

One Bank, One UniCredit *Compensation strategy*



J. P. Mustier

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Welcome to
 **UniCredit**

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The compensation framework review is based on 4 key principles...

Set proper tone and lead from the Top



Align interests to shareholders / long term value creation



Have *"skin in the game"*



Don't reward failures







One Bank



One UniCredit



...leading to substantial changes to current Company policies as well as specific actions for the CEO

	General policy	CEO's specific undertakings
 Target pay	<ul style="list-style-type: none">• General repositioning around median of the market (from above median)	<ul style="list-style-type: none">• 40% reduction of own fixed pay, to €1.2m
 Senior management remuneration	<ul style="list-style-type: none">• Executive Management Committee incentives aligned to Group long term value creation, via new equity LTIP• Progressively softer cascading embracing the Top ~120 Group positions	<ul style="list-style-type: none">• No yearly bonus for 2016 nor plan horizon• Performance-based LTIP as the only form of variable remuneration till 2019
 Shareholding requirements	<ul style="list-style-type: none">• Share ownership guidelines extended to Top ~120 Group positions	<ul style="list-style-type: none">• Investment of €2m in UniCredit shares
 Termination policy	<ul style="list-style-type: none">• Reduction of overall severance limits to 24 months¹ (inclusive of notice)	<ul style="list-style-type: none">• "Zero severance" arrangement in case of separation from the Bank



The new equity based LTI plan foresees a 3-year performance period aligned with Group plan targets

Amount at stake

- Up to 100% of max variable remuneration for senior managers

Plan length

- 3 performance years (plan horizon)
- 3 years deferral, subject to "malus" conditions
- 1 additional year of mandatory holding

Award

- One award based on the achievement of a set Group plan performance targets (fully disclosed)

Vehicles and vesting

- 100% UniCredit shares
- Cliff vesting of the award, at the end of the deferral period
- Clawback clause for 7 years after award

