

# Qualitative and quantitative composition of the UniCredit S.p.A. Board of Directors

Milan, February 7, 2018

# Index

<b>1. Introduction</b>	<b>3</b>
<b>2. The assessment process by the Board of Directors concerning its own qualitative-quantitative composition</b>	<b>5</b>
<b>2.1 Quantitative composition</b>	<b>5</b>
<b>2.2 Qualitative composition</b>	<b>6</b>
<b>2.2.1 Professional experience requirements</b>	<b>7</b>
<b>2.2.2 Aptitude profiles</b>	<b>8</b>
<b>2.2.3 Time commitment and number of offices</b>	<b>9</b>
<b>2.2.4 Tenure</b>	<b>10</b>
<b>2.2.5 Incompatibility</b>	<b>10</b>
<b>2.2.6 Independence</b>	<b>10</b>
<b>2.2.7 Independence of mind</b>	<b>11</b>
<b>2.2.8 Gender quotas</b>	<b>11</b>
<b>2.2.9 Integrity requirements</b>	<b>11</b>
<b>2.2.10 Terms and conditions for the appointment procedure</b>	<b>12</b>
<b>3. Induction and training</b>	<b>13</b>
 <b>Attachment</b>	

# Introduction

In compliance with the provisions of the existing Supervisory Regulations on banks' corporate governance, issued by the Bank of Italy<sup>1</sup> (the "**REGULATIONS**"), Boards of Directors (or Supervisory and Management Boards) of banks are required to identify their own qualitative-quantitative composition deemed to be optimal for the effective completion of the duties and responsibilities entrusted to them by law, by the Supervisory Provisions and by the Articles of Association. According to the general principles set out in those Regulations:

- a) from the quantitative profile, the number of members of corporate bodies must be appropriate to the size and complexities of the bank's organisational structure so as to effectively oversee all business operations as regards management and control;
- b) from the qualitative profile, the correct fulfilment of the duties falling under the responsibility of the bodies with strategic supervisory functions requires the presence of members:
  - who are fully aware of the powers and obligations inherent to the functions that each of them are called upon to perform (supervision or managerial; executive or non-executive; independent members, etc.);
  - who possess professional skills appropriate to the role they are required to fulfil, including on any internal Board Committees, tailored to the bank's operational characteristics and size;
  - who possess, among them, a variety of appropriately diverse competencies in order to ensure that on the Committees on which they sit and as part of collegial decision-making, each member may effectively contribute to and ensure the effective management of risk across all areas of the bank;
  - who dedicate appropriate time and resources to the complex nature of their role;
  - whose action is directed towards pursuing the bank's overall interest, irrespective of the shareholder who voted for them or the list from which they were taken, acting with independent judgment.

The Regulations call for focus covering all members, including non-executive members, who are joint participants in decisions taken by the Board as a whole and who are called upon to carry out an important dialectic and monitoring role of decisions undertaken by the executive members.

The Regulations also require the body that performs strategic supervision functions to be made up of independent members who oversee corporate management with independent judgment, contributing to ensuring that it is performed in the interest of the company and coherently with the objectives of sound and prudent management. In banks of large sizes or with complex operations, the presence of specialized Board Committees (having instructing, consultative and proactive duties), made up of those independent persons, facilitates the making of decisions, especially with reference to the most complex business sectors or those in which there is a higher risk of conflict of interest situations occurring.

The purpose of the Regulations is to ensure that - both in the appointment process, in which multiple bodies and functions take part (a Nomination Committee, where applicable; the Board; the Shareholders' Meeting) and over the long term - the governing bodies are made up of members who are capable of ensuring that their assigned role is performed effectively. In order to achieve this, the professional expertise required to achieve this result must be clearly defined in advance and reviewed as required over time in order to take account of any critical issues that may arise. Candidate selection and the appointments process must also take account of these criteria.

\* \* \*

The UniCredit Board of Directors, in order to facilitate the best identification of candidates to be put forward for the renewal of the Board of Directors, deems it useful to bring to its shareholders' attention the main provisions of the abovementioned Regulations, concerning the composition of both the Board of Directors and its Committees, summarised with respect to their essential components as follows:

- in banks of large size or with complex operations adopting the so-called traditional management and control system, the maximum number of Directors is no more than 15, except in exceptional cases, which must be analytically assessed and justified;

---

<sup>1</sup> Circular no. 285 dated 17 December 2013, Part I, Title IV, Chapter 1

- the number of independent Directors must equate to at least a quarter of the members of the Board of Directors, in possession of professionalism and authority such as to ensure a high dialectic level within the relevant body and to make a significant contribution to the formation of the will of the same;
- the Chairman of the Board of Directors must have a non-executive role and must not perform managerial roles, even on a de facto basis.
- in banks of large sizes or with complex operations, it is necessary to establish within the body that performs strategic supervision functions, three specialist Committees in relation to “nominations”, “risks” and “remuneration”;
- each of the above Committees must consist, as a rule, of 3-5 members, all non-executives and mostly independent. The Committees must be differentiated from each other by at least one member and, where a Director elected by the minorities is present, that Director is a member of at least one Committee. The Chairman of each Committee shall be chosen from the independent members.

\* \* \*

For the sake of completeness, a reference is made to the relevant national and European provisions applicable on such topics; also the European provisions not yet formally in force have been included, since it is deemed essential that their provisions are to be reflected in submitting lists:

- Bank of Italy, Supervisory Regulations for banks, Circular no. 285 of 17 December 2013 on corporate governance (Parte I, Title IV, Chapter 1);
- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV) and Regulation (EU) no. 575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms;
- EBA guidelines on internal governance (2017);
- EBA/ESMA joint guidelines on the assessment of the suitability of members of the management body and key function holders (2017);
- BCE guide to fit and proper assessments (2017);
- Corporate Governance Code for listed companies (2015).

Furthermore, it is noted that the current Regulations detail the role and duties of the body that performs strategic supervision functions and its Committees – in addition to those provided by the general provisions – also referring, in that regard, to the regulation on the remuneration and incentive systems of banks and on internal controls systems.

It is noted, finally, that in its recommendations to shareholders the Board has taken into account also the principles contained in the draft of Ministerial Decree concerning the rules on suitability requirements and criteria for holding the offices in the process of being issued pursuant to, *inter alia*, Section 26 of the Legislative Decree no. 385/1993.

# The assessment process by the Board of Directors

## concerning its own qualitative-quantitative composition

Banks' corporate bodies with strategic oversight and management functions must identify their optimal qualitative-quantitative composition. The analysis includes the professional and independence characteristics of candidates, their credibility and professionalism which have to be well suited to the tasks that Directors are called to perform on such corporate bodies (and within their committees, if any). The size and complexity of the companies and groups they were/are part of also need to be considered. Shareholders must be apprised in good time of the results of the analysis carried out by the above mentioned corporate bodies, so that they can take them into due account when choosing candidates. Shareholders retain the right to make their own assessments of what constitutes an optimal Board composition, justifying any differences with regard to the analysis made by the Board.

In compliance with the regulation and with the aim of providing shareholders with clear and detailed guidelines to ensure that the lists of candidates submitted for the upcoming Board renewal are consistent with the responsibilities and requirements, the Board of UniCredit has established the theoretical qualitative-quantitative profile of the Board itself. The present document is made available to the shareholders of the Company in advance and will be verified subsequently - as required by the regulations set forth by the Supervisory Authority - with regards to the conformity of the qualitative-quantitative composition of the elected Board with the aforementioned profile.

The UniCredit Extraordinary Meeting convened on 4 December 2017 approved a number of actions to strengthen its own corporate governance, including the empowerment of the Board of Directors to present its own list of candidates for the election of Directors and the increase of the number of Directors appointed from the minority list. In defining the ideal profile of the Directors, the Board has considered the following key elements:

- UniCredit governance system, referring to the Article of Association, Corporate Bodies Regulations, key governance principles;
- UniCredit Group Strategy, referring to the Plan "Transform 2019";
- Shareholders expectations, suggestions and recommendations emerged from the Shareholder's Survey carried out by the Bank in 2017;
- Governance Benchmarks and international best practices; and
- the relevant industry regulations.

While finalizing the profile, the current Board, based on the experience gained during the mandate, has taken into careful consideration the functioning mechanisms of the Board and its Committees and the consequent work and activities that must be performed; moreover, the results of the Self-assessment processes conducted in the last three years have been considered.

### 2.1 Quantitative composition

The UniCredit Articles of Association provide, in Clause 20, that the Board consists of a minimum of nine and a maximum of twenty-four members. The Shareholders' Meeting held on 13 May 2015 determined the number of Directors at seventeen, in line with the quantitative composition singled out as optimal by the Board in its qualitative-quantitative profile of March 2015. There are, in addition, four Board Committees, established in line with the provisions of the Corporate Governance Code; in particular, three Committees have been set up in compliance with the provisions contained in the Regulations (Internal Controls & Risks Committee, consisting of nine members; Corporate Governance, Nomination and Sustainability Committee, consisting of seven members; Remuneration Committee, consisting of five members). One Committee (Related-Parties and Equity Investments Committee, consisting of three members) has been established to oversee potential issues concerning transactions with related parties (Consob Regulation no. 17221/2010) and with associated parties (Bank of Italy Circular no. 263/2006), as well as issues concerning investments in non-financial equities (Bank of Italy Circular no. 285/2013).

The Board, on 22 November 2016, based on the discussions that took place in the Corporate Governance,

Nomination and Sustainability Committee, approved some actions to improve the Company's governance including, *inter alia*, the following significant changes to the composition of the Board of Directors to be recommended to the shareholders in the event of the renewal of the Board of Directors:

- the reduction from seventeen to fifteen Directors;
- the reduction in the number of Vice Chairmen from three to one.

Furthermore, the Articles of Association was amended in order to increase from one to two the number of Directors selected from the second list receiving the highest votes, regardless of the composition of the body.

In light of the foregoing, and taking into account the Regulations ruling on the composition of the Board of Directors and its Committees, the Board suggests that the shareholders - who decide on the composition of the Board - opt for a number of members that would enable the aforesaid criteria to be balanced and met; the Board recommends a total of fifteen Directors, including a Chairman and a Deputy Vice Chairman.

The Board's recommendation appears consistent with an adequate numerical composition of the Committees in line with the provisions contained in the Regulations which also takes into account the breadth and significance of the Committees' activities.

In defining the abovementioned actions, the Board also reflected various criteria and different requirements deriving from the unique characteristics of UniCredit, in an effort to strike a balanced arrangement, including *inter alia*:

- the international nature of the UniCredit Group, which suggests that due consideration should be given to the presence of members with broad international exposure;
- the presence of members having the theoretical and practical expertise and experience that allow them, *inter alia*, to understand the Company's activities and main risks;
- the need for an appropriate number of independent Directors to guarantee the efficient functioning of the Board's Committees, in which the Board activities are carried out, to ensure an efficient balance of the expertise present in each Committee.

The Board of Directors recommends that the aforementioned criteria are considered to ensure a balanced quantitative and qualitative composition.

## 2.2 Qualitative composition

Given the framework previously outlined, in formulating the recommendation for the shareholders who are to submit the lists of candidates regarding the professionalism and expertise deemed necessary for the purposes of the optimal composition of the Board of Directors of UniCredit, the Board wishes to emphasise the importance of:

- ensuring in the Board of Directors, a balanced combination of profiles and experience, in view of the challenges faced by the Bank;
- promoting competency requirements with personal characteristics capable of ensuring the optimal performance of the office by the Directors;
- confirming a delegation system that qualifies the Chief Executive Officer as the only executive member of the Board of Directors, whilst ensuring that the Board is able to verify the exercise of the powers granted;
- guaranteeing the presence of an appropriate number of independent Directors in the composition of both the Board and the Committees to ensure an open debate is stimulated;
- identifying profiles with adequate availability of time to enable the effective conduct of the Directors' roles within the Board and its Committees;
- further promoting the diversity requirements in particular with regards to the international training and professional experience (irrespective of nationality), gender diversity and age.

# The assessment process by the Board of Directors

## concerning its own qualitative-quantitative composition

### 2.2.1 Professional experience requirements

As mentioned in the Introduction, in addition to the Regulations, relevant consideration has been given to the CRD IV and the Supervisory Regulations issued by the Bank of Italy in relation to the internal controls system, as well as further evolutions of the relevant rules for listed companies (such as those deriving, for example, from the Corporate Governance Code) and, most importantly the ECB guide to fit and proper assessments.

The UniCredit Board of Directors has defined an optimal composition of the Board that will assure complementarity in terms of professional experience and competencies. The Board of Directors recommends that:

- » the Board's collective expertise should be instrumental to reflect the strategic priorities that the Company will face over the coming years;
- » the new Board will include individuals with a mix of knowledge, skills and experience which reflects the major business areas of the UniCredit Group and their risks;
- » both theoretical experience attained through education and training and practical experience gained in previous roles is to be considered;
- » size, level of complexity, perimeter of activities and related risk, markets and geographies in which Directors' experience has been gained is to be considered;
- » open, internationally-minded and multilingual individuals are present in the Board.

More specifically, with regards to professional experience requirements - subject to compliance with existing regulations - the Board recommends that candidates for the role of Director for the UniCredit Board possess preferably two or more of the following areas of competence:

- **BANKING BUSINESS**, achieved through an appropriate number of years<sup>2</sup> in top executive roles<sup>3</sup> relevant to the key business priorities for a credit institution; former (or current) mandate as Board Chairman or Committee Chairman in a significant banking group is also relevant. Experience gained in the public sector or in the advisory sector is relevant only if closely related to the credit industry.
- **BANKING GOVERNANCE**, achieved through an appropriate number of years<sup>2</sup> in top executive roles<sup>3</sup> in a credit institution. Functions such as Legal, Audit and Compliance are considered particularly relevant; former (or current) mandates as Board Chairman or Committee Chairman in a significant banking group is also relevant. Experience gained in the public sector or in the advisory sector/academia is relevant only if closely related to the credit industry. All the above criteria are met only where roles have included responsibilities within the geographical remit of the ECB.
- **RISK AND CONTROL**, achieved through an appropriate number of years<sup>2</sup> in top executive roles<sup>3</sup> in a financial services institution. All Control functions (Risk, Audit, Compliance) are considered relevant; former (or current) mandates as Board Chairman or Risk/Audit/Control Committee Chairman in a listed financial service institution is also relevant. Experience gained in the public sector or in the advisory sector/academia is relevant only if acquired in specific subjects related to risk management within the financial services industry. All the above criteria are met only where roles have included responsibilities within the geographical remit of the ECB.
- **LEGAL/REGULATORY**, achieved through an appropriate number of years<sup>2</sup> in top executive roles<sup>3</sup> in a financial services institution; former (or current) mandate as Board Chairman or Committee Chairman in a listed financial service institution is also relevant. Experience gained in the public sector or in the advisory sector/academia is relevant only if acquired in specific subjects related to regulatory and legal frameworks in connection with banking and financial fields. All the above criteria are met only where roles have included responsibilities within the geographical remit of the ECB.
- **STRATEGIC PLANNING**, achieved through an appropriate number of years<sup>2</sup> in top executive roles<sup>3</sup> in large international corporations across industries. Functions such as Finance and Business areas are relevant.

---

<sup>2</sup> At least three years dating back not more than 10 years.

<sup>3</sup> Top executive roles include: Chief Executive Officer (CEO), General Managers (GM) and CEO/GM – 1 level.

Experience gained in the advisory sector is relevant only if acquired in the specific subject.

- **ACCOUNTING & AUDIT**, achieved through an appropriate number of years<sup>4</sup> in top executive roles<sup>5</sup> in a financial services institution. Functions such as Finance, Accounting and Audit are relevant; former (or current) mandates as Board Chairman or Risk/Audit/Control Committee Chairman in a listed financial service institution is also relevant. Experience gained in the public sector or in the advisory sector/ academia is relevant only if acquired in specific subjects related to accounting and audit.
- **FINANCIAL AND INTERNATIONAL MARKETS**, achieved through an appropriate number of years<sup>4</sup> in top executive roles<sup>5</sup> in large industrial groups and/or international corporations across various business areas. Experience gained in the advisory sector/academia is relevant only if directly related to the specific subject.

In order to ensure that the Board can properly supervise any risk that may affect the sustainability of the Bank's business in a medium-long term perspective current or former exposure to **SUSTAINABILITY** topics is of great interest and to be considered.

An understanding of global trends in the economic-financial system, and familiarity with the socio-political situations of the countries in which UniCredit Group has a strategic presence is to be considered.

The Board recommends that the areas of expertise identified above, are represented within the Board of Directors, since the presence of a diverse range of skills and experiences ensures that all professional profiles are represented and encourages dialogue and the efficient functioning of the Board.

Subject to the foregoing, the Board recommends, in addition, that at least one candidate from each list - deemed to be independent in accordance with point **2.2.6** below - possesses qualified experience in chairing Internal Controls and Risk Committees of banking, financial or insurance institutions, so as to be able to contribute effectively to the management of the risks to which the Bank is exposed, a task that the Bank of Italy identifies in its Supervisory Provisions as among the most significant for the corporate bodies.

Finally, the Board recommends that all Directors have a fair knowledge of the English language to allow for full understanding of written texts and, thus, to ensure the possibility of making decisions directly concerning documents of that nature, also given the use of that language in correspondence between the Company and the European Supervisory Authority.

In order to allow the shareholders to interpret the expertise held by each candidate, the Board requests that the appointment proposal is accompanied by curricula along with a declaration signed by the candidates themselves providing analytical evidence of the expertise accrued in the various areas listed above.

### **2.2.2 Aptitude profiles**

The Board also recommends that due consideration is given to the following personal qualities as essential for the role of Member of the UniCredit Board of Directors:

- **“Understanding” and Flexibility** - Ability to handle complexity, simplify issues to make decisions; comfort with ambiguity; ability to look ahead and to transfer successfully to different environments.
- **Independent Mindedness** - Objective and open minded, prepared both to challenge and support management; ability to take a stand to set out and defend a position; also ability to manage conflict situations to maintain positive relationships.
- **Interpersonal Style** - Ability to build relationships at all levels persuasive whilst being a good listener and a good communicator; ability to influence, gain trust and support from others; ability to use diplomacy and tact;

---

<sup>4</sup> At least three years dating back not more than 10 years.

<sup>5</sup> Top executive roles include: Chief Executive Officer (CEO), General Managers (GM) and CEO/GM – 1 level.



# The assessment process by the Board of Directors

## concerning its own qualitative-quantitative composition

understanding and respect for the differing roles of Board and management.

- **Integrity** - adherence to appropriate and effective set of core values,; honest and truthful; authentic, self-aware and confident enough to 'be oneself'.
- **Motivation to Engage** - willingness to invest time and effort in learning about the Bank and staying up to date with it; diligent , interested in the business, committed and well prepared.

### 2.2.3 Time commitment and number of offices

In light of the provisions contained in the relevant regulations, the availability of time to be dedicated to performing the office, based upon the nature, quality and complexity of the same, is an essential requirement to be guaranteed by candidate Directors, also in relation to the activities deriving from participation in the works of the Board Committees, for members thereof.

With regard specifically to UniCredit, it is noted - by way of information - that in each financial year of the three year period 2015-2017, on average, eighteen meetings of the Board of Directors, twelve meetings of the Corporate Governance, Nomination and Sustainability Committee, twelve meetings of the Internal Controls & Risks Committee, nine meetings of the Remuneration Committee and fifteen meetings of the Related-Parties and Equity Investments Committee.

In addition to the foregoing, the necessary time and commitment was required for attending ad hoc meetings for induction and permanent training as well as any further off-site events over the three years, as well as for Directors to attend, as invitees, Committees of which they are not members.

The time spent in meetings, of course, must be supplemented by the time required for each Director for his/her travel time and preparation time. In that regard, based upon past experience, the resources dedicated by the Chairman of the Board of Directors to the performance of his role have absorbed a large part of his time: the shareholders must, therefore, take due account of that fact when identifying the profiles of candidates who may be asked to cover this role.

Furthermore, the Board deems it useful to bring to its shareholders' attention the expected percentage of attendance at Board and Committee meetings, which should not be lower than 75% per annum; attendance should preferably be physical, save for extraordinary meetings.

In view of the foregoing, the Board recommends that candidates accept the office only if they believe they are able to dedicate the necessary time to that position, considering the following factors: their other professional or personal commitments and circumstances, as well as the conduct of offices covered in other companies; the nature, scale and complexity of the activities performed, the size and the situation of the entities where the positions are held, the place or country where the same entities are based.

In that regard, the Board of Directors, also in line with the ECB guidelines, with a particular attention to the good functioning of the Board and the contribution of each member to its internal dialogue, carried out an estimate to be intended as a reference to assess the minimum time needed for an appropriate meeting attendance, summarized in the following chart.

Chairman of the Board of Directors	2/3 days per week
CEO	full time
Chairman of a Board Committee	2 days for each Committee's meeting
Non-executive member	20 days per year
Member of the Corporate Governance, Nomination and Sustainability Committee	12 days per year

Member of the Internal Controls & Risks Committee	12 days per year
Member of the Remuneration Committee	9 days per year
Member of the Related-Parties and Equity Investments Committee	15 days per year

Furthermore, whilst reiterating that the Board has, for some time, in its own regulation as well as in its previous qualitative-quantitative profiles established in 2012 and 2015, defined limits upon the maximum number of offices covered by UniCredit Directors, the Board hereby recalls in that regard, the provisions of CRD IV. As is known, according to said Directive, each Director may cover in total (in any type of company, excluding organisations that do not pursue primarily commercial objectives):

- one executive office and two non-executive offices
- four non-executive offices

with the following specifications, without prejudice to the other relevant provisions that may result after the transposition of the Directive into national law:

- a) offices refer to the position held in Board of Directors, Supervisory Board, Management Board, Board of Statutory Auditors, or as General Manager; in foreign companies, offices refer to positions equivalent to the above, on the bases of the relevant regulations applicable to the companies;
- b) are considered as a single office, *inter alia*, all the offices covered within:
  - i. the same group;
  - ii. enterprises not falling within the group in which UniCredit has a qualified holding, as envisaged by Section 4 of the Regulation (EU) no. 575/2013.

#### **2.2.4 Tenure**

In order to ensure a suitable balance between the needs of continuity and renewal of the Board of Directors, in line with the best international practices resulting from an ad hoc benchmarking analysis, the Board recommends a maximum number of three mandates for the Board members.

#### **2.2.5 Incompatibility**

In compliance with Section 36 of the Law Decree no. 201/2011 (approved as statute by Law no. 214/2011), regarding “interlocking personal shareholdings in banking and financial markets”, which provides that “holders of a seat in managerial, supervisory and control bodies, as well as officers charged with managerial duties in companies or group of companies acting in banking, insurance and financial markets are forbidden to hold, or to exercise, similar offices in competing companies or group of companies”, the Board of Directors recommends to shareholders that the lists to be presented for the appointment of the new Board of Directors, only include candidates who meet the requirements of the above mentioned provision.

#### **2.2.6 Independence**

The Board of Directors notes that, in accordance with the provisions of the Company's Articles of Association and in order to comply with the principles of the Corporate Governance Code, the candidate lists should be drawn up in such a way as to guarantee that at least one-third of the members of the Board of Directors meets the independence requirements, as specified in Clause 20 of the Articles of Association (which coincides with those envisaged by Article 3 of the aforesaid Corporate Governance Code). The Board, moreover, deems at least 60% of its members should be independent to guarantee effective discussion and, at the same time, the correct and efficient functioning of the Board Committees. The Board wishes that at least 60% will be confirmed in the future Board of Directors.

# The assessment process by the Board of Directors

## concerning its own qualitative-quantitative composition

### **2.2.7 Independence of mind**

The Board of Directors reminds that, all its members, both executive and non-executive, should be able to make sound, objective and independent decisions.

Whilst the cases of incompatibility envisaged by current law stand firm, in order for the independence of judgment of the members of the Company Board of Directors to be fully safeguarded, the Board also recommends that;

- 1) at the time of their appointment, the candidates shall not be in personal and financial situations that may give rise to conflicts of interest and also potentially compromise the Board of Directors members' independence of mindset;
- 2) the candidates must not hold at the time of their appointment nor in the past two years prior to the said appointment, professional or positions of political influence that could undermine or impede to act in the interests of UniCredit.

In that regard, it is emphasized that having a conflict of interest does not necessarily mean that a Director cannot be considered suitable: this will only be the case if the conflict of interest poses a material risk and if it is not possible to prevent, adequately mitigate or manage the conflict of interest under the policies approved by the Company.

### **2.2.8 Gender quotas**

Italian Law no. 120 dated 12 July 2011, which amended Section 147-ter of the Legislative Decree no. 58/1998, introduced in Italy the gender quotas for the composition of the corporate bodies of listed companies, requiring compliance with a criterion of composition of the Board of Directors based upon which the least represented gender should be given at least one-third of the available seats, in its ordinary enforcement regime.

The above provisions apply to the renewal of the Board of Directors and therefore the candidate lists shall be made composed in order to ensure the presence of at least one-third of members of the least represented gender.

It should be noted that UniCredit already voluntarily recommended its shareholders to spontaneously abide by said provision, in its enforcement regime, in the previous 2015 qualitative-quantitative profile.

### **2.2.9 Integrity requirements**

The Board of Directors reminds that a Director shall be considered as meeting the integrity requirements if there is no evidence to suggest otherwise and no reason to have reasonable doubt about his or her good reputation.

Considering the importance of said requirements from the reputational standpoint, the Board recommends that candidates to be appointed as UniCredit Directors, in addition to possessing the integrity requirements envisaged by relevant provisions:

1. should not be in any situation that might determine a discontinuance of their functions as a Director; and
2. are not - and have not been in the past - in situations that, with regard to the economic activities and financial conditions of said candidates (or of the companies controlled by, significantly invested in or directed by the latter), are – or have been - even potentially likely to affect their reputation or involve significant losses for the Bank;
3. should not have displayed behaviour which, while not constituting a crime, does not appear to be compatible with the office of a bank Director or might seriously jeopardise the reputation of the Bank.

Nonetheless the relevance of eventual circumstances and facts and the cumulative impact these could have on the abidance by the criteria of correctness of personal and professional conduct of the candidate, also in the past, will be taken in consideration in order to verify if in any case the sound and prudent management of the bank is safeguarded as well as, in particular, its reputation and public trust.

### ***2.2.10 Terms and conditions for the appointment procedure***

The Board of Directors, in order to enable shareholders to better evaluate the profiles of the candidates for the office of Director in UniCredit, has decided to file its own list at least 60 days before the Shareholders' Meeting called to appoint the Board of Directors of the Company, anticipating the terms envisaged by law.

For the same purpose, the Board expects that also the shareholders could anticipate the filing of their lists at least 40 days before the above Shareholders' Meeting.

The application procedure for the presentation of the lists are briefly described in the attached document "Information on the appointment process of the UniCredit S.p.A. Directors".

# Induction and training

The Board of Directors reminds that in UniCredit there is an active and permanent induction program for the Board members consisting of (i) sessions aimed at fostering the integration of the new Directors and (ii) recurring trainings to preserve over time the expertise needed for the proper fulfilment of their duties.

In addition, individual training plans will be activated in the event it is deemed necessary to strengthen his/her specific technical knowledge and expertise, also to increase the level of diversity and the collective experience of the Board of Directors.

# Information on the appointment process of the UniCredit S.p.A. Directors

# Index

## *Notice*

<b>1. General Information</b>	<b>4</b>
<b>2. Filing of the list</b>	<b>5</b>
<b>3. Documentation to be filed with the list</b>	<b>6</b>
<b>4. Minority list and connection</b>	<b>7</b>
<b>5. Gender composition</b>	<b>8</b>
<b>6. Appointment process</b>	<b>9</b>

# Notice

*The contents of this document are made available to the UniCredit Shareholders merely for information purposes and as such, consequently, do not in any way intend to replace or complete the provisions brought by law, by regulation or by the Articles of Association that regulate the Directors' appointment process, which Shareholders are asked to refer to.*



# General information

## ***Directors' number and term in office***

The UniCredit Board of Directors may be comprised of between 9 and 24 members (Clause 20 of the UniCredit Articles of Association). Before the appointment, the Shareholders' Meeting shall resolve on the Directors' number.

The term in office of the Board of Directors is three financial years, unless a shorter term is established at the time they are appointed, and ends on the date of the Shareholders' Meeting called upon to approve the financial statements relating to the latest year in which they were in office (Clause 20 of the UniCredit Articles of Association).

The UniCredit Board of Directors recall that in the "**Qualitative and quantitative composition of the UniCredit S.p.A. Board of Directors**", which contains the results of the ex-ante identification carried out by the same Board on its qualitative and quantitative composition deemed optimal in order to ensure the proper performance of its functions, in accordance with current provisions of both laws and regulations, shareholders - - who are up to decide the composition of the Board – are suggested to opt for a number of members equal to 15, including a Chairman and a Vice Chairman. Said document, approved by the UniCredit Board of Directors on February 7, 2018, is published on the UniCredit website ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)).

## ***Terms and conditions for the Directors' appointment***

Directors are appointed by the Shareholders' Meeting on the basis of lists submitted by the persons entitled to. Candidates must be listed using a progressive number in the lists.

## ***Parties who can file the lists***

The Board of Directors and holders of at least 0.5% of the share capital in the form of ordinary shares with voting rights at the Shareholders' Meeting. The number of shares that give the right to present lists can be held by one or more Shareholders.

## ***Term for filing lists***

No later than the 25th day prior to the date of the Shareholders' Meeting (**March 19, 2018**). The lists of candidates must be filed with the Registered Office of the Company in Milan, also by e-mail to [corporate.law@pec.unicredit.eu](mailto:corporate.law@pec.unicredit.eu)

## ***Term for disclosing lists***

At least 21 days prior to the date of the Shareholding's Meeting (**March 22, 2018**). Lists of candidates are made available by the Company to the public at its Registered Office of the Company in Milan, on the website of the market management company Borsa Italiana S.p.A. ([www.borsaitaliana.it](http://www.borsaitaliana.it)), on the website of the authorized storage mechanism "eMarket STORAGE" managed by Spafid Connect S.p.A ([www.emarketstorage.com](http://www.emarketstorage.com)), as well as on the UniCredit website.

# Filing of the lists

Each party having the right to file lists of candidates may submit, or contribute to the submission of, only one list (including via proxies or trustee companies). Shareholders belonging to the same group or Shareholders who are parties to a shareholders' agreement concerning UniCredit shares may not submit more than one list (including via proxies or trustee companies).

Candidates may be included in one list only, under penalty of ineligibility.

The ownership of the minimum number of shares required for filing lists is calculated with regard to the shares registered for each individual Shareholder, or for several Shareholders together, on the day on which the lists are filed with the Company.

The certification on the ownership of the number of shares necessary for filing lists - sent by the intermediary in compliance with its accounting records, on request by the person entitled to - can be submitted to the Company also after the filing but strictly by the deadline within which the Company must make the lists public (i.e. at least 21 days prior to the date of the Shareholding's Meeting).

Shareholders, in presenting lists, are requested to take into account the results of the ex-ante analysis carried out by the UniCredit Board of Directors highlighted on the abovementioned "**Qualitative and quantitative composition of the UniCredit S.p.A. Board of Directors**".

Shareholders obviously retain the right to make their own assessments of what constitutes an optimal Board composition, justifying any differences with regard to the analysis made by the latter.

# Documentation to be filed with the lists

The following documents must also be filed together with each list no later than the 25th day prior to the date of the AGM:

- for shareholders, information relating to the identity of the persons who filed the lists specifying the total percentage of the shareholding held;
- an exhaustive information on the personal and professional characteristics of the candidates indicated on the list (curriculum vitae and list of the supervisory, managerial and controlling offices held in other companies);
- the statements of each candidate irrevocably accepting the position (subject to their appointment) and attesting, under their own responsibility, that there is no reason for their ineligibility or incompatibility as candidate, as well as that they meet the experience and integrity requirements required by the current provisions, also of a regulatory nature;
- the statements of each candidate that the independence requirements called for by the Articles of Association and by Section 148 of the TUF are, or are not, met.

**Any list that does not meet the above requirements shall be deemed not to have been filed.**

In order to allow the shareholders more easily to interpret the expertise held by each candidate, the Board of Directors requests that each candidate files a declaration signed by the same providing analytical evidence of the expertise accrued in the various areas listed within the document "**Qualitative and quantitative composition of the UniCredit S.p.A. Board of Directors**".

Moreover, all parties who intend to file lists shall comply with the recommendations outlined by CONSOB in its Communication no. DEM/9017893 dated 26 February 2009 on the relationship between lists - pursuant to Section 147-ter, sub-section 3, of the TUF and to Section 144-quinquies of CONSOB's Issuers' Regulation - which should be referred to for more details.

# Minority lists and connection

According to current laws and regulations, at least one member of the Board of the Directors shall be elected from the minority list that obtained the largest number of votes and is not linked in any way, even indirectly, with the Shareholders who presented or voted the list which resulted first by the number of votes. The UniCredit Articles of Association provide that there should be 2 Directors appointed by the minorities. .

CONSOB - in order to ensure full transparency on any connection between lists - made detailed recommendations to the Shareholders filing a minority list for the appointment of the Directors<sup>1</sup>. In particular, CONSOB requires persons entitled thereto who submit minority lists to file - together with each list - a declaration certifying the absence of any relationship, including indirect relationships, with Shareholders who jointly or severally hold a controlling or a relative majority shareholding, specifying:

- the absence of any significant relationships with said controlling or relative majority Shareholders; or
- any existing relations, where significant, together with the reasons for which such relations have been deemed not crucial for the existence of such relationships.

The Company makes said declaration available to the public together with the list.

CONSOB also highlighted that the notion of connection is “non-technical” and “cannot be limited to the cases envisaged by law consisting in control and link-up” and that said notion “considering its anti-elusive purpose, must be attributed a wide meaning”.

---

<sup>1</sup> See CONSOB Communication no. 9017893 on Feb. 26, 2009.

# Gender composition

Italian Law no. 120/2011, ruling on balance in "gender composition" for corporate bodies, introduced in Italy the gender quotas for the composition of the bodies with supervisory and controlling functions of listed companies, envisaging that the least represented gender must be reserved a share of at least one-third of the members, in its ordinary enforcement régime.

To the renewal of the Board of Directors shall apply the above provisions and therefore the candidate lists shall be made up in order to ensure the presence of at least one-third of members of the least represented gender.

# Appointment process

All those entitled to vote may only vote for one list.

From the list obtaining the majority of votes cast and from the second list receiving the highest votes, not linked in any way, even indirectly, with the shareholders who presented or voted the list which result first by number of votes, shall be taken - in the consecutive order in which they are listed on the list - the Directors elected according to the criteria specified below:

	<b>Majority list</b>	<b>Minority list (single or receiving the most votes)</b>
No. of Directors to be appointed	As many Directors as those to be appointed, <b>less 2</b>	2 Directors

Milan, February 7, 2018