

# REMUNERATION POLICY

## Introduction

This remuneration policy approved by the Board of Directors on 18 April 2023, as drawn up by the Nomination and Remuneration Committee of the Board of Directors on 18 April 2023, sets out the principles and guidelines with respect to the remuneration of MFE-MEDIAFOREUROPE N.V. (hereafter MFE) for the year 2023.

The Remuneration Policy is based on the conviction that there is a close connection between the remuneration of the Chief Executive Officer, the Executive Directors, company performance and the creation of value over the medium and long term.

In this regard, the pursuit of a Remuneration Policy capable of directing business strategy and ensuring full consistency between overall "management" compensation and company performance is a key element for meeting investor expectations and strengthening the confidence of all stakeholders.

Following the Redomiciliation to the Netherlands, the MFE Remuneration Policy has been designed taking into account all applicable laws and regulations, such as Art. 2:135a of the Dutch Civil Code (DCC), the Dutch Corporate Governance Code (DCGC), and the Articles of Association of the Company.

## Executive Summary: Key elements of the Remuneration Policy for CEO, Executive Directors and non Executive Directors

<b>Fixed Component</b>	<b>Purposes and Main Characteristics</b>	<ul style="list-style-type: none"> <li>Compensates responsibilities assigned, experience and distinctive skills possessed.</li> <li>Is in line with the best market practices and such as to guarantee an adequate level of retention.</li> </ul>	
	<b>Amount</b>	CEO	1.408.000
		Executive Directors	Pay linked to the significance of the position.

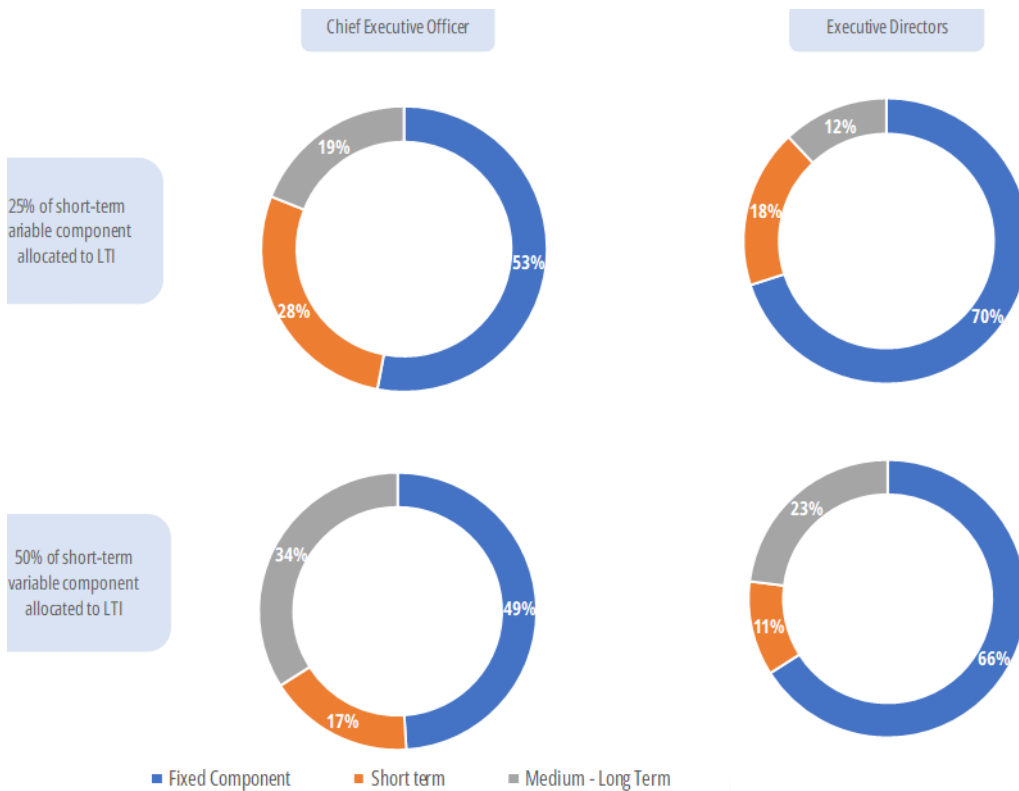
<b>Variable short-term component</b>	<b>Purposes and Main Characteristics</b>	<ul style="list-style-type: none"> <li>Ensures a direct link between remuneration and performance results; its purpose is to reward the achievement of corporate and personal objectives.</li> <li>The system of correlation with the Company's results ensures financial balance and the incentive function of the plan.</li> <li>The upfront allocation of a portion of the medium-long term component aims to encourage sustainable performance over time.</li> </ul>	
	<b>Mechanism of correlation with Group results</b>	Group Net Profit and Italy EBIT	
	<b>Amount</b>	CEO	1.000.000 Maximum incidence of short term incentive on fixed remuneration: 67%

		Executive Directors	480.000 Maximum incidence of short term incentive on fixed remuneration: 32% (average)
	<b>Performance Objectives</b>	CEO	Net Financial Position (45%), Group EBIT (45%) and ESG Scorecard (10%)
		Executive Directors:	Defined according to the scope of assigned responsibility + ESG Scorecard
	<b>Reference</b>	Budget (which corresponds to a 100% payout).	
	<b>Payout scale</b>	Performance range: 91% - 105% Payout range: 10% – 125% (0 if performance <91%)	
	<b>Claw-back and Malus</b>	The plan's regulations allow the Company to utilise the claw-back and malus clauses, which enable the Company, under certain circumstances, to decrease the variable remuneration awarded or clawback variable remuneration already paid, in whole or in part.	

<b>Variable, medium/long-term component</b>	<b>Purposes and Main Characteristics</b>	<ul style="list-style-type: none"> <li>Ensures the growth of the Company's value and the achievement of results sustainable over time, the loyalty of the Executive Directors and the alignment of the objectives of management with those of the shareholders.</li> <li>Under the plan, recipients may choose to convert 25% or 50% of their short term target bonus to the long term incentive plan into rights to receive shares of the Company; at the same time, the Company attributes a corresponding number of rights to the beneficiary (by means of a matching right).</li> </ul>	
	<b>Amount</b>	Depending on the short-term portion that the recipients choose to convert, which is doubled by means of the matching right. Maximum incidence of long-term incentive on fixed remuneration: AD 89%; AE 43% (average)	
	<b>Performance Objectives</b>	Free Cash Flow of the Group over the three-year period (45%), Net Profit of the Group over the three-year period (45%), relative Total Shareholders Return (10%).	
	<b>Reference</b>	Three-year forecast for economic and financial indicators (which corresponds to a 100% payout); Competitor panel for TSR.	
	<b>Payout scale</b>	Performance range: 75% - 125% Payout range: 50% – 125% (0 if performance <75%)	
	<b>Vesting</b>	The performance is assessed with a time horizon of three years for each assignment cycle.	

	<b>Lock-Up</b>	20% of the shares earned are subject to a lock-up period of two years.
	<b>Claw-back and Malus</b>	The plan's regulations allow the Company to utilise the claw-back and malus clauses, which enable the Company, under certain circumstances, to decrease the variable remuneration awarded or clawback variable remuneration already paid, in whole or in part.
<b>Non -Executive Directors</b>	<b>Amount</b>	40,000 (raised to 60,000 for the Chairman). Fee of 20,000 (raised to 30,000 for the Chairmen) is added for the members of each internal board committee

### Theoretical pay mix



## Governance model

### Bodies and/or individuals involved

The MFE Remuneration Policy is defined clearly and transparently through a shared process involving the Board of Directors, the Nomination and Remuneration Committee, the Shareholders' Meeting and the relevant company department (Central Human Resources and Operations Department).

The Board of Directors, following proposals by the Nomination and Remuneration Committee, establishes the general compensation policy for the Chief Executive Officer and the other Executive Directors. The Executive Directors do not participate in the discussion and approval of the Remuneration Policy by the Board of Directors.

The Shareholders' Meeting approves the Remuneration Policy at least every four years and in case of any amendments. From 2020, the resolution of the Shareholders' Meeting on the Remuneration Policy is binding, while the Remuneration Report is subject to a non-binding advisory vote by the Shareholders' Meeting. The Board of Directors is directly responsible for the implementation of the remuneration policy of the Chief Executive Officer and the other Executive Directors for the position they hold in MFE. The authority to establish remuneration for Non-Executive Directors is vested in the Shareholders' Meeting.

As provided for by Art. 2:135a (4) and (5) DCC, any temporary derogations from remuneration policies can only apply in exceptional circumstances, such as where derogation from the Remuneration Policy is necessary to pursue long-term interests and overall sustainability or market longevity and must nevertheless be in line with the principles which guide the Company Remuneration Policy. In such case, the Board of Directors will pass a resolution for a temporary derogation in remuneration matters, as referred to in chapter 3 of this Remuneration Policy, after receiving the opinion of the Nomination and Remuneration Committee and consulting the Related Parties Transactions Committee. Also to this effect, the Board of Directors consults experts of professional renown and know-how, after having ascertained their independence and freedom from any conflicts of interests.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee includes three non-executive and independent directors (Stefania Bariatti – Chariman, Marina Brogi, Carlo Secchi) whose term in office lasts until the expiry of the mandate of the entire Board of Directors. Among them are experts in financial matters.

The Committee, concerning **remuneration**, fulfils the following tasks:

- in accordance with provision 3.1.1 of the Dutch Corporate Governance Code (“Code”), submits a clear and understandable proposal to the Board of Directors concerning the remuneration policy to be pursued with regard to the Directors. The Board of Directors should present the policy (it should include the matters referred to Section 2:135a of the Dutch Civil Code – DCC) to the Shareholders' Meeting for adoption;
- prepares the remuneration report pursuant to Art. 2:135b of the DCC and provision 3.4.1. of the DCGC;
- periodically evaluates the adequacy, overall consistency and actual adoption of the Policy concerning individual Board Directors, adopted by the Company, submitting related proposals to the Board of Directors;
- gives a prior non-binding opinion on proposals relative to the compensation and on establishing performance goals related to the variable part of the compensation package of the Chief Executive Officer;
- makes proposals to the Board of Directors concerning the criteria, categories of beneficiary, amounts, terms, conditions and procedures for the share-based remuneration plans.

## Intervention by Independent Experts

On a regular basis, both the relevant company department (Central Human Resources and Operations) and the Nomination and Remuneration Committee analyse the fairness and competitiveness of the remuneration packages of the Chairman, the Chief Executive Officer, in overall terms and for each component. They also consult independent outside advisors free from conflicts of interest and/or companies specialised in executive remuneration that are recognised for their reliability and for the comprehensive nature of their databases used for national and international comparisons and their use of standard methodologies to assess the complexity of assigned roles and powers.

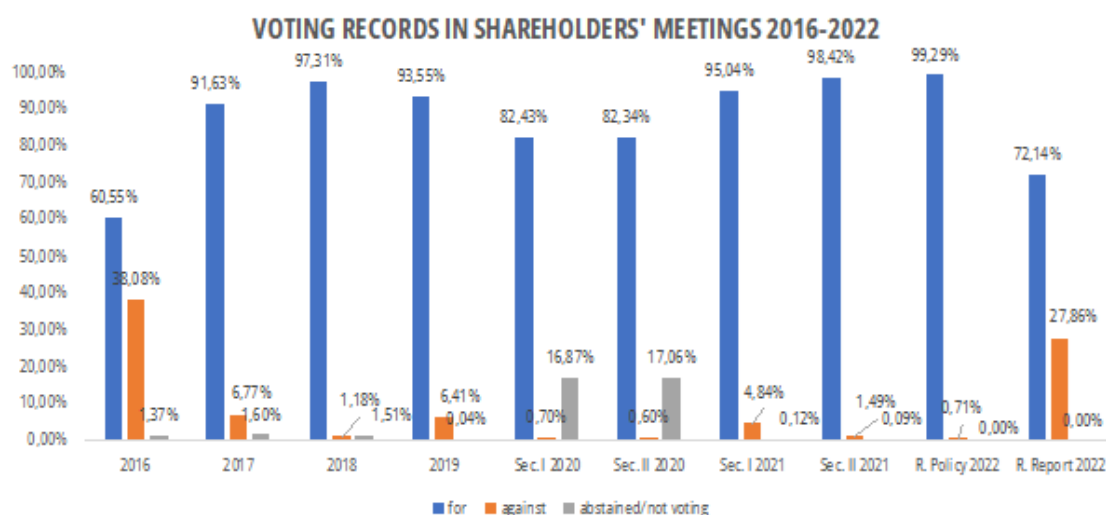
## Voting record on the Remuneration Policy

In recent years, the Nomination and Remuneration Committee has paid increasing attention to the voting record of the Shareholders' Meeting on the Remuneration Policy and has given increasing importance to the recommendations on remuneration expressed by proxy advisors. In doing so, it has developed engagement activities and gradually introduced improvements in its policies so as to guarantee maximum alignment with international best practices.

In 2020, the Shareholders' Meeting was for the first time convened to pass a consultative vote on the second section of the Report on Remuneration, relating to the compensation paid in 2019.

Despite there being essentially zero votes against, conversations with the Proxy Advisors and consideration of their recommendations led the Group to increase the level of disclosure within this Report, with particular reference to the targets of the incentive systems, a feature that also distinguishes this year's Report.

This improvement trajectory has led to a gradual increase in shareholder consent, as shown in the following graph related to Remuneration Policy.



\* The votes of the years 2016-2019 refer to the Remuneration Report in its entirety, starting from 2020, separate voting has been introduced for the two sections

## Main changes in the Remuneration Policy

This Remuneration Policy has been drafted in line with the previous Policy approved by the Shareholders' Meeting on 29 June 2022, which was characterized in particular by some changes made to implement applicable legislation following the redomiciliation to the Netherlands and aimed at making further improvements with respect to international best practices and the Company's strategy. Since no elements occurred during the year such as to require interventions on the Group's remuneration policies and also considering the good approval of the shareholders' meeting obtained by the Remuneration Policy in 2022, there are no particular changes in this policy, which is mainly characterized by an update of the information and adjustment of the ESG targets and objectives. These indicators were confirmed as part of the short-term incentive system, in order to continue to implement the the Group's sustainability strategy within the remuneration systems, oriented to protect the environment and maintain the levels of excellence achieved in the field of the enhancement of human capital and diversity to which MFE attaches particular importance.

## Scope and Principles of the Remuneration Policy

The Remuneration Policy is inspired by the following objectives and guiding principles:

- Alignment with the business strategy
- Attraction and retention of valuable staff
- Link with performance and value creation
- Consistency and fairness

<b>Alignment with the business strategy</b>	Values, skills and conduct aligned with the business strategy are reinforced by having an overall compensation structure that includes a balanced package of fixed and variable, material and non-material components. This allows for an appraisal of the responsibilities and criticalities of the position held, the quality of the professional contribution and the results achieved in the short and medium/long term.
<b>Attraction and retention of valuable staff</b>	MFE believes the Remuneration Policy is a key vehicle for attracting, retaining and motivating key staff and for contributing to the creation of sustainable value over the medium and long term for all stakeholders. To this end, the Remuneration Policy is structured taking into account scenario analysis and to guarantee competitiveness with the outside market and to ensure internal equity, also consistently with the defined performance.
<b>Link with performance and value creation</b>	The use of a variable component of the remuneration, split into a short-term and a medium-long-term (share-based) component, makes the Remuneration Policy consistent with the creation of sustainable value for its shareholders and the growth of the market price of MFE's shares.
<b>Consistency and fairness</b>	Compensation tools are coherently structured to ensure fairness in terms of the level of responsibility assigned and contribution to the Group's performance, and are monitored taking into account pay ratios within the Company.

The Remuneration Policy is defined consistently and in order to support the achievement of the Company's main strategic objectives:

- consolidating leadership in the nationwide core business by providing a distinctive broadcasting service model, maximising commercial value, streamlining production processes and overseeing regulatory and infrastructural development;
- evaluating development opportunities for supranational media activities (mainly in OTT, AD Tech and Content).
- the pursuit of sustainability-oriented growth, focusing on protecting the planet, valuing people through the recognition of diversity and the protection of their well-being, and on the dissemination of an ESG-oriented culture and values through its communication channels.

In order to do this, the Policy provides a steady balance between short and long-term, fixed and variable components, and benefits.

In a market as mature as free-to-air television, variable components aim to reward high profitability – which is essential for creating value for shareholders – and cash generation, and ultimately to support the company's growth strategy. Alongside these indicators, the specific performance objectives assigned to Key Management Personnel under the short-term incentive system based on each of their organisational responsibilities enable the Group to perform its key objectives, with particular reference to leadership in the advertising market and cost reduction. Starting from this year, in addition to the traditional financial indicators, non-financial indicators have been added, aimed at guiding and supporting the Group's sustainability strategy.

Using exclusively share-based medium/long-term incentive instruments helps to direct performance towards creating sustainable value over time. This aim is further supported by extending the vesting and lockup period to a total of 5 years, beginning 2021.

### **Consistency between Remuneration Policy and People Strategy**

The Group's Remuneration Policy has been drawn up to be consistent with human resource management and enhancement policies, which recognise the essential role played by the professional contribution of the Group's people in ensuring business success and development. The Group therefore manages its human resources by respecting the personality and professionalism of each employee, enhancing and developing their professional skills and abilities, and protecting their mental and physical well-being (also in terms of occupational health and safety), all the while promoting loyalty, trust and rejecting all forms of discrimination and exploitation.

Each employee's pay is determined by an assessment carried out by the Human Resources Department and by the Business Managers which, to ensure that internal pay is competitive with the market benchmarks, considers the area of responsibility, the task performed and principles of fairness within the Group, as well as targeting the attraction and retention of key staff.

In assessing the fairness and competitiveness of remuneration packages, the Group uses the research tools and pay benchmarks provided by leading consultancy firms.

For variable components in particular, the Policy sets profitability targets to serve as a homogenous, coherent and consistent criterion for all compensation instruments used. For instance, this determines the entry point and/or penalty in each of the top manager and executive incentive systems, and is the parameter used as the basis for calculating the company bonus paid to the rest of the workforce.

In particular, from a Pay for Performance perspective, the penalties for only partially achieving the target productivity are proportional according to each employee's level of responsibility and thus the differing impacts

they can have on the Group's profits (CEO 100%, Executive Directors and first and second-grade Executives 50%, Other Directors 25%, Middle Manager and Work Officer 0%).

In a total reward perspective all employees, regardless of their category, also benefit from numerous welfare and wellbeing services, including health care and supplementary pension plans.

#### Social Acceptance

The perspective and input of internal and external stakeholders have been taken into account in defining and implementing the Remuneration Policy. In the last years the Group has given increasing importance to the recommendations on remuneration expressed by proxy advisors and investors, pursuing a path of continuous improvement, which led to obtaining an excellent level of AGM's approval on the 2022 Remuneration Policy, with 99.29% of favorable vote.

## Composition of the Remuneration of the Chief Executive Officer and the other Executive Directors

### Reference Peer Group

As part of the periodic assessment of the competitiveness of the CEO's remuneration, in 2021 a reference Peer Group has been defined consisting of 11 European companies belonging to the Media & Entertainment sector listed on regulated markets for which a benchmark was commissioned, which is confirmed as the reference panel for MFE's salary analysis.

The companies were identified on the basis of dimensional criteria (capitalization, turnover, number of employees). Among them there are four companies used in the sample defined for MFE's performance related to the TSR objective as part of the medium / long-term incentive system.

#### Peer Group

Atres Media, Tf1, Métropole Télévision, Nordic Entertainment Group AB, ProSiebenSat1 Media, StrÖer SE & CO KGAA, itv PLC, RTL Group, Informa PLC, Publicis Group, Telecom Italia



## Structure of Remuneration

The structure of the remuneration of the Chief Executive Officer and the other Executive Directors comprises the following components:

<b>Fixed component</b>	<ul style="list-style-type: none"><li>○ it is defined with reference to the responsibilities assigned and distinctive competencies possessed</li><li>○ it is monitored periodically against market benchmarks to guarantee an adequate level of retention</li></ul>
<b>Variable short-term component</b>	<ul style="list-style-type: none"><li>○ ensures a direct link between remuneration and performance results; its purpose is to reward the achievement of corporate and personal objectives.</li></ul>
<b>Variable medium/long-term component</b>	<ul style="list-style-type: none"><li>○ it ensures the growth of the Company's value and the achievement of results sustainable over time, the loyalty of the Board of Directors and the alignment of the objectives of management with those of the shareholders.</li></ul>
<b>Benefits</b>	<ul style="list-style-type: none"><li>○ include non-monetary forms of remuneration, complementing the other remuneration elements; they provide for competitive advantage and address the various needs of the executive (welfare and improved quality of life).</li></ul>

### Fixed component

The fixed remuneration of the Chief Executive Officer and the other Executive Directors is defined in relation to the responsibilities assigned, the complexity of the position, the experience and distinctive competence of each person. It is periodically monitored against market benchmarks, in particular through the use of remuneration databases prepared by a leading consulting firm specialising in remuneration, in order to ensure adequate retention. The weight of the fixed component, a distinctive characteristic of the Company, is instrumental in preventing actions based on short-term opportunities.

The fixed component is subdivided into:

- Gross annual compensation (GAC), related to the significance of the position, which the Chief Executive Directors and the other Executive Directors receive if they are employees of the company.
- Compensation the delegated bodies receive for the position of directors charged with specific tasks and the other Executive Directors as directors. For the latter, in addition, from time to time, the pertinent company body can set compensations for directors charged with specific tasks.

### Variable short-term component

The Annual Incentive System adopted by MFE, called SIA, is applicable to the Chief Executive Officer, the other Executive Directors and all Group Executives. This system has the main objective of strengthening and guaranteeing the alignment between how individuals act and short-term company objectives.

The SIA plan is governed by a specific regulation, distributed to each participant, which sets out all the detailed principles of the underlying the system, including the accessory clauses provided by the best practices on incentive matters.

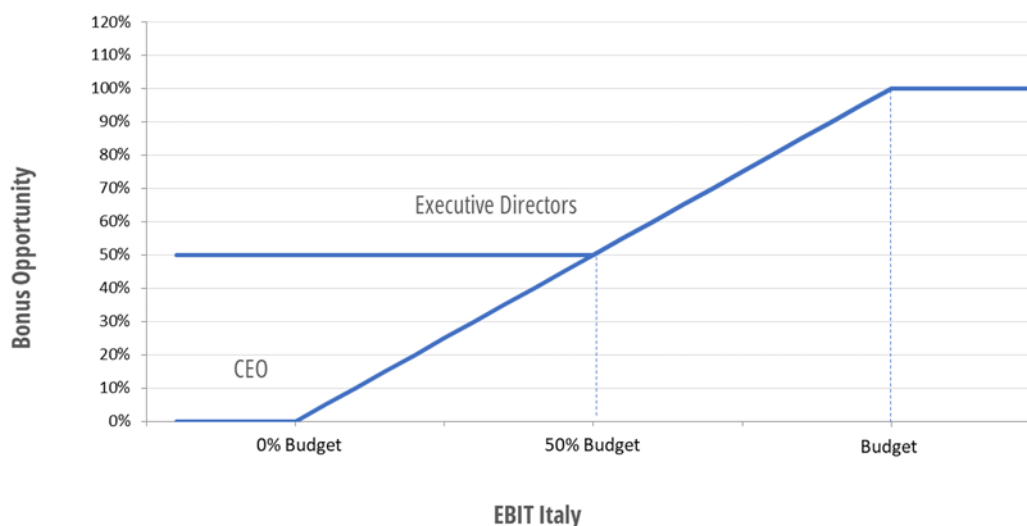
In particular, the plan provides that for each recipient, objectives will be set that relate to their own area of responsibility. The extent to which these individual objectives are achieved will determine the actual bonus paid out, taking into account the target value set for each manager. Deductions may be made to this target value if certain productivity thresholds are not met, as illustrated below.

### Mechanism of correlation

Starting from 2019, a single correlation mechanism will apply to both the Chief Executive Officer and the other Executive Directors, between the Group's economic results and the amount of incentives payable; this can determine any reduction in their target value, based on the performance of two parameters of the financial statements: Group Net Profit and EBIT Italy.<sup>1</sup> In addition to being consistent with the principle of internal equity, this single mechanism makes it possible to align the managerial actions towards achieving challenging and shared performance targets among all system recipients.

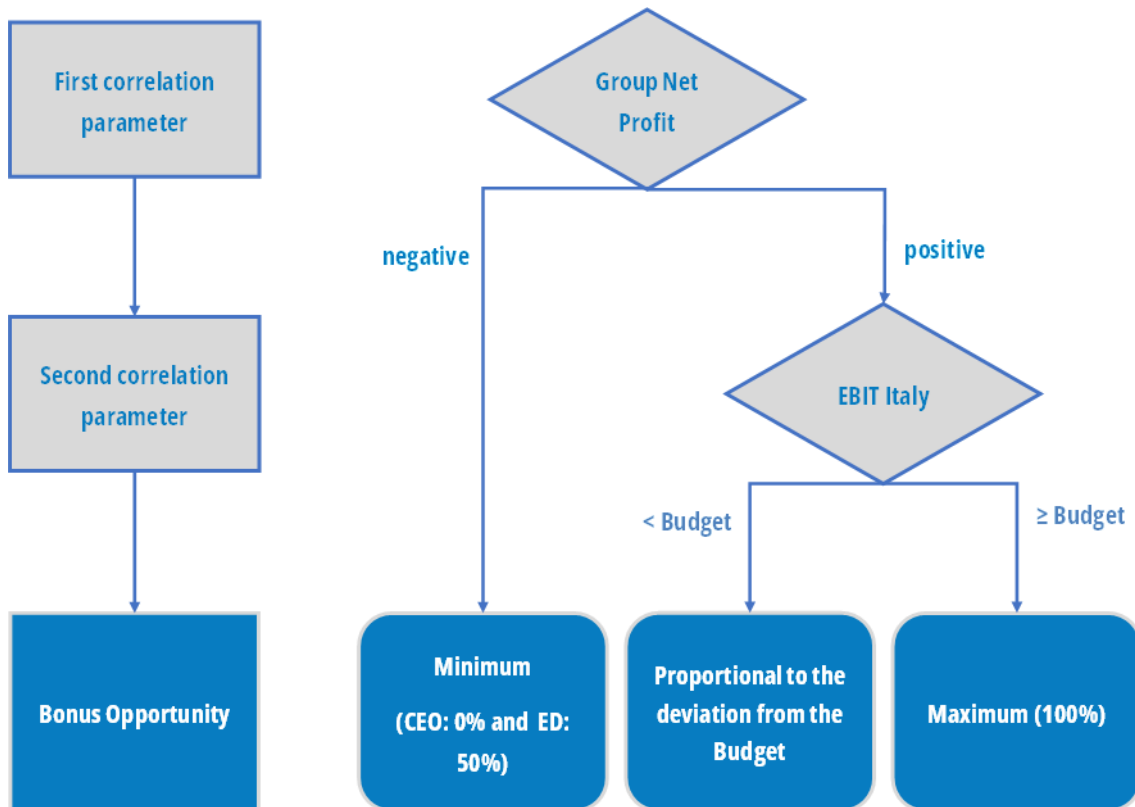
In particular:

- If Group Net Profit is negative, the short-term variable component will be reduced to zero for the Chief Executive Officer and will be reduced by 50% for other Executive Directors.
- If Group Net Profit is positive, the target value may be reduced based on the extent to which EBIT Italy deviates from the corporate budget value, subject to the following scale:



This correlation mechanism with the Company's financial results, as described above and illustrated in the following diagram, therefore allows the actual bonus opportunity to be reduced if the Company's financial results are unsatisfactory; this can be reduced to zero for the Chief Executive Officer and by 50% for the other Executive Directors.

<sup>1</sup> For this calculation, pro-forma EBIT was used net of the components of the variable incentive systems based on the profitability parameter

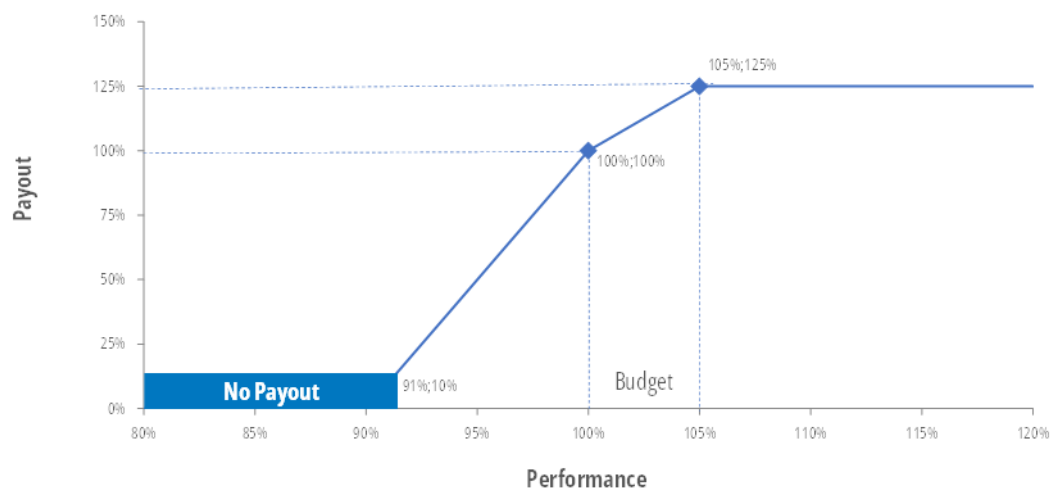


### Set objectives

Depending on the responsibilities associated with the role, quantitative objectives of a mainly financial nature, set out in a specific sheet and each with a defined relative weight, are assigned to each recipient of the system, as explained in the following paragraphs.

For the purpose of paying the incentive, once any penalty has been applied through the target correlation mechanism to the Company's results, the relative performance in percentage terms is measured independently for each objective. A correlation scale is applied to it, which determines the relative payout level. This scale rewards performance at least equal to 91%, which corresponds to the payment of 10% of the value of the bonus associated with each objective. On the other hand, the maximum payment is earned when a performance of more than or equal to 105% is achieved; this level corresponds to the payment of 125% of the bonus value associated with each objective.

The following graph illustrates the correlation between performance and payout: this scale applies to all objectives set for incentive system recipients:



The quantitative objectives are set for the Chief Executive Officer and for the other Executive Directors depending on the responsibilities related to the role.

Starting from 2022, alongside the traditional indicators of an economic / financial nature, non-financial indicators have been added, linked to the sustainability strategy pursued by the Company and related to the Environmental Social and Governance areas. These indicators make up the "ESG" objective which has a total weight of 10% on the objective sheet and is composed of the following scorecard:

Area	Weight	Objective	Target	Performance Payout Scale
Environment	2.5%	CO2 Emission	- 82 TC02	Standard – see the graph above
Social	2.5%	Number of female Managers / number of total Managers	29%	≥ 34% → 125% 33% → 120% 32% → 115% 31% → 110% 30% → 105% 29% → 100% 28% → 90% 27% → 80% 26% → 70% 25% → 60% 24% → 50% < 23% → 0%

Social	2.5%	Hours of training on ESG issues	3.300 h	Standard – see the graph above
Governance	2.5%	Number of Managers with SIA ESG KPIs	35	$\geq 45 \rightarrow 125\%$ $\geq 43 \rightarrow 120\%$ $\geq 41 \rightarrow 115\%$ $\geq 39 \rightarrow 110\%$ $\geq 37 \rightarrow 105\%$ $\geq 35 \rightarrow 100\%$ $\geq 28 \rightarrow 80\%$ $\geq 23 \rightarrow 50\%$ $\leq 20 \rightarrow 0\%$

The objectives proposed for the Chief Executive Officer and the other Executive Directors who are a beneficiary of the SIA plan are outlined below:

Correlation parameters on the Company's performance for re-determining targets if necessary		GROUP NET PROFIT	
		EBIT ITALY	
Position	Target	Weight	
CEO	Group EBIT	45%	
	Group Net Financial Position	45%	
	Objective ESG	10%	
Key Management Personnel			
Position	Target	Weight	
Chief Financial Officer and CEO of RTI	Group Net Financial Position	30%	
	EBIT of Radio Business Unit	30%	
	EBIT of Digital Business Unit	30%	
	Objective ESG	10%	
Director of Institutional and Legal Affairs and Strategic Analysis	Costs of the Institutional and Legal Affairs and Strategic Analysis Department	90%	
	Objective ESG	10%	
Director of Human Resources and Operations	Operating costs of the Operations Area	25%	
	Cost of Labour Italy	25%	
	Costs & investments of the Technology Dept.	20%	
	Procurement savings	20%	
	Objective ESG	10%	
CEO of Publitalia'80 and Chairman of Digitalia'08	Consolidated advertising revenues indexed to market	75%	
	Concessionaire costs	15%	
	Objective ESG	10%	

To each indicator, the performance-payout correlation scale is applied, which may cancel, reduce or increase by up to 125% the payout associated with the achievement of each objective.

The target performance objective of each indicator is represented by the annual budget value approved by the Board of Directors, which is associated with a 100% payout. These values are not explained as they are price-sensitive information.

## Plan clauses

The Plan regulation provides for a **malus** clause that gives the Company the right not to award the bonus, in whole or in part, in the event of deterioration of the Group's financial position and/or if the performance objectives were determined based on data that have subsequently proved to be manifestly incorrect. In the latter case, a **claw-back** clause is also provided, which also applies if it is found that performance targets have been achieved on the basis of fraudulently falsified data.

Furthermore, if extraordinary circumstances occur that have a material impact on the importance and cohesion of the performance objectives, the Company's Board of Directors will be able to evaluate whether to make relevant adjustments to the final assessment of the correlation parameters and/or the performance objectives set, with the aim of keeping the substantive and economic content of the Plan unchanged.

## Variable, long-term component

On 23 June 2021, the Shareholders' Meeting approved a medium-long-term incentive plan with similar characteristics and aims to the previous plan approved in 2018; the main objectives are as follows:

- to ensure the growth of the value of the Company by aligning the interest of management with those of the shareholders;
- to motivate management to achieve results that can be sustained over time;
- to ensure the loyalty of key personnel in order that they remain within the Group;
- to ensure an adequate level of competitiveness of the compensation in the employment market.

With a view to continuing the process of improving the remuneration policies and systems undertaken in recent years, the plan that will be submitted to the Shareholders' Meeting for approval will contain innovative elements, including performance targets and a lock-up mechanism, which will make it possible to ensure greater alignment with international best practices and the recommendations introduced by the Corporate Governance Code. In March 2022, the Board of Directors approved the amendments to the Regulation of the Medium-Long-term Incentive Plan, aimed at making the plan consistent with the new share structure adopted by MFE in December 2021, which provides for a double category of shares (MFE A and MFE B).

The Plan is intended for the Chief Executive Officer and other Executive Directors, with a major impact on value creation for the Group and shareholders. Recipients, of which there have been 29 on average in recent years, are selected by the Board of Directors on the proposal of the Nomination and Remuneration Committee.

The plan consists in granting rights to receive free common A and B shares of MFE (so-called performance shares) at the end of a three-year vesting period, on condition of achieving pre-determined performance levels. More specifically, the plan provides for the attribution of base rights and of matching rights.

Base rights are determined depending on the choice of each recipient to assign one quarter or one half of the target bonus of his/her short-term incentive plan to the medium-long-term incentive system. In particular, in the face of the double share structure of MFE, half of the deferred SIA target bonus determines the allocation of base rights to receive type A MFE shares, while the other half determines the allocation of base rights to receive type B MFE shares.

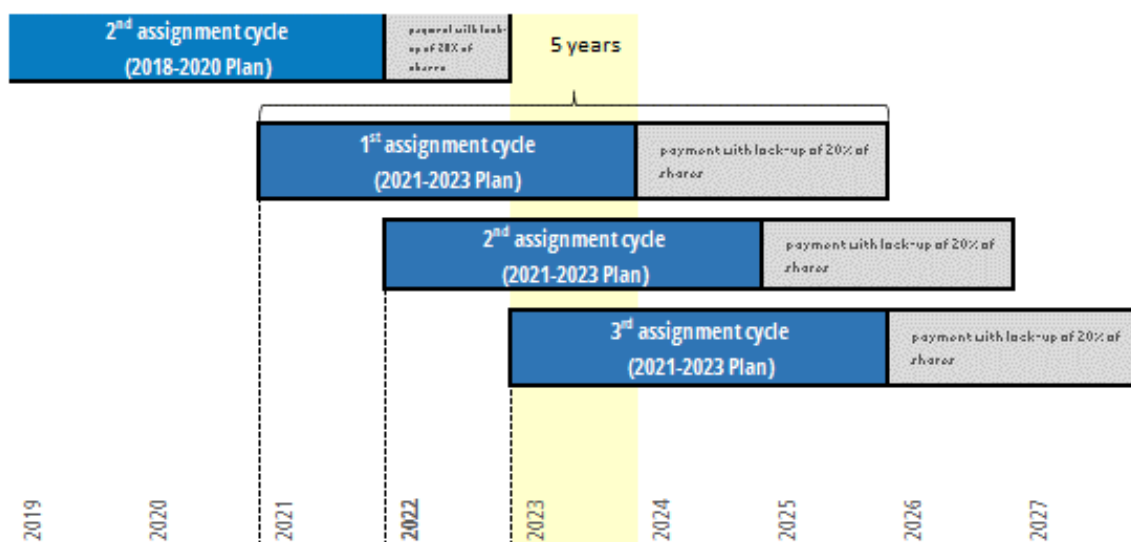
The beneficiary receives one additional matching right for each base.

The actual vesting of performance shares and shares granted as a matching right is subject to:

- continuity of the employment relationship during the three-year vesting period
- degree of achievement of the performance objectives of the plan.

The plan operates over three three-year granting cycles with assignment of the rights in the years 2021, 2022, and 2023 and provides, at the end of the 36-month vesting period, for a 24-month lock-up period for 20% of shares. This ensures that the interests of management are better aligned with the long-term interests of shareholders, as the total period for the vesting and holding of shares is five years.

The graph below shows the operating mechanism of the Plan. It should be noted that the Group did not initiate the third cycle of the 2018–2020 medium/long-term incentive plan following the failure to complete the cross-border merger of Mediaset S.p.A and Mediaset España into MFE and due to the international public health emergency. Upon the proposal of the Nomination and Remuneration Committee and in consideration of the negative impact of these events of the Group's economic and financial results, the Board of Directors of Mediaset S.p.A. approved the suspension of the third cycle.



In 2022, the rights relating to the second three-year cycle of the LTI will be allocated.

### Objectives set for the Chief Executive Officer and for the other Executive Directors

For all recipients, the plan sets out the following performance objectives:

	Indicator	Weight
Performance objectives	Three-year Group net profit	45%
	Three-year Group Free Cash Flow	45%
	Relative TSR as compared to a reference panel of 4 other media companies	10%

For economic and financial indicators, the performance achieved will be determined according to the three-year target defined by the multi-year plans approved by the Board of Directors.

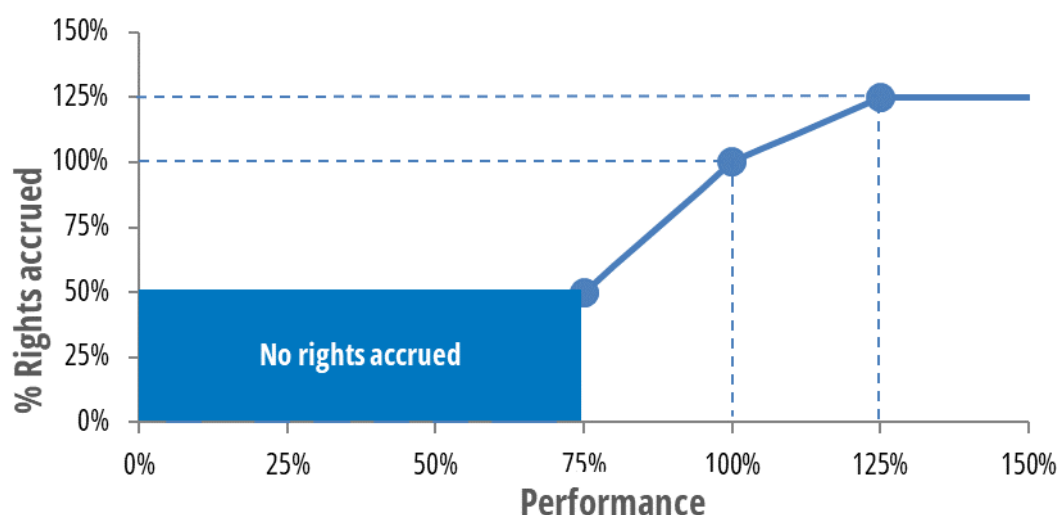


As for the market-based indicator, the performance achieved will relate to the positioning of the Company's TSR compared to that of companies included in the sample of 4 other European media competitors, consisting of AtresMedia, TF1, Prosieben and iTV. In particular, performance under this indicator will be calculated based on the positioning of MFE's TSR, as reported in the following table:

MFE's Positioning	Performance
Best TSR	125%
2 <sup>nd</sup> TSR	115%
3 <sup>rd</sup> TSR	100%
4 <sup>th</sup> TSR	75%
Worst TSR	0%

The TSR has been calculated with the weighted averages of the TSR of MFE A and MFE B shares, according to their weight on the composition of the share capital.

The medium/long-term incentive system rewards a performance range (calculated as the weighted performance average of the three objectives) between 75% and 125%, corresponding respectively to the vesting of 50% and 125% of the assigned rights. In the event of intermediate results, a share of the rights will vest.



### Plan clauses

The LTI regulation includes a **malus** clause that allows the Company not to award or pay out, in whole or in part, any shares that have not vested, if the financial or balance sheet situation of the Group deteriorates significantly. In addition, there are **claw-back** clauses in the event that rights mature on the basis of data that turn out to be incorrect or forged.

## Benefits

To complement the compensation package, MFE offers **non-monetary benefits** mostly in the area of social security and assistance and to supplement the provisions of national employment agreements: supplementary health care plan, insurance for accidents, life and permanent disability caused by illness, company vehicle. In keeping with best practices, a third-party civil liability insurance policy (D&O) is also offered to Executive Directors covering their duties in their capacity both as managers and directors.

## Pension Schemes

The Executive Directors receive the pension contribution in accordance with the provisions of the legislation in force in Italy, in proportion to their annual remuneration. Contributions are paid to the National Institute of Social Security (INPS), that will pay a pension when the pension requirements are met. The Company integrates the legal treatment through the payment of € 7,200 per year to a private supplementary pension fund.

## Other payments

The Executive Directors, with the exception of the Chief Executive Officer, are the beneficiaries of a non-compete agreement which provides for a consideration paid annually and based on the duration and scope of the obligation derived from the agreement. By this agreement, beneficiaries undertake not to perform their activity in competition with those carried out within the sphere of their responsibilities in the Group, in Italy and in foreign countries where the Group has operations, under penalty of returning all the shares received under the non-compete agreement.

These agreements, that are entered into during the working relationship, have been in force for several years. The Company has established that starting from 2017 any new non-compete agreements signed will provide for the payment to be made at the end of the employment relationship, at which time the non-competition constraint will become effective.

No payment is envisaged of discretionary bonuses rewarding performance that refer to previously planned objectives, which will be managed through short and long-term incentive plans.

In the event an Executive Director has to be rewarded for the exceptional results obtained as part of extraordinary transactions (concerning for example revision of the Group's scope), such decision will be the subject of specific resolution by the Board of Directors, after having received the opinion of the Nomination and Remuneration Committee. However, payments cannot exceed the annual target value under the short-term incentive system.

## Pay mix

The following graphs illustrate the overall pay mix, target and maximum, of the Chief Executive Officer and of the other Executive Directors, determined by the remuneration components described in the previous paragraphs.

The pay mix composition is shown in the different scenarios that may occur:

- based on the individual choice of the short-term incentive share (SIA) to be allocated to the medium/long-term incentive system (LTI);
- based on the values that the short and medium-long-term incentive can take, based on the performance obtained.

For the purposes of the representation, full satisfaction of the conditions for access to the incentive system are assumed, excluding therefore any ex-ante penalties on the target.

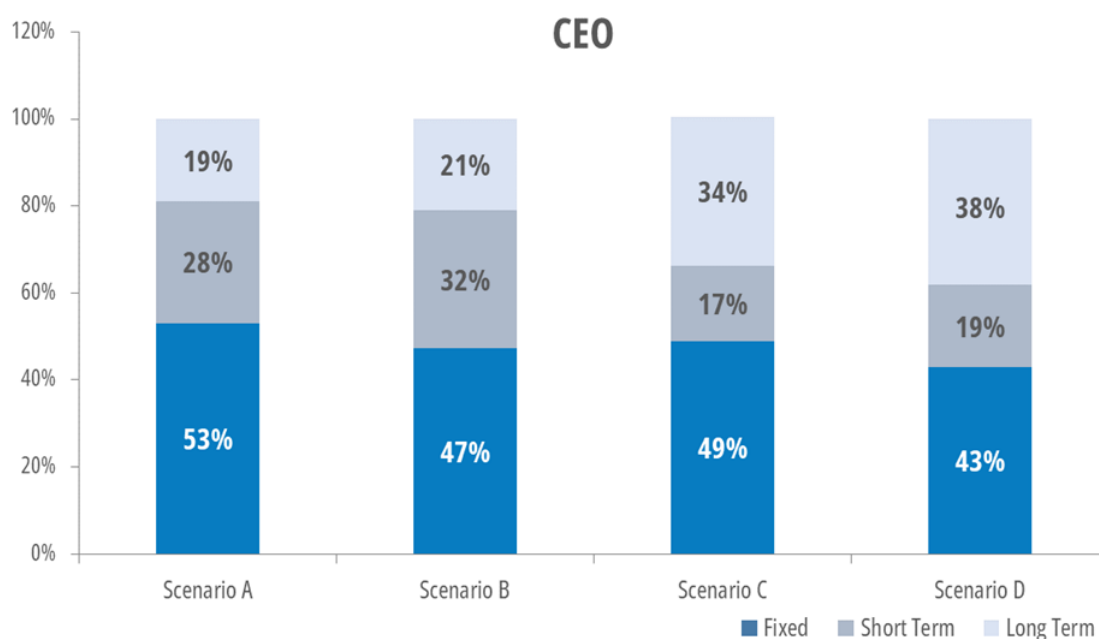
More specifically, the pay mix results of the following four cases are presented:

		Performance of Variable Incentive Systems	
		Target	Maximum
Share of SIA allocated to LTI	25%	Scenario A	Scenario B
	50%	Scenario C	Scenario D

If the company-wide or individual objectives are not met or are insufficiently met, both the short- and medium/long-term variable components can be completely cancelled, which means that remuneration will comprise the fixed components only.

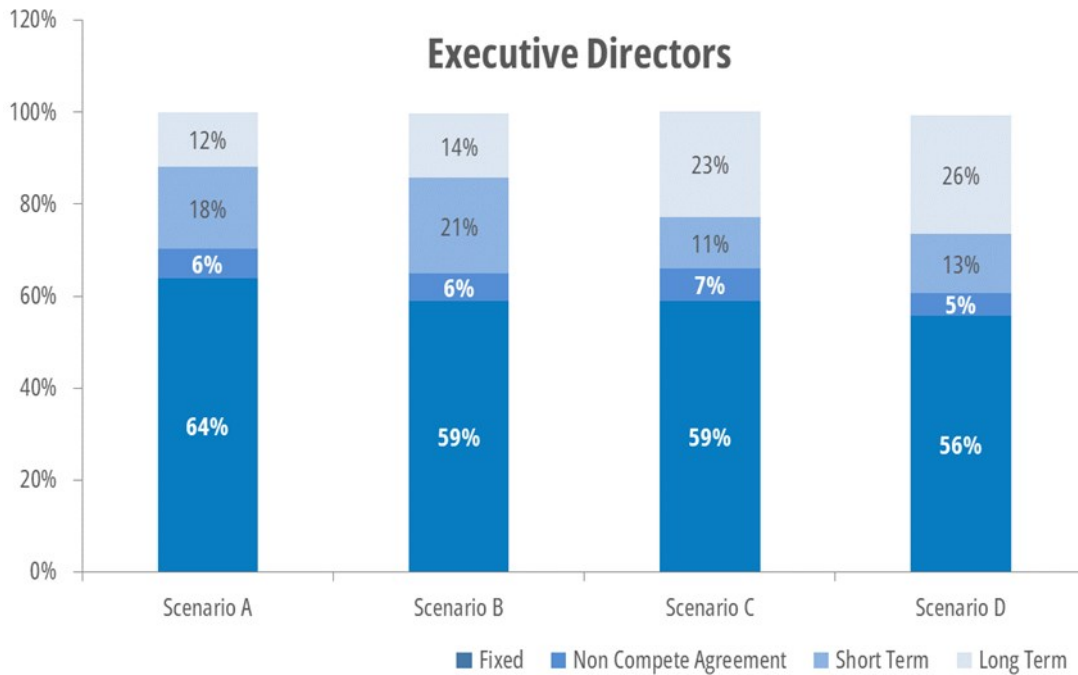
### Pay-mix of the Chief Executive Officer

The following graphs show the overall pay-mix of the Chief Executive Officer in the four scenarios examined.



### Pay-mix of other Executive Directors

As in the previous paragraph on delegated bodies, the following graphs show the overall pay-mix of the Executive Directors in the four scenarios examined.



### Pay in the event of the termination of a position or work relationship

As managers of the Company, the Executive Directors have a permanent contract related to their employment relationship in MFE's subsidiaries. The Company policy is to not set in advance the financial aspects of any early termination of the work relationship or mandate. However, consistently with market practice, it is provided that the compensation paid in case of termination/resolution of the work relationship does not exceed 12 months of overall compensation, in addition to the amounts provided for by the applicable legislation on termination of employment in case the respective member is an employee of the Company<sup>2</sup>. In this respect, the methods for determining the amount to be disbursed under the Medium/Long-Term Incentive Plan are described in the Plan Regulations. The Regulations determine that a terminated employee can be classed as a bad leaver or a good leaver depending on the reason that their employment was terminated, which then affects their payout levels.

### Remuneration of Chairman and Non-Executive directors

Currently, Non-Executive Directors receive a fixed annual remuneration for the office of Non-Executive Directors and an additional remuneration for participation in internal board committees.

There is no variable compensation component.

The fixed annual remuneration set by the Shareholders' Meeting on 23 June 2021, is equal to 40,000 euros, (raised to 60,000 for the Chairman) to which a fee of 20,000 euros (raised to 30,000 for the Chairmen) is added for the members of each internal board committee. The members of the Board of Directors are entitled, pursuant to the Articles of Association, to the reimbursement of expenses made for office reasons. With reference to the Chairman,

<sup>2</sup> This amount includes the indemnity related to the notice period which is from 8 to 12 months on the basis of the years of seniority in the Company, in addition to a supplementary indemnity up to 24 months.

as part of the overall revision agreement of the form of the employment relationship reached in July 2018<sup>3</sup>, the current remuneration package was defined with the provision of an additional fixed component paid by Mediaset S.p.A. and benefits<sup>4</sup>.

Pension contributions are recognized to Non-Executive Directors in accordance with the legislation in force in Italy. In the event of early termination of the mandate, no severance treatment is provided. A third-party civil liability insurance policy (D&O) is also offered to Non-Executive Directors covering their duties.

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<sup>3</sup> As announced to the market on 27 July 2018, as part of the agreement to terminate the executive employment contract of Fedele Confalonieri, an "end-of-office severance package" was agreed in advance and by exception, payable when the Chairman should cease to hold or not be renewed in his current position. This amount, equal to € 8.5 million gross, was also set in recognition of the extraordinary contribution that the Chairman has made to the Group since its foundation.

<sup>4</sup> The amount relating to this additional component is equal to € 1.8 million. Further information is available in the press release dated 27 July 2018, available on the MFE Corporate website.

# REMUNERATION REPORT

## Report on the Remuneration paid

The Remuneration Report Provides a description of the implementation of the policy for 2022 for the Chairman, the Chief Executive Officer, the other Executive and Non-Executive Directors, considering transparency and compliance with the laws and regulations currently in force.

No deviations or derogation from the decision-making process for the implementation of the Remuneration Policy approved by the Shareholders' Meeting on 29 June 2022 has took place in 2022. Therefore, the remuneration paid has been consistent with the approved Remuneration Policy, which has contributed to the long-term performance of the Company. In particular, the use of a variable component of the remuneration, split into a short-term and a medium-long-term (share-based) component, makes the Remuneration Policy consistent with the creation of sustainable value for its shareholders and the growth of the market price of MFE's shares. The following paragraphs shows the performance levels achieved with respect to the individual objectives of the short and medium-long-term variable components, identified in coherence with the group's strategy.

First and Last Name	Office	Fixed Compensation in MFE	Compensation form participation in Committees in MFE	Fixed Compensation from subsidiaries and associates	Compensation form participation in Committees from subsidiaries and associates	Variable Compensation	Variable non equity Compensation (bonus)	Pension***	Non-monetary benefits	Total	Fair Value of equity compensation
Fedele Confalonieri	CHAIRMAN	60,000		1,825,000	80,000			16,802	15,389	2,047,191	
Pier Silvio Berlusconi	CEO	1,040,000		330,363 *		408,125		103,660	19,453	1,845,402	306,336
Stefania Barlatti	DIRECTOR	40,000	50,000					2,300		92,300	
Marina Berlusconi	DIRECTOR	40,000						6,400		46,400	
Marina Bregi	DIRECTOR	40,000	70,000					2,213		112,213	
Raffaele Cappiello	DIRECTOR	40,000	20,000					1,200		61,200	
Cristiana Esdapan De Villeneuve	DIRECTOR	40,000	30,000							70,000	
Giulio Gallazzi	DIRECTOR	40,000	20,000					13,070		73,070	
Mario Angelo Giordani	DIRETTORE DIRETTORE	40,000		1,124,650 *	80,000	242,750		455,985	10,510	1,953,894	122,695
Gina Neri	DIRETTORE DIRETTORE	40,000		1,013,851 *	52,000	186,564		4,15,402	9,029	1,776,846	92,021
Daniilo Pollegirino**	DIRECTOR	40,000								40,000	
Alessandra Piccirino	DIRECTOR	40,000	50,000					2,200		92,200	
Niccolò Querci	DIRETTORE DIRETTORE	40,000		1,164,020 *	68,000	291,591		4,75,558	13,199	2,052,368	49,845
Stefano Guido Sala	DIRETTORE DIRETTORE	40,000		1,827,857 *		465,189		698,657	19,965	3,051,668	276,063
Carlo Serditi	DIRECTOR	40,000	40,000					16,802		96,802	

\*It includes the Fixed Remuneration as an employee, the Non-Competition Agreement and the emoluments received in subsidiaries of MFE

\*\* Payment order in favor of Fininvest Spa

\*\*\* For employment relationships it includes the portion relating to "TFR", equal to 6.90% of the overall remuneration, provided for by Italian law

## Fixed component

In the financial year 2022, a fixed remuneration consistent with the approved Remuneration Policy was paid to the Chairman, the Executive Directors and the Non-Executive Directors.

## Short-term variable component

The 2022 financial year was characterized by the achievement of positive results for the Group, which contained the contraction in advertising investments that characterized the market, the negative effects of inflation and the energy crisis, thanks to the maintenance of the leadership in audience, the considerable market share, as well as constant attention to costs.

The ESG objectives introduced in 2022 in the management incentive system have been fully achieved, testifying to the growing attention and sensitivity that the Group attributes to these issues.

The application of the short-term incentive system for the Chief Executive Officer and for the Executive Directors fully reflects the good performances achieved: as part of the annual incentive system, both parameters relating to the Group's results were exceeded, resulting in the application of full targets.

The following table summarises the performance and payout achieved during the year for each individual target assigned to the CEO and to each Executive Director;

Position	Target	Weight	Performance	Payout	
CEO	Group EBIT	45%	94%	40%	
	Group Net Financial Position	45%	103%	115%	
	ESG Scorecard	CO2 Emission	2.5%	181%	125%
		Average Italy Pay Equality	2.5%	100%	100%
		Hours of training on ESG issues	2.5%	136%	125%
		Number of Managers with SIA ESG KPIs	2.5%	105%	125%
CEO of RTI and Chief Financial Officer	Group Net Financial Position	30%	103%	115%	
	EBIT of Radio Business Unit	30%	124%	125%	
	EBIT of Digital Business Unit	30%	149%	125%	
	ESG Scorecard	CO2 Emission	2.5%	181%	125%
		Average Italy Pay Equality	2.5%	100%	100%
		Hours of training on ESG issues	2.5%	136%	125%
Number of Managers with SIA ESG KPIs		2.5%	105%	125%	
Director of Institutional and Legal Affairs and Strategic Analysis	Costs of the Institutional and Legal Affairs and Strategic Analysis Department	90%	106%	125%	
	ESG Scorecard	CO2 Emission	2.5%	181%	125%
		Average Italy Pay Equality	2.5%	100%	100%
		Hours of training on ESG issues	2.5%	136%	125%
		Number of Managers with SIA ESG KPIs	2.5%	105%	125%
	Director of Human Resources and Operations	Operating costs of the Operations Area	25%	107%	125%
Cost of Labour Italy		25%	102%	110%	
Costs & investments of the Technology Dept.		20%	104%	120%	
Procurement savings		20%	109%	125%	
ESG Scorecard		CO2 Emission	2.5%	181%	125%
		Average Italy Pay Equality	2.5%	100%	100%
		Hours of training on ESG issues	2.5%	136%	125%
		Number of Managers with SIA ESG KPIs	2.5%	105%	125%
CEO of Publitalia '80 and Chairman of Digitalia '08	Consolidated advertising revenues indexed to market	75%	100%	100%	
	Concessionaire costs	15%	102%	110%	
	ESG Scorecard	CO2 Emission	2.5%	181%	125%
		Average Italy Pay Equality	2.5%	100%	100%
		Hours of training on ESG issues	2.5%	136%	125%
		Number of Managers with SIA ESG KPIs	2.5%	105%	125%

## Medium long-term variable component

During 2022, on 14 July, in implementation of the second cycle of the 2021-2023 Medium / Long Term Plan, the Company's Board of Directors assigned 3.086.592 A rights and 2.074.264 B rights to the Chief Executive Officer and the Executive Directors, in addition to 855.226 rights assigned to them in 2021. In addition, on the same date, in implementation of the second cycle of the 2018-2020 plan, following the assessment of the achievement of the three-year performance by the Board of Directors, they were assigned 876.314 MFE A shares and 876.314 MFE B shares.

In particular, the performance of the three-year period 2019-2021 was equal to:

- Cumulative Group Net Result for the three-year period 2019-2021 performance 126%
- Cumulative Group Free Cash Flow for the three-year period 2019-2021: performance 148%
- Average Performance: 137%, which determined the vesting of 100% of the rights assigned

The following table shows the details of the rights and financial instruments assigned under the medium-long term incentive system:

First and Last Name	Plan	Financial instruments assigned during the preceding financial years not vested during the financial year		Financial instruments assigned during the year				Financial instruments vested during the financial year and that can be attributed		Financial instruments for the financial year	
		Number and type**	Vesting Period	Number and type**	Fair value at the allotment date	Vesting Period	Allotment date	Market Price at the allotment date	Number and type	Value at maturity date	Fair Value
Fier Silvio Berlusconi	21-23*2 ciclo			1,112,318	A	0.4154	14/07/2022 - 31/07/2025	14/07/2022	0.4475		154,711
	21-23*2 ciclo			750,864	B	0.6074	14/07/2022 - 31/07/2025	14/07/2022	0.6659		152,025
	21-23*1 ciclo	183,000	14/09/2021 - 30/09/2024								159,579
	18-20*2 ciclo								180684 MFE A - 180684 MFE B	196,364	
Marco Giordani	21-23*2 ciclo			446,938	A	0.4154	14/07/2022 - 31/07/2025	14/07/2022	0.4475		61,885
	21-23*2 ciclo			300,346	B	0.6074	14/07/2022 - 31/07/2025	14/07/2022	0.6659		60,810
	21-23*1 ciclo	151,200	14/09/2021 - 30/09/2024								127,663
	18-20*2 ciclo								144546 MFE A - 144546 MFE B	157,570	
Gina Nieri	21-23*2 ciclo			335,196	A	0.4154	14/07/2022 - 31/07/2025	14/07/2022	0.4475		46,413
	21-23*2 ciclo			225,260	B	0.6074	14/07/2022 - 31/07/2025	14/07/2022	0.6659		45,608
	21-23*1 ciclo	113,400	14/09/2021 - 30/09/2024								95,247
	18-20*2 ciclo								108410 MFE A - 108410 MFE B	118,178	
Niccolò Querci	21-23*2 ciclo			181,544	A	0.4154	14/07/2022 - 31/07/2025	14/07/2022	0.4475		25,141
	21-23*1 ciclo			122,016	B	0.6074	14/07/2022 - 31/07/2025	14/07/2022	0.6659		24,704
	21-23*1 ciclo	61,426	14/09/2021 - 30/09/2024								51,864
	18-20*2 ciclo								117444 MFE A - 117444 MFE B	128,026	
Stefano Sala	21-23*2 ciclo			1,005,586	A	0.4154	14/07/2022 - 31/07/2025	14/07/2022	0.4475		139,240
	21-23*2 ciclo			675,778	B	0.6074	14/07/2022 - 31/07/2025	14/07/2022	0.6659		136,823
	21-23*1 ciclo	340,200	14/09/2021 - 30/09/2024								287,242
	18-20*2 ciclo								325230 MFE A - 325230 MFE B	354,533	

\* As for the rights already assigned under existing stock option/grant plans (2019 and 2021 Incentive Plan), each right assigned is considered a category B right and a category A right is attributed for each of them.

\*\* The Company, as deliberated by the Board of Directors on 8th September 2020, did not initiate the third cycle of the 2018–2020 medium/long-term incentive plan following the failure to complete the cross-border merger of Mediaset S.p.A and Mediaset España into MFE and due to the international public health emergency.

The Board of Directors resolved to issue no. 1,771,602 new MFE A shares to be assigned to the recipients of the plan. On the other hand, no MFE B shares were issued or purchased to be used for the plan because shares were already in the Company's possession.

## Other payments

In the 2022 financial year, the amounts under the Non-Competition agreement were paid to the Executive Directors in accordance with the Remuneration Policy approved by the Shareholder's Meeting on 29 June 2022.

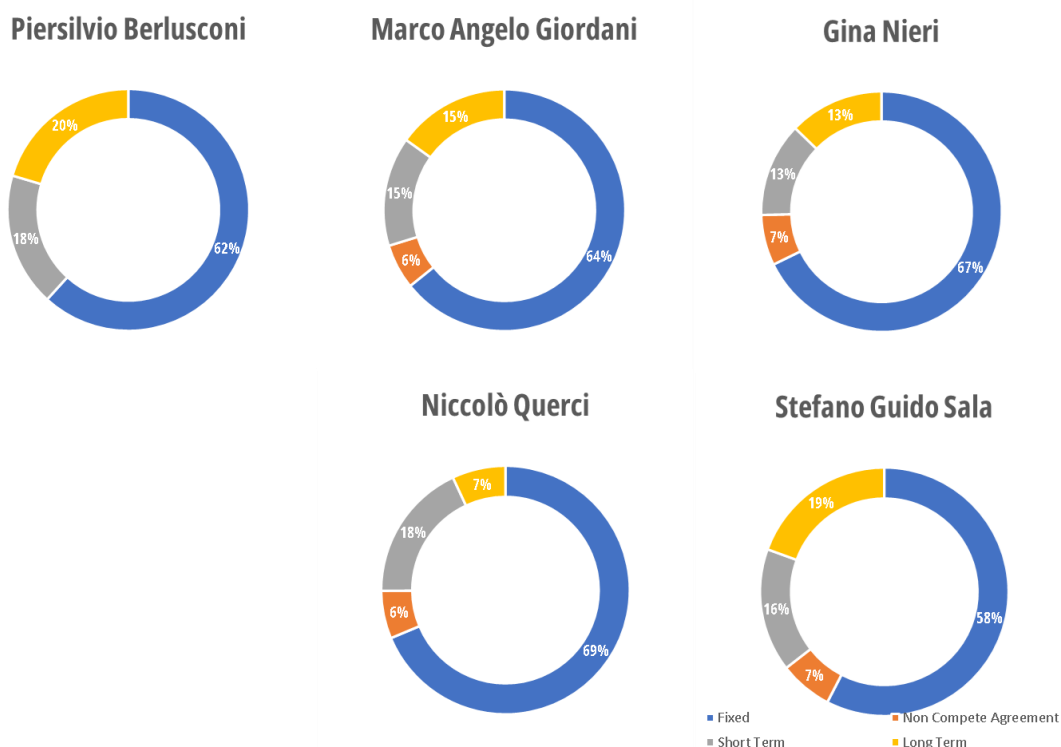
No one-off bonuses were paid during the year.



The company and the subsidiaries have not granted any loans, advances or guarantees to any board member of MFE. In addition to this, no claims for the repayment, wholly or in part, of a bonus have taken place.

## Pay mix

The final paymix levels are as follow:



## Comparison between the compensation of Directors, the results of the Group and the average compensation of employees

This paragraph draws a comparison between the compensation of the Directors of the Company, the economic and financial performance of the Group, the average compensation of the Group's employees and the pay ratio over the past 5 years.<sup>5</sup>

In line with the decline in company performance compared to the extraordinary results achieved in 2021, the remuneration of Executive Directors decreased compared to the previous year. The overall remuneration of the CEO, on the other hand, is higher than that of the previous year due to the increase in the amount of the target variable remuneration (set by the 2022 Remuneration Policy), which determines also the pay ratio increase.

In the difficult economic context of 2022 influenced by the Ukrainian conflict and the consequent inflationary effects, the positive economic and financial performances by the Group are reflected in the achievement of good performances by the Executive Directors within the short-term incentive system, which constitutes the main direct link between remuneration and performance.

<sup>5</sup>The remuneration of Directors does not include fees for participation in the Committees. The value of the LTI is calculated by evaluating the rights assigned during the year at the fair value on the grant date. The average remuneration of employees (RGA) was calculated by adding the Gross Annual Remuneration (RAL) and the short-term variable component (SIA).

	% change	2022	2021	2020	2019	2018
<b>MFE Performance</b>						
Net Consolidated Revenues	-4%	2801,20	2914,30	2636,80	2925,70	3401,50
EBIT - Italy	-54%	88,50	192,10	38,50	91,30	-182,90
Net Profit	-42%	216,90	374,10	139,30	190,30	471,30
Group Free Cash Flow	-28%	366,20	507,00	311,80	265,90	211,70
<b>Directors Remuneration</b>						
Piersilvio Berlusconi	24%	2.738.497	2.202.411	1.668.777	2.207.214	2.196.260
Marco Angelo Giordani	-11%	1.775.484	2.005.892	1.401.269	1.816.316	1.805.778
Gina Nieri	-12%	1.576.478	1.785.527	1.364.455	1.613.449	1.346.667
Niccolo' Querci	-10%	1.645.145	1.836.832	1.478.053	1.727.100	1.411.462
Stefano Guido Sala	-8%	3.161.234	3.433.222	2.506.447	3.262.961	2.925.664
Marina Berlusconi	0%	40.000	40.000	40.000	40.000	28.000
Marina Brogi	0%	40.000	40.000	40.000	40.000	20.000
Stefania Bariatti	0%	40.000	40.000			
Raffaele Capiello	0%	40.000	40.000	40.000	40.000	20.000
Costanza Esdaplou DeVilleneuve	0%	40.000	40.000	40.000	40.000	20.000
Giulio Gallazzi	0%	40.000	40.000	40.000	40.000	20.000
Alessandra Piccinino	100%	40.000	20.000			8.000
Danilo Pellegrino	0%	40.000	40.000	40.000	40.000	20.000
Carlo Secchi	0%	40.000	40.000	40.000	40.000	28.000
<b>Average Employee Compensation</b>						
	0,71%	64.271	63.815	62.321	62.924	63.629
<b>Pay Ratio</b>						
		43	35	27	35	35