

# One Bank, One UniCredit.

## 3. Appointment of the Board of Statutory Auditors and of the substitute Statutory Auditors

Profile of UniCredit S.p.A. Board of Statutory Auditors

2019

Ordinary and Extraordinary Shareholders' Meeting

# **Profile of UniCredit S.p.A. Board of Statutory Auditors**

**Milan, February 6, 2019**

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# Profile of the Board of Statutory Auditors

Although there is no specific provision requiring the identification of the qualitative and quantitative composition deemed to be optimal for the Board of Statutory Auditors, due in particular to the increasing complexity of the legal framework for the requirements of bank corporate officers, the UniCredit Board of Directors, in accordance with the outgoing Board of Statutory Auditors, considers useful to draw the shareholders' attention to the main rules regarding the Board of Statutory Auditors' composition and at the same time provide an optimal theoretical profile for the Statutory Auditors of UniCredit in order to facilitate the best choice of candidates to be presented at the next Shareholders' Meeting called for the renewal of the Board of Statutory Auditors.

\* \* \*

Reference is made to the relevant applicable national and European provisions below:

- Legislative Decree no. 58 dated 24 February 1998 (Consolidated Law on finance) and the Consob Issuers Rules adopted with resolution no. 11971 dated 14 May 1999, as subsequently amended;
- Legislative Decree no. 385 dated 1 September 1983 (Consolidated Law on banking) and the relevant implementing regulations;
- Bank of Italy, Supervisory Regulations for banks, Circular no. 285 of 17 December 2013 on corporate governance (Part I, Title IV, Chapter 1) and on the internal control system (Part I, Title IV, Chapter 3, Section 2);
- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on the 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 bodies charged with supervisory, control and management functions and key function holders (2017);
- ECB guide to fit and proper assessments (2018);
- Italian Corporate Governance Code for listed companies (2018).

It is noted that in its recommendations to shareholders the Board of Directors has also taken into account, in addition to the aforementioned national and European provisions, the principles contained in the draft Ministerial Decree concerning the rules on suitability requirements and criteria for holding offices in the process of being issued pursuant to, *inter alia*, Section 26 of the Legislative Decree no. 385/1993 (hereinafter the "draft Ministerial Decree") and to the sector-specific rules thereby including the Rules of conduct for the Board of Statutory Auditors of listed companies (2018).

Lastly, in defining the optimal theoretical profile of the Statutory Auditors of UniCredit, the Board of Directors has also considered the UniCredit governance system, referring to the Company's Articles of Association, to the corporate bodies' internal regulations, as well as to key governance principles.

This Profile is made available to the shareholders of the Company in good time so as to allow that the choice of the candidates to put forward may take into consideration the expertise required; subsequently, the correspondence between the composition of the Board of Statutory Auditors as resulting from the appointing process and this Profile will be verified.

## 1.1 Quantitative composition

The UniCredit Articles of Association provide, in Clause 30, that the Board of Statutory Auditors consists of five permanent Auditors, including the Chairman, and four substitute Auditors.

According to the current provisions, at least **two permanent Auditors and one substitute Auditor** must be enrolled with the Legal Auditors Register and have practiced the activity of legal auditing of accounts for at least three years total experience.

In line with the process of strengthening the corporate governance system of the Bank started in 2017, the Board of Directors, on the basis of the discussions that took place in the Corporate Governance, Nomination and Sustainability Committee, has chosen, also pursuant to the Legislative Decree no. 231/2001, the organizational framework promoted by the Supervisory Regulations for banks which provides that the of 231 Supervisory Body's functions could be carried out by the Board of Statutory Auditors. This solution, which will be implemented starting from the renewal of the body for the 2019 – 2021 financial years, in addition to being compliant with national best practices defined by the Italian Corporate Governance Code for listed companies, will strengthen the specific powers of the supervisory body itself (given the specific powers, responsibilities and independence of the Board of Statutory Auditors) and simplify the Company's Internal controls system. Bearing this in mind, and in order to guarantee the presence of corporate officers having knowledge, skills and technical experiences which allow them, *inter alia*, to fully understand the Company's activities and its main risk exposures, the Board of Directors recommends to shareholders – who are in charge to decide on the composition of the Board of Statutory Auditors – the choice of at least one candidate with a specific experience in the legal field and a proper knowledge of corporate organization and processes.

## 1.2 Qualitative composition

Given the framework previously outlined, in formulating the recommendation to the shareholders who have to submit lists of candidates, regarding the professionalism and expertise deemed necessary for the purposes of achieving the optimal composition of the Board of Statutory Auditors of UniCredit, the Board of Directors considers useful to highlight the importance of:

- ensuring in the Board of Statutory Auditors a balanced combination of profiles and experiences;
- promoting profiles with personal and attitudinal characteristics which are capable of ensuring the optimal performance of the office by the Statutory Auditors;
- identifying profiles whose adequate availability of time and resources ensure the effective performance of the role of Statutory Auditor;
- further promoting the existing diversity requirements in particular with regards to international training and professional experience, gender diversity and age.

### 1.2.1 Professional experience requirements

In addition to the provisions currently in force, significant attention is placed on the CRD IV and the Supervisory Regulations for banks issued by the Bank of Italy, as well as on the relevant rules for listed Companies (including the provisions of the Italian Corporate Governance Code) and on the ECB guide to fit and proper assessments.

With regard to the above, the Board of Directors considers it appropriate that shareholders take the following into account when selecting candidates:

- » having a mix of knowledge, skills and the experience to enable the control body to understand the main business areas and risk exposures of the UniCredit Group;
- » both the overall theoretical experience attained through education and training and the practical experience gained in previous roles;
- » the size, level of operational complexity, perimeter of activities and related risks, markets and different geographic locations in which the candidates have previously worked.

Without prejudice to the professional experience requirements provided by both the provisions currently in force and the Articles of Association, according to which at least **two permanent Auditors and one substitute Auditor** must be enrolled with the Legal Auditors Register and have practiced the activity of legal auditing of accounts for at least three years total experience, it is considered useful to direct the attention of shareholders also to the requirements established by the draft Ministerial Decree, in detail providing that the **other members** of the Board of Statutory

# Profile of the Board of Statutory Auditors

Auditors are chosen among persons who for at least three years, even alternatively:

- practiced the activity of legal auditing of accounts ,
- Or
- performed management or control activities or held managerial positions in the banking, financial, securities or insurance sectors;
- performed management or control activities or held managerial positions in listed companies or in companies whose size or complexity is greater than, or equal to, the UniCredit ones (in terms of revenue, nature and complexity of the organization or activities performed);
- Or
- practiced professional activities in the fields relating to the banking, financial, securities or insurance sectors or other activities of relevance for UniCredit; the professional activity has to respond to proper complexity levels also with regard to the beneficiaries of the services provided and it has to be performed continuously and predominantly in the abovementioned sectors;
- taught, at University level (as first or second level) on subjects concerning - in the field of law - banking, commercial and/or fiscal law, as well as the running of financial markets and - in the field of business/finance - banking operations, business economics, accountancy, the running of the securities markets, the running of the financial and international markets and corporate finance, or other subjects relating to the banking, financial, real estate or insurance activities;
- performed managerial/executive functions in public organizations or offices of the public administration relating to the banking, financial, securities or insurance sectors under the condition that the entity in which the corporate officers had performed such activities has a size or complexity similar to, or greater than, UniCredit ones.

The draft Ministerial Decree also establishes that the **Chairman of the Board of Statutory Auditors** shall have gained a professional experience of at least two years in addition to the three years' experience indicated above.

More specifically, with regards to professional experience requirements, the Board of Directors - also in the light of the guidelines jointly issued by EBA/ESMA on the verification of the suitability of members of the corporate bodies and by the ECB on the fit and proper assessments - believes that candidates for the role of Statutory Auditors of UniCredit shall possess at least two of the following competences:

- **BANKING BUSINESS**
- **BANKING GOVERNANCE**
- **RISK AND CONTROL**
- **LEGAL/REGULATORY**
- **ACCOUNTING & AUDIT**

Finally, the Board of Directors invites shareholders to take into consideration that all Statutory Auditors should have a fair knowledge of the English language to allow for full understanding of written texts, thereby ensuring the possibility of directly performing his/her own control activity also on documents of that nature, also given the use of that language in the correspondence between the Company and the European Supervisory Authority.

In order to allow shareholders to comprehend the expertise held by each candidate more easily, the Board of Directors requests the appointment proposal to be accompanied by *curricula* along with a declaration, signed by the candidates themselves, providing analytical evidence of the expertise gained in the various areas listed above.

## 1.2.2 Aptitude profiles

The Board of Directors also draws the shareholders' attention to the opportunity to consider the following personal qualities as essential for the role of member of the UniCredit Board of Statutory Auditors:

- Independent mind – the ability to be objective, open minded and prepared to challenge; ability to take a stand and defend it.
- Integrity - adherence to appropriate and effective set of core values and the ability to live according to said

values; honesty and loyalty; authenticity, self-awareness and self-confidence.

- Hard work and commitment - willingness to invest time and effort in learning about the Bank; committed and well prepared.

### **1.2.3 Time commitment and number of offices**

Pursuant to the relevant regulations, the availability of time to be dedicated in performing the office, based upon the nature, quality and complexity of the latter, is an essential requirement to be guaranteed by candidates to the Statutory Auditor position.

With regard specifically to UniCredit, it is noted - for information - that in each financial year of the three year period 2016-2018, on average, forty-two meetings of the Board of Statutory Auditors, eleven meetings of the 231 Supervisory Body and eighteen meetings of the Board of Directors have been held.

In addition to the foregoing, the necessary time and commitment were required for attending *ad hoc* meetings for induction and permanent training as well as those deriving from any possible attendance of the Statutory Auditors to the Board Committees' activities.

The time spent in meetings, of course, must be supplemented by the time that each Statutory Auditor invests in the preparation for said meetings. In that regard, it should be noted how, based upon past experiences, the resources dedicated by the Chairman of the Board of Statutory Auditors to the performance of his role have absorbed a significant part of his time: the shareholders shall, therefore, take due account of this fact when identifying the profiles of candidates who may be asked to hold this position.

Moreover, the Board of Directors draws the shareholders' attention to the expected attendance threshold to the Board of Statutory Auditors' meetings taking into account that Article 2404 of the Italian Civil Code provides that "the statutory auditor who, without a justified reason, does not attend two meeting of the Board of Statutory Auditors within one financial year forfeits his/her office". Also considering the recommendations of the Supervisory Authority, the Board of Directors also recommends that ensuring the physical presence at meetings is preferable, save for extraordinary meetings. Bearing in mind that Section 149 of the Legislative Decree no. 58/1998 establishes, *inter alia*, that "the statutory auditors, who, without a justified reason, do not attend Shareholders' Meetings or, within one financial year, two consecutive meetings of the Board of Directors or of the Executive Committee forfeit their offices", the Board of Directors invites shareholders to pay attention also to the attendance threshold expected for Board meetings and Shareholders' Meetings of the Company.

In view of the foregoing, the Board - in line with the recommendations of the ECB - highlights that candidates should accept the office only whether they believe to be 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, on the basis of the indication issues by the outgoing Board of Statutory Auditors according to the provisions of the Rules of conduct for the Board of Statutory Auditors of listed companies, and also in line with the ECB guidelines, the UniCredit Board of Directors draws the shareholders' attention to the following estimate to be intended as a reference point to assess the minimum amount of time needed for appropriate meeting attendance: for the Chairman of the Board of Statutory Auditors are needed one hundred and nine days per year (ninety-eight days for the Board of Statutory Auditors' activities and eleven for the ones of the supervisory body) while for the Statutory Auditors eighteen-eight days per year (seventy-seven days for the Board of Statutory Auditors' activities and eleven for the ones of the supervisory body).

Furthermore, the Board of Directors, on the basis of the position expressed by the European Central Bank concerning

# Profile of the Board of Statutory Auditors

the adoption, also with regard to Statutory Auditors, of limits upon the maximum number of offices to be held envisaged by the CRD IV for the members of bank corporate bodies, recalls the specific limits according to which a Statutory Auditor can hold overall (in any type of company, excluding organisations that do not pursue primarily commercial objectives):

one executive office and two non-executive offices;

five non-executive offices,

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

- a) a) “offices” refer to the positions held in the Board of Directors, Supervisory Board, Management Board, Board of Statutory Auditors, or to the position of General Manager; in foreign companies, “offices” refer to positions equivalent to the above, on the basis of the relevant regulations applicable to the company;
- b) are considered as a single office, *inter alia*, all offices held:
  - i. In the same group;
  - ii. In enterprises other than the group’s, in which UniCredit has a qualifying holding, as defined by Section 4 of the Regulation (EU) no. 575/2013.

Consistently with the Supervisory Regulations for banks issued by the Bank of Italy, non-executive officers are defined, in particular, as members of the Board of Directors without managerial authorities, as well as members of the Supervisory Board, Board of Statutory Auditors and the Management Control Committee.

## 1.2.4 Tenure

In order to ensure a suitable balance between the needs of continuity and renewal of the Board of Statutory Auditors, in line with the best national practices defined in the Italian Corporate Governance Code for listed companies, it is recommended that Statutory Auditors do not exceed the maximum number of three mandates as members of the Board of Statutory Auditors.

## 1.2.5 Incompatibility

In compliance with Section 36 of the Law Decree no. 201/2011 (converted into statute, with amendments, 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 from holding, or exercising, similar offices in competing companies or group of companies”, the Board of Directors deems useful to draw the shareholders’ attention to the opportunity that the lists to be presented for the appointment of the new Board of Statutory Auditors, only include candidates who meet the requirements of the abovementioned provision.

In compliance with Section 17 of the Legislative Decree no. 39/2010, the key supervising officer charged with legal auditing, performing said activity on behalf of the external auditing firm of UniCredit, cannot be appointed as UniCredit Statutory Auditor before two years have elapsed since such activity ended. Such ban regards also the employees and partners, other than the key supervising officers charged with the legal auditing, as well as any other natural person whose activities have been made available to, or carried out under the control of, the external auditing firm, if authorized to perform the function of legal auditor, for a two years period starting from the ending of their involvement in the external auditing activities.

In compliance with the Supervisory Regulations on corporate governance issued by the Bank of Italy, the Board of Statutory Auditors’ members shall not hold posts in corporate bodies different from the ones with control functions in other companies belonging to the UniCredit Group in which UniCredit holds, even indirectly, a strategic shareholding, which means a shareholding at least equal to 10% of the share capital or of the voting rights in the ordinary shareholders’ meeting of the subsidiary as well as equal to 5% of the consolidated regulatory capital of the banking Group. This ban also includes appointments in management control committees.



### **1.2.6 Independence**

Without prejudice to the ineligibility cases provided by law, the Board of Directors reminds that, in order to comply with the principles of the Italian Corporate Governance Code for listed companies, the candidate lists shall be drawn up in such a way as to guarantee that the Statutory Auditors are chosen among persons who could be qualified as independent also on the basis of the criteria envisaged by the Italian Corporate Governance Code with regard to Directors.

### **1.2.7 Independence of mind**

The Board of Directors reminds that, all members of the Board of Statutory Auditors shall perform their duties with objectivity and integrity and without direct or indirect interests that may affect their independence of mind, as well as with the full understanding of the obligations and rights deriving from their office, in the interest of the sound and proper management of the Company, in addition to the compliance with laws and any other applicable rule.

Without prejudice to the cases of ineligibility, forfeiture and incompatibility envisaged by the law currently in force, in order for the independence of judgment of the members of the Company Board of Statutory Auditors to be fully safeguarded, the Board of Directors also deems necessary to draw the shareholders' attention to the ECB guidelines regarding potential conflicts of interests, in the light of which, it is also advised 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 independence of mind of members of the Board of Statutory Auditors;
- 2) the candidates must not hold at the time of their appointment, nor in the past five years prior to the said appointment, professional positions or they must not hold at the time of their appointment nor in the past two years positions of political influence that could be an obstacle or impede them from acting in the interest of UniCredit.

In that regard, it is emphasized that having a conflict of interest does not necessarily mean that a Statutory Auditor 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 on the basis of the policies approved by the Company.

### **1.2.8 Gender quotas**

The 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 for the composition of the Board of Statutory Auditors 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 Statutory Auditors and therefore the candidate lists shall be composed in a way that ensures that at least one-third of members belong to the least represented gender (i.e., two Statutory Auditors).

### **1.2.9 Integrity requirements**

Without prejudice to the provisions currently in force, the Board of Directors reminds that a Statutory Auditor shall be considered as meeting the integrity requirements if there is no evidence to suggest otherwise and no reason to have reasonable doubts about his or her good reputation.

Considering the importance of said requirements from a reputational standpoint, the Board considers as its duty to

# Profile of the Board of Statutory Auditors

draw the shareholders' attention to the necessity that candidates to be appointed as UniCredit Statutory Auditors, in addition to possessing the integrity requirements envisaged by the relevant provisions:

1. should not be in any situation that might cause their suspension from their functions as a Statutory Auditors; 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, are – or have been - even potentially likely to affect their reputation or have caused significant losses to the Bank;
3. should not have displayed behaviours which, while not constituting a crime, does not appear to be compatible with the office of a bank Statutory Auditor or might seriously jeopardise the reputation of the Bank.

Nonetheless the relevance of potential 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 into consideration in order to verify if even in such circumstances the sound and prudent management of the bank is safeguarded as well as, in particular, its reputation and public trust.

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

In order to enable shareholders to better evaluate the profiles of the candidates for the office of Statutory Auditor of UniCredit, the Board of Directors expects that shareholders could move up the filing of their lists, which shall be filed at least 30 days before the Shareholders' Meeting.

Further information relating to the appointment of Statutory Auditors and to the filing of the lists are briefly described in the attached document "Information on the appointment process of the UniCredit S.p.A. Board of Statutory Auditors".

# Induction and training

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

In addition, individual training plans will be activated if deemed necessary to strengthen specific technical knowledge and expertise, also in order to increase the level of diversity and the collective experience of the Board of Statutory Auditors.

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

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# 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 Company's Articles of Association that regulate the appointment of the Statutory Auditors, which Shareholders are kindly asked to refer to.*

# General information

The appointment of the Statutory Auditors is governed by the Italian Civil Code, the Legislative Decree no. 58/98 (Consolidated Law on Finance, hereinafter also “TUF”), the Legislative Decree no. 385/93 (Consolidated Law on Banking, hereinafter also “TUB”) and the related regulations as well as by Clause 30 of UniCredit’s Articles of Association, to all of which reference may be made.

## ***Procedure for the Statutory Auditors’ appointment***

Pursuant to the Articles of Association, the Ordinary Shareholders’ Meeting must appoint five permanent Auditors and four substitute Auditors. The Board of Statutory Auditors’ term in office lasts three financial years and ends on the date of the Shareholders’ Meeting called for the approval of the financial statements relating to the last financial year in which they are in office.

The permanent Auditors and the substitute Auditors are appointed on the basis of lists filed by the persons entitled to, in which the candidates must be listed using progressive numbers. The candidates must be divided into two sub-lists, containing respectively up to five candidates for the seat as permanent Auditor and up to four candidates for the seat as substitute Auditor.

## ***Who may file the lists***

Holders of at least 0.5% of the share capital in the form of ordinary shares with voting rights at the Ordinary Shareholders’ Meeting. The number of shares that gives the right to file lists may be held by one or more Shareholders.

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

Lists of candidates, together with the necessary documentation, must be filed **no later than the 25th day prior to the date of the Shareholders’ Meeting (March 18, 2019)** in the manner specified in the relevant notice of call.

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

Lists of candidates will be made available to the public at least 21 days prior to the date of the Shareholders’ Meeting (**March 21, 2019**) at the Registered Office of UniCredit S.p.A., on the Company’s website and with the other manner specified in the notice of call.

# Filing of the lists

Each party having the right thereto 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).

Each candidate may be included in one list only, under penalty of forfeiture.

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, pursuant to the current rules, on the ownership of the number of shares necessary for filing lists may 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 Shareholders' Meeting).

At least the first two candidates as permanent Auditors and the first candidate as substitute Auditor given in the respective lists must be listed in the Legal Auditors Register and must have practiced the activity of legal auditing of accounts for at least three years total experience.

Each list for the appointment as permanent Auditor and substitute Auditor must present a number of candidates belonging to the least represented gender such as to ensure, within the list itself, the abidance by the balance of genders at least in the minimum quantity established by the provisions, also of a regulatory nature, in being. In fact, the procedure for the formation of the lists and the supplementary criteria for the determination of the members of the Board of Statutory Auditors must allow that the least represented gender obtains at least one-third of the appointed Auditors.



# Documentation to be filed with the lists

The following documents, dated and signed, must also be filed together with each list:

- information relating to the identity of the Shareholders who filed the lists specifying the total percentage of the shareholding held;
- a statement of the Shareholders, other than those who hold, also jointly, a control or relative majority shareholding, certifying the absence of connecting relationships with the latter pursuant to Sec. 144-*quinquies* of the CONSOB Issuers Regulation no. 11971/99, after having become acquainted with the recommendations given by CONSOB with its Communication no. DEM/9017893 dated 26 February 2009;
- exhaustive information on the personal and professional characteristics of the candidates (detailed *curriculum vitae*) as well as a list of the management and control offices held in other companies pursuant to Article 2400 of the Italian Civil Code<sup>1</sup>:
  - a statement by each candidate irrevocably accepting the position (subject to his/her appointment) and attesting, under his/her own responsibility, that there is no reason for his/her ineligibility or incompatibility, as well as the possession of the requirements set out by current laws and regulatory provisions, in particular of those regarding professional experience, integrity and independence. **On the Company's website ([www.unicreditgroup.eu/agm11april2019](http://www.unicreditgroup.eu/agm11april2019)) is published a facsimile of declaration of candidacy** that can be used for this purpose.

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

In filing the lists Shareholders are invited to take into account also the results of the analysis carried out by the UniCredit Board of Directors, in agreement with the outgoing Board of Statutory Auditors, on the composition of the control body deemed optimal in order to ensure the proper performance of the functions assigned to it, contained in the document "**Profile of UniCredit S.p.A. Board of Statutory Auditors**". In this regard, it is also recommended to provide together with the lists also the information regarding the possessed competences in two or more of the areas envisaged by said Profile.

Finally, we remember that **each candidate must read the information notice on the processing and protection of personal data published on the Company's website ([www.unicreditgroup.eu/agm11april2019](http://www.unicreditgroup.eu/agm11april2019))**.

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<sup>1</sup> We invite you to provide this documentation both in Italian and English.

# Minority lists and connections among lists

Without prejudice to current laws and regulations requiring that at least one permanent member of the Board of Statutory Auditors shall be elected by the minority shareholders that are not in any way linked, not even indirectly, with the Shareholders who filed, or voted for, the list which come out first as to number of votes, the UniCredit Articles of Association provide that there should be 2 permanent Auditors and 2 substitute Auditors elected by the minorities, according to the modalities described in the following paragraph “*Appointment process*”.

CONSOB - in order to ensure full transparency on any connection between lists - has given detailed recommendations to the Shareholders filing a minority list for the appointment of the Statutory Auditors<sup>2</sup>. More in detail, CONSOB requires Shareholders filing “minority lists” to declare, in the statement mentioned in paragraph “*Documentation to be filed with the lists*” attesting the absence of any of the relationships specified in Sec. 144-quinquies of the CONSOB Issuers Regulation, also:

- the absence of significant relationships with Shareholders who jointly or severally hold a controlling or a relative majority shareholding; or
- any existing relations, where significant, with said Shareholders 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 specified 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*”.

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<sup>2</sup> See CONSOB Communication no. 9017893 dated February 26, 2009.

# Appointment process

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

The permanent Auditors and the substitute Auditors are chosen from the majority and the minority lists - in the consecutive order in which the candidates are given - as follows:

- as far as concerns the election of the permanent Auditors, the votes obtained by each list are divided in succession by one, two, three, four and five. The ratios obtained are progressively given to the candidates in the first directory of each list in the same order as in the directory and are reported in one single decreasing graduation: the persons elected are the first three candidates in the list that obtains the majority of the votes and the first two candidates that have obtained the highest ratio among those belonging to the minority lists. The candidate who has obtained the highest share of votes among the candidates belonging to the list that obtained the highest number of votes among the minority lists, is elected as Chairman of the Board of Statutory Auditors;
- instead, as far as concerns the election of the substitute Auditors, the votes obtained by each list are divided in succession by one, two, three and four. The ratios obtained are progressively given to the candidates in the second directory of each list in the same order as in the directory and are reported in one single decreasing graduation: the persons elected are the first two candidates in the list that obtains the majority of the votes and the first two candidates that have obtained the highest ratio among those belonging to the minority lists.

In the chart that follows there are briefly reported the above nomination criteria.

	<b>Majority list</b>	<b>Minority lists</b>
<b>Permanent Auditors</b>	the first 3 candidates	the 2 most voted candidates among all the minority lists
<b>Substitute Auditors</b>	The first 2 candidates	the 2 most voted candidates among all the minority lists
<b>Chairman of the Board of Statutory Auditors</b>		the first candidate belonging to the list receiving the most votes among the minority lists

# Requirements

The Statutory Auditors must meet the requirements envisaged by current laws and regulations, in particular those regarding professional experience, integrity and independence (herein below mentioned), and must not be in situations of ineligibility, forfeiture or incompatibility. They must also comply with the limits upon the maximum number of offices to be held established by current provisions and be able to dedicate the time necessary to perform effectively their office.

## ***Professional requirements***

At least two permanent Auditors and at least one substitute Auditor must be chosen among the persons appearing in the Legal Auditors Register who have practiced the activity of legal auditing of accounts for at least three years total experience.

Auditors who do not qualify pursuant to the above mentioned requirement must be chosen among those who have an overall experience of at least three years in:

- practising professional activities as business accountant or lawyer, undertaken mainly in the banking, insurance and financial sectors; or
- teaching, at University level, subjects concerning - in the law field - banking, commercial and tax matters, as well as the running of financial markets, and - in the business/finance field - banking operations, business economics, accounting, the running of the securities markets, the running of the financial and international markets and corporate finance; or
- performing managerial/executive functions in public organizations or offices of the Public Administration operating, as well as in the banking, financial or insurance sector, in the investment services sector and the collective investment-management sector, both of which as defined in TUF; or
- performing managerial or control activities, or managerial positions in joint stock companies with registered capital of not less than €2 million.

## ***Integrity requirements***

The members of the Board of Statutory Auditors must possess the integrity requirements set out by Treasury Decree no. 161 dated 18 March 1998, as well as by Justice Decree no. 162 dated 30 March 2000.

## ***Independence requirements***

The Statutory Auditors shall perform their duties with objectivity and integrity and without direct or indirect interests that may affect their independence of mind.

Without prejudice to the ineligibility cases provided by law, according to the Corporate Governance Code for Listed Companies the Statutory Auditors are chosen among persons who may be qualified as independent also based on the criteria set out by Sec. 3 of such Code with regard to Directors.

## ***Reasons for ineligibility, forfeiture or incompatibility***

The following persons may not be elected as Auditors and, where elected, shall be disqualified from office (Section 148 TUF):

- a) persons who are in the conditions referred to in Article 2382 of the Italian Civil Code;
- b) spouses, relatives and relatives-in-law, up to the fourth degree of kinship, of the directors of the company, spouses, relatives and relatives-in-law, up to the fourth degree of kinship, of the directors of the companies it controls, of the companies it is controlled by and of those subject to common control;
- c) persons who are linked to the company, to the companies it controls, to the companies it is controlled by and to those subject to common control, or to the directors of the company or to the persons referred to in subparagraph b), by self-employment or employee relationships or by other relationships of an economic or professional nature that might compromise their independence.

Moreover, persons who are/have been in situations or have been subject to measures envisaged by the Treasury Decree no. 161 dated March 18, 1998, as well as the Justice Decree no. 162 dated March 30, 2000, and persons who

fall under the incompatibility cases provided for by the Legislative Decree no. 39/2010, may not hold the office as Statutory Auditors.

We also remind that, according to Supervisory Regulations on banks corporate governance (Circular no. 285/13 of Bank of Italy), the the Board of Statutory Auditors' members shall not hold posts in corporate bodies different from the ones with control functions in other companies belonging to the UniCredit Group in which UniCredit holds, even indirectly, a strategic shareholding, which means a shareholding at least equal to 10% of the share capital or of the voting rights in the ordinary shareholders' meeting of the subsidiary as well as equal to 5% of the consolidated regulatory capital of the banking Group.

### ***Interlocking provisions***

Section 36 of Law Decree no. 201<sup>3</sup> dated December 6, 2011, 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 from holding, or to exercising, similar offices in competing companies or group of companies*”.

Individuals who hold positions that fall within the sphere of prohibition application are duty-bound within 90 days of their appointment to provide notification of the option between said positions they have exercised. Should this period expire without such a choice being made, the person concerned shall forfeit both positions.

### ***Limits upon the maximum number of office to be held – time commitment***

According to the Company's Articles of Association, Statutory Auditors may assume management and control positions within other Companies within the limits established by the provisions, also of a regulatory nature, in being.

In compliance with the CONSOB Issuers Regulation no. 11971/99 in application of section 148-bis of TUF the position of member of the control body of an issuer may not be assumed by those who hold the same position in five issuers.

A member of the control body of an issuer may assume other management or control positions in the companies mentioned by the said provisions up to the limits established. Exempt positions and management and control positions in small companies (as defined by the aforementioned provisions) are not material for the purposes of the cumulation of the positions.

A member of the control body who - for reasons not attributable to him/herself - exceeds such limits, shall resign from one or more of the offices previously held within ninety days of becoming aware of having exceeded such limits.

In any case, it should be noted that the legislation concerning banks establishes that corporate officers must dedicate the time necessary to perform effectively their duties, also taking into account the nature and quality of the commitment requested and the functions performed in them, as well as other offices held in companies or bodies, commitments or work activities (time commitment)<sup>4</sup>.

With specific reference to the limits upon the maximum number of offices established for banks' corporate officers by the Directive 2013/36/EU (CRD IV) expressly referred to by Bank of Italy Circular no. 285/13 (*Supervisory Regulations for banks*), without prejudice to the different requirements on this matter which may result from the Decree which will be issued by the Ministry of Economy and Finance implementing Sec. 26 TUB, Shareholders should be aware of the specific provisions on the matter contained in the *Profile of UniCredit S.p.A. Board of Statutory Auditors*.

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<sup>3</sup> Converted with amendments by Law no. 214 dated December 22, 2011.

<sup>4</sup> See, in particular, Sec. 26 TUB and Bank of Italy Circular. no. 285/13.

# Requirements

Finally, it is recalled that the appointed Statutory Auditors will also be subject to the assessment of the European Central Bank. For this reason, the Shareholders who intend to file a list, in assessing the candidacies to be proposed, are invited to read the indications issued in this matter by such Authority in the document “*Guide to fit and proper assessments*”.