments awarded in previous years which have not vested during the course of the year		Financial instruments awarded during the year					Financial instruments vested during the year and not allocated	Financial instruments vested during the year and allocated		Financial instruments attributable to the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	Post	Scheme	No. and type of instrument	Vesting period	No. and type of financial instrument	Fair value at award date	Vesting period	Award date	Market price at award	No. and type	No. and type	Value upon vesting	Fair value
Managerial staff with strategic responsibilities (8)		Piano 28 ottobre 2010									37,498	394,104	
		Piano 28 ottobre 2015	110,618 Performance shares	Nov. 2020 – Nov. 2021							78,240	822,302	101,292
		Piano 28 ottobre 2015	150,297 Performance shares	Nov. 2020 – Nov. 2022							106,505	1,119,368	249,316
		Piano 28 ottobre 2015	254,309 Performance shares	Nov. 2020 – Nov. 2023									454,414
		Piano 28 ottobre 2015	282,782 Performance shares	Nov. 2021 – Nov. 2024									566,098
		Piano 28 ottobre 2015			62,748 Performance shares	396,177	Nov. 2024 - Nov. 2028	19 December 2019	10.033				62,828
		Piano 28 ottobre 2015			304,382 Performance shares	1,716,237	Nov. 2021 - Nov. 2025	25 September 2020	TBD				592,950
Total			**1,579,970**		**807,578**	**4,773,545**					**463,422**	**4,870,565**	**3,882,818**

Managerial staff with strategic responsibilities at 30 June 2020

Maximum number of shares that can be awarded if the performance objectives set in the Remunerations policy in force at the time are met and/or subsequent to the holding period elapsing, in accordance with the Remuneration policies in force at the time. The maximum number of shares that can be awarded was calculated on the basis of the average official stock price for the period from 30 days prior to the date on which the Remunerations Committee and Board of Directors meetings were held to approve the incentivization system or the award date (in cases involving awards made in connection with recruitments or with employment termination arrangements).

For the award made on 19 December 2019 as part of the Long-Term Incentive linked to the 2019-23 Strategic Plan, the actual number of shares will be established as and when the Plan has been completed.

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Table 3B: Cash incentivization schemes based on financial instruments other than stock options in favour of members of the governing bodies, general managers and managerial staff with strategic responsibilities

A	B	(1)	(2)			(3)			(4)
			Bonus for the year			Previous years' bonuses			
			(A)	(B)	(C)	(A)	(B)	(C)	
Name and surname	Post	Scheme	Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	Other bonuses
Alberto Nagel	CEO	FY 2019/2020	192,800	260,280	Nov.'22-nov.'25				
		FY 2018/2019						795,000	
		FY 2017/2018					298,080	447,120	
		FY 2016/2017						486,000	
		FY 2015/2016						378,000	
		FY 2014/2015					337,500		
Francesco Saverio Vinci	GM	FY 2019/2020	235,000	317,250	Nov.'22-nov.'25				
		FY 2018/2019						570,000	
		FY 2017/2018					248,400	372,600	
		FY 2016/2017						372,600	
		FY 2015/2016						188,280	
		FY 2014/2015					280,500		
Management with strategic responsibilities	(8)	FY 2019/2020	943,000	1,051,500	Nov.'22-nov.'25				
		FY 2018/2019						1,540,800	
		FY 2017/2018					505,920	710,880	
		FY 2016/2017						782,150	
		FY 2015/2016					21,560	609,817.5	
		FY 2014/2015					13,725		
(I) Compensation in company preparing the accounts			**1,220,800**	**1,426,530**			**1,609,685**	**6,553,754**	
(II) Compensation from subsidiaries/associates			**150,000**	**202,500**			**96,000**	**699,493.5**	
(III) Total			**1,370,800**	**1,629,030**			**1,705,685**	**7,253,247.5**	

Managerial staff with strategic responsibilities at 30 June 2020

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Investments held by members of the governing and control bodies and by general managers

Name and surname	Post	Investee company	No. of shares held at end of previous year	No. of shares acquired	No. of shares sold	No. of shares owned at end of present year
PAGLIARO RENATO	Chairman	MEDIOBANCA	2,100,000	==	100,000	**2,000,000**
NAGEL ALBERTO	CEO	MEDIOBANCA	2,786,050	141,886 [1]	70,386	**2,857,550**
VINCI FRANCESCO SAVERIO	GM	MEDIOBANCA	1,065,000	99,293 [1]	47,293	**1,117,000**
MAURIZIO CARFAGNA	Director	MEDIOBANCA	61,000	15,000	==	**76,000** [2]
PECCI ALBERTO	Director	MEDIOBANCA	4,677,500	==	==	**4,677,500** [3]
PIGNATTI-MORANO VITTORIO	Director	MEDIOBANCA	90,000	510,000	==	**600,000** [4]
FREDDI NATALE	Chairman of Statutory Audit Committee	MEDIOBANCA	==	9,580	==	**9,580** [5]

NB – for directors appointed or whose positions ended in the course of the year, the initial/final holding refer to the dates of appointment or resignation/disposal accordingly.

1) *Shares awarded in execution of performance shares scheme*
2) *of which n. 75,000 shares owned through subsidiaries and n. 1,000 through marriage*
3) *Investment owned through subsidiaries*
4) *Investment owned through fiduciary company*
5) *Shares owned through marriage*

Investments held by other managerial staff with strategic responsibilities

No. of managerial staff with strategic responsibilities	Investee company	No. of shares owned at end of previous year	No. of shares acquired	No. of shares sold	No. of shares owned at end of present year
8*	MEDIOBANCA	190,926	222,243	145,867	267,302**

NB - for directors appointed or whose positions ended in the course of the year, the initial/final holding refer to the dates of appointment or resignation/disposal accordingly.

* *Managerial staff with strategic responsibilities as at 30.6.2020*
** *Shares awarded in execution of performance share scheme.*

E-MARKET SDIR CERTIFIED

Aggregate quantitative information by division as required by Bank of Italy instructions

Mediobanca area of activity	FTE	Fixed Salary	Variable Remuneration	% Variable maximum	% Variable on fixed salary
1) Management body Supervisory function - Mediobanca	13	3,730,000	-	-	-
2) Management body Management function (CEO/GM) - Mediobanca	2	3,300,000	2,139,000	200%	64.8%
3) Staff, Support, holding units	1,230	76,548,866	12,956,463	200%	16.9%
4) Control functions (Risk Management, Compliance, Audit)	304	21,167,247	3,334,717	33%	15.8%
5) Investment Banking - business	626	66,857,208	37,573,697	200%	56.2%
6) Retail e Consumer - business	2,639	154,831,528	15,239,930	200%	9.8%
7) Private Banking - business	303	32,578,714	14,401,543	200%	44.2%
8) Asset Management - business	97	16,630,395	7,738,716	500%	46.5%
	5,214	**375,643,958**	**93,384,066**	**-**	**24.9%**

Gross amounts included for Group Directors emoluments payable in respect of their office.
Includes Financial Advisors (recurrent component in Fixed salary and non recurrent component in variable remuneration)
EBA classification (2020 Organizational structure)
Includes Group companies which ended FY on 31 December 2019

Aggregate quantitative information by the various categories of "identified staff" as required by the Bank of Italy instructions

	Mediobanca Group - Material Risk Takers	#	Fixed Salary	Variable Remuneration	% Variable maximum	% Variable on fixed salary	Cash Upfront	Equity Upfront	Other Instruments Upfront	Deferred Cash	Deferred Equity	Deferred Other Instruments
1)	Non-executive directors (non-executive members of BoD, including Chairman)	1	1,800,000	-	-	-						
2)	Chief Executive Officer	1	1,800,000	964,000	200%	54%	192,800	192,800		260,280	318,120	
3)	General Manager	1	1,500,000	1,175,000	200%	78%	235,000	235,000		317,250	387,750	
4)	Senior management and heads of relevant Bus	10	7,430,000	6,510,000	200%	88%	2,137,000	1,137,000		1,452,700	1,783,300	
5)	Staff with managerial responsibilities in relevant business units	36	12,268,468	5,911,000	200%	48%	1,743,200	1,562,200	94,000	1,255,800	1,114,800	141,000
6)	Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	21	3,410,616	823,000	33%	24%	749,500	31,500		21,000	21,000	
7)	Heads and senior staff in Staff and support units (Head of company financial reporting, HR, Operations and IT, Legal)	8	1,956,489	670,000	200%	34%	418,000	108,000		72,000	72,000	
8)	Quantitative criteria	37	17,616,612	5,725,563	200%	33%	1,949,786	1,306,700	82,919	1,193,079	1,137,800	55,279
		115	**47,782,185**	**21,778,563**	**-**	**46%**	**7,425,286**	**4,573,200**	**176,919**	**4,572,109**	**4,834,770**	**196,279**

Gross amounts in €'000 – Performance variable FY ending 30 June 2020
For Group Directors does not include emoluments payable in respect of their office.
Includes relevant staff employed at Group company which financial year ended 31 December 2019, identified at that date.
Includes Financial Advisors (recurrent component in Fixed salary and non recurrent component in variable remuneration)

MEDIOBANCA

Mediobanca Group - Material Risk Takers	#	Deferred from previous years and paid during the year in cash	#	Deferred from previous years and paid during the year in MB shares[1]	#	Deferred from previous years in holding period not paid	#	Deferred from previous years in vesting period not paid[2]
1) Non-executive directors (non-executive members of BoD, including Chairman)	-	-	-	-	-	-	-	-
2) Chief Executive Officer	1	635,580	1	1,491,222	1	1,260,395	1	3,715,767
3) General Manager	1	528,900	1	1,043,569	1	898,467	1	2,711,234
4) Senior management and heads of relevant Bus	9	988,200	8	3,010,155	9	3,367,169	9	9,910,593
5) Staff with managerial responsibilities in relevant business units	28	2,082,330	19	4,413,939	28	4,553,112	29	8,083,059
6) Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	2	42,430	2	58,341	2	90,506	2	142,750
7) Heads and senior staff in Staff and support units (Head of company financial reporting, HR, Operations and IT, Legal)	3	77,825	2	243,885	3	249,658	3	355,935
8) Quantitative criteria	20	1,637,631	10	2,338,837	17	3,257,903	25	5,423,060
	64	**5,992,896**	**43**	**12,599,947**	**61**	**13,677,210**	**70**	**30,342,397**

1) Equivalent value in € at the award date
2) Equivalent value in € at 30 June 2020

Mediobanca Group - Material Risk Takers	#	Treatment at start of relationship	#	Treatment at end of relationship[1]
1) Non-executive directors (non-executive members of BoD, including Chairman)	-	-	-	-
2) Chief Executive Officer	-	-	-	-
3) General Manager	-	-	-	-
4) Senior management and heads of relevant Bus	-	-	2	538,765
5) Staff with managerial responsibilities in relevant business units	-	-	-	-
6) Heads and senior staff of Internal control units (Compliance, Risk Management, Group Audit)	-	-	-	-
7) Heads and senior staff in Staff and support units (Head of company financial reporting, HR, Operations and IT, Legal)	-	-	-	-
8) Quantitative criteria	2	1,690,291	1	225,886
	2	**1,690,291**	**3**	**764.651 ***

1) With reference to the identified staff identified as of 30 June 2019
** Of which € 200,000 by way of incentive, 60% deferred.*
The highest amount paid to an individual person was € 338,000 included notice and complementary pension scheme contributions.

Total remuneration awarded over € 1 mln.	#
€ 1 million - 1.5 millions	7
€ 1.5 - 2 millions	5
€ 2 - 2.5 millions	2
€ 2.5 - 3 millions	2
€ 3 - 3.5 millions	1
Total	17