One Bank, One Team, One UniCredit.

Corporate Governance Overview

Banking that matters. | UniCredit

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Corporate Governance overview

Our corporate governance adheres to current provisions as well as to the recommendations laid out in the Italian Corporate Governance Code, a soft law that identifies the corporate governance standards and best practices for Italian listed companies based on the comply or explain principle, with disclosure of the reasons for failure to comply in the yearly corporate governance report

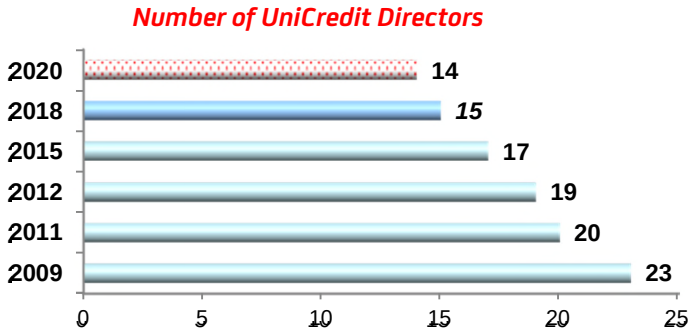
Our governance system is continuously monitored to assess the level and efficacy of our governance efforts

Main components of our governance

- the Articles of Association, the Regulations for the Shareholders' Meeting and the Corporate Bodies and Committees Regulation, providing the framework for our governance
- the Code of Conduct, aiming to promote a culture of Compliance by providing an outline of the Compliance rules, the ethical professional standards and commitment to sustainability
- the Code of Ethics, adopted pursuant to Italian Legislative Decree no. 231/2001 for the Holding Company, its foreign branches and its Italian subsidiaries
- the Group compensation Policy, establishing an approach consistent with sustainable remuneration and its standardized implementation, with specific reference to senior management
- the Group Managerial Golden Rules, a set of guidelines defining managerial and governance rules at Group level

Focus on the 2017 / 2020 review

- Although the minimum & maximum range of directors established in the Articles of Association has remained unchanged, the number of UniCredit Directors steadily decreased over the last years



An ongoing review of our corporate governance system is in place, to improve the Company governance and align the same to the best national and international practices

2017

- July, approved the **process for identifying the candidates** for the post of the Board of Directors' member
- December, amended the Articles of Association in order to:
  - empower also the outgoing Board of Directors, in the event of its renewal, the **faculty to file its own list of candidates**
  - **increase** from one **to two** the number of **minority Directors**

2018

- February - April, **size of the Board of Directors reduced** from 17 **to 15, number of Vice Chairmen reduced** from 3 **to 1**, as well as its **tenure** equal to maximum **3 mandates**

2019

- February – March, (i) increased diversity and (ii) assigned to the Board of Statutory Auditors of the functions of the Supervisory Body pursuant to Legislative Decree no. 231/2001, starting from its renewal for the 2019 – 2021 financial years

2020

- March 2020, (i) identified **digital & technology and banking business** as the major competence areas to be developed within the Board and (ii) Board of Directors' proposal to the AGM to identify in **14 members** the **new Board composition threshold**

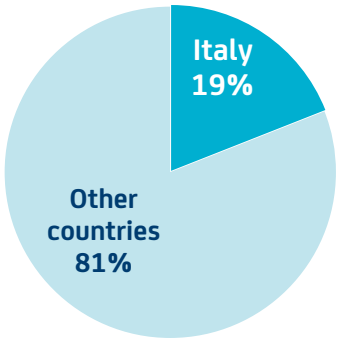
Shareholders structure

Major Shareholders (>3%)

	Shareholders	% of ordinary share capital [1]
1	BlackRock Inc.	5.084%
2	Dodge & Cox	5.002% [2]

(1) on share capital as at December 31, 2019
(2) non-discretional asset management

Geographical breakdown as at December 31, 2019



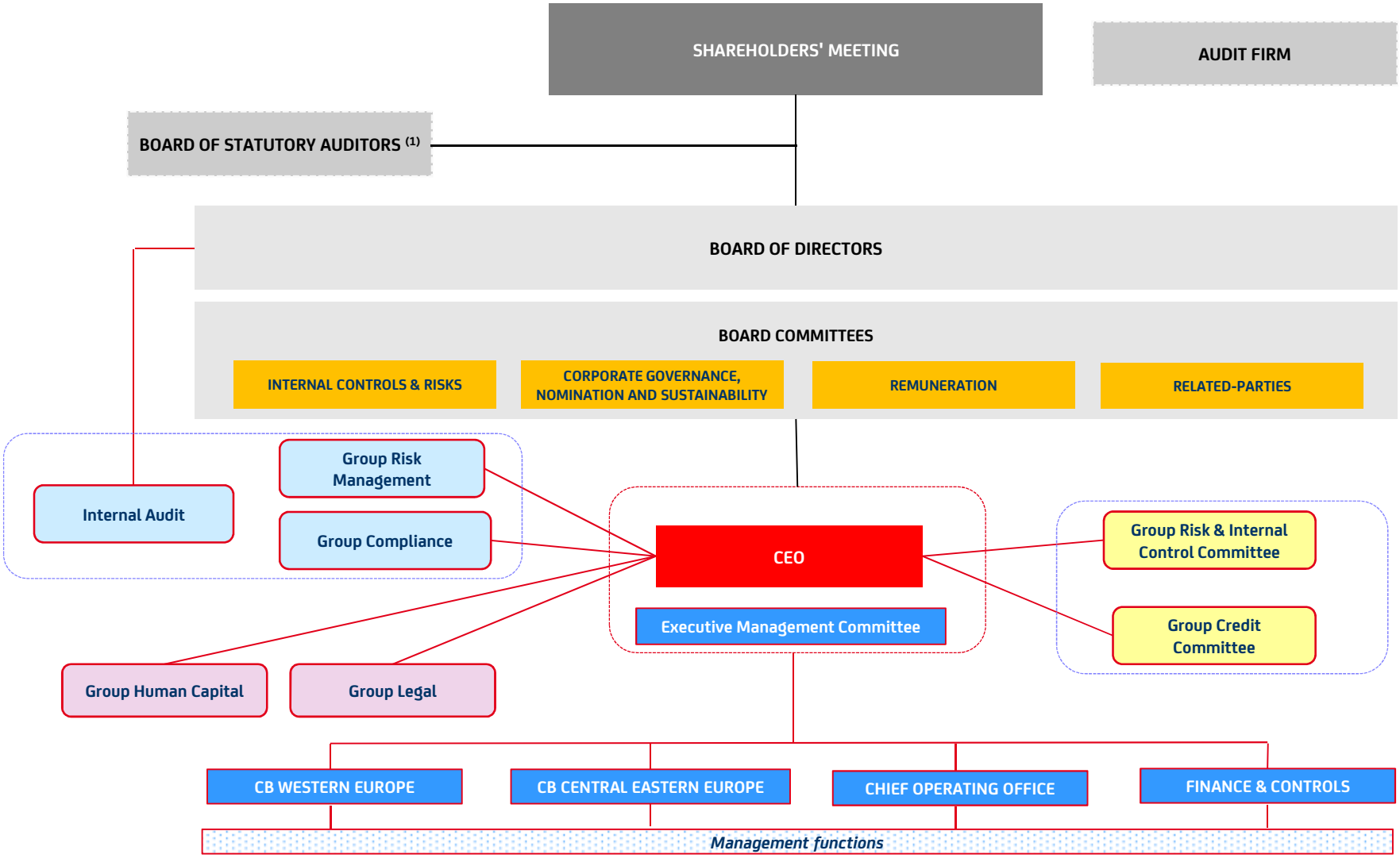
Share capital

Ordinary shares	2, 233,376,842

Further information

Presence of Shareholders agreements	NO
Presence of controlling Shareholders	NO

Organizational and Governance structures



(1) In February 2019, the UniCredit Board of Directors has resolved on the assignment to the Board of Statutory Auditors of the Supervisory Body 's duties pursuant to the Legislative Decree no. 231/2001, starting from the renewal of the control body for the 2019-2021 financial years (UniCredit AGM April 11, 2019)

Shareholders' Meetings

SHAREHOLDERS RIGHTS

to be represented in a Shareholders' Meeting by proxy, indicating the name of one or more possible representative's substitutes. The proxy may be granted also to the so-called Company-Designated Proxy Holder

to submit lists of candidates for the appointment of Director or Statutory Auditor (holders of at least 0.5% of the share capital in the form of ordinary shares with voting rights)

to ask for the integration of the Agenda and/or to submit further resolution proposals on items already on the Agenda (shareholders who, even jointly, represent at least 0.5% of the share capital)

to ask for the call of a Shareholders' Meeting (shareholders who, even jointly, represent 5% of the share capital)

to submit questions pertaining to items on the Agenda even prior to Shareholders' Meeting. The Company shall provide answers during the Meeting itself at the latest

Record date: 7 market trading days before the date established for the Meeting

Voting rights

Ordinary session

- financial statements approval, resolution on net profit allocation
- appointment of the Directors and Statutory Auditors, granting of a mandate for the external auditing to an audit firm, resolving on the connected fees
- approval of the remuneration and incentive policies and practices
- criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office

Quorum for resolutions

absolute majority

[higher only for the approval of a ratio of variable to fixed remuneration of employees higher than 1:1]

Extraordinary session

- amendments to the Articles of Association
- capital increases
- mergers and de-mergers
- appointment, replacement and powers of the official receivers/trustees in bankruptcy

Quorum for resolutions

with favorable vote of at least 2/3 of the share capital represented in the Meeting

Each ordinary share gives the holder the right to cast one vote

AGM notice and Board proposals – available at the latest 30 days before the AGM date (40 days in case of renewal of the corporate bodies)

Analytical voting disclosure

Financial calendar available at the latest by January 30th

Board of Directors

Board of Directors

Cesare Bisoni

Chairman

First appointment date
May 2015

Independent as per TUF

Non-Executive

Attendance % **100**

Born in Caslino d'Erba (Como, Italy)
on October 1, 1944

POSTS HELD IN OTHER COMPANIES*

None

Role played by the Chairman

- *is responsible for ensuring that the corporate governance system functions effectively, also with regard to any aspects related to internal and external communications;*
- *is an interlocutor for the Board of Statutory Auditors and the Board Committees;*
- *while remaining neutral, the Chairman promotes dialogue among executive and non-executive members, seeking the active participation of non-executive members in the Board's proceedings so that the resolutions it reaches are the result of adequate debate and an informed and effective contribution from all its members*
- *manages relations with shareholders and the Supervisory Authorities, in agreement with the CEO*

CHAIRMAN REPLACEMENT PROCEDURE

Where absent or impeded, the Chairman is replaced by the Deputy Vice Chairman. Where both the Chairman and Deputy Vice Chairman are absent or impeded, the meeting is chaired by the oldest Director

Lamberto Andreotti

Deputy Vice Chairman

First appointment date
April 2018

Independent as per
Articles of Association /
Code and TUF

Non-Executive

Attendance % **83**

Bon in Rome (Italy)
on July 6, 1950

POSTS HELD IN OTHER COMPANIES*

Director of Corteva Agriscience

Chairman of the Board Committee

- Remuneration

* POSTS HELD BY THE DIRECTORS OF UNICREDIT IN OTHER COMPANIES LISTED ON REGULATED MARKETS (BOTH IN ITALY AND ABROAD), AS WELL AS IN FINANCIAL SERVICES COMPANIES, BANKS, INSURANCE COMPANIES OR OTHER LARGE COMPANIES

Board of Directors

Jean Pierre Mustier

Chief Executive Officer

First appointment date
June 2016

Non Independent

Executive

Attendance % **100**

Born in Chamaliéres (France)
on January 18, 1961

POSTS HELD IN OTHER COMPANIES*

None

Director in charge of the internal controls and risks management system

The empowerment (and disempowerment) of Directors is the Board's responsibility. It is the Board that sets out the subject matter, limits and performance criteria for delegation of powers

The only Board member with managerial powers is Mr. Jean Pierre Mustier, to whom the Board of Directors has granted powers, within pre-defined limits and also with the faculty to sub-delegate them, across all sectors of Bank business

In order to ensure proper management of and effective control over said delegated powers, the Chief Executive Officer provides the Board of Directors, according to the ways established by the Board itself, with adequate information flows specifically highlighting any relevant associated risk

For information on such delegated powers a reference is made to the "Managerial powers" Annex to the Report on corporate governance and ownership structure

* POSTS HELD BY THE DIRECTORS OF UNICREDIT IN OTHER COMPANIES LISTED ON REGULATED MARKETS (BOTH IN ITALY AND ABROAD), AS WELL AS IN FINANCIAL SERVICES COMPANIES, BANKS, INSURANCE COMPANIES OR OTHER LARGE COMPANIES

Board of Directors

Mohamed Hamad Al Mehairi

Director

First appointment date
October 2015

Independent as per Articles of Association / Code and TUF

Non-Executive

Attendance % **83**

Born in Al Ain (UAE)
on December 6, 1975

POSTS HELD IN OTHER COMPANIES*

- Member of the supervisory body of Companies of the Mubadala Investment Company Group
- Director of Emirates Investment Authority

Sergio Balbinot

Director

First appointment date
June 2016

Independent as per TUF

Non-Executive

Attendance % **89**

Born in Tarvisio (Udine, Italy)
on September 8, 1958

POSTS HELD IN OTHER COMPANIES*

- Member of the supervisory body of Companies of the Allianz Group

Vincenzo Cariello

Director
(Minority)

First appointment date
April 2018

Independent as per Articles of Association / Code and TUF

Non-Executive

Attendance % **100**

Born in Arezzo (Italy)
on December 23, 1965

POSTS HELD IN OTHER COMPANIES*

None

Member of the Board Committee

- Related-Parties

Elena Carletti

Director

First appointment date
February 2019

Independent as per Articles of Association / Code and TUF

Non-Executive

Attendance % **100**

Born in La Spezia (Italy)
on September 8, 1969

POSTS HELD IN OTHER COMPANIES*

None

Member of the Board Committees

- Internal Controls & Risks
- Remuneration

Diego De Giorgi

Director

First appointment date
February 2020

Independent as per Articles of Association / Code and TUF

Non-Executive

Attendance % ==

Born in Trieste (Italy)
on March 13, 1970

POSTS HELD IN OTHER COMPANIES*

None

Beatriz Lara Bartolomé

Director

First appointment date
February 2020

Independent as per Articles of Association / Code and TUF

Non-Executive

Attendance % ==

Born in Buenos Aires (Argentina)
on November 30, 1962

POSTS HELD IN OTHER COMPANIES*

- Sole Director of the AHAOW Moment S..L.

* POSTS HELD BY THE DIRECTORS OF UNICREDIT IN OTHER COMPANIES LISTED ON REGULATED MARKETS (BOTH IN ITALY AND ABROAD), AS WELL AS IN FINANCIAL SERVICES COMPANIES, BANKS, INSURANCE COMPANIES OR OTHER LARGE COMPANIES

Board of Directors

Stefano Micossi

Director

First appointment date
April 2018

Independent as per Articles of Association / Code and TUF

Non-Executive

Attendance % **100**

Born in Bologna (Italy)
on October 27, 1946

POSTS HELD IN OTHER COMPANIES*

None

Member of the Board Committees

- Corporate Governance, Nomination and Sustainability (**Chairman**)
- Related-Parties

Maria Pierdicchi

Director

First appointment date
April 2018

Independent as per Articles of Association / Code and TUF

Non-Executive

Attendance % **94**

Born in Schio (Vicenza, Italy)
on September 18, 1957

POSTS HELD IN OTHER COMPANIES*

- Independent Director of Autogrill Group
- Independent Director of Luxottica Group
- Independent Director of Aurora SA

Member of the Board Committees

- Internal Controls & Risks
- Related-Parties (**Chairwoman**)

Francesca Tondi

Director
(Minority)

First appointment date
April 2018

Independent as per Articles of Association / Code and TUF

Non-Executive

Attendance % **100**

Born in Livorno (Italy)
on May 16, 1966

POSTS HELD IN OTHER COMPANIES*

- Director of Angel Academe Nominee

Member of the Board Committees

- Internal Controls & Risks
- Corporate Governance, Nomination and Sustainability

Alexander Wolfgring

Director

First appointment date
May 2013

Independent as per Articles of Association / Code and TUF

Non-Executive

Attendance % **100**

Born in Vienna (Austria)
on September 17, 1962

POSTS HELD IN OTHER COMPANIES*

- Member of the supervisory body of Companies of the AVZ Group

Member of the Board Committees

- Internal Controls & Risks (**Chairman**)
- Corporate Governance, Nomination and Sustainability

Elena Zambon

Director

First appointment date
May 2015

Independent as per Articles of Association / Code and TUF

Non-Executive

Attendance % **94**

Born in Vicenza (Italy)
on October 15, 1964

POSTS HELD IN OTHER COMPANIES*

- Member of the supervisory body of Companies of the Zambon Group
- Director of Ferrari N.V.

Member of the Board Committees

- Corporate Governance, Nomination and Sustainability
- Remuneration

* POSTS HELD BY THE DIRECTORS OF UNICREDIT IN OTHER COMPANIES LISTED ON REGULATED MARKETS (BOTH IN ITALY AND ABROAD), AS WELL AS IN FINANCIAL SERVICES COMPANIES, BANKS, INSURANCE COMPANIES OR OTHER LARGE COMPANIES

Board of Directors' composition

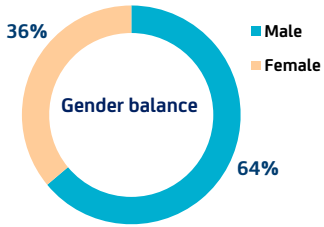
BOARD COMPOSITION

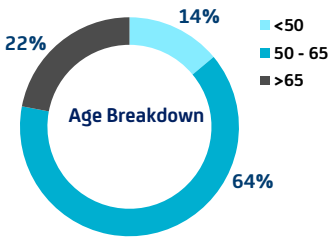
Balance of executive and non-executive Directors

1 CEO executive **13** non-executives

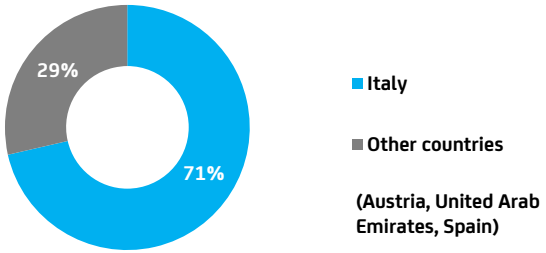
Board independence

11 as per Articles of Association and Corporate Governance Code **13** as per TUF





Geographical mix (%)

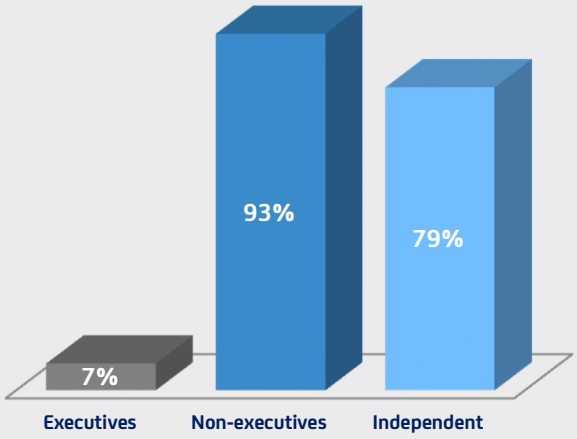


2019 Board meeting attendance

95%

average attendance (Directors in office as at December 31, 2019)

2019 Board length of tenure **3 years**



36% Women on Board

14% Minorities

Board of Directors - skills and expertise

DIRECTORS COMPETENCIES (%)

- The skills and expertise show an optimal balance in the Board of Directors composition
- Since February 2020 the Board also benefits from skills in the digital/technology sector, deemed crucial for implementing the 2020-2023 multi-year plan (Team 23)

Qualitative-quantitative composition

The composition of the Board quantitatively and qualitatively corresponds to the theoretical profile approved by the Board itself on February 2018

Individual suitability

the experience, integrity and independence requirements, as well as time commitment, including the maximum number of offices that Directors may hold at the same time were abided by:

- ✓ the experience gained by all Directors is in line with the requirements provided for by the theoretical profile, considering that they possess a **good understanding and experience in more than 2** of the required **areas of competence** envisaged by the aforesaid profile
- ✓ **all** Directors **declared their ability to commit sufficient time** to duly perform their duties, also including sitting on Board Committees, if applicable
- ✓ the **Directors comply with the permitted number of offices under CRD IV provisions** (also on the basis of their declarations)

Collective suitability

- ✓ the Directors' profiles matched with the ideal overall Board composition: **on average** the Directors possess **6 areas of competence out of nine** identified by the Board; **all the core competencies are covered** within the same
- ✓ personal qualities, as well as age and gender diversity (the **female** component is **above the quota established** by applicable provisions), fully comply with the profile indications

Board of Directors - skills and expertise

Since February 2020, in addition to the following core competencies envisaged in the 2018 theoretical profile, **our Board of Directors also benefits from skills in the digital/technology sector, with specific application to banking, that it deems crucial for implementing the 2020-2023 multi-year plan (Team 23)**

	DIRECTOR NAME	International Experience	Financial & International Markets	Banking Governance	Banking Business	Legal & Regulatory	Strategic Planning	Risk & Control	Accounting & Audit	Sustainability
1	Cesare **Bisoni**									
2	Lamberto **Andreotti**									
3	Jean Pierre **Mustier**									
4	Mohamed Hamad **Al Mehairi**									
5	Sergio **Balbinot**									
6	Vincenzo **Cariello**									
7	Elena **Carletti**									
8	Diego **De Giorgi**									
9	Beatriz **Lara Bartolomé**									
10	Stefano **Micossi**									
11	Maria **Pierdicchi**									
12	Francesca **Tondi**									
13	Alexander **Wolfgring**									
14	Elena **Zambon**									
		13	12	9	9	8	8	8	8	7

Board Committees

Internal Controls & Risks

All members are independent according to the Italian Corporate Governance Code and the Articles of Association

All members have the experience required by the applicable provisions, covering the provided areas of competence related to risk and control as well as accounting and audit

CHAIRMAN

Alexander Wolfgring

Non-executive

100 %

Independent

100 %

Meetings attendance

100 %

average attendance

MEMBERS

Elena Carletti

Maria Pierdicchi

Francesca Tondi

Corporate Governance, Nomination and Sustainability

All members are independent according to the Italian Corporate Governance Code and the Articles of Association

A minority Director sit on the Committee

CHAIRMAN

Stefano Micossi

Non-executive

100 %

Independent

100 %

Meetings attendance

97 %

average attendance

MEMBERS

Francesca Tondi

Alexander Wolfgring

Elena Zambon

Board Committees

Remuneration

All members are independent according to the Italian Corporate Governance Code and the Articles of Association

CHAIRMAN

Lamberto Andreotti

Non-executive

100 %

Independent

100 %

Meetings attendance

94 %

average attendance

MEMBERS

Elena Carletti

Elena Zambon

Related-Parties

All members are independent according to the Italian Corporate Governance Code

A minority Director sit on the Committee

CHAIRMAN

Maria Pierdicchi

Non-executive

100 %

Independent

100 %

Meetings attendance

100 %

average attendance

MEMBERS

Vincenzo Cariello

Stefano Micossi

Our sustainability governance

Sustainability as integral to the governance of our Group

Chairman
Board of Directors

CORPORATE GOVERNANCE, NOMINATION AND SUSTAINABILITY COMMITTEE

CEO
Executive Management Committee

Group Sustainability & Foundation

- **Supports** the Corporate Governance, Nomination and Sustainability Committee in performing its activities
- **Drafts** the annual Group Integrated Report, which discloses the Group's sustainability performance
- **Guides** the ESG (Environmental, Social and Governance) reputational risk prevention process and utilizes relevant tools to monitor environmental and social trends and related risks
- **Dialogues** with institutional investors interested in ESG topics (including Socially Responsible Investors), specialized rating agencies and analysts
- **Monitors** key performance sustainability indicators of the Group
- **Communicates** UniCredit's sustainability approach and results to internal and external audiences

- **Our corporate governance system is strengthened** by the assignment of **responsibility for overseeing sustainability and ethics issues** to the Corporate Governance, Nomination and Sustainability Committee (CGN&S Committee).
- The CGN&S Committee **makes proposals regarding the Group's environmental and social strategy, annual objectives and targets, monitoring their implementation and examining related reporting.** It also supervises the Group's sustainability evolution in light of international guidelines and principles on the subject, monitoring the Group's performance. Furthermore, it keeps abreast of stakeholder concerns, and examines the annual Group Integrated Report prior to submission to the Board of Directors for approval.
- In 2019 the Committee was assigned also with the **supervision of ethics issues**. In this new task the Committee is supported by the **Chief Ethics Officer**, a new senior position created in 2019, responsible for coordinating all ethics matters, reporting to the Board and the CEO, and acting as an advisor to the Group. The CGN&S Committee has played a key role in ensuring that sustainability issues were integrated in the new strategic plan Team 23 as an important component of the Bank's business model.
- The Group Sustainability & Foundation unit, part of the Group Institutional Affairs & Sustainability department, **supports the CGN&S Committee** in its activities and **assists senior management in developing strategies that integrate sustainability considerations into the value creation process and generate long-term benefits for all stakeholders. Starting from 2019, the unit deals also with ethical issues in support of CEtO and CGN&S Committee.**

Remuneration of the non-executive Directors and of the Board of Statutory Auditors members

- The remuneration of the non-executive Directors and of the Board of Statutory Auditors members of UniCredit is
  - represented only by a **fixed component**
  - determined on the basis of the **importance of the position** and the time required for the performance of the tasks assigned

- The compensation paid to non-Executive Directors and Statutory Auditors is **not linked to the economic results achieved by UniCredit** and they do not take part in any incentive plans based on stock options or, generally, based on financial instruments

For any further information reference is made to the 2020 Group Remuneration Policy and Report available on UniCredit website, in the section dedicated to 2020 Shareholders' Meeting

Remuneration of the Chief Executive Officer, the sole executive Director sitting on the Board of Directors and employee of the Company

In compliance with applicable regulations, the adoption of a maximum ratio between variable and fixed remuneration of 2:1 has not changed - for the personnel belonging to the business functions, as resolved by the Annual General Meeting on May 13, 2014, and confirmed in the following AGMs

FIXED REMUNERATION

Base salary is appropriate in the specific market for the business in which an individual works and for the talents, skills and competencies that the individual brings to the group. The relevance of fixed compensation weight is sufficient to reward the activity rendered even if the variable part of the remuneration package were not paid due to non-achievement of performance goals.

As per the request by the CEO Jean Pierre Mustier to the Board of Directors in 2016, to set the right tone from the top, as well as to fully align his interests with all stakeholders, specific conditions are applied to his remuneration effective January 1, 2017. In particular, his fixed remuneration was reduced by 40%.

With reference to 2019, the Chief Executive Officer therefore received a total fixed remuneration of € 1.2 m, including director's remuneration.

VARIABLE REMUNERATION

For the whole time horizon of the Strategic Plan Transform 2019, the variable remuneration for the Group Chief Executive Officer is entirely covered by the 2017-2019 Long Term Incentive Plan, tied to Strategic Plan targets and overall aligned to the Risk Appetite Framework.

As approved by February 5, 2020 Board of Directors, the 2017-2019 Long Term Incentive Plan reached a final outcome of 93.3% of the maximum LTI opportunity based on the Scorecard results (RoAC: 9.8%; Cost/Income: 52.8%; Net NPE: 9.8 billion). Therefore, for the CEO, the variable remuneration amounts to 486,391 shares to be awarded according to the cliff vesting scheme and subject to malus and claw-back conditions, as legally enforceable.

For any further information reference is made to the 2020 Group Remuneration Policy and Report available on UniCredit website, in the section dedicated to 2020 Shareholders' Meeting

Board of Directors role

UniCredit is a company with shares listed on the Italian, German and Polish regulated markets

Together with its subsidiaries, a wide range of banking, financial and related activities are offered on a global scale in Italy, Germany, Austria, Poland and several other Central and Eastern European countries

As Holding Company of a banking Group, UniCredit carries out organic policy, governance and control functions in addition to banking activities vis-à-vis its subsidiary banking and financial instruments companies

The Board of Directors is responsible for

The Group Credit Committee and CEO are assigned the authorities concerning execution of **credit** activities within the limits and specifications set forth by the Board

- the resolutions concerning the general guidelines and the adoption and amendment of business, strategic and financial plans for the **Company** as well as the periodic monitoring of their implementation
- approving the UniCredit organisational structure and corporate governance, in order to ensure a clear separation of duties and functions as well as the conflict of interest prevention
- examining and approving transactions of significant strategic, economic, equity-related and financial relevance performed by the Company

- defining, adopting and amending general guidelines for managing the **Group** development policies prior to drafting strategic, business and financial multi-year plans and operating budgets for the Company and the Group
- periodically reviewing said guidelines in relation to developments in corporate operations and the external environment and supervising their proper implementation
- approving the corporate structure and governance models/guidelines of the Group
- examining and approving transactions of significant strategic, economic, equity-related and financial relevance performed by the companies belonging to the Group

Succession planning process

Executive Development Plan (EDP) is the process currently in place aimed at enhancing the quality of our Succession Pipeline for our Group Sustainability.

The EDP sessions allow meaningful people discussion and calibration where business needs are the drivers of the process.

The **Executive Development Plan**:

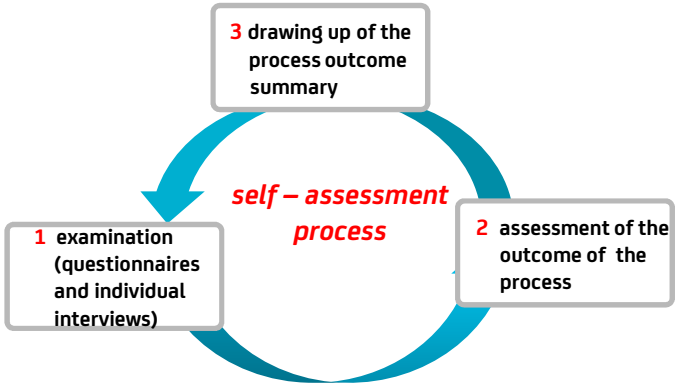
- embraces all Group Executives in an annual performance appraisal and development process with both Local and Group Top Management involvement
- is strictly linked with the UniCredit Competency Model, which is based on Our Five Fundamentals
- ensures the Group sustainability by focusing on succession planning
- provides basis for creating individual development paths

In the last edition (2019), ca. **3,200** executives **were involved**: their appraisals and succession plans were discussed and validated by the Group's Top Management through dedicated EDP sessions.

The outcome of the Process, including possible successors for the Top Executive positions, are submitted to the **Corporate Governance, Nomination and Sustainability Committee** and to the Board of Directors

Succession plans that result from the EDP sessions are the basis for the evaluation of possible candidates in case of new appointments, e.g. if an anticipated or unforeseen replacement of Executives is needed

Self-assessment process
(on the Board of Directors and its Committees)



- In compliance with the provisions contained in the Bank of Italy Supervisory Regulations on banks' corporate governance, and also pursuant to the provisions of the Italian Corporate Governance Code for listed companies

- undertaken by the Board at least annually
- focused on the adequacy of the Board and its Committees in terms of composition and functioning, tangibly measured in specific theme-based areas, with special reference to those relevant to healthy and prudent management

The process is undertaken with the assistance of an **external consultant** chosen, taking into account his/her skill, the professional experience acquired by him/her in corporate governance, and the need to be neutral, objective and independent in judgment – the hallmarks of the self-assessment process

The results of the 2019 self-assessment activities define a positive aggregated picture of the functioning of the Board and its Committees, showing that these bodies interact effectively and productively between themselves and the Management

In particular, such results highlight the **following strengths**:

- The ability to react to strong solicitations when called to discuss and decide on critical issues within a short period of time
- The independent mindset and judgement when analysing and discussing the strategic and operational proposals from the Management
- A balanced mix in terms of age, gender and experience in the current composition of the Board
- The acknowledgment of the need to adjust the current mix of competence areas outlined in the Board's theoretical profile to the evolution of the Group business strategy, thus introducing the competencies in the fields of commercial banking and digital transformation. Accordingly, the Board has been integrated with two new members meeting these requirements

Among the issues pointed out by some Directors:

- The acknowledgment of the effective functioning of the Board, considering that the discussion among Directors intensified as they have been called to resolve on issues of particular strategic importance, which influenced the Board's dynamics
- Further strengthening teamwork, fostering an open discussion among the Directors and between Directors and the Management during Board meetings
- Different views among the Directors on the level of detail required for analysis and discussion during the meetings of the Board Committees and those of the full Board.

Moreover, some points of attention emerged in the previous self-assessment have not been fully implemented yet, namely:

- greater visibility and understanding of local geographies and business in which the Bank works
- pre-meeting documents, to be shared more in advance in order to allow Directors to carry out a deeper analysis

Internal Controls System

Internal Controls System : key element of the overall corporate governance system

Comprises regulations, functions, structures, resources, processes and procedures in order to ensure that the following aims are achieved:

- the implementation of corporate strategies and policies is verified
- the risk is within the boundaries set by the bank (Risk Appetite Framework)
- the assets value is protected and losses are covered
- corporate processes are effective and efficient
- bank information and IT procedures are safe and reliable
- the risk of the bank being involved, even unintentionally, in unlawful activities (particularly those related to money laundering and terrorism financing) is prevented
- operations comply with law, supervisory regulations, policies, regulations and internal procedures

Organization of the Internal Controls System based on:

- control bodies and functions; information flows and coordination procedures; Group Governance mechanisms

  Board of Directors defines the internal controls system and risk management guidelines, ensuring that the Group's main risks are identified, measured, managed and monitored adequately

  Internal Controls & Risks Committee supports the Board in its assessment and decision-making activities relating to the internal controls and risks management system

  Board of Statutory Auditors oversees the completeness, adequacy, functioning and reliability of the internal controls system

  CEO that is supported in managing and overseeing the internal controls system by the Group Risk & Internal Control Committee, a managerial committee chaired by the CEO himself

Three-level control functions

Related parties and associated persons

Global Policy "Transactions with related parties, associated persons and corporate officers ex Sec. 136 TUB

(CONSOB Regulation no. 17221/2010 – Bank of Italy Circular no. 263/2006)

Member of the Combined Perimeter as defined by the enforced internal regulation

Transactions of Greater Significance

at least one of the "relevance ratios", applicable according to the transaction specificity, higher than 5%

Board of Directors' Role

- resolves on the UniCredit transactions of greater significance, except for the transactions falling within the competence of the Shareholders' Meeting
- issues opinions on the subsidiaries' transactions of greater significance
- receives periodic information flows on the transactions of UniCredit and of the Subsidiaries

Related-Parties Committee's Role

- become involved in the case of greater significance transactions – if deemed necessary by the Committee, through one or more delegate members – in the negotiation phase and in the preliminary phase through the receipt of a complete and timely information flow with right to request information and issue observations
- formulate prior and motivated opinions on the transactions of UniCredit and of the subsidiaries, with regards to the interest in finalizing the transactions as well as on the convenience and the substantive correctness of the relevant conditions

Transactions of Minor Relevance of significant amount

the transaction value is between € 1 billion and the amount for the "greater relevance transactions" threshold

Board of Directors' Role

- resolves on the UniCredit transactions of lesser relevance with a significant amount, except for the transactions falling within the competence of the Shareholders' Meeting
- issues opinions on the subsidiaries' transactions of lesser relevance with a significant amount
- receives periodic information flows on the transactions of UniCredit and of the Subsidiaries

Related-Parties Committee's Role

- become involved in the case of greater significance transactions – if deemed necessary by the Committee, through one or more delegate members – in the negotiation phase and in the preliminary phase through the receipt of a complete and timely information flow with right to request information and issue observations
- formulate prior and motivated opinions on the transactions of UniCredit and of the subsidiaries, with regards to the interest in finalizing the transactions as well as on the convenience and the substantive correctness of the relevant conditions

Board of Statutory Auditors

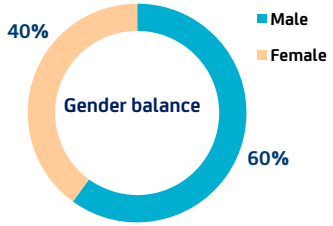
The corporate body is, *inter alia*, in charge of supervising

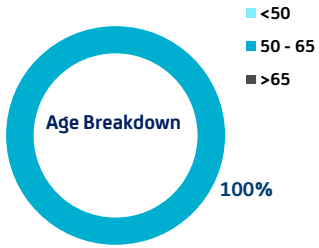
- compliance with laws, regulations and the Articles of Association
- the adequacy of the Company's organizational, managerial and accounting structure as well as of the overall functionality of the internal controls system
- financial disclosures process, the external auditing of the individual and consolidated financial statements and the independence of the external audit firm
- compliance with the provisions contained in the Legislative Decree no. 254/2016 on the disclosure of non-financial information

Starting from its renewal for the 2019-2021 financial years (UniCredit AGM April 11, 2019), the 231 Supervisory Body's duties are carried out by the Board of Statutory Auditors

Board Independence

All as per Italian Corporate Governance Code and TUF





2019 Board meeting attendance

average attendance

* AUDITOR APPOINTED FROM THE SLATE VOTED BY A SHAREHOLDERS' MINORITY

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