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## 9. Determination of the remuneration of Directors

**Director's Report**

**April 15, 2021**

Ordinary and Extraordinary Shareholders' Meeting



# Determination of the remuneration of Directors

Dear Shareholders,

in relation to the appointment of the new Board of Directors presented to today's Ordinary Shareholders' Meeting, you have been convened to the Ordinary Shareholders' Meeting of UniCredit S.p.A. (the "**Company**" or "**UniCredit**") to make a resolution regarding the definition of the remuneration due to the Directors, inclusive of the activities to be carried out in the Board Committees.

In such regard, with reference to the Directors whose term of office has just expired, it is recalled that the Ordinary Shareholders' Meeting of April 12, 2018, resolved to grant the Board of Directors a total amount of Euro 1,760,000, in addition to attendance fees of:

- Euro 1,000 for physical presence at the Board of Directors and Internal Control and Risks Committee;
- Euro 800 for physical presence at the other Committees;
- Eur 400 for attendance by remote participation mean.

We also specify that to the Directors appointed today, like for the outgoing ones, will be extended the insurance policy covering the members of the Boards of Directors and Statutory Auditors of the Company for civil liability, as described below.

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## **Board of Directors and Committees' retainers and attendance fees**

In such regard, referring to the submission by the Board of Directors of its own list of candidates, we inform you that the outgoing Board has also consistently resolved to propose to today's Shareholders' Meeting to grant to the members of the new Board and related Committees an overall annual compensation of Euro 1.805.000 ( one million and eight hundred thousand), of which Euro 1.170.000 (one million a hundred and seventy thousand) aimed at remunerating the members of the Board and Euro 635.000 (six hundred thousand) at the remuneration of the members of the Board's Committees.

It is also proposed the granting of an attendance fee in line with the amounts approved by the Ordinary Shareholder's Meeting on 12<sup>th</sup> April 2018, for the participation to each Board / Committee meeting formally convened, differentiated as below reported:

- Board of Directors and Internal Controls & Risks Committee: Euro 1,000 in case of physical presence of the Director;
- Other Board Committees: Euro 800 in case of physical presence of the Director;
- Board and Board Committees: Euro 400 if the participation of the Director occurs through remote communication means. All remote meetings should continue to be remunerated with the in-person attendance fee as performed today as long as the pandemic emergency persists and physical meetings cannot be performed.

The proposal is drawn taking into consideration, inter alia, the following elements:

- the reduction of the number of Board members to 13;
- the market reference data (benchmark) - provided by Willis Towers Watson, a primary independent consultant - related to the remuneration of the members of the administrative body and board committees of the UniCredit's peer group<sup>1</sup> and the major companies within the FTSE MIB financials. Such data show, inter alia, that the positioning of the compensation proposed for the members of the Board is consistent with the proposed 2021 Group Remuneration Policy, published in relation to point 12 of today's Ordinary Shareholders Meeting Agenda, and falls between the market median and the upper quartile;

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<sup>1</sup> See the "2021 Group Remuneration Policy and Report", Section I, chapter 4 "Continuous Monitoring of Market Trends and Practices", published in relation to point 12 of today's Ordinary Shareholders Meeting Agenda

- the different commitment requested in relation to the activities of the single Committees<sup>2</sup>, in terms both of time commitment and span of the activities falling within their area of competence.

The above overall compensation will be split by the new Board, that – in compliance with Clause 26 of the Articles of Association – will also have the faculty to define the remuneration of Directors vested with particular offices pursuant Art. 2389, 3rd paragraph, of the Italian Civil Code (such as for example the Chairmen of the Board of Directors and Board Committees and the Chief Executive Officer).

In light of the above, the proposal defined by the Board of Directors envisages a slight increase of 2,6% versus the annual compensation resolved by the 2018 Annual General Meeting.

## **Directors and Officers insurance for corporate bodies**

As a component of the remuneration of the Directors of UniCredit S.p.A., we also propose to confirm for them (as well as for the members of the Board of Statutory Auditors) the economic benefit linked to the takeover by the Company of a part of the premium related to the Group insurance policy which covers the civil liability of Directors, Statutory Auditors and Top Managers (including the persons appointed in the Boards of Directors of non-controlled Companies), in continuity - with the necessary updates submitted in this occasion - with what was resolved by the Shareholders' Meeting dated May 11th 2012.

In particular, it should be noted that in 2012 the Shareholders' Meeting approved the revision of the aforementioned insurance policy regarding the coverage of the civil liability of the representatives of UniCredit S.p.A. towards third parties (corporate creditors, shareholders, insolvency proceedings bodies, contractors in general) and the expenses of legal and experts assistance in every level of judgment, in front of any Authority with the exclusion of both the cases of intentional violation of duties established by the role of the aforementioned representatives and any administrative fine imposed by the Authorities.

The overall policy limit was defined in Euro 160 million per event and in the annual aggregate and the effective benefit for the members of the Corporate Bodies of UniCredit S.p.A. was equal to Euro 165,000. The Shareholder's Meeting also granted the CEO with the power to define, at the annual expiry of the policy, the negotiation of its renewal at the best market conditions, being understood that the annual cost of UniCredit S.p.A. should have not exceeded, as a consequence of market situations, revaluations and adjustments of the policy that may be necessary, an amount equal to 15%.

UniCredit S.p.A., also on behalf of the other Group Companies covered by the policy, subscribed, and renewed from year to year, for the coverage of the same risks and with the same exclusions, the aforementioned policy at the best market conditions, negotiating an overall premium with the Insurers, subsequently allocated among the Group Companies based on the number of employees of each Company and its riskiness.

With reference to the renegotiation in place for the renewal of the policy expiring in May 2021, in light of both the changed market conditions and the allocation of the cost between the Group Companies, for an overall limit of Euro 160 million, with the same policy conditions approved by the Shareholders' Meeting in 2012, the effective total annual benefit for the Corporate Bodies of UniCredit S.p.A. is currently estimated between Euro 200,000 and Euro 250,000 that, therefore, exceeds the threshold of the delegation granted in the 2012.

As well as in the past, for the Italian based Companies, the overall premium is redistributed according to the roles of the insured persons and to the type of activity carried out by each Company. The members of the Corporate Bodies are charged solely with the effects of the pro-rata tax incidence of the premium of the insurance policy, calculated on the basis of the allocation described above and of the value attributed by the insurers to the insurance guarantee directly operating in favor of the representatives themselves, whose cost is charged to the respective Group Companies.

In light of the above, and considering that the decisional body for the determination of this component of the remuneration of the Corporate Bodies is the Shareholders' Meeting, it is submitted to the authorization of today's Shareholders' Meeting, as a part of the renewal of the aforementioned policy with effect from May 2021, the takeover by the Company of a total annual premium not exceeding Euro 250,000 as the benefit of the Directors and Statutory Auditors of UniCredit S.p.A.. It is also proposed to the Shareholders to authorize, on the occasion of the subsequent renewals of this policy, the maintenance of the takeover by the Company of the resulting portion of the premium for the benefit of the aforementioned members of the Corporate Bodies; it is understood that the renewals must take place at the best market conditions, also taking into account future adjustments

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<sup>2</sup> For detailed information, reference is made to the document "Report on corporate governance and ownership structure", section 5 "Board of Directors internal Committees", published on the Company's website in the Governance section.

and revaluations, with an overall limit of the policy adequate to the market best practices, and that in this regard the Shareholders' Meeting will be informed every year in the Remuneration Report. Consequently, the assumption by the Company of this share will also extend to the benefit of all future Directors and Auditors of UniCredit S.p.A., until a different decision is taken by the Shareholders' Meeting.

Finally, it is proposed that the Shareholders' Meeting grant the Board of Directors, with the right to sub-delegate, with the power to implement the aforementioned authorizations.

## Resolutions submitted to the Ordinary Shareholders' Meeting

Dear Shareholders,

in the light of what above mentioned, we ask you set the remuneration due, for each year in office, to the Directors for the activities they perform in relation to the Board of Directors and the Board Committees, and, should you agree with the contents and arguments of the proposal formulated by the Board of Directors illustrated in this Report, we invite you to adopt the following resolutions:

"The Ordinary Shareholders' Meeting of UniCredit S.p.A., resolves to:

1. set in Euro 1.805.000 (one million eight hundred and five thousand) the remuneration due for each year in office, to the Directors for the activities they perform in relation to the Board of Directors and the Board Committees
2. set an attendance fee for each single Board and Committee meeting formally convened and attended in the following measures:
  - Euro 1,000 for physical presence at the Board of Directors and Internal Control and Risks Committee;
  - Euro 800 for physical presence at the other Committees;
  - Euro 400 for attendance by remote participation mean at the Board and the Board Committees. All remote meetings should continue to be remunerated with the in-person attendance fee as performed today as long as the pandemic emergency persists and physical meetings cannot be performed;
3. authorize, as part of the remuneration:
  - (i) the takeover by the Company of a total annual premium, not exceeding Euro 250,000, as the effective benefit for the Members of the Corporate Bodies of UniCredit S.p.A. for the subscription of an insurance policy with an overall coverage limit of not less than Euro 160,000,000 per claim and in the annual aggregate, authorizing in this regard the subscription of the Group insurance policy for the coverage of the civil liability of Directors, Statutory Auditors and Top Managers with effective date May 2021;
  - (ii) the takeover by the Company of the benefit of the representatives of the Corporate Bodies of UniCredit S.p.A. in office from time to time calculated in the occasion of the subsequent annual renewals of this policy - to this end authorizing the subscription - with an overall limit per claim and in the annual aggregate in line with the best market practices. These renewals shall take place at the best market conditions, also taking into account adjustments and revaluations, and with the obligation to report annually on this to the Shareholders' Meeting as part of the Remuneration Report;

granting the Board of Directors, with the right to sub-delegate the CEO and the Executive Staff of the Company, severally or not, and with the right to further sub-delegate, with all the widest powers to implement the above."