

# » Unlocking...

**A better bank**

A better world

A better future

2023

## Group Remuneration Policy and Report

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# Letter from the RemCo Chairman



“*Management, under the leadership of the CEO, have delivered an exceptional and consistent performance for the business over the last two years producing outstanding results in a consistently challenging environment. In light of this the proposed structure underscores our desire to further incentivize and drive continued excellence within our people and the business whilst also ensuring that the CEO and management team are further aligned with shareholders both now and for the longer term.*”

**Jeffrey Hedberg**  
Chairman Remuneration Committee

- UniCredit delivered an outstanding performance, achieving or exceeding all key financial ambitions set out in UniCredit Unlocked.
- Sustainable and attractive returns allowed increased shareholder distribution of €5.25 billion, up a €1.5 billion compared to previous year.
- Investment in the communities further supported underpinned by an increase in social contribution of over €20million annually.
- Meritocratic pay system further reinforced with compensation increase on cross business basis.
- Total CEO target remuneration remains unchanged on a year-on-year basis.
- Variable component reduced to allow for increase in fixed component whilst keeping CEO target remuneration unchanged.
- New aspirational targets set, well above UniCredit Unlocked previous run rate and when combined with share buybacks implies EPS growth at 2x the average 2017-19.
- Pay curve more “severe” on pay-outs below target resulting in lower total CEO pay if targets are not achieved.
- Entire variable remuneration to be paid out solely in equity, deferred in the future and subject to long term performance conditions driving greater alignment with shareholders.
- Structure designed to drive overachievement, reward fairly on the upside whilst ensuring leadership carries responsibility for any future underperformance.

Dear Shareholders,

I am honored by this appointment as Chairman of UniCredit’s Remuneration Committee. This is a dynamic, ambitious organization that is on a journey of transformation, and it will be my job, and that of this committee, to build a remuneration framework that recognizes, rewards and incentivizes the excellence to which we aspire.

As I take on this role, I see that excellence all around me. There is no doubt that UniCredit today is a very different bank from the institution it was just a few short years ago. It is a bank with a new model and a new mindset. A bank that once sought merely to achieve its targets, but which now aspires to outperform them on a consistent basis.

This is what we have achieved together over the course of the past year.

Despite a challenging geopolitical and macroeconomic climate, UniCredit has achieved or exceeded all our key financial ambitions: net profit reached €5,2 bn for the full year, comfortably above our guidance, and EPS increased by almost 60% year over year to €2.50 while TBVPS increased by 18% to €28.36. Return on Tangible Equity was 10.7%, surpassing the UniCredit Unlocked target moving us from last to second quartile amongst peers and creating real value for our shareholders.

The year-on-year growth in net revenue was supported by positive commercial momentum, a positive interest rate environment, cost reduction while investing for the future and despite unprecedented inflation, and an ongoing low cost of risk.

These excellent results and our focus on sustainable and attractive returns have allowed us to commit to a shareholder distribution of €5.25 billion, a €1.5 billion increase compared to the previous year or on a DPS basis an increase of over 80%. This is composed of a proposed cash dividend of €1.91 billion and share buyback of €3.34 billion, subject to supervisory and shareholder approvals. UniCredit Total Shareholder Return was a leader in the peer group in the period 2021-22 (+86%), as an effect of our distribution strategy as well as share price performance.

This reflects our aim of providing meaningful and prudent distributions without compromising the growth and sustainability of the business. Accordingly, we ended the year with a stated CET1 ratio of 16% , up year over year despite the impact of regulatory headwinds, the FY22 dividend accrual and our Russia exposure, boosted by our best-in-class organic capital generation. Pro forma for the proposed distribution our CET1 ratio at year end was 14.9%, an increase on prior year.

Our financial story demonstrates that we are a transformed bank with structurally improved profitability and outsized capital generation. It is a testament to the clarity of our strategy and to the drive of our people who have been empowered within a clear risk framework. All our regions and businesses are delivering above expectations and helping to give life to our ambition to be the bank for Europe’s future.

Yet the transformation is not just financial. Indeed, our financial success is underpinned by a renewed sense of purpose captured most succinctly in our group-wide commitment to empower communities to progress.

This renewed purpose has had a galvanizing effect on our people. It guides the way we engage with the communities in which we operate, with initiatives such as our partnership with Teach for All serving to bring to life our commitment to support Europe’s next generation. It is the reason we have been able to increase our social contribution by over €20 million annually. It drives our actions as a good corporate citizen, with our membership of the Net-Zero Banking Alliance and strong environmental lending at €11.4 billion helping to guide our clients through the crucial green transition. And it shapes the way we engage with our clients, customers and ourselves, with our new corporate values of Integrity, Ownership and Caring sitting at the heart of everything we do. These values, for example, are why during this difficult period of high inflation, we have donated €80 million to voluntary inflation relief to support people through these difficult economic times.

Critically, this purpose and these values are fully integrated into our organization; not as an add on to our financial success, but as the essential foundation of it. Led by our CEO, supported by the Board and delivered by our employees they determine what it means to be a part of the new UniCredit: a bank committed to delivering both strong financial value and social value in equal measure.

This commitment demands that we should do more to reward, recognize and incentivize the people who are delivering this transformation.

In a market environment characterized by economic uncertainties and a strong war for talent, we want to continue to make UniCredit a place where the best and brightest come to build their careers. This means creating a fair, inclusive culture, where progress is based on merit and pay is used to recognize and incentivize performance.

These principles are now firmly embedded in the organization through a series of initiatives:

- around € 200 million has been spent in 2021 and 2022 to review salaries of the population, plus recurring collective contract renewals;
- variable remuneration increased by c. €250 million since 2020, with c. 75% going to the non-executive population
- average variable pay for well performing executives up c. 20% in the last year;
- variable remuneration of non-executive network roles up to +12% in the last two years with a peak of +20% in CEE Countries;
- extension, subject to 2023 AGM approval, of the target population eligible for 200% variable to fixed cap, to improve - with a minimal impact on cost and capital - the competitiveness vs. industries where the cap is not present (e.g. digital), providing flexibility to the cost structure and improving retention and long-term orientation of more executives through deferrals.

Moreover, we are committed to close the Gender Pay Gap within comparable roles by 2024 and are well on track to reach our goal. During 2022 all budgeted money has been spent as planned (c. € 30 million), leading to a significant reduction of Non-Demographic GPG to 2.6% overachieving the year end target and confirming the commitment.

Looking ahead, we now want to ensure these principles apply to everyone in UniCredit, from the bottom to the top. It is in this spirit that we decided to amend the way our CEO's remuneration is structured from 2023.

The new UniCredit is an organization that no longer seeks merely to achieve its targets, but to outperform them on a consistent basis.

Over the last two years the consistent outperformance has driven the holistic transformation that you see today. The targets that we talk about were deliberately ambitious, encouraging the business to strive to go beyond what was expected of them and the results have delivered and industrially and culturally different Bank.

This is what has been achieved over the past year. This is the bar that has been set and then met and now we want to and need to not only recognize this but turn this into a habit and to incentivize this kind of performance on an annual basis.

And yet, the CEO's existing remuneration package does not do this. It is designed to incentivize achievement rather than overachievement, which is neither fair nor reflective of the high-performance culture we want to encourage.

In particular, the unfortunate combination of the package agreed on hiring and the two to one cap on variable mandated by the regulator has created a conundrum where target and maximum remuneration has coincided. This creates a structural flaw in the model that means any performance above target effectively goes unrewarded.

We have therefore proposed to the Board of Directors a new model that incentivizes for further outperformance by the CEO ensuring a fair and reflective rewarding of all and any future over performance.

This performance has seen the bank produce its strongest results in a decade, return consistent value to our shareholders, strengthen the bank's ability to invest further in the social support of those communities that we support and to ensure that our employees, who power this institution, are also now being incentivized to overachieve.

Also thanks to the feedback collected by shareholders, we have recommended that while the overall target pay remains flat on a year-on-year basis, we should put in place a new structure that creates the right performance incentives and fully aligns the CEO's interests with those of the bank's investors and shareholders.

This means: 1) increasing the fixed portion element of the CEO's compensation to address the structural flaw in the ratio between the fixed and variable elements of the overall package. 2) Reducing the variable component accordingly to ensure parity of target pay on a year-on-year basis. And 3) Creating a new stretch bracket to reward any performance over and above target.

As part of this, the Board and CEO have agreed a new set of ambitious targets that go well beyond those laid out in the UniCredit Unlocked plan. This agreement includes the introduction of a more severe curve on any payouts below target in order to reinforce the pay-for-performance principle.

In addition, to align the CEO's interests with our investors and shareholders still further, we have agreed that 100% of the variable compensation will now be paid in equity. The share ownership requirements will also be increased from 2x to 3x salary – which means +c.100% in nominal amounts - to ensure a long-term exposure in shares and to encourage the pursuit of sustainable profitability.

With this new structure in place, and with the agreement of the Board of Directors, the CEO's fixed remuneration will therefore increase from €2.5m to €3.25m, total target remuneration will remain unchanged at €7.5m, and any over-performance will be recognized up to a maximum total comp of €9.75million

This new progressive model fixes a flaw in the initial design of the remuneration package and is consistent with an organization that seeks to recognize, reward and incentivize excellence and overperformance. It is one that rewards fairly on the upside for over achievement, sets targets that incentive and promote excellence, yet ensures the leadership carries the responsibility for any future underperformance.

To summarize the new arrangements for clarity:

1. The CEO's total pay will go up only if a new set of stringent targets are exceeded. This is the behavior and the mentality that we wish to encourage across the bank.
2. Total CEO remuneration remains unchanged if the new targets are merely achieved. This is to underscore the bank's aspirational focus.
3. The pay curve is more "severe" on payouts below target. This means total pay will be lower for the CEO, despite the fixed salary increase, if targets are not achieved.
4. All variable compensation will be paid entirely in equity.



In sum, the CEO's target pay doesn't change but is now pegged to targets that are well above UniCredit Unlocked, with a steeper penalization in case of miss and the potential for overachievement to be properly rewarded.

Taken together, we believe this represents a fair package that fixes a long-standing structural flaw, adheres to our overall pay for performance philosophy, and incentivizes excellence and overachievement, which is what we aspire to for our bank.

### SHAREHOLDERS' ENGAGEMENT ON REMUNERATION EVOLUTION

In our role as the Remuneration Committee, with the aim of supporting the Board of Directors in its decision-making on remuneration, in recent months we have structured a multi-stage engagement process with investors and proxy advisors to listen and receive feedback on key remuneration issues, gather suggestions for updating the structure and, finally, explain the final decisions contained in the remuneration policy.

In the months ahead of the AGM UniCredit proactively intensified its engagement with institutional investors and proxy advisors, with multiple rounds of meetings reaching ca. 30% of share capital outstanding focusing on the new remuneration season.

Following feedback shareholders gave us, we are taking specific and concrete actions in our 2023 Remuneration Policy as underscoring UniCredit's commitment to listen and be responsive by taking actions accordingly. Here below a few examples.

- On the incentive system, you told us that *"while the disclosure on KPIs is amongst best-in-class in the market, targets and thresholds of financial KPIs are assessed through a large evaluation scale with a quite mild payout curve"*.

**>>> Our Action:** the 2023 incentive system envisages 2023 financial guidance as target reference for all financial KPIs, being such guidance well above the original Unlocked Plan's targets. Moreover, a tighter and steeper pay-curve is provided for each financial KPI, with minimum performance thresholds materially raised, before variable compensation becomes payable, whilst creating room to reward performance above targets. Both in the short-term and long-term scorecard, the weight of financial KPIs is increased at 80%, with an updated long-term target on profitability above the cost of capital underlining our commitment to sustainable value creation [cfr Highlights – title 11; section I – par 5.2.2 and 5.1.4].

- On financial KPIs used in the scorecards, some of you told us: *"relative TSR should not pay for below median outcomes and there are multiple views on what the appropriate peer group should be; the double use of the same KPI in short-term and long-term scorecards should be avoided; sustainability goals are better placed in the long-term performance conditions, and should also embed a focus on climate-risk"*.

**>>> Our Action:** 2023 scorecards broadly confirm the pillars of UniCredit Unlocked (Net revenues, Costs, Organic capital generation, RoTE, Sustainability, Culture) with targeted adjustments aimed at optimizing the alignment of such KPIs with our Unlocked Strategy and what is in the control of our management. We have eliminated rTSR from the scorecards as we are moving into 100% equity for variable awards, and that captures the performance on the share price side. Having both targets would only pointlessly amplify the impact of the share price evolution (in good and bad scenarios). The detailed features of the CEO short-term and long-term scorecards, as well the rationales behind the choice of each single KPI, are widely disclosed in this Policy [cfr section I – par 5.2.2 and 5.1.4].

- On severance policy, some of you told us that *"The UniCredit termination policy looks excessive, unclear in its logics, with a guaranteed CEO exit package of 15 m eur"*;

**>>> Our Action:** the disclosure on severance policy has been enriched within 2023 Remuneration Policy to highlight a few key messages:

- although our policy may look significant compared to other international market practices, it is nonetheless conservative in the context of the Italian labor law. All banking executives are in fact connected to a national

agreement which also includes severance clauses. Those are significantly higher than our policy (up to 41 months of total compensation plus any amount granted for non-competition). Additionally, it's worth remembering that, because of BankIt requirements, severance arrangements need to be deferred over time and paid out in cash and shares, inclusive of malus and clawback clauses;

- the policy's limit of 24 months of total compensation is all-comprehensive, thus including all of contractual notice, calculated severance amount and possible non-competition agreement. We are aware there are other ways to organize the policy on the domestic market and we'll keep on monitoring the market for best practices;
- the €15 million max limit is a theoretical cap and not a guaranteed severance arrangement. As you can read in the UniCredit termination payments policy (available on our website), severance calculations are based on a specific formula that considers tenure, actual performance achieved over time and other specific factors (as per board discretion) that determine the actual payable amount.

In closing, I would like to thank my predecessor, Jayne-Anne Gadhia, for all the work she has done to put the building blocks of this strategy in place, and you our shareholders, for your support at last year's Annual General Meeting, as well as your valuable feedback over the past year. We have taken this into account as we have sought to build a Remuneration Policy that can carry us through our next stage of sustainable growth.

Finally, I would like to thank once again the other members of the Remuneration Committee for their collaboration and enthusiastic participation in delivering on our mandate, as well as the members of People & Culture who closely cooperated with us.



**Jeffrey Alan Hedberg**  
Chairman of the  
Remuneration Committee

# Highlights





# Highlights

The implementation of the principles set in the Group Remuneration Policy provides the framework for the design of the reward programmes across the Group.

Policy standards ensure that compensation is aligned to business objectives, market conditions and stakeholders' long-term interests. UniCredit's compensation approach has been consolidated over time under the Group governance, to be compliant with the most recent national and international regulatory requirements. It is connected to performance, market awareness and aligned with business strategy and shareholders' interests.

The key pillars of the Group Remuneration Policy (Section I) reflect the most recent regulations in terms of remuneration and incentive policies and practices, in order to build year after year a remuneration framework aligned with long-term strategies and goals as well as to be sustainable over time, all in the interest of our stakeholders.

The remuneration framework is linked to company results and is adequately adjusted to take into account all risks, ensures that capital, funding and liquidity levels are more than adequate to support all our ongoing activities and promotes the right behaviours, avoiding distorted incentives that could lead to violation of laws or regulations, or excessive risk taking.

The 2023 Group Remuneration Policy and Report fully encompasses the changes requested by Circular 285 from the Bank of Italy (37th update of November 24, 2021) on remuneration and incentive matters. In addition, the document includes the requirements of the Legislative Decree no. 49 of May 10, 2019, by which the provisions of Directive (EU) 2017/828 (Shareholder Rights Directive 2) are implemented in the legal system and which introduce an advisory vote by the Shareholders' Meeting on the Remuneration Report.

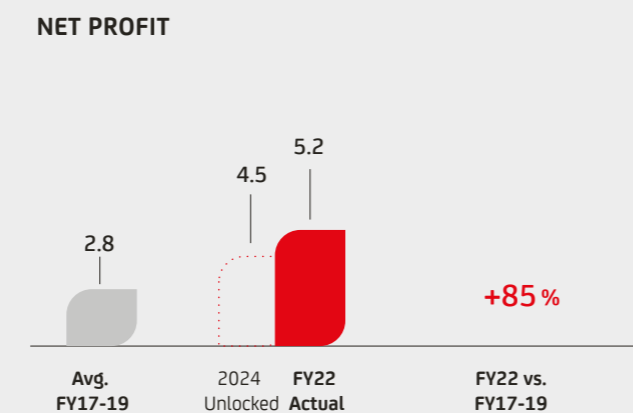
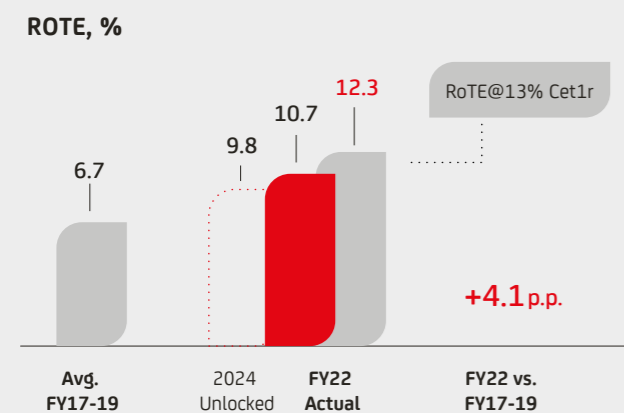
## FOCUS

### Business and Remuneration Strategy

In 2022 our delivered performance exceeded the original UniCredit Unlocked ambitions, with stepped-up run rate across our three levers, with the bank delivering rate up 60% and net profit up 85% vs the average of 2017-19.

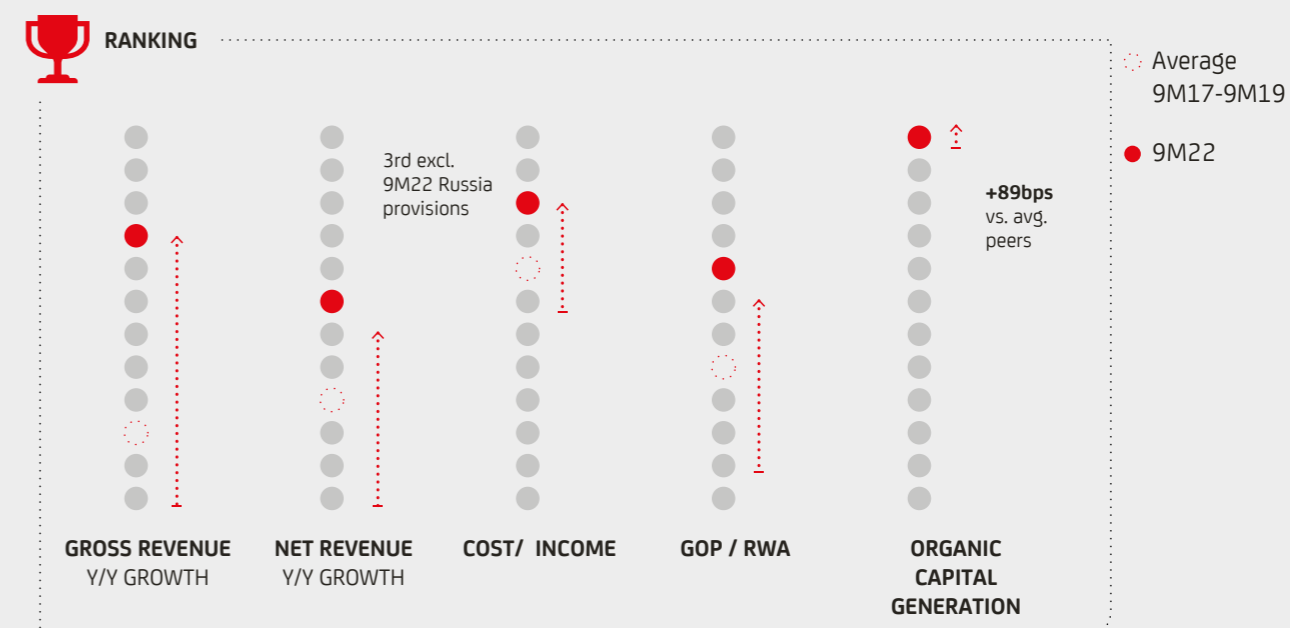
This performance has been achieved in a challenging year, with negative Beta (Russia, inflation, macro volatility) offset by decisive Management actions and rates improvement coupled with excellent management of the pass-through.

Our risk profile was strengthened and capital generation bolstered while meaningfully exceeding our net profit targets.



The quality of the Bank's results are demonstrated by the relative positioning vs Peers across key metrics with all improving significantly and with most in the top tier at 9M22.

Our top tier RoTE @ 13% CET1 ratio grew at the strongest pace across our peers and in absolute terms was amongst the highest.

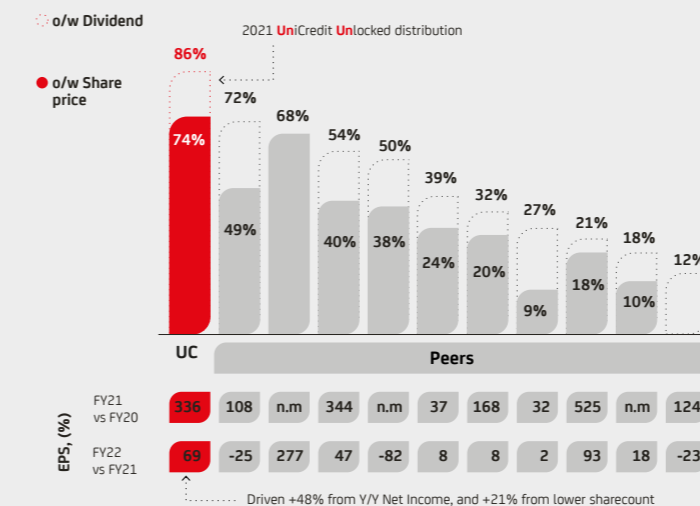


This positive performance translated into strong returns for our shareholders. UniCredit Total Shareholders Returns were the best of the peer group in the period 21-22, as an outcome of our distribution strategy as well as share price performance.

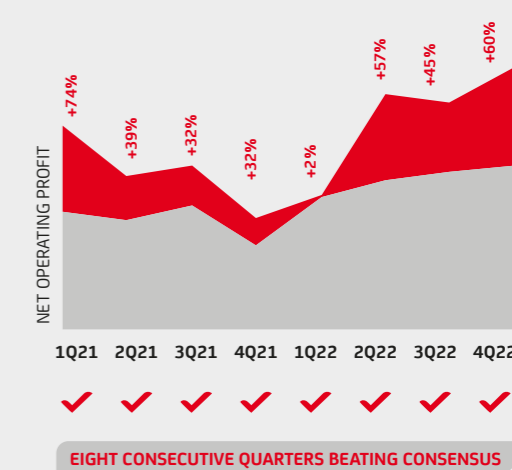
The share price performance benefitted from the strength of the management team and the commercial momentum that enabled UniCredit to beat consensus for eight consecutive quarters.

### 2021-2022: OUTPERFORMED MAIN PEER BY OVER 50%

Total shareholder returns  
31st Dec 2020 - 31st Dec 2022



### A CONSISTENT OVERPERFORMANCE VS. CONSENSUS





In this positive context, both management and the board are at work to review the overall approach to remuneration.

The focus is to achieve a policy that effectively incentivizes the right behaviours and the achievement of results in a sustainable manner. Meritocracy and pay-for-performance are at the core of this review, as we believe that these are essential to effectively onboard and retain the best talent on the market.

Some changes were already put forward in the 2022 AGM, and some of the others we plan to propose for approval to the 2023 AGM.

NEW UNICREDIT UNLOCKED APPROACH

Rolling incentive plans, anchored to the long-term strategy

Balanced system, with clear KPIs and ability to put them in context (e.g. rise of interest rates of 2022)

Target pay mindful of the need to attract and retain the best talent on the market

Meritocracy and pay-for-performance

Broader use of variable cap, not inflating fixed remuneration to reward performance

Extended use of shares, to enhance investors' alignment

## 1. Key Pillars

Our remuneration policy, which complies with regulatory requirements and the principles of good business conduct, aims to align the interests of our employees with those of our shareholders and customers, and reflects a sound pay-for-performance philosophy in order to reward performance and to attract and retain top-class talents to improve our competitive position.

To ensure the competitiveness and effectiveness of remuneration as well as transparency and internal equity, the principle of sustainable conduct and performance define the Key pillars of the Group Remuneration Policy, namely:

- Clear and transparent governance;
- Compliance with regulatory requirements and principles of good business conduct;
- Continuous monitoring of market trends and practices;
- Sustainable pay for sustainable performance;
- Motivation, retention and fair treatment of all employees, with particular focus on talents and mission-critical resources.

**Details**  
Section I-Chapter 1 »

## 2. Material Risk Takers definition

Application of qualitative and quantitative criteria, which are common at European level, as defined by the regulation, to identify the people who are deemed to take material risks for the organization.

**Details**  
Section I-Paragraph 2.4 »

The Material Risk Takers population is reviewed annually and on an ongoing basis ensuring full compliance with current regulations. The identification follows a structured evaluation process both at Group and local level, based on the application of qualitative

and quantitative criteria common at the European level. The last cycle of Group Material Risk Takers (GMRT) identification process led to the identification of 935 GMRT. No material changes in the identification process and outcomes are expected for 2023.

## 3. Compensation benchmarking and policy target

Confirmed peer group for compensation benchmarking, performed by an external advisor.

Definition of specific peer group at country/division level to assure competitive alignment with the market of reference.

**Details**  
Section I-Paragraph 4.1 »

With specific reference to the executives of the Group population, the Remuneration Committee, supported by an independent external advisor, confirmed for 2023 the list of selected competitors that represent UniCredit group-level peers for compensation benchmarking. Such peer group includes Banco Santander, Barclays,

BBVA, Commerzbank, Credit Agricole, Deutsche Bank, Erste Bank, ING, Intesa Sanpaolo, Nordea Bank, Société Générale and UBS. Compensation benchmarking analysis is performed in comparison with this peer group.



As a policy target, Material Risk Takers total compensation is set on the market median as reference, with the possibility to increase to attract and retain top-class talents, able to improve UniCredit's

competitive position, with individual positioning being defined on the basis of specific performance, potential and people strategy decisions, as well as UniCredit's performance over time.



## 4. Ratio between variable and fixed compensation

In compliance with the regulatory requirements, the 2:1 ratio represents the maximum limit between variable and fixed components of remuneration for all employees, including Material Risk Takers, with the exception of staff in Corporate Control functions, People & Culture and the Manager in charge for drafting financial reports as per Bank of Italy provisions (Circolare 285), for whom a more restrictive regulatory cap applies.

**Details**

Section I-Paragraph 4.7 »

In compliance with applicable regulations, the adoption of a maximum ratio between variable and fixed remuneration of 2:1 was approved by the Shareholders' Meeting held on May 13th, 2014, to be applied for the overall population, with the exception of the employees belonging to company control functions, for whom a more restrictive regulatory cap applies.

Since 2014, successive annual remuneration policies have provided more detailed guidance on the target population for the 2:1 cap, focusing primarily on business functions and specific roles, while

providing for the application of the 1:1 ratio for other roles not belonging to business or control functions.

In February 2023, the Board of Directors approved to submit to the Ordinary Shareholders' Meeting on March 31st 2023, considering possible feedback received by the regulator, the proposal to restore the wider application of the 2:1 ratio between variable and fixed to the whole population<sup>1</sup>, excluding Corporate Control Functions (Audit, Risk, Compliance), People & Culture and the Manager in charge for drafting financial reports as per Bank of Italy provisions (Circolare 285).

	Variable to Fixed Remuneration Max Ratio (cap) <sup>B</sup>	
	2022	2023
BUSINESS FUNCTIONS	200%	200%
CONTROL FUNCTIONS <sup>A</sup> (Audit, Risk, Compliance)	Prevalence of fixed remuneration	Prevalence of fixed remuneration
OTHER FUNCTIONS (e.g. Digital, Finance, etc)	100%	200%

A. as well as People & Culture and Manager in charge for drafting financial reports as per Bank of Italy Circolare 285.

B. Group guideline to be locally adopted e.g. 200% applied unless a more stringent regulation applies at country level.

The purpose of such a proposal is to further leverage to the principle of "pay for performance" at the core of our remuneration strategy, by creating headroom to pay for strong years:

- preserving the competitiveness vs. industries where the cap is not present (e.g. Digital);
- providing flexibility to the cost structure;
- improving retention and long-term orientation of more executives through deferrals.

The Group Material Risk Takers eligible for the increase in the variable cap from 1:1 to 2:1 is <200 executives (0.3% of the

workforce), with a potential (unrealistic) maximum increase in variable compensation of 42m (0.7% of the FY2022 HR cost base), with no material impact on capital (~1bps).

For the rest of the staff belonging to the Corporate Control Functions<sup>2</sup>, People & Culture and the Manager in Charge of Drafting the Company Financial Reports it is expected that fixed remuneration is a predominant component of total remuneration, and therefore a stricter regulatory cap applies.

For these Functions it is also foreseen that incentive mechanisms are consistent with the assigned tasks, as well as being independent of results from areas under their control.

1. Incl. external credit intermediaries and financial advisors.  
2. For Risk Management departments not classified as control function the 1:1 cap is confirmed.

For these Corporate Control Functions, in particular, the maximum weight of the variable component will take into account the differences between national rules and regulations in application of Directive 2019/878/EU in the various countries in which the

Group operates<sup>3</sup>, in order to ensure equal operating conditions in the market and the ability to attract and retain individuals with professional skills and capabilities adequate to meet the needs of the Group.

## 5. Sustainable Performance Plan

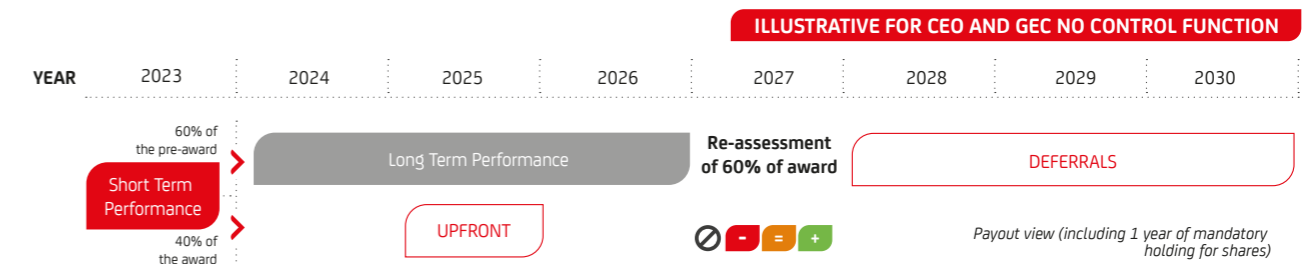
The Group Incentive System 2023 has been confirmed as a Sustainable Performance Plan, based on both short-term and long-term performance conditions, to support the Group strategic direction by fostering a strong link between remuneration, risk and sustainable profitability.

**Details**

Section I-Paragraphs 5.1 and 5.2 »

The Group Incentive System 2023 provides for an overall performance assessment both at Group/country/division level and at individual level.

It has been structured to best support the Strategic Plan delivery on a yearly basis, while ensuring that results delivered are sustainable over time via long-term performance conditions, considering the significant transformational effort of the Strategic Plan.



The key design principles of the new incentive system are the following:

- **Rolling structure:** to allow for a yearly verification of the adequacy of the compensation instruments;
- **"Double gate" on performance:** combined system, that requires the reconfirmation of short-term performance over the long-term (2024-2026), to guarantee sustainability of the results in the context of a transformation of the operating model;
- **Investor alignment:** pay-out fully in shares for the CEO, GEC members and Group CAE, and primarily in shares for the other executives, with long deferral period (total plan duration 8 years);
- **Clear and understandable:** providing clear performance conditions, targets and pay for performance correlation;
- **"What" & "How":** combination of financial targets and non-financial goals (i.e. Strategic Priorities & Culture KPIs) strongly linked to the execution of the Strategic Plan and supported by a goal setting framework (the "KPI Bluebook") certified by relevant group key functions and guidelines in line with regulatory provisions and group standards;
- **Fully compliant:** fully in line with regulatory requirements, and consistent with risk appetite and compliance standards.

For the CEO and GEC members the 2023 variable remuneration will be paid out 100% in shares (from the previous mix of cash and shares), which in turn will make deferral longer in terms of weighted duration.

3. In particular, for the Material Risk Takers of Corporate Control Functions in Italy, the ratio between the variable and the fixed components of remuneration cannot exceed the limit of one third, as per Bank of Italy provision (Circular 285 of December 17, 2013, 37th update of November 24, 2021).

## 6. Compliance breach, Malus and Claw-back

The Group reserves the right to activate malus and claw-back mechanisms, namely the reduction/cancelation and the return respectively of any form of variable compensation.

**Details**

Section I-Paragraph 5.1 »»

According to Bank of Italy and EBA requirements<sup>4</sup> and to further strengthen the governance framework, the key rules of compliance breaches management, as well as their related impact on

remuneration components through the application of both malus and claw-back clauses, are reported in the 2023 Group Remuneration Policy.

## 7. Share ownership guidelines

Share ownership guidelines set minimum levels for company share ownership by relevant Executives, by ensuring appropriate levels of personal investment in UniCredit shares over time.

For the CEO such level has been materially increased starting from 2023, from 2x annual base salary to 3x annual base salary i.e. 9.75 mn eur, +95%, vs. previous arrangements.

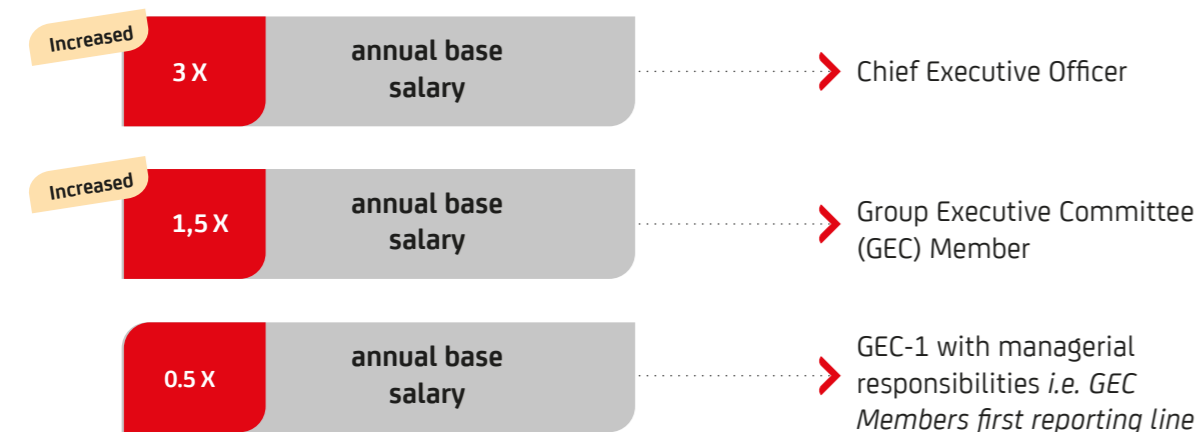
**Details**

Section I-Paragraph 4.8 »»

As part of the total compensation approach and in line with regulatory provisions, UniCredit offers equity incentives which provide for opportunities of share ownership, in full alignment with the applicable regulation requirements.

The Share Ownership guidelines apply to the Chief Executive Officer, Group Executive Committee (GEC) and their first reporting line, the so-called GEC-1 with managerial responsibilities<sup>5</sup>. The

established levels of share ownership should be reached, as a rule, within five years from the appointment in the above indicated Executive categories within the scope of the guidelines and should be maintained while the role is held. The achievement of the share ownership levels should be accomplished through a pro rata approach over a 5-year period, granting a minimum amount of shares each year.



4. Bank of Italy Circular 285 on "Policies and practices on remuneration and incentive" updated as of November 24, 2021 and EBA "Guidelines on sound remuneration policies" published on July 2, 2021.  
5. Considering the application, from 2016, of the new ratio between the variable and the fixed components of remuneration (which cannot exceed the limit of one third for the Material Risk Takers within Italian Control Functions, while fixed remuneration is expected to be the predominant component for the Control Functions of other geographies), share ownership guidelines are not applied to the Executives who are part of Corporate Control Functions.

## 8. Severance payments

Continuous alignment with regulations/contractual frameworks in force at the time.

Severance pay-outs take into consideration long-term performance, in terms of shareholders' added value. They do not reward failures or abuses and shall not exceed in general 24 months of total compensation, including notice (in case of lack of law/National Labour agreement provisions as locally applicable).

**Details**

Section I-Paragraph 4.6 »»

The Policy on payments to be agreed in case of early termination of a contract (so called "severance payments") is aligned with the changes introduced by the 25<sup>th</sup> update of the Circular 285 by Bank of Italy and it has not been subject to changes since 2021, being consistent with latest version of the above Circular currently into force.

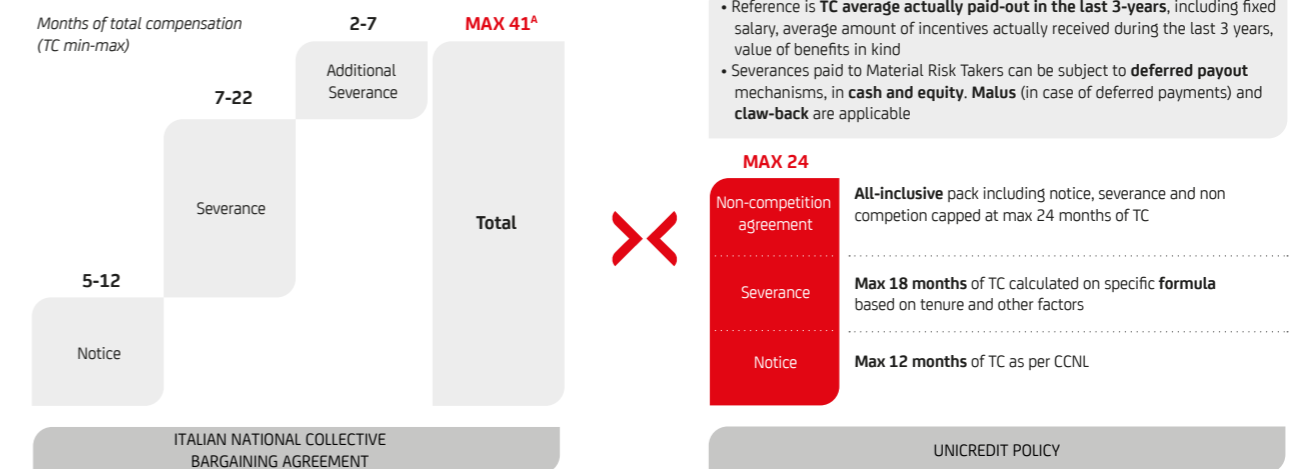
As described in the UniCredit termination payments policy (available on our website), the policy is based on a limit of 24 months of total compensation which is all-inclusive, embedding contractual notice, calculated severance amount and possible non-competition agreement. Severance calculations are based on a specific formula considering tenure, actual performance achieved over time and other specific factors that determine the payable amount.

Additionally, it's worth remembering that, because of BankIt requirements, severance arrangements may need to be deferred over time and paid out in cash and shares, inclusive of malus and

clawback clauses.

UniCredit policy is aligned to Italian market practice and is conservative compared to the Italian labor law context, where the national agreement also includes severance clauses that are significantly higher than our policy (up to 41 months of total compensation, excluding non-competition agreement).

No change is proposed to the current severance policy as effect of the CEO pay review. During the year, we will continue to monitor, with the support of our advisors, market trends and practices in order to continue to define remuneration policies and systems and to provide information that responds as clearly and transparently as possible to the needs of all our stakeholders and, in any case, always in line with national and international regulatory requirements.



A. Not including Non-competition agreement.

## 9. 2022 results and compensation decisions

### > 2022 Results

UniCredit delivered a record set of financial results demonstrating significant progress in our industrial transformation and our ability to drive excellent performance across the cycle.

Net profit reached €5,2 bn for the full year, comfortably above our guidance, and EPS increased by almost 60% to €2.50. Our growth focus, cost discipline and capital efficiency have lifted RoTE to 10.7 per cent, surpassing the UniCredit Unlocked target. This includes substantial provisions taken as well as proactive measures to enhance the existing lines of defence, reinforcing our rock-solid balance sheet and ability to weather ongoing uncertainty.

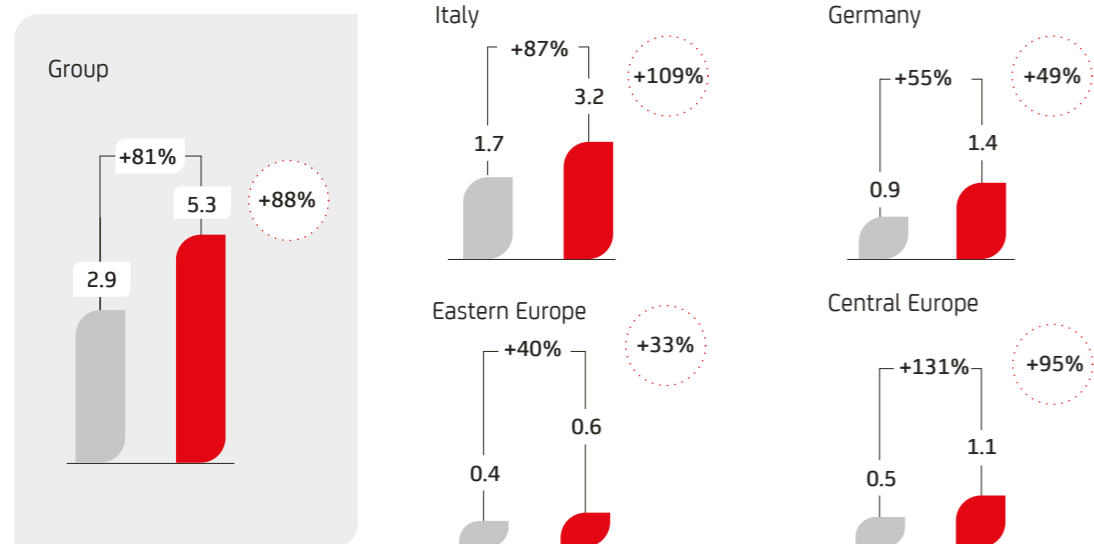
The year-on-year growth in net revenue was underpinned by positive commercial momentum, a supportive interest rate environment, cost reduction while investing for the future and despite unprecedented inflation, and an ongoing low cost of risk.

UniCredit is a transformed bank with structurally improved profitability and outsized capital generation. This is a testament to the drive of our people who have been empowered and a structurally improved bank. All our regions and businesses are delivering across the key levers, and are connecting clients across Europe.

We ended the year with a stated CET1 ratio of 16 per cent, which already deducts regulatory headwinds, the FY22 dividend accrual and the impact of Russia, boosted by our best-in-class organic capital generation. Pro forma for the proposed distribution our CET1 ratio at year end was 14.9%, an increase on prior year.

### Bonus pool performance metric (Operating EVA<sup>6</sup> pre bonus)

● FY 2021 ● FY 2022 ○ % vs 2022 budget



Data in bn.  
% vs. 2022 calculated neutralizing exchange rate effects.

6. Operating EVA defined as Net Operating Profit – Cost of Capital. Cost of Capital is the average Allocated Capital multiplied by the Cost of Equity (Ke) plus the additional Tier 1 corrective factor, adjusted for AT1, excess of capital and cash charges.

Our excellent results and focus on sustainable and attractive returns are validated by a 2022 shareholder distribution of €5.25 billion, a €1.5 billion increase compared to the previous year or on a DPS basis an increase of over 80 per cent, composed of a proposed cash dividend of €1.91 billion and share buyback of €3.34 billion, subject to supervisory and shareholder approvals.

We are meeting our commitment to shareholders for a sustainable and attractive distribution policy while maintaining our capital strength.

Our 2022 results, hence, are a clear testimony to a transformed UniCredit that has demonstrated resilience and strength.

### > Compensation decisions

With reference to 2022, the UniCredit Board of Directors considered the proposals of the Remuneration Committee and the guidelines of the regulatory authorities on variable remuneration.

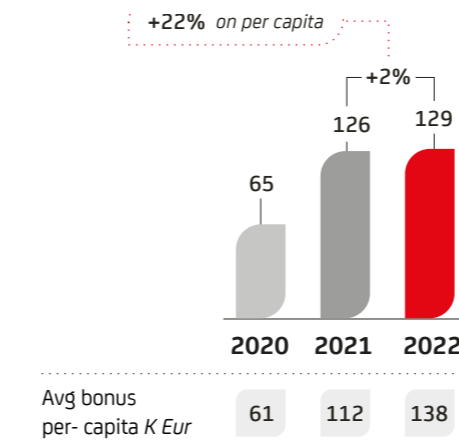
The evaluation regarding compensation decisions, as done before in the previous years, was supported by a rigorous Group governance process in order to guarantee coherence and transparency towards all the participants involved.

The starting point was the assessment of the performance related to Operating EVA (NOP net of cost of capital) pre-bonus, which is the funding KPI for bonus pool size definition. 2022 business results have been strongly positive both at Group (+81% YoY) and at Divisional levels.

The Board of Directors approved the overall bonus pool. The proposal submitted to the Board emerged in a total bonus pool amount for Group Material Risk Takers slightly above 2021 (+2%), with a more positive trend YoY on per-capita amount (+22%) due to the reduction of GMRT population in 2022, reflecting the outstanding performance

of 2022. The distribution of the bonus for the Group Material Risk Taker population (935 individuals) across Divisions is set out below, defined on the basis of the application of the 2022 Group Incentive System rules approved by the Shareholders' Meeting.

### 2022 Bonus distribution for GMRT

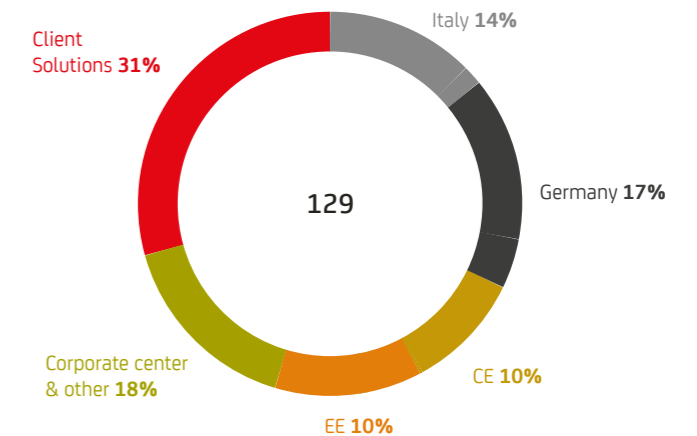


Data in mln Euro.

In line with Group governance, assessment and payment for the Executives with Strategic Responsibilities have been reviewed by the Remuneration Committee and approved by the Board of Directors, having consulted the Statutory Auditors and Internal Controls & Risks Committee where appropriate.

### > Compensation disclosure

The Remuneration Report (Section II) provides the description of UniCredit's compensation practices and the implementation outcomes of Group Incentive Systems, as well as remuneration data with a focus on non-executive Directors and Group Material Risk Takers, defined in line with regulatory requirements.



Full disclosure on compensation pay-out amounts, deferrals and the ratio between variable and fixed components of remuneration for Group Material Risk Takers is provided in the Remuneration Report (paragraph 4.2, Granular Remuneration Data), including data regarding Directors and other Executives with Strategic Responsibilities.

Data pursuant sect. 84-quater Consob Issuers Regulation Nr. 11971, Compensation Report-Section II (last modified under resolution no. 21623 of December 10, 2020), as well as the information on incentive systems under 114-bis of legislative decree 58/1998 ("Testo Unico della Finanza" - "TUF") are included in the attachments to the 2023 Group Remuneration Policy and Report, published on UniCredit's website, in the section dedicated to 2023 Shareholders' Meeting.

[Details](#)  
[Section II-Paragraph 4.2](#) >>>



## 10. 2022 ex-post disclosure of Chief Executive Officer's performance and compensation data

As disclosed in 2022 Remuneration Policy, the compensation package of the CEO for 2022 - unchanged since the hiring – provided for a fixed remuneration of €2.5mn and a total target remuneration of €7.5mn at 100% targets' achievement, hence with no room to reward out performance against targets.

2022 variable compensation for the CEO has been determined by the Board of Directors based on performance achievements and actual results vs. KPIs and targets embedded in the 2022 CEO scorecard, as follows:

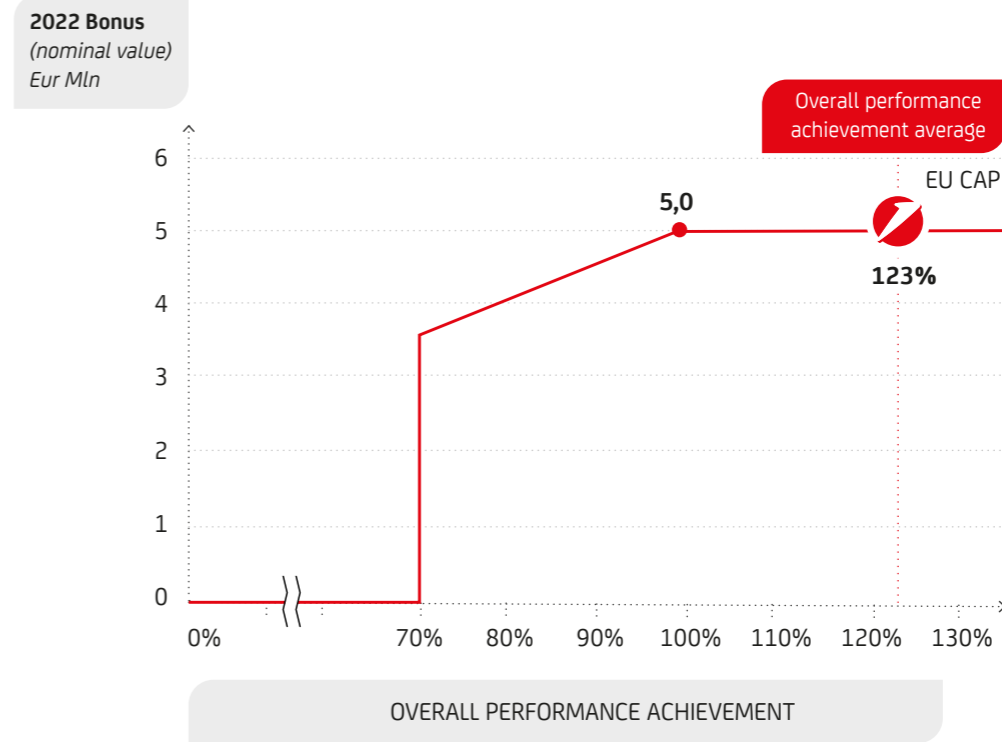
- the average score of the financial section (70% overall weight, where all KPIs are equally weighted) reached an average score of 120% versus target;
- the overall strategic priorities & culture section performance (30% overall weight) set a score of 130%;
- bringing the overall CEO performance scorecard to 123% i.e. largely exceeding the 2022 targets.

### 2022 CEO scorecard: Results

KPI / Goal	Target 2022	Result/Achievement 2022	Score
Financial (70%)	<b>Net Revenues</b> (Revenues – LLPs)	16,314 €/bn	<b>18,448 €/bn</b> 113.1%
	<b>Costs</b> (Cost/Income and Opex)	C/I: 55.1% Opex: -9,746 €/bn	<b>C/I: 47%</b> <b>Opex: -9,560 €/bn</b> 108.3%
	<b>Organic capital generation</b>	150bps	<b>279bps</b> 186.0%
	<b>ROTE with CET1 underpin</b>	7.1%	<b>10.7%</b> 150.7%
OVERALL FINANCIAL SECTION AVERAGE			<b>120.3%</b>
Strategic priorities & Culture (30%)	<b>Sustainability</b>	Qualitative assessment based on: • <b>KPIs from ESG Strategy:</b> 150 bn of ESG Volumes o/w 10 bn Social lending by '24; • <b>DE&amp;I ambitions:</b> gender parity, GPG reduction.  • E volumes at 52.9 bn +13% vs. linear pace to '24 target; • Social lending at 4.8 bn +44% vs. linear pace to '24 target; • Non-Demographic GPG reduced to 2,6% overachieving 2022 target, with approx. 30 mn of allocated budget spent; • Gender balance improved, with 46% female presence in BoDs, 43% in GEC, 36% of Leadership Team and positive trend (+4p.p.) on Senior leadership roles.	<b>Greatly Exceeds 130%</b>
	<b>Winning, the right way, together</b>	Qualitative assessment based on: • Corporate values; • Compliance culture and risk mindfulness.  • Leading by example: 360-feedback provided by 30 respondents on behavioral assessment on Company values rated 4.31 within a 0-5 scale • Corporate values launched and great momentum initiated: Group Culture Day with 17k participants and 60k social media impressions, Culture Bootcamp involving Culture Champions, Culture Roadshows gathering nearly 3k people in 3 Countries visited • Continued focus on DE&I: obtained EDGE certification in 3 Countries • Relentless spreading of Risk Culture (e.g. Empowerment in Italy: over 356 classrooms for ca.70hrs of training per person) and Compliance Culture (e.g. updated Code of Conduct reaching +90k employees; Tone from the Top videos: 5 GEC messages delivered to +90k employees; Tone from the Middle: 13 L.Es for +56k employees impacted; mandatory Training on Compliance: +90k employees trained)	<b>Greatly Exceeds 130%</b>
OVERALL STRATEGIC PRIORITIES & CULTURE SECTION AVERAGE			<b>130%</b>
OVERALL PERFORMANCE ACHIEVEMENT - WEIGHTED AVERAGE			<b>123%</b>

In light of the excellent performance achievements, the Board of Directors has defined the 2022 bonus of Mr Orcel at €5 mn. Given the asymmetric nature of 2022 CEO pay curve, no extra-reward can be

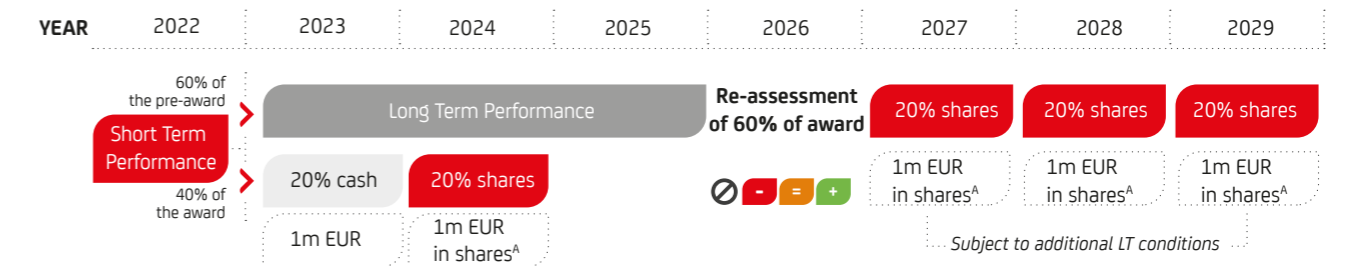
assigned for performance above 100% and bonus amount is capped at 5m EUR.



The nominal amount of bonus will be paid-out according to 2022 Group incentive system rules:

- 40% upfront**, of which 20% in cash (1m EUR) and 20% in shares<sup>A</sup> (1m EUR)

- 60% deferred** over the period 2027-2029, all in shares<sup>A</sup> (3m EUR), and **pre-awarded** since **subject to additional long-term conditions** (RoTE and rTSR vs.peers, over the period 2023-2025 as per 2022 Group Incentive system rules).



A. Converted in 412.968 shares by using a share conversion price of 9,686 EUR (set at the beginning of the performance period, as average of 30-days ahead 2022 AGM approving 2022 Group Incentive system).



# 11. 2023 ex-ante disclosure of Chief Executive Officer's target performance scorecard and compensation

As disclosed in the 2022 Remuneration Policy, the unfortunate combination of hiring commitment and EU two to one cap on variable created a conundrum where the remuneration target and max coincided, hence no reward could be assigned for performance above target.

This issue has clearly emerged in terms of the 2022 performance and compensation assessment, where the CEO has received 100% of maximum bonus (€5m) as soon as his targets have been reached, ultimately leaving no space to reward for outperformance against targets.

Since we are in the mid-term of the CEO mandate, the only possible way to restore the proper functioning of the incentive system

addressing the above weaknesses is to reshape the pay structure, by increasing the fixed remuneration, while leaving unchanged the total at target variable remuneration, thus creating room to reward over-performance above targets.

The review envisages the increase of fixed remuneration from €2.5m to €3.25m, total target remuneration amount kept unchanged at €7.5m, with room to reward over-performance till a maximum of €9.75m.

The impact of this review on the pay ranking vs. the European peer-group is moderate, still within the third quartile of the market and consistent with top-tier relative performance track-record of the last 2 years (e.g. RoTE y/y growth and rTSR).

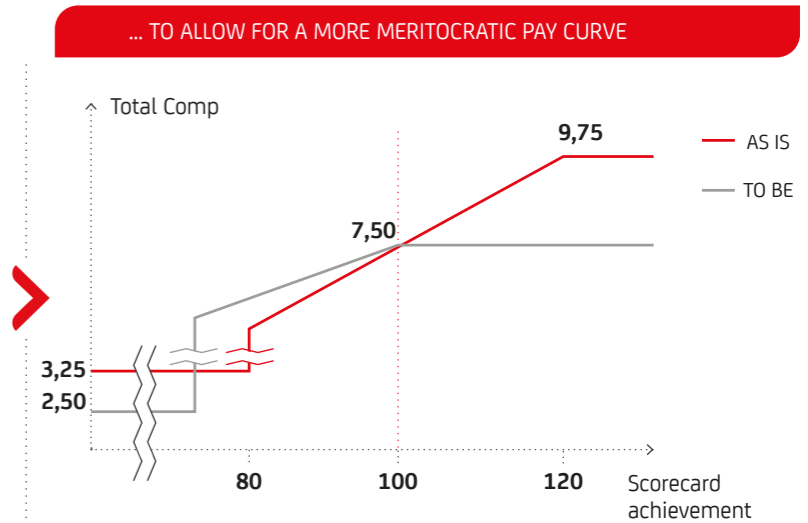
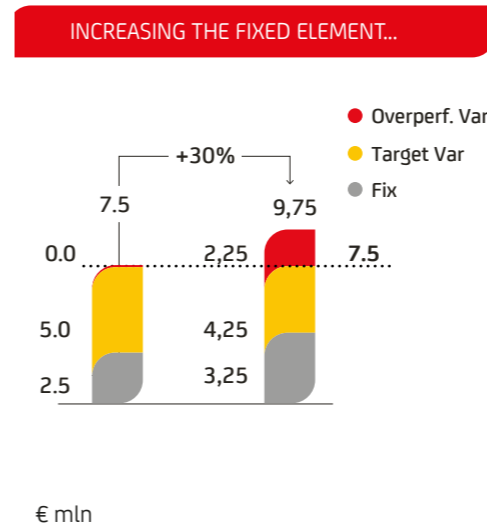
↑ Change in ranking vs. current structure

	FIXED SALARY			TARGET TOTAL COMPENSATION			MAXIMUM TOTAL COMPENSATION		
	1	Peer 1	3.6	1	Peer 6	12.9	1	Peer 6	17.5
	2	Peer 2	3.3	2	Peer 1	9.0	2	Peer 3	12.9
3 <sup>rd</sup> quart.	3	<b>UniCredit</b>	<b>3.25</b>	3	Peer 3	8.6	3	Peer 2	11.0
	4	Peer 3	3.2	4	Peer 2	7.6	4	Peer 1	9.9
	5	Peer 4	2.9	5	<b>UniCredit</b>	<b>7.5</b>	5	<b>UniCredit</b>	<b>9.75</b>
	6	Peer 5	2.6	6	<b>UNCHANGED</b>	6.5	6	Peer 4	8.3
Median	7	Peer 6	2.4	7	Peer 5	6.0	7	Peer 5	7.9
	8	Peer 7	1.8	8	Peer 10	3.6	8	Peer 10	3.9
	9	Peer 8	1.7	9	Peer 9	2.8	9	Peer 9	3.9
	10	Peer 9	1.4	10	Peer 8	2.8	10	Peer 8	3.3
	11	Peer 10	1.3	11	Peer 11	2.4	11	Peer 11	2.6
	12	Peer 11	1.1	12	Peer 12	2.2	12	Peer 12	2.2
	13	Peer 12	1.0	13	Peer 7	2.1	13	Peer 7	2.1

Notes: €m, disclosure on 2021 pay data.

The size of the salary review is not inconspicuous, but this is a change that is required to restore the proper functioning of the incentive system, in the spirit of pay-for-performance and alongside the other interventions applied to the whole organization. Also, the Board of Directors wanted to make sure the possible reward for overperformance is sizeable enough to actually make a difference vs. target pay. The review is designed to be a structural change able to endure over time, thus avoiding other reviews in the next, imminent years.

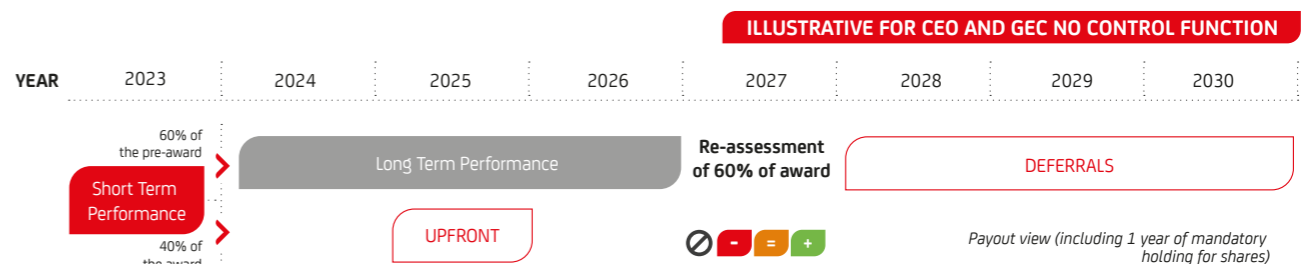
The total remuneration amount remains unchanged at targets' achievements, so that pay can go up only if our ambitions are exceeded. Symmetrically, the pay curve is more "severe" on payouts below target, thus leading to a lower total pay, despite the salary increase, in case of targets are not achieved.



To further align the interests with shareholders:

- the entire variable remuneration will be paid-out in shares and deferred until 2030;
- share ownership requirements are increased by ca.+100% - from 2x to 3x salary - to ensure a long-term exposure in shares.

The 2023 incentive system for CEO scorecard is confirmed as Sustainable Performance Plan, with a combination of annual goals and additional long-term performance conditions to ensure sustainable value creation over time. According to the principles of the Sustainable Performance Plan, 60% of the incentive will also depend on the achievement of further long-term goals to be assessed over a 3-year horizon following the short-term incentive assessment period (i.e. 2024-2026).







Moreover, following the feedback received by the investors:

- performance targets are set at even more challenging level, as per the latest market guidance well above the original Unlocked levels;
- pay curve is strongly steepened, with a stricter range and higher performance threshold before variable compensation becomes payable;

- the weight of financial KPIs is increased to 80% both in short-term and long-term scorecards;
- an updated long-term target on profitability above the cost of capital is set reinforcing our commitment to sustainable value creation.

2023 annual CEO scorecard is the following:

Lever and KPIs	2023 Target <sup>A</sup>	Range	Criteria	Scoring	
Financial	Net Revenues (Revenues – LLPs)	18.5 bn	+/- 7.5%	> 19.9	120 pts <sup>B</sup>
				17.1 – 19.9	80-120 pts <sup>*</sup>
				< 17.1	0 pts
	Costs (Cost/Income and Opex)	48.3%	+/- 5%	< 45.9%	120 pts <sup>B</sup>
				50.7% - 45.9%	80-120 pts <sup>*</sup>
				> 50.7%	0 pts
	Organic capital generation	9.7 bn	+/- 2.5%	< 9.5	120 pts <sup>B</sup>
				9.9 – 9.5	80-120 pts <sup>*</sup>
				> 9.9	0 pts
	Net profit	Avg 150 bps 2021-2024	+/- 20%	> 180	120 pts <sup>B</sup>
				120-180	80-120 pts <sup>*</sup>
				< 120	0 pts
Winning, the right way, together	~ 5 bn	+/- 10%	> 5.5	120 pts <sup>B</sup>	
			4.5 – 5.5	80-120 pts <sup>*</sup>	
			< 4.5	0 pts	
Qualitative assessment (on a 5-point ratings scale). Foster corporate values and expected conduct and behaviors aligned with corporate culture, with a balanced approach across sustainable growth and risk management, with a focus on:				Greatly Exceeds	120 pts
• Being a role model for corporate values (Integrity, Ownership, Caring) - supported by survey-based measurements, 360° feedback and other relevant metrics;				Exceeds	110 pts
• Set the proper tone on compliance culture and risk mindfulness - supported by relevant metrics (e.g. n. employees involved in Tone from the Top, Tone from the Middle initiatives and Mandatory training);				Meets	100 pts
• Deliver process simplification and foster customer mindset as enablers of the business and operating model transformation (supported by industrial KPIs).				Mostly Meets	50 pts
				Below	0 pts
As weighted average of Financial and Non-Financial				OVERALL SCORE (0-120 PTS)	

\* Linear continuum  
A. Market guidance 2023 well above Unlocked original target '23.  
B. The over-performance of a single KPI above the max threshold can be used – calculated in points as linear continuum at the same range of each KPI capped at 140 pts max - to compensate only those KPIs that reach at least their minimum threshold level, still within the maximum 120 points of the overall scorecard.

Long-term goals are assessed over a 3-year horizon following the short-term incentive assessment period (i.e. 2024-2026). The degree of achievement of the long-term goals – once the access threshold is achieved, as below such threshold the incentive would be fully cancelled – will determine the confirmation or the adjustment of the incentive from -100% to +20%, in any case within the regulatory

limit of the ratio between variable and fixed compensation, with the possibility to zero the incentive in case Malus conditions occur.

The relevant scorecard, that is the same for all executives for whom long-term conditions are foreseen, is shown below:

Lever and KPIs	2024-26 Target	Criteria	Scoring	
80% Profitability	ROTE with CET1 @13%	Avg 24-26 vs. mid term Cost of Equity (11%) <sup>B</sup>	11,5% - 13%	100%-120%* ↑
			10% - 11,5%	Confirmed (100%) =
			5,5% - 10%	0%-100%* ↓
			< 5,5%	Cancellation (0%) ⊘
20% Non Financial	Support clients' green and social transition, embedding sustainability in UniCredit culture. Qualitative assessment based on specific evidence from current and future ESG and DE&I strategy. Current strategy foresees: • ESG volumes: 140 bn by '24 on "E" volumes (Environmental lending, ESG investment products, sustainable bonds) and 10 bn by '24 on "S" volumes (social lending) and successive updates; • DE&I Ambitions, including reduction on Gender Pay-Gap (through 100 m Eur investment in strategic plan horizon) and gender parity ambition across the organizational levels; • Net Zero commitments: progress vs. Net Zero 2030 target on the three most carbon intensive sectors (Oil & Gas, Power Generation and Automotive).	Greatly Exceeds	120 % ↑	
		Exceeds	110 %	
		Meets	Confirmed (100%) =	
		Mostly Meets	50 % ↓	
		Below	Cancellation (0%) ⊘	
		As weighted average of profitability and sustainability		OVERALL ADJUSTMENT <sup>A</sup> (0%; 120%)

\* Linear continuum  
A. BoD discretion: unlimited downward and up to +20% to evaluate broader performance and market context e.g. industry/global shocks, exceptional events, company performance notably above target in the first year of the sustainable performance plan.  
B. RoTE calculated as per current methodology (2023). In case of methodological changes or material change of the macro-economic scenario (e.g. more than 100 bps in interest rate vs. budget assumptions), the board retain the faculty to mechanically recast LT targets according to the updated scenario.

**Details**  
Section I-Paragraphs 5.1 and 5.2 >>>

## Section I

# 2023 Group Remuneration Policy



## 1. Overview and principles

- 1.1 Remuneration Policy alignment to sustainability strategy
- 1.2 Employees working conditions, an integral part of the remuneration policy
- 1.3 Shareholders vote and main changes introduced with the 2022-2023 Group Remuneration Policy

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- 4.2 Fixed compensation
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- 5.1 2023 Group Incentive System
- 5.2 Performance Management framework
- 5.3 2020-2023 Group Long-Term Incentive Plan management



# 1. Overview and principles

The set of values of UniCredit is based on integrity, ownership and caring as sustainable conditions to transform profit into value for stakeholders. A simple guiding purpose to empower communities to progress ensures we live these values every day.

By upholding the standards of sustainable behaviors and values which drive the Group's purpose, the compensation strategy represents a key enabler to enhance and protect its reputation and to create long-term value for all Group stakeholders. Specifically, the remuneration policy contributes to the business strategy, long-term interests, and sustainability of UniCredit.

Now more than ever, sustainability forms a central part of everything UniCredit does and is fully integrated into the business and decision-making process: leading by example in UniCredit's business, helping clients through a just and sustainable transition, contributing to a better society. It is a key lever for the future business strategies and a critical component of the bank's success.

Through appropriate compensation mechanisms, UniCredit aims to create a best-in-class inclusive work environment, fostering and unlocking individual potential to attract, retain and motivate a highly qualified global workforce capable of creating a competitive advantage for the Group. Individuals are rewarded based on merit and performance in terms of sustainable results, behaviors and adherence to Group values.

UniCredit believes in inclusion as a strategic business driver and is committed to creating an inclusive, positive, and barrier-free environment for its diverse workforce, where everyone has the opportunity to perform and grow. Employees are expected to contribute to creating and maintaining a work environment that is

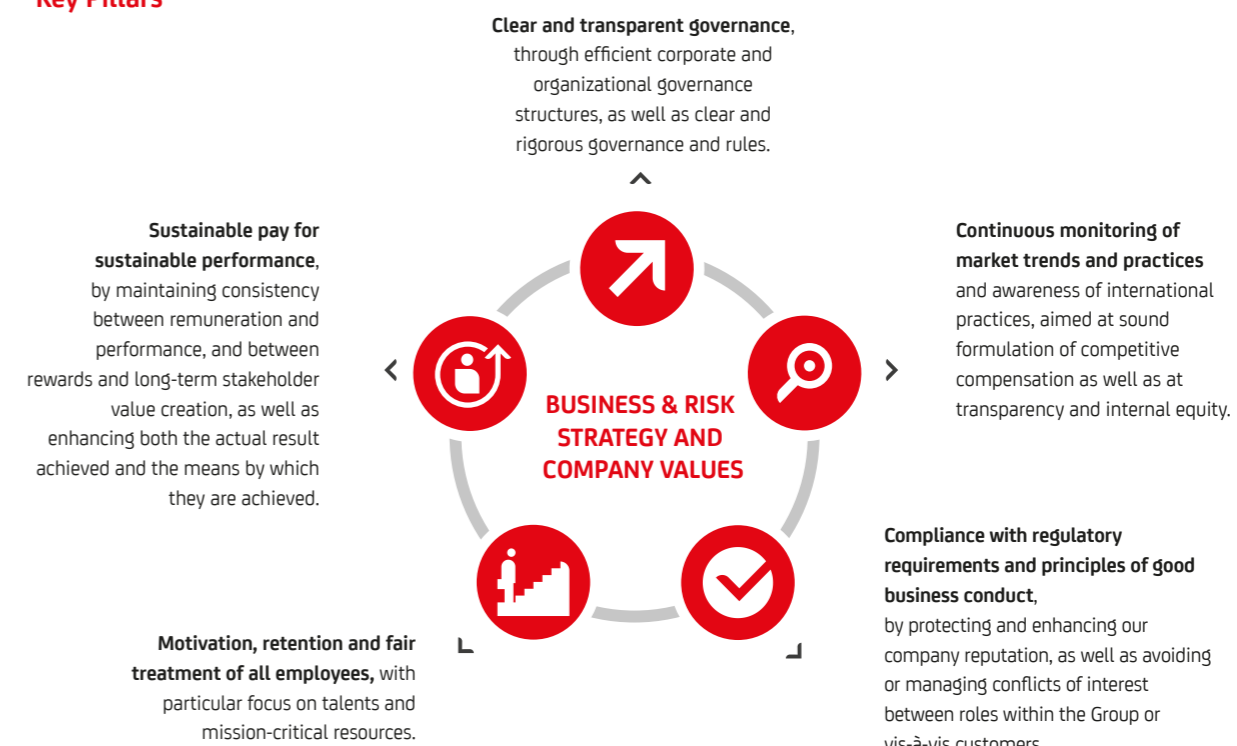
respectful, safe and inclusive, and where any difference, whether it is gender identity, age, race, ethnicity, sexual orientation, ability, background, religious or ethical values system and political beliefs or any other category protected by law in the local jurisdiction, is embraced and promoted.

Relying on the governance model of UniCredit, the Group Remuneration Policy sets the framework for a coherent and consistent design, implementation and monitoring of compensation practices across the entire Group.

Within this common policy framework, guidelines are defined to implement compensation programs and plans that reinforce sound risk management policies and the long-term strategy and generally pursue long-term value creation and sustainability of the company. In doing so, the Group effectively meets the specific and evolving needs of the different businesses, market contexts and employee populations while ensuring that business and people strategies are always appropriately aligned with the remuneration approach, including external networks and agents, where applicable, as foreseen by regulation.

To ensure the competitiveness and effectiveness of remuneration as well as transparency and internal equity, the principles of sustainable conduct and performance define the key pillars of the Group Remuneration Policy.

## Key Pillars



## 1.1 Remuneration Policy alignment to sustainability strategy

At UniCredit value creation means more than just generating financial value. It also means ensuring sustainability is at the heart of all that the Group does.

In the first quarter of 2023, UniCredit announced its own 2030 targets for the three most carbon intensive sectors within its portfolio which include Oil & Gas, Power Generation and Automotive sectors, to reach its Net Zero ambition at 2050. This is in line with the Net Zero commitment the bank signed in October 2021 and its continued support for a more sustainable global economy. Our progress towards Net Zero announced in January caps a year of significant evolution in our ESG journey. We will continue to serve and support our clients and communities in a just and fair transition, striving to lead by example across all components of ESG.

Please also refer to the Integrated Report available on the corporate website for further details on the Sustainability Strategy in UniCredit.

The remuneration policy contributes to the UniCredit strategy, the pursuit of long-term interests and the sustainability over time. UniCredit has a remuneration structure in place that is based

on risk-adjusted/ related performance and does not encourage excessive risk-taking, including with respect to sustainability risks.

Further, one of the pillars of the Group Remuneration Policy addresses the sustainable pay for sustainable performance, by maintaining consistency between remuneration and performance, and between rewards and long-term stakeholder value creation, as well as enhancing both the actual result achieved and how they are achieved.

Several processes and initiatives support the link between the remuneration policy and sustainability.

The **Group Incentive System** is supported by the annual performance management process assuring coherence, consistency, and clarity of performance objectives and behavioral expectation aligned with business strategy. The setting of the annual objectives (known as **Goal Setting**) is the initial phase of this process and is supported by a structured framework that includes a catalogue of performance indicators (the "*KPI Bluebook*") annually reviewed by relevant group key functions (e.g. People & Culture, Finance, Risk

Management, Group Strategy & ESG) and guidelines. The framework is in line with regulatory provisions and Group standards as verified by Compliance. In particular, among other, this is characterized by:

- the use of risk-adjusted/related goals (e.g. at least one KPI in the goals cards);
- the link with ESG and Diversity, Equity & Inclusion (“DE&I”) strategies (e.g. at least one ESG KPI for all Group Material Risk Takers with a particular focus on DE&I KPIs for staff reporting to GEC and their direct reporting line);
- the use of sustainability goals for value creation over time (e.g. about half of the goals shall be related to sustainability). For

selected individuals (see chapter 5.1.4) ESG goal is included as additional long term condition;

- the use of goals related to business, corporate values, conduct and compliance/risk culture, with a focus on:
  - being a role model for Group culture, values and purpose;
  - setting the proper tone from the Top and tone from the Middle on Compliance culture and Risk mindfulness.

#### Details »»

*For further details, please refer to the paragraphs 5.1 2022 Group Incentive System and 5.2 Performance Management Framework.*

## FOCUS

### Diversity, Equity and Inclusion (DE&I)

At UniCredit Diversity, Equity and Inclusion are strategic assets for our business, growth, innovation, and performance, acting as an integral part of our corporate culture and firmly engrained in our ESG roadmap.

We are building a culture that puts our Values of Integrity, Ownership and Caring at the heart of our decision-making and in everything we do. Our Culture and these Values embody what we stand for, determine how we act, and shape the decisions that we make every day, guiding all our actions and behaviors.

This also helps ensure a more sustainable growth in the long-term and new business opportunities, a strong drive for innovation and creativity, as well as a general improvement of the work climate with positive impact on productivity, well-being, and engagement of our people.

To further promote a culture of inclusion based on equal opportunities and non-discrimination, UniCredit has a dedicated DE&I Global Policy in place that sets clear guidelines and principles for employees as well as third parties. The Policy applies to every key moment of the employee journey, from recruiting and onboarding, to learning and development, performance management and compensation, ensuring bias-free, merit and competency-based decisions as well as pay equality, regardless of diversity traits.

Also, our Code of Conduct highlights the principles of inclusion encompassing the criteria of objectivity, competence, professionalism, and equal opportunities both in people-related processes laying down the procedures by which any instances of discrimination, mobbing or bullying are dealt with, and in external relations with counterparties.

Within the framework provided by the Group Remuneration Policy, UniCredit is committed to an equal pay principle, ensuring fair treatment in terms of remuneration based on the role covered, the scope of responsibilities, performance outcomes and the overall quality of the contribution to business results, regardless of gender identity, age, race, ethnicity, sexual orientation, ability, and cultural background. UniCredit adopts gender-neutral Remuneration and Incentive policies that contribute to pursuing true equality among staff. They ensure that equal work is matched by equal pay, giving people the same access to opportunities, regardless of their diversity strands.

By signing the CEO Champion Commitment “Towards the Zero Gender Gap”, the Group is affirming its corporate commitment with concrete objectives and a framework to move towards greater gender equality, diversity and inclusion in our Bank.

UniCredit is committed to promote gender parity across all organizational levels, ensuring balanced gender distribution in talent pools, hiring and recruiting, appointments and promotions, with a wider ethnic representation as well as guaranteeing a diverse and sustainable Succession Pipeline.

The Group has long underscored the importance of gender pay equality and several initiatives have been implemented across the Group to address pay differences, including guidelines for our compensation process, allocation of salary budgets as well as specific ambitions related to DE&I (i.e. promote gender parity across all organizational levels, in talent pools, hiring and recruiting, ensure equal pay for equal work, increase cultural and ethnic diversity in our staff) assigned to senior leaders within the annual goal setting process.

To further rise the attention towards gender equality, diversity and inclusion within the organization at all levels and to pursue gender neutrality in remuneration policies, the following measures were adopted:

- The Management is accountable for the gender-neutral application of the remuneration systems. The Material Risk Takers individual scorecards include specific DE&I KPIs - as standalone goal or as part of a broader Sustainability goal, among non-financial measures - as one of the elements for their performance evaluation. It has been cascaded also to other Senior roles, to generate sustainable results, including DE&I ambitions, such as: ensure equal pay for equal work, promote gender parity across all organizational levels, increase cultural and ethnic representation in our staff, boost work life integration, well-being and flexible working model for our staff;
- The Multi Year Plan 2022-2024, UniCredit Unlocked, confirms, among the strategic objectives, the commitment towards equal pay for equal work, allocating ca.€100m to gradually close the gap. To reach gender pay equality, UniCredit has a defined methodology in place to evaluate and monitor the progress within the Group and to promote a respectful and inclusive culture based on equal treatment and equal pay. This methodology is valid for the whole Group;

- Our DE&I Governance has been strengthened, leveraging on different Networks across the Group to create synergies, share best practice and foster cross fertilization in our business: DE&I Accountable Executives, nominated under each GEC leader, work alongside Group DE&I Manager and local DE&I Managers appointed in our Group countries, ensuring DE&I are amongst the main topics of our business agenda and permeate our corporate culture;
- The Group launched specific DE&I Guidelines, addressed to all colleagues, on inclusive language, inclusive recruitment, gender transition and a leaflet with concrete suggestions on how to tackle unconscious bias in the workplace to continue foster and build a culture of inclusion;
- UniCredit is accountable for DE&I progress versus the stated ambitions, setting up a monitoring process that tracks relevant DE&I metrics and KPIs. UniCredit also makes available, both internally and externally, relevant data, commitments and initiatives, in the Consolidated Non-Financial Statement. Additionally, since 2017, UniCredit publishes the UK GPG Report as requested by the Gender Pay Gap Regulations in Great Britain.

## FOCUS

### ESG - Environmental, Social & Governance

Sustainability is a key lever for our future business strategies and a critical component of our success. Indeed, we have set ambitious ESG targets as part of the 2022-2024 Strategic Plan, as the Group continues to progress on its Net Zero commitments and embed ESG in all areas of the business while strengthening corporate culture under the common purpose to empower our communities to progress.

Our remuneration policy has been developed to support UniCredit’s sustainability strategy. A core set of our ESG targets are embedded in the CEO performance scorecard so as to foster the alignment of management with the Group’s current and future ESG ambitions. The current strategy foresees:

- €140 billion in “Environmental” volumes (environmental lending, ESG investment products, sustainable bonds) by 2024;
- €10 billion in “Social” volumes (social lending) by 2024;

- Gender parity across our organization, in accordance with Italy G20 Women’s Forum CEO Champion Commitment “Towards the Zero Gender Gap”;
- €100 million dedicated to ensuring equal pay for equal work by 2024.

These and other ESG commitments, including actions on climate-risk connected to Net Zero targets, have been included in the “Sustainability” section of the CEO and Top Management scorecard, and shifted from short-term to the long-term performance conditions, consistently with their outlook and also to response to specific shareholders’ feedback. The entire section on “Sustainability” will have a weighting of 20% in the CEO and Top Management long-term scorecard within the 2023 Group Incentive System rules.

So as to align the Group’s management structure and reinforce managerial commitment to our ESG strategy, such objectives will be cascaded to the CEO’s reporting line and below, coherently with the respective areas of responsibility.



## 1.2 Employee working conditions, an integral part of the remuneration policy

UniCredit's People & Culture strategy is focused on supporting the continuous development of its people and ensuring a positive working environment where all employees feel engaged and are committed to value creation.

The Welfare offer is based on three key Group pillars, namely Flexibility, Well-being and People Caring, to support colleagues at all stages of their lives. It represents an important solution for our people supporting colleagues throughout their personal, family, and professional challenges.

Welfare initiatives are locally developed and implemented in order to offer the right answer to each country's needs and special requirements.

Several tailor-made initiatives to meet fundamental health and family needs have already been established in most countries across the Group. UniCredit supports people with solutions such as flexible work hours and remote working, offering paid leave that respects rapid cultural changes and gives equal treatment to all family models. This paid leave includes maternity, paternity, and childcare leaves. It also includes permissions for important life events, such as the birth of a relative, celebrating a marriage or civil partnership, buying a house, and pursuing an educational opportunity. UniCredit offers a vast selection of healthy lifestyle programmes, on topics ranging from nutrition, fitness, relationship-building, and cognitive-emotional issues such as resilience and personal awareness, in addition to our health benefits.

Specific attention is dedicated to disability management for addressing the specific requirements of colleagues who live with disabilities, promoting their independence, harnessing their skills, and designing ways to foster integration and inclusion.

Social dialogue creates a balance between workers' needs and business needs through continuation of these initiatives and progress of projects over time. This innovative approach is the

basis for Joint Declarations between UniCredit and European Works Council on topics like Equal opportunities and non-discrimination, Responsible Sales and Work-life balance. The Joint Declaration on Remote Work, signed on October 2020, defined the guidelines, principles, and minimum quality standards for remote work, allowing our Group to extend the opportunities offered by technological advances, enabling new ways of working to support a better work-life balance and a greater efficiency.

Actions were diversified and included: home-schooling/work IT infrastructure and furniture partnership extensions; mobility solutions; online resources on sport, entertainment, elderly members of the family, children with disabilities, etc.; support programmes for parents, children and caregivers to increase awareness, change management (e.g. webinars, digital masters); psychological support services; parental leaves.

The final aim of these diversified Welfare programs is to consolidate UniCredit's unique identity across the Group as "best place to work" and actively contribute to attracting, engaging and retaining talented people, by carrying on cross-country initiatives to ensure an equal treatment for all employees.

The Welfare offer is an integral part of the total reward for UniCredit colleagues and an important pillar of the People & Culture Strategy. As a recognition of the effectiveness of its People Strategy, UniCredit has been officially certified as a Top Employer in Europe in 2023 for the seventh year running for its employees offering in terms of Work Environment, Talent Acquisition, Learning, Wellbeing and Diversity & Inclusion.

For further details, please refer to the UniCredit Integrated Report available on the institutional website for company welfare information in addition to learning and development plans and initiatives promoting diversity & inclusion.

### FOCUS

#### Welfare in Italy

At the beginning of 2022, Welfare offer in Italy has been reorganized to provide colleagues with concrete and comprehensive answers to their needs with innovative solutions in real time through the new Welfare Reconnect strategy. The new Welfare offer is responding to 3 key needs of our people: increase purchasing power, balance professional & private life and education, while boosting awareness on invisible disabilities and welfare culture.

Through "Welfare Reconnect", the Welfare offer continues to be enriched and adapted to emerging needs, also by seizing in a timely manner the opportunities provided by the Italian Government to support people in these unprecedented times.

This new approach focuses on 3 main pillars:

**1) Increase in purchasing power:** initiatives to counter the cost of living. One of the most popular tool for our colleagues in Italy is the Welfare Account, which has been increasingly enriched in 2022 to counter the decrease in purchasing power due to the current negative economic scenario. In addition, the "Valore per Te" campaign (financial products with special conditions for employees) is UniCredit's main initiative in the spirit of supporting colleagues financially, while at the same time ensuring that we offer them the best possible options and opportunities;

**2) work-life balance** which means flexibility for all and caring for families and individuals, through initiatives that enhance emotional and physical wellbeing, as well as a study-work guidance programme to support the children of our colleagues;

**3) education** with focus on professional and personal growth initiatives, community and culture events and inclusion programmes.

## 1.3 Shareholders vote and main changes introduced with the 2023 Group Remuneration Policy

The vote on the remuneration items during the shareholders' Annual General Meeting (AGM) held on April 8, 2022 was overall positive, with a significant improvement compared to previous year on the support of both 2022 Group Remuneration Policy (75.2% on section I and 86% on section II) and 2022 Group Incentive System (79%).

UniCredit is committed to maintain best remuneration practices, pursuing a philosophy of transparency, clear communication and active listening of shareholders' feedback, to address any residual concerns and design best-in-class remuneration practices inspired by pay for performance and fully aligned with stakeholders' interests as well as to the best international market practices.

UniCredit has a long-standing engagement process with institutional investors and proxy advisors which aims to share and constructively exchange views on Policy changes. Over the years, this dialogue has enabled us to receive valuable feedback on the compensation approach as well as allowing us to verify the alignment with international best practices and investors' expectations.

In the last quarter of 2022 and first quarter of 2023, UniCredit has proactively intensified its engagement with institutional investors (reaching ca. 30% of outstanding capital) and proxy advisors, with multiple rounds of meetings focused on:

- **Listening**, to gather feedback from investors, especially those who voted against/abstained at 2022 AGM;

- **Design**, to sound Proxy Advisors and Investors and gather suggestions on the remuneration framework evolution, ahead of the final decision-making;

- **Explain**, to clarify the key features and changes contained in the new 2023 Remuneration policy.

We highly value the feedback we have received from shareholders during these meetings on remuneration items.

As highlighted in the Remuneration Committee Chairman's letter, following this feedback, we are taking specific and concrete actions in our 2023 Remuneration Policy as a tangible sign of UniCredit's commitment to listen and be responsive in taking actions accordingly. Here below a few examples.

- On the incentive system, the input was the following: "while the disclosure on KPIs is best-in-class in the market, targets and thresholds of financial KPIs are assessed through a large evaluation scale with a quite mild payout curve";

>>> Our Action: the 2023 incentive system envisages 2023 financial guidance as target reference for all financial KPIs, being such guidance well above the original Unlocked Plan's targets. Moreover, a tighter and steeper pay-curve is provided for each financial KPI, with minimum performance thresholds materially raised, before variable compensation becomes payable, whilst creating room to reward performance above targets.





Both in the short-term and long-term scorecard, the weight of financial KPIs is increased at 80%, with an updated long-term target on profitability above the cost of capital underlining our commitment to sustainable value creation. [cfr Highlights chapter 11; Section I - par 5.2.2 and 5.1.4].

- On financial KPIs used in the scorecards, some of you told us: *“relative TSR should not pay for below median outcomes and there are multiple views on what the appropriate peer group should be; the double use of the same KPI in short-term and long-term scorecards should be avoided; sustainability goals are better placed in the long-term performance conditions, and should also embed a focus on climate-risk”*.

>>> Our Action: 2023 scorecards broadly confirm the pillars of UniCredit Unlocked (Net revenues, Costs, Organic capital generation, RoTE, Sustainability, Culture) with targeted adjustments aimed at optimizing the alignment of such KPIs with our Unlocked Strategy and what is in the control of our management. We have eliminated rTSR from the scorecards as we are moving into 100% equity for variable awards, and that captures the performance on the share price side. Having both targets would only pointlessly amplify the impact of the share price evolution (in good and bad scenarios). The detailed features of the CEO short-term and long-term scorecards, as well the rationales behind the choice of each single KPI, are widely disclosed in this Policy.

- On severance policy, the concerns were the following: *“UniCredit termination policy looks excessive, unclear in its logics, with a guaranteed exit package of 15 m eur for the CEO”*.

>>> Our Action: the disclosure on severance policy has been enriched within 2023 Remuneration Policy to highlight a few key messages:

- although our policy may look significant compared to other international market practices, it is nonetheless conservative in the context of the Italian labor law. All banking executives are in fact connected to a national agreement which also includes severance clauses. Those are significantly higher than our policy (up to 41 months of total compensation plus any amount granted for non-competition). Additionally it's worth remembering that, because of BankIt requirements, severance arrangements need to be deferred over time and paid out in cash and shares, inclusive of malus and clawback clauses;
- the policy's limit of 24 months of total compensation is all-comprehensive, thus including all of contractual notice, calculated severance amount and possible non-competition agreement. We are aware there are other ways to organize the policy on the domestic market and we'll keep on monitoring the market for best practices;

- the €15 million max limit is a theoretical cap and not a guaranteed severance arrangement. As you can read in the UniCredit termination payments policy (available on our website), severance calculations are based on a specific formula that considers tenure, actual performance achieved over time and other specific factors (as per board discretion) that determine the actual payable amount.

No change is proposed to the current severance policy as effect of the CEO pay review. During the year, we will continue to monitor, with the support of our advisors, market trends and practices in order to continue to define remuneration policies and systems and to provide information that responds as clearly and transparently as possible to the needs of all our stakeholders and, in any case, always in line with national and international regulatory requirements.

In line with the indications of national and international regulators, the annual review of policy and remuneration systems envisage a few updates including in particular:

- update of performance conditions, targets and payout curve for short-term and long-term scorecard of CEO and Executives with strategic responsibilities, in line with the Strategic Plan;
- full variable remuneration paid-out in shares for CEO, GEC members and Group CAE to further enhance investors' alignment;
- share conversion price calculation based on the market share price at the beginning of the performance period (average price from the beginning of the year until AGM approving incentive system to reduce the possible volatility stemming from a shorter observation period), adjusted to take into account availability constraints during deferral period, as per regulatory requirements<sup>1</sup>;
- share-ownership: enhancement of the requirements for CEO (from 2x to 3x base salary) and GEC members not belonging to control functions (from 1x to 1.5x base salary) alongside the update of criteria to identify the population in scope;
- proposal subject to separate AGM approval to restore the wider application of the 2:1 ratio between variable and fixed remuneration to the whole population, excluding Corporate Control Functions and staff for whom more stringent local regulatory cap apply.

1. Considering the regulatory prohibition to distribute dividends or to accrue them and pay them ex-post (Bank of Italy Circolare 285; EBA guidelines), a discount for the share conversion price is applied for unavailability of shares so to restore the value at arm's length with the market. The model, certified by Risk Management function, is based on expected dividends from public source i.e. listed futures, discounted via a risk-free cash flows approach to infer expected dividends till instruments delivery, weighted according to the sizes and the time periods of each deferrals plan.

## 2. Governance

*The UniCredit compensation governance model aims at ensuring clarity and reliability of remuneration decision-making processes by controlling Group-wide remuneration practices and ensuring that decisions are made in an independent, informed and timely manner at appropriate levels, avoiding conflicts of interest and guaranteeing appropriate disclosure in full respect of the general principles defined by regulators.*

### 2.1 Corporate Bodies and Committees

#### 2.1.1 Role of the Remuneration Committee

In order to foster an efficient information and advisory system to enable the Board of Directors to better assess the topics for which it is responsible, in compliance with the Supervisory Regulations on banks' corporate governance issued by the Bank of Italy and also in accordance with the provisions of the Italian Corporate Governance Code for companies listed in Italy (the "Italian Corporate Governance Code"), the Remuneration Committee has been established by the Board, vested with research, advisory and proposal-making powers.

In particular, the Remuneration Committee is entrusted with the role of providing advice and opinions on the proposals submitted to the Board of Directors regarding the Group remuneration strategy. The Remuneration Committee relies on the support of internal corporate functions, in particular Group People & Culture, Group Risk Management and Group Compliance, respectively for the topics under their scope. In particular, the Group Risk Officer is invited, upon need, to attend Committee meetings to ensure that incentive schemes are appropriately updated to take into account all of the risks that the Bank has taken on, pursuant to methodologies in compliance with those adopted by the Bank in managing risk for regulatory and internal purposes.

Moreover, the Committee avails itself of the support of an external advisor, to ensure that the incentives included in the remuneration and incentive systems are consistent with the Bank's risk, capital and liquidity management (e.g. regarding the remuneration policy for corporate officers) as well as being constantly updated in light of the market evolution, remuneration dynamics and regulatory developments.

The Remuneration Committee was established in 2000. The members of the Remuneration Committee, which was set up based on the above-mentioned Bank of Italy Supervisory Regulations and also in line with the Italian Corporate Governance Code's provisions, are all non-executive and the majority of them are independent.

The Committee consists of three non-executive members; at the date of approval of this document, the majority of them are independent

according to the independence requirements prescribed by Section 2, recommendation 7, of the Italian Corporate Governance Code; all the members are independent according to the Section 13 of the Decree issued by the Ministry of Economics and Finance no. 169/2020 and Section 148 of the Italian Legislative Decree n. 58/1998 (the "Consolidated Law on Finance" or "TUF"). The Committee's tasks are coordinated by the Chair, chosen among its independent members.

All Committee's members meet the experience requirements, in accordance with current legal and regulatory provisions and ensure that any further corporate offices they hold in other companies or entities (including foreign ones) are compatible with the commitment and availability required to serve as a member of the Committee. Some members have specific technical know-how and experience on financial matters or remuneration policies.

The Committee appoints - on proposal of the Chair - a Secretary who is not a member of the Committee itself. The Secretary supports the Chair of the Committee in the preparation of the meetings and prepares summary minutes of the discussions and decisions taken by the Committee. In addition, the Head of Group People & Culture (or his/her delegate) attends the Committee meetings and, when necessary based on the topic discussed, the members of senior management team (e.g. the Head of Group Risk Management, the Group Chief Financial Officer or the Head of Internal Audit) may be invited as well.

Moreover, the Committee members regarding whom the Committee is called upon to express its opinion on their remuneration as a result of their specific assignments shall not attend meetings at which the proposal for such remuneration is determined.

The Chair of the Remuneration Committee at the first available meeting informs the Board of Directors about the activities carried out in the meetings by the Committee itself.

The Remuneration Committee shares, at the end of their meetings, the discussed documentation with the Board of Statutory Auditors.



The “standard” topics discussed during the year<sup>2</sup> are:

1<sup>st</sup> quarter:

- Bonus pool distribution of previous year, including, if relevant, approval of any capital increase related to past incentive plans;
- Evaluation, payout and execution of previous years plans for CEO and other Executives with Strategic Responsibilities<sup>3</sup>;
- Annual Group Incentive System, including Long-term component;
- Annual Goal Setting for CEO and other Executives with Strategic Responsibilities;
- Compensation review for CEO and other Executives with Strategic Responsibilities;
- Group Remuneration Policy and Report;
- Report on previous year Group Material Risk Takers payout;
- Report on previous year severance payments.

2<sup>nd</sup> quarter:

- Group Material Risk Takers – assessment methodology and outcomes;

3<sup>rd</sup> quarter:

- Gender Neutral Remuneration;

4<sup>th</sup> quarter:

- Local Adaptations to Group Remuneration Policy;
- Report on previous year Bonus Payout and Group Salary reviews;
- Emerging trends in Market Compensation Practices and Peer Group review;
- Competitive assessment of compensation package for CEO and Executives with Strategic Responsibilities;
- Preliminary discussion on Bonus pool distribution;
- Share-buy back and/or capital increase to serve incentive plans.

## FOCUS

Within the scope of its responsibilities, the Remuneration Committee:

- puts proposals to the Board regarding the remuneration and the performance goals associated with its variable portion, for the members of the Board of Directors, the General Manager, Deputy General Managers, Heads of the corporate control functions and personnel whose remuneration and incentive systems are decided upon by the Board;
- exercises oversight on the criteria for remunerating the most significant employees, as identified pursuant to the relevant Bank of Italy provisions, as well as on the outcomes of the application of such criteria;
- issues opinions to the Board of Directors on the remuneration policy for Senior Management
- issues opinions to the Board of Directors on the Group incentive schemes based on financial instruments;
- issues opinions to the Board of Directors on the remuneration policy for corporate officers (members of Board of Directors, Board of Statutory Auditors and Supervisory Board) at Group companies;

- coordinates the process for identifying material risk takers on an on-going basis;
- directly oversees the correct application of rules regarding the remuneration of the Heads of corporate control functions, working closely with the Board of Statutory Auditors;
- works with the other committees, particularly the Internal Controls & Risks Committee, to verify that the incentives included in compensation and incentive schemes are consistent with the Risk Appetite Framework (RAF), ensuring the involvement of the corporate functions responsible for drafting and monitoring remuneration and incentive policies and practices;
- provides appropriate feedback on its operations to the Board of Directors, Board of Statutory Auditors and the Shareholders’ Meeting;
- where necessary drawing on information received from relevant corporate functions, expresses its opinion on the achievement of the performance targets associated with incentive schemes, and on the other conditions laid down for bonus payments.

## 2.1.2 Role of the Internal Controls & Risks Committee

The Internal Controls & Risks Committee supports the Board of Directors on risk management and control-related issues. The Internal Controls & Risks Committee, among the other tasks:

- without prejudice to the competencies of the Remuneration Committee, checks that the incentives underlying the remuneration and incentive system comply with the RAF, particularly taking into account risks, capital and liquidity;
- for the Head of Internal Audit function, issues its opinion on setting the remuneration and the performance goals associated with its variable portion in line with the company policies;
- is involved, within its specific remit, in the process of identifying material risk takers on an on-going basis.

## 2.1.3 Role of the Board of Statutory Auditors

Within the “traditional” management and control system UniCredit has adopted, the Board of Statutory Auditors is responsible for overseeing the effective administration of the Company. The Board of Statutory Auditors, among the other tasks, expresses its opinion:

- with regards to the remuneration of UniCredit’s Directors holding specific roles with a special focus on the remuneration of the CEO and the approval of Group financial instrument-based incentive schemes;
- on the appointment, dismissal and compensation of the Manager in charge of drafting company financial reports;
- on decisions regarding the appointment and dismissal of the Heads of corporate control functions.

## 2.1.4 Role of the Related-Parties Committee

The Committee operates on a consultative and proposition-making basis in support of the Board of Directors. The Committee oversees issues concerning transactions with related parties pursuant to Consob Regulation no. 17221/2010 and transactions with associated parties pursuant to Bank of Italy Circular no. 285/2013, carrying out the specific role attributed to independent directors by the aforementioned provisions and by the issued internal Global Policy “Transaction with related parties, associate persons and Corporate Officers ex art. 136 CBA”.

With regard to remuneration in favor of persons qualifying as related parties, it should be noted that the provisions of Consob Regulation 17221/2010 and Bank of Italy Circular no. 285/2013 do not apply to:

- shareholders’ resolutions pursuant to art. 2389, paragraph 1 of the Italian Civil Code, relating to the remuneration of

members of the Board of Directors, as well as to the resolutions concerning the remuneration of Directors holding specific roles falling within the overall amount previously determined during the Shareholders’ Meeting pursuant to art. 2389, paragraph 3 of the Italian Civil Code;

- shareholders’ resolutions pursuant to art. 2402 of the Italian Civil Code, relating to the remuneration of members of the Board of Statutory Auditors;
- remuneration plans based on financial instruments approved by the Shareholders’ Meeting pursuant to art. 114-bis of Legislative Decree no. 58 of 1998 and their implementation;
- resolutions, other than those referred to art. 2389, paragraph 1 of the Italian Civil Code, relating to the remuneration of the Directors holding specific roles and the other key management personnel provided that: i) UniCredit S.p.A. has adopted a remuneration policy approved by the Shareholders’ Meeting; ii) the Remuneration Committee of UniCredit S.p.A., consisting exclusively of non-executive Directors, the majority of whom are independent, was involved in the definition of the remuneration policy; iii) the remuneration awarded is identified in accordance with this policy and quantified on the basis of criteria that do not involve discretionary assessments.

With regard to remuneration, the Related Parties Committee is involved, for the profiles of its own competence, in the preliminary investigation concerning:

- transactions that do not benefit from the above-mentioned exemptions and/or other applicable exemptions;
- temporary exceptions to the remuneration policy that the Company intends to implement in the presence of exceptional circumstances (see paragraph 2.2).

## 2.1.5 Role of the Board of Directors

The Board of Directors has exclusive competency on the following matters:

- remunerating UniCredit Directors holding specific roles - after having examined the proposal submitted by the Remuneration Committee and consulted the Board of Statutory Auditors - with a special focus on remuneration of the CEO and approval of Group financial instrument-based incentive schemes;
- determining - after having examined the proposal submitted by the competent committees - the overall remuneration and performance goals associated with the variable portion, for the Heads of corporate control functions, pursuant to criteria and parameters unrelated to Bank performance, as well as for the Executives with Strategic responsibilities;
- establishing the remuneration of the Manager in charge of drafting the company financial reports;

2. Please consider the timeline and topics as indicative as may vary from year to year. In addition, no extraordinary topics are shown.

3. The Executives with Strategic Responsibilities are those who have the power and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Company, including the directors (executive or otherwise) of the company itself. For further details on the roles of the Executives with Strategic Responsibilities please refer to paragraph 2.5.



- approving Group incentive schemes based on financial instruments;
- approving the process for identifying material risk takers and related outcomes, on an on-going basis.

Furthermore, the Board of Directors, also on the basis of the details provided by the Remuneration Committee, resolves on:

- drawing up remuneration and incentives policies for submission to the Shareholders' Meeting, checking their correct implementation and seeing to their review at least annually; moreover, ensuring its adequate documentation and accessibility within the corporate structure;
- defining remuneration and performance goals associated with its variable portion for the members of the Board of Directors, the General Managers and Deputy General Managers (when appointed), Heads of the corporate control functions, as well as for the personnel whose remuneration and incentive systems are decided upon by the Board itself, including also the Senior Executive Vice Presidents, the Group Management Team (Executive Vice Presidents) and the Leadership Team (Senior Vice Presidents), ensuring that these systems are consistent with the Bank's overall choices in terms of risk-taking, strategies, long-term targets, corporate governance structure and internal controls;
- defining remuneration policies for corporate officers (members of Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) in Group companies.

### 2.1.6 Role of the Shareholders' Meeting

The Shareholders' Meeting, besides establishing the remuneration of members of the bodies it has appointed, approves, among others:

- the remuneration and incentive policies for the members of the supervisory, management and control bodies as well as for the rest of employees;
- the remuneration report disclosing relevant Group compensation-related information and methodologies (advisory vote);
- equity-based compensation schemes;
- the capital increase and/or share buy-back at the service of equity-based compensation schemes;
- the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office including the limits set for said compensation in terms of number of years of fixed remuneration as well as the maximum amount deriving from their application.

Furthermore, the Shareholders' Meeting can exercise, on the occasion of the remuneration policies' approval, the faculty to determine a ratio of variable to fixed remuneration of employees higher than 1:1, but in any case not exceeding the ratio of 2:1 being understood that the proposal shall be recognized as validly approved with the appropriate shareholder representation and voting majority.

## 2.2 Definition of the Group Remuneration Policy

On an annual basis, the Group Remuneration Policy, as proposed by the Remuneration Committee, is defined by the Board of Directors, and then presented to the shareholders' Annual General Meeting for approval, in line with regulatory requirements.

In particular, the Group Remuneration Policy is drawn up by the Group People & Culture function with the involvement of the Group Risk Management and other relevant functions (e.g. Group CFO) and is validated by the Group Compliance function for all compliance-related aspects, before being submitted to the Remuneration Committee. Once approved at the UniCredit Annual General Meeting, the Group Remuneration Policy is formally adopted by competent bodies in the relevant Legal Entities<sup>4</sup> across the Group in accordance with applicable local legal and regulatory requirements.

The principles of the Group Remuneration Policy are valid across

the entire organization and shall be reflected in the remuneration practices applying to employee categories across businesses, including staff belonging to external distribution networks, considering their remuneration peculiarities.

With specific reference to Group Material Risk Takers, the Group People & Culture function establishes guidelines and coordinates a centralized and consistent management of compensation and incentive systems.

In compliance with Group Remuneration Policy and local regulation, Legal Entities, countries and divisions apply compensation framework for all employees.

Furthermore, the elements of the Policy are fully applied across the entire Material Risk Taker population, with local adaptations based

on specific regulations and/or business specifics, consistent with the overall Group approach.

Being fully compliant with the principles of the incentive plans, local adaptations allow the achievement of the same results in case the implementation of the Group plan would have some adverse effects (legal, tax or other) for the Group companies and/or beneficiaries residing in countries where the Group is present.

Implementation of Group incentive plans for Group Material Risk Takers fully complies with Bank of Italy requirements and European guidelines, and at the same time considers:

- local needs to adopt alternative solutions as necessary according to local regulators;
- audit outcomes, in each jurisdiction, on the implementation of the incentive systems;
- further needs to introduce corrective measures to address local specificities, with focus on the reconciliation of local differences and home/host regulatory roles.

The main adjustments regarding the implementation of the Group Policy usually concern the use of financial instruments different from the UniCredit shares, the thresholds and deferral schemes, local performance indicators rather than the Group ones, the ratio between variable and fixed remuneration, malus and claw-back procedure, considering an alignment to the regulatory provisions and local peculiarities.

## 2.3 Role of the Corporate Control Functions

### 2.3.1 Role of the Compliance Function

In coherence with external and internal regulatory requirements and in the respect of the Remuneration Governance process, the Compliance function mainly assesses the Group Remuneration Policy, the Group Incentive System for Group Material Risk Takers including the definition of qualitative and quantitative criteria for the identification and the definition of KPIs, as part of the *KPI Bluebook*, and the guidelines for the definition of Incentive system for non-Material Risk Taker population. At local level, the People & Culture structures define the detailed features of incentive systems and submit them to the reference Compliance structures.

### 2.3.2 Role of the Risk Management Function

UniCredit ensures alignment between remuneration and risk through policies that support risk management, rigorous governance processes based on informed decisions taken by corporate bodies and the definition of compensation plans that include the strategic risk appetite defined by the Risk Appetite Framework, the time horizon and individual behaviours.

As provided for by Legislative Decree 49/2019, which transposed the Shareholders Rights Directive II into the legal system by amending the TUF, in force since June 2019, UniCredit may, in exceptional circumstances, temporarily derogate from the remuneration policy.

Exceptional circumstances shall cover situations that can be traced back to the general cases provided for by art. 123 ter of TUF, namely in which the derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the company as a whole or to assure its viability.

In the event of such exceptional circumstances, the Board of Directors, as proposed by the Remuneration Committee and subject to reasoned favorable opinion by the Related Parties Committee (issued in accordance with the Global Policy on transactions with related parties, associated persons and corporate officers pursuant to art. 136 TUB, irrespective of whether there is an exemption under the Global Policy in this case), may resolve on specific temporary derogations, without prejudice to compliance with legal and regulatory constraints, limited to the contents of the Remuneration Policy related to: (i) the reference pay-mix for CEO, General Manager and Executives with Strategic Responsibilities, (ii) the reference peer group, (iii) the economic parameters of the Group Incentive System and the Group Long-Term Incentive Plan.

UniCredit provides information on any derogation to the remuneration policy applied in exceptional circumstances within Section II Remuneration Report, in the following year.

The Risk Management function is constantly involved in supporting Group People and Culture in the definition of the remuneration policy, incentive system and compensation processes for risk related components, in the identification of risk objectives, for the performance appraisal as well as for the assessment process to define the Group Material Risk Taker population. This involvement creates an explicit link between the Group incentive mechanisms, the Risk Appetite Framework, the validation of performance and pay, so that incentives are linked to the risk taking and management.

### 2.3.3 Role of the Internal Audit Function

As part of the remuneration system governance process, in line with its internal policies and procedures, the Internal Audit function assesses the implementation of remuneration policies and practices, at least annually, performing checks on data and internal procedures. The function evaluates the compensation process, providing recommendations aimed at improving it and bringing to the attention of the relevant functions and bodies any potential weakness, for the adoption of appropriate corrective measures.

4. The Group Remuneration Policy is distributed to consolidated direct and indirect subsidiaries with FTE >0 provided by Group Finance; This document also meets the requirements of Directive 2019/878/EU (CRD V) with respect to remuneration requirements. In accordance with CRD V, institutions have to apply the remuneration requirements at group, parent and subsidiary levels, including within subsidiaries that are not themselves subject to the CRD V, unless they are themselves subject to specific remuneration requirements on an individual basis under other Union acts or would be subject to such requirements if they were established in the Union. However, under Article 109(5) of CRD V, the remuneration provisions may still apply to individual staff members of certain subsidiaries. As a general principle, and taking into account applicable specific remuneration requirements, remuneration policies of different group entities within the scope of prudential consolidation should be consistent with the group's remuneration policy set by the consolidating institution. The remuneration policy needs to comply with CRD V provisions, EBA guidelines on sound remuneration policies of 2nd July 2021, and additional requirements set out in national company, labour and other relevant laws.



## 2.4 Material Risk Takers identification process

The Material Risk Taker population (i.e. those categories of staff whose professional activities have a material impact on an institution's risk profile) is annually reviewed and on an ongoing basis considering a structured and formalized assessment process both at Group and local level, according to the regulatory requirements related to qualitative and quantitative criteria defined by CRD V and Commission Delegated Regulation (EU) 923/2021, march 25th 2021.

This process is internally defined through specific guidelines issued by Group People & Culture function, with the involvement of Group Risk Management and Group Compliance, in order to guarantee a common standard approach at Group level.

### 2.4.1 Process

Starting from 2010, UniCredit has regularly conducted a self-evaluation to define the Group Material Risk Takers population to whom, according to internal/external regulations, specific criteria for remuneration and incentive requirements are adopted.

Since 2014, UniCredit Group has a Material Risk Takers identification process following the Commission Delegated Regulation (EU) 604/2014. Since 2019, as foreseen by Bank of Italy Circular 285, Material Risk Takers identification process is an integral part of the Group Remuneration Policy and Report. Starting from 2021, UniCredit adopts the identification process embedded in CRD V and in Commission Delegated Regulation (EU) 923/2021.

The Material Risk Takers identification process is performed annually, on an ongoing basis, at both local and Group level, and it also considers Agents involved in financial activities, Insurance Agents and Financial Advisors.

This Policy regulates the Material Risk Takers identification process and defines the roles and responsibilities of involved functions. In particular:

- People & Culture leads the identification process defining a consistent approach at Group level through specific guidelines;
- Risk Management, within the overall identification process initiated by People and Culture, leads the identification of the material business units (with material impact on an institution's risk profile) according to risk related regulatory criteria;
- Compliance verifies the consistency of qualitative and quantitative criteria with Commission Delegated Regulation, Group Material Risk Takers Internal Guidelines and regulatory provisions.

Group Legal Entities are actively involved in the identification process of Material Risk Takers coordinated by UniCredit S.p.A., sharing with the Holding Company all necessary information as per received indications.

Specifically, the Group Legal Entities are obliged to identify Material Risk Takers on an individual basis, in compliance with the local or sector-specific regulations and will adopt the same Group criteria applied at local level following operational and interpretative guidelines issued by the Group, which ensure the overall consistency of the identification process Group wide. In any event, each Legal Entity is responsible for compliance with the provisions directly applicable to them.

The Holding Company, considering the outcomes of the evaluation performed by the various entities as specified above, consolidates results with the goal to identify Group Material Risk Takers.

Subsequently, Group People & Culture together with Group Risk Management, after data consolidation and harmonization, presents documentation to the Group Internal Controls and Risks Committee and to the Remuneration Committee for discussion and finally submits for approval to the Group Board of Directors:

- the methodology<sup>5</sup> and evaluation process for Material Risk Takers both at Group and local level;
- the outcomes of the evaluation process;
- the possible exclusion of "high earners" from Group Material Risk Takers.

Indeed, at the end of the evaluation process, if UniCredit determines that some individuals identified under quantitative criteria could not be considered as Material Risk Takers, it activates the process for exclusion, involving, where requested, competent authorities. In particular, UniCredit transmits to the European Central Bank or the Bank of Italy timely, and in any case within six months of the previous financial year closing, the request for authorization for personnel with total remuneration amount equal or higher than €750,000 or within the 0.3% of the personnel which was awarded the highest total remuneration in the previous financial year.

The identified personnel within the Material Risk Takers perimeter is informed through individual written notice.

People & Culture, Risk Management and Compliance contribute to the process of evaluation throughout the year with the goal to update the list of Material Risk Takers based on specific events occurring during the year (e.g. appointment, hiring, organizational changes and any other relevant event), ensuring the process is

performed continuously and that the re-evaluation of the Material Risk Takers perimeter is submitted to the Group Board of Directors, after being discussed in the Group Internal Controls and Risks Committee and in the Group Remuneration Committee.

### 2.4.2 Criteria

CRD V and Commission Delegated Regulation (EU) 923/2021 set the regulatory standards concerning qualitative and quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile (so called Material Risk Takers). The identification process is based on the Material Business Unit (MBU) definition that, for consolidation purposes at Group level, is calculated as:

- any Legal Entity/ Division with an allocated Internal Capital equal or greater than 2% of Group Internal Capital;
- organizational units within a Legal Entity with an allocated capital based on proxies equal or greater than 2% at Group level;
- core business lines (high or medium).

Additionally, criteria (here below simplified) are distinguished in:

- qualitative:
  - all members of the management body and senior management (i.e. those who exercise executive functions within an institution and who are responsible, and accountable to the management body, for the day-to-day management of the institution);
  - staff members with managerial responsibility over the institution's control functions (Internal Audit, Risk Management, Compliance and other functions as locally defined) or material business units or for specific topics (e.g. accounting policies, finance, human resources);
  - staff members with managerial responsibilities for specific risk categories, including voting members within relevant Committees, credit risk exposures, authority on certain transactions and authority on the introduction of new products;
- quantitative<sup>6</sup>:
  - staff members entitled to significant total remuneration equal to or greater than €500,000 and equal to or greater than the average remuneration awarded to the members of the institution's management body and senior management, having a significant impact on the MBU's risk profile (i.e. when Credit, Market or Operational RWA proxy is equal or above the 2% of the institution/Group);

- staff member has been awarded in the preceding financial year a total remuneration that is equal to or greater than €750,000;
- staff member is within the 0.3% of staff who have been awarded the highest total remuneration in the preceding financial year within an institution with over 1,000 members of staff (for individual identification purposes at Legal Entity level only)<sup>7</sup>;
- internal:
  - all staff granted UniCredit shares deriving from Non-Standard Compensation in the previous year of the identification or staff involved in Share Ownership Process;
  - all Group personnel GEC-1 with managerial responsibility and above;
  - all incumbents with any other additional criteria linked to managerial decision, to be supported by rationale.

The Material Risk Taker identification process is performed at Legal Entity level using the above qualitative, quantitative and internal criteria assessed against the institution's individual risk profile and then consolidated at Group level, applying similar criteria that are assessed against the Group risk profile, as foreseen by the regulatory requirements. The preliminary estimation of Group Material Risk Takers in the first quarter of 2023 is broadly in line with the 2<sup>nd</sup> cycle 2022 results.

In line with Commission Delegated Regulation and Bank of Italy provisions, UniCredit or the Group Legal Entities will evaluate the possibility to activate, in case of no material impact on Group/ institution risks, the exclusion process, as per the foreseen regulatory timeline.

6. For calculation purposes, non-Euro remuneration is converted into Euro using the average yearly relevant FX rate

7. Criteria performed also on a Consolidated level (Group Threshold). Threshold is applied to GMRT population assuming GMRT as the most paid population in the Group.

5. To be presented by end of June 2023 to UniCredit SpA Internal Controls & Risks Committee, Remuneration Committee and Board of Directors.



## 2.5 Compensation to Directors, Statutory Auditors and Executives with Strategic Responsibilities

The remuneration for members of the administrative and controlling bodies of UniCredit is represented only by a fixed component, determined on the basis of the relevance of the position and the time required for the performance of the responsibilities assigned. This policy applies to non-Executive Directors as well as Statutory Auditors. The compensation paid to non-Executive Directors and Statutory Auditors is not linked to the economic results achieved by UniCredit and such persons do not take part in any incentive plans based on stock options or, generally, based on financial instruments. The remuneration policy for members of the corporate bodies of the Group Legal Entities is based on the same principles, consistently with the local regulatory requirements.

### > Board of Directors

Pursuant to Clause 20 of the UniCredit's Articles of Association, the ordinary Shareholders' Meeting convened for the approval of the accounts relating to the last financial year of the outgoing Board of Directors is required to appoint the new Board of Directors for the next three financial years. In accordance with UniCredit's Articles of Association, the outgoing Board of Directors presented its list of candidates for the renewal of the body with supervisory functions at the Shareholders' Meeting called for April 15, 2021, together with a proposal on the remuneration of the new Board of Directors and its Committees.

During the end of 2020 and the beginning of 2021, the Group People & Culture and Group Corporate Affairs functions supported the Remuneration Committee and more generally the Board of Directors in the drafting of a proposal to revise the remuneration for the new Board of Directors to be submitted to the Shareholders' Meeting of April 15, 2021, including attendance fees for participation in meetings of the Board and its Committees.

In drafting the proposal for the remuneration of the members of the administrative body, the following elements were considered, among others:

- the reduction of the number of Directors;
- market benchmark data - provided by a leading independent consultant, Willis Towers Watson - relating to the remuneration of members of the Board of Directors and Board Committees in the so-called "peer group" and in the major financial services companies in the FTSE MIB;
- the commitment required in relation to the activities of the individual Committees, in terms of time commitment (average duration of meetings) and scope of activities.

The Shareholders' Meeting of April 15, 2021 resolved in favour of the new Board of Directors list presented by the outgoing Board of Directors as well as of the Board and its Committees' remuneration. No remuneration review is foreseen for 2023.

### > Board of Statutory Auditors

Pursuant to Clause 30 of the Company's Articles of Association, the ordinary Shareholders' Meeting is required to appoint five permanent Statutory Auditors, amongst whom the Chairman, and four substitute Statutory Auditors, ensuring the balance between genders. The appointed Auditors remain in office for three financial years with the relative term expiring on the date of the Shareholders' Meeting called to approve the financial statements for the third financial year of their office.

Contextually, in addition to the appointment, the Shareholders' Meeting is called to determine also the annual remuneration due to the permanent members of the Board of Statutory Auditors for their entire term of office. The remuneration proposal can be brought forward to the Shareholders' Meeting by any Shareholder.

In light of the Board of Statutory Auditors term expiry, the Shareholders' Meeting of April 8, 2022 was called to resolve on the appointment of the new Board of Statutory Auditors as well as on their remuneration.

The Shareholders' Meeting of April 8, 2022 resolved in favour of the new Board of Statutory Auditors and of the substitute Auditors of UniCredit S.p.A. for the financial years 2022, 2023 and 2024, and on the determination of their annual remuneration for the entire term of their office.

### > CEO and Executives with Strategic Responsibilities

The Board of Directors also identifies the "Executives with Strategic Responsibilities" with own resolution, for the application of all related corporate and regulatory rules and provisions.

The definition of Executives with Strategic Responsibilities was updated in 2021 to reflect the new top management composition and to optimize the governance framework. As such, under this definition, Executives with Strategic Responsibilities include the GEC members - excluding the members of the CEO Office (Head of Group Strategy & Optimization and Head of Group Stakeholder Engagement) – and

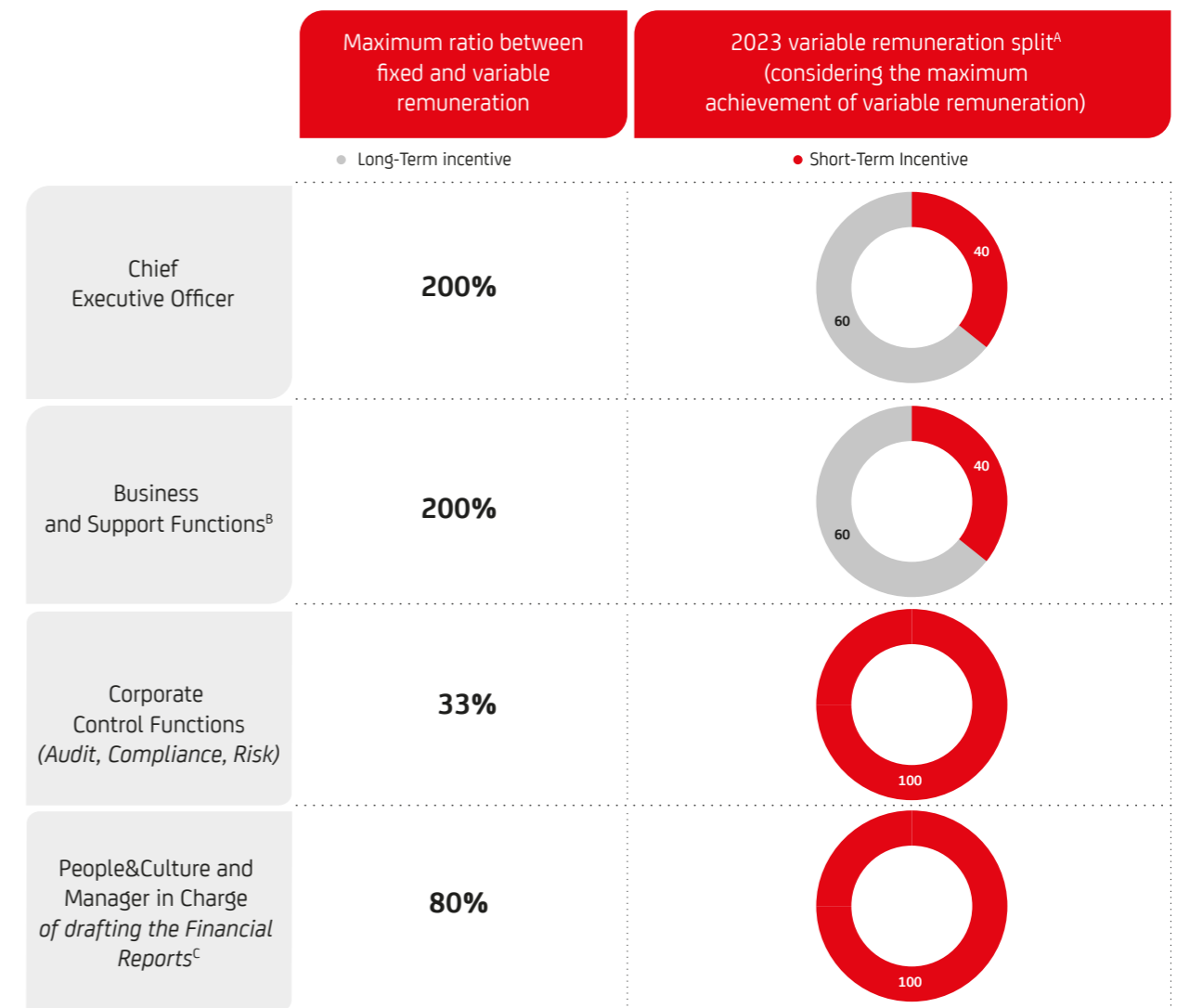
the Chief Audit Executive. At the beginning of 2023, the aggregate of Executives with Strategic Responsibilities is composed as follows: Group CEO, Head of Italy, Head of Germany, Head of Central Europe, Head of Eastern Europe, Head of Client Solutions, Chief Financial Officer, Group People & Culture Officer, Group Digital & Information Officer, Group Operating Officer, Group Risk Officer, Group Compliance Officer, Group Legal Officer, Chief Audit Executive.

In line with the 2023 Group Remuneration Policy, the CEO and the other Executives with Strategic Responsibilities remuneration framework is based on a total compensation set at individual levels on the basis

market data, role, seniority, need to retain or attract the best-in-class talents, individual performance and UniCredit's overall performance over time.

Based on the 2023 incentive system described in this Policy, and assuming the AGM approval of the proposed extension of 200% variable to fixed remuneration cap for non-control functions, the 2023 variable remuneration pay-mix for Executives with Strategic Responsibilities would be structured as follows:

### 2023 Variable remuneration pay-mix for the Executives with Strategic Responsibilities



Note: Based on the role and in case of new appointments, non-standard compensation could be assigned within the max variable to fixed cap.

A. Pre-adjustment post long-term performance conditions.

B. In February 2023, the Board of Directors approved to submit to the Ordinary Shareholders' Meeting the proposal to extend the population covered by the 2:1 ratio between variable and fixed also to employees belonging to Support Functions, excluding employees in Risk Management departments not belonging to control functions for which the 1:1 ratio still applies.

C. For People & Culture function and the Manager in Charge of Drafting the Company Financial Reports the fixed remuneration is expected to be predominant in respect to the variable one and long-term incentive conditions are not foreseen.





## FOCUS

The members of the administrative and control bodies as well as the Executives with Strategic Responsibilities benefit from a specific civil liability insurance policy, the “Directors & Officers Policy”, also known as D&O Policy. For the Directors and the Statutory Auditors, this benefit is approved by the Shareholders’ Meeting.

The Chairman of the Board of Directors is entitled to life and permanent disability insurance coverage resulting from injury occurring under any circumstances.

The Directors, Statutory Auditors and the Secretary of the Board of Directors benefit from life and permanent disability insurance coverage resulting from injury arising from accidents that occurred while performing the specific duties of the position.

The Executives with Strategic Responsibilities benefit from the company treatment, provided for the *Dirigenti* population, relating to health care and life and permanent disability cover resulting from both injury and illness, in line with the seniority of the role within the organization. In addition, they benefit from an insurance coverage that provides for the settlement in favour of UniCredit of the residual debt, up to a certain cap, of the first home mortgage under the conditions provided for Group personnel in the event of death.

Any benefits provided on an “ad personam” basis shall be managed in compliance with applicable regulations.

# 3. Compliance and Sustainability Drivers

To support the design of remuneration and incentive systems<sup>8</sup>, with particular reference to network roles (also including credit intermediaries) and Corporate Control Functions, the following “compliance and sustainability drivers” have been defined, in line with the applicable regulation<sup>9</sup>.

## › Remuneration general principles

- Maintain an adequate balance of fixed and variable compensation elements also with due regard to the role and the nature of the business performed. The fixed portion is maintained sufficiently high in order to allow the variable part to decrease, and in some extreme cases to drop down to zero;
- set an appropriate mix between short and long-term variable compensation, consistent with the strategies, market and business practices of reference and in line with the long-term interests of the Group;
- foresee that the remuneration policy, with specific reference to variable remuneration, should contribute to the business strategy, long-term interests and sustainability of the company and should not be linked entirely or mainly to short-term objectives;
- include in the remuneration policies information on how those policies are consistent with the integration of sustainability risks;
- provide that the Group remuneration policies and practices are gender neutral and support the equal treatment of staff of different genders;
- incorporate control systems on promotion and compensation processes to monitor compliance with relevant Anti Bribery and Corruption policies.

## › Incentive Systems

- Build incentive systems based on profitability, financial stability, sustainability and other drivers of sustainable business practice with particular reference to risk, cost of capital and efficiency;
- design flexible incentive systems so to manage payout levels in consideration of overall Group, country/division performance results and individual achievements, adopting a meritocratic approach to selective performance-based reward;
- design incentive systems which do not, in any way, induce risk-taking behaviours in excess of the Group’s strategic risk appetite; in particular the incentive systems should be coherent to the Risk Appetite Framework (“RAF”);

- design forward-looking incentive plans which balance internal key value driver achievements with external measures of value creation relative to the market;
- design incentive systems to set minimum performance thresholds below which zero bonus will be paid. In order to maintain the adequate independence levels for Corporate Control Functions, for Human Resources and the Manager in Charge of Drafting the Company Financial Reports, provide a maximum threshold for the progressive reduction of the bonus pool, which can be phased out to zero only in presence of exceptionally negative situations with an approval process including a governance step by the Board of Directors;
- subject the remuneration to correction mechanisms that allow it to be reduced (even significantly) or zeroed, for example in the case of behaviours, by relevant persons or credit intermediaries, that have caused or contributed to significant damage to customers or a significant breach of the rules contained in Title VI of the T.U.<sup>10</sup>, the relevant implementing provisions or Codes of Ethics or Conduct for the protection of customers applicable to the intermediary.

## › Goals and performance management

- maintain an adequate mix of economic and non-economic (quantitative and qualitative) goals, depending on the role, considering also other performance measures as appropriate, for example risk management, adherence to Group values or other behaviours;
- accompany the qualitative measures by an ex-ante indication of objective parameters to be considered in the evaluation, the descriptions of expected performance and the person in charge for the evaluation;
- relate the non-economic quantitative measures to an area for which the employee perceives a direct link between her/his performance and the trend of the indicator;
- include among the non-economic goals (quantitative and qualitative), where relevant, goals related to customer loyalty and level of satisfaction, risk as well as to compliance (e.g. credit quality, operational risks, application of MiFID principles, products sales quality, respect of the customer, Anti Money Laundering requirements fulfillment);
- set and communicate ex-ante clear and pre-defined parameters as drivers of individual performance;

8. Also considering third-party incentives.

9. Including Bank of Italy provisions “Transparency of banking and financial transactions and services - Fairness of relations between intermediaries and clients”.

10. Title VI of the Consolidated Banking Act, Transparency of contractual conditions and relations with clients.



- avoid incentives with excessively short timeframes (e.g. less than three months);
- promote a customer-centric approach which places customer needs and satisfaction at the forefront and which will not constitute an incentive to sell unsuitable products to clients;
- take into account, even in remuneration systems of the external networks (financial advisors), the principles of fairness in relation with customers, management of legal and reputational risks, protection and loyalty of customers, compliance with the provisions of law, regulatory requirements, and applicable self-regulations;
- create incentives that are appropriate in avoiding potential conflicts of interest with customers and in terms of market manipulation, considering fairness in dealing with customers and the endorsement of appropriate business conduct and usage of privileged information (e.g. benchmark contributors);
- consider performance on the basis of annual achievements and their impact over time;
- include elements which reflect the impact of individual's/business units' return on the overall value of related business groups and organization as a whole;
- avoid bonuses linked to economic results for Corporate Control Functions<sup>11</sup>, for Human Resources and Manager in Charge of Drafting the Company Financial Reports and set, for the employees in these functions, individual goals that shall reflect primarily the performance of their own function and that will be independent of the results of monitored areas, in order to avoid conflict of interest;
- recommend the approach for Corporate Control Functions also where possible conflicts may arise due to the function's activities. In particular, this is the case for functions (if any) performing only control activities pursuant to internal/external regulations such as in some structures in Accounting/Tax structures<sup>12</sup>;
- ensure independence between front and back office functions in order to guarantee the effectiveness of cross-checks and avoid conflict of interest, with a particular focus on trading activities, as well as ensuring the appropriate independence levels for the functions performing control activities;
- define incentives not only based on financial parameters for personnel providing investment services and activities, but also taking into account the qualitative aspects of the performance, in order to avoid potential conflicts of interest in the relationship with customers<sup>13</sup>;
- avoid incentives on a single product or financial instrument or specific categories of financial instruments, as well as single banking/insurance product;
- avoid an incentive for the joint selling of the optional contract and the financing as opposed to the sale of the financing alone, where the contract offered in conjunction with the financing is optional;
- promote prudent credit growth and appropriate risk-taking behaviour, and not encourage excessive risk taking; variable remuneration of the staff involved in credit granting:
  - is linked, among others, to the long-term quality of credit exposures;
  - includes, in terms of performance objectives and targets, credit quality metrics and is in line with credit risk appetite;
- define, for Commercial Network Roles, goals that include quality/ riskiness/sustainability drivers of the products sold, in line with client risk profile. Particular attention shall be paid to the provision of non-economic goals for customer facing roles selling products covered by MiFID. For these employees, the incentives must be defined in a way to prioritize customer loyalty and satisfaction and at the same time avoid potential conflicts of interest towards them;
- for the staff responsible for handling complaints, foresee indicators taking into account, among other things, the results achieved in handling complaints and the quality of customer relations;
- indicate clearly within all rewarding system communication and reporting phases that the final evaluation of the employee achievements will also rely, according to local requirements on qualitative criteria such as the adherence to compliance and Code of conduct principles;
- put in writing, document and make available for the scrutiny of independent checks and controls the entire evaluation process;
- define *ex-ante* the evaluation parameters, for those cases where individual performance evaluation systems are fully or partially focused on a managerial discretionary approach. These parameters should be predetermined, clear and documented to the manager in due time for the evaluation period. Such parameters should reflect all applicable regulation requirements<sup>14</sup> (including the balance between quantitative and qualitative parameters). The results of managerial discretionary evaluation should be formalized for the adequate and predefined monitoring process by the proper functions and an appropriate repository should be created and maintained (e.g. inspections/request from the Authorities);
- do not link goals, for research management and analysts, to any financial transactions or revenues of single business areas, but for example consider linking them to the quality and accuracy of their reports.

### > Payout

- Defer performance-based incentive payout, as foreseen by regulatory requirements, to coincide with the risk timeframe of such performance by subjecting the payout of any deferred component until actual sustainable performance has been demonstrated and maintained over the deferral timeframe, so that the variable remuneration takes into account the time trend of the risks assumed by the bank (i.e. malus mechanisms);
- consider claw-back actions as legally enforceable on any performance-based incentive paid out on the basis of a pretext subsequently proven to be erroneous;

- include clauses for zero bonus in circumstances of non-compliant behaviour or qualified disciplinary action, subjecting payout to the absence of any proceeding undertaken by the company for irregular activities or misconduct of the employee with particular reference to risk underwriting, sales processes of banking and financial products and services, internal code of conduct or values breach;
- require employees to undertake not to use personal hedging strategies or remuneration and liability - related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

### Drivers for Commercial Campaigns and for Infra year bonus

Within network roles incentive systems, to which the principles set out in the sections on Compliance and Sustainability Drivers apply, particular attention is paid to "Commercial Campaigns" and "Infra year bonus", which may be organized subject to the assessment of the Compliance function and after receiving an opinion on the admissibility from the relevant Corporate Body (e.g. Board of Directors) or competent committee (e.g. Product Committee), according to the powers of delegation currently in force. They represent business actions aimed at providing guidance to the sales network towards the achievement of the period's commercial targets (also intermediate, for instance on a quarterly basis) and with a direct impact on the bonus pool budget referable to the relevant Division/Country/Legal Entity, even in case of initiatives promoted by third companies/parties. The payment of the incentive may therefore only occur subject to verification of the entry conditions provided for by the Remuneration Policy and external regulation.

Among the distinctive features of the commercial campaigns and of the infra year bonus, there is the expectation of the award - in cash or non-monetary reward. Commercial Campaigns and Infra year bonus can also help the function to accelerate the achievement of certain objectives of the incentive system. The grant of awards must be subordinated to behaviors compliant with the external and internal regulations, as well as the completion of specific access gates, in line with the ones provided by the Group Incentive System and possibly customized according to the specificities of the business to which the initiative is addressed, if any (e.g. KYC, mandatory training, MiFID). Under no circumstances may the system of remuneration and evaluation of the sales network employees constitute an incentive to sell products unsuitable to the financial needs of the clients. In particular, the following "compliance and sustainability drivers" have been defined (which integrate the above-mentioned 'compliance and sustainability drivers'):

- set-up of the incentive mechanisms using criteria which

are consistent with the best interest of the client, and which are appropriate to avoid potential conflicts of interest with customers, and coherently with relevant regulatory provisions (e.g. MiFID, EBA Guidelines on the sale of banking products and services);

- ensure consistency between the Campaign's objectives with the objectives set when defining the budget and when assigning targets to the sales network;
- involve ex-ante all the functions, third parties other than the proposing business, concerned in the definition, validation and reporting of the commercial objectives;
- avoid Commercial Campaigns on a single financial or banking product/financial instrument;
- include clauses for zero bonus payment in the event of failure to meet the entry conditions to the bonus pool at Group/Division/ Country level or at Legal Entity level;
- include clauses for zero bonus payment in case of relevant non-compliant behaviour or qualified disciplinary action or in case the applicable access gates are not triggered;
- avoid Campaigns which - not being grounded on objective and customer interests related basis - may directly or indirectly lead to breaching the rules of conduct regarding clients;
- avoid Campaigns lacking a clear indication of the targets and of the maximum level of incentive to be granted for achieving those targets, identifying an appropriate mix of quantitative and qualitative goals consistent with the characteristics of the initiative;
- avoid, in general, Campaigns related to specific commercial targets that provide advantages only for higher hierarchical levels or to the budget of the higher territorial structure/Legal Entity.

11. Meaning Internal Audit, Risk Management and Compliance functions, pursuant to Bank of Italy Circular 285 of December 17, 2013, 37th update of November 24, 2021. Where CRO roles cover both Underwriting and Risk Management functions, goals assigned must not represent a source of conflict of interest between Risk Management and Underwriting activities.  
12. Where CFO roles cover also Financial Statements preparation, possible economic measures have to be chosen in a conflict - avoidance perspective.  
13. For example: ESMA requirements, with reference to MiFID remuneration policies and practices; Technical Advice ESMA on MiFID II (Final Report 2014/1569); MiFID II specific articles regarding remuneration/incentives for relevant subjects.  
14. Also in line with the regulation references reported in the previous notes.



The remuneration policies drawn up in accordance with the Transparency regulation<sup>15</sup> include an indication of the number of relevant persons and credit intermediaries to whom they apply, as well as the role and functions held by them.

The indication of the role and functions of relevant persons is provided by area of activity, without prejudice to the distinction between persons who offer products directly to customers and persons to whom they report hierarchically.

**Relevant persons and credit intermediaries to whom the rules on Banking Transparency apply**

	Role/position covered	Subjects that offer products directly to customers	Subjects to which the former respond hierarchically
Employees	Senior Banker / Deputy Area Manager	490	246
	Branch Manager (including deputy, if any)	2,834	808
	Commercial Coordinator / Team Leader	7	4
	Private Banking / Wealth Management relationship manager	637	51
	Retail affluent relationship manager	2,574	1,339
	Retail mass market advisor	7,945	1,659
	Small business relationship manager	1,910	761
	Corporate banking relationship manager	886	78
	Product specialist	82	8
	Commercial assistants / staff	1,725	178
Credit Intermediaries & Financial Advisors	Agent in financial activity	371	8
	Credit intermediary	0	0
	Other credit intermediaries	0	0
	Financial Advisor	22	8

Data as of December 31, 2022.

# 4. Compensation Framework

Within the framework provided by the Group Remuneration Policy, UniCredit is committed to ensuring fair treatment in terms of compensation and benefits regardless of gender identity, age, race, ethnicity, sexual orientation, ability, background, religious or ethical values system and political beliefs or any other category protected by law in the local jurisdiction.

Moreover, the Board of Directors annually approves the criteria and the features of the incentive plans for Material Risk Takers, ensuring the appropriate balance of variable reward opportunities within the pay-mix structure.

Remuneration can be either:

- fixed (e.g. salary) or
- variable (e.g. short-term incentives, long-term incentives).

The total compensation approach of UniCredit provides for a balanced package of fixed and variable, monetary and non-monetary elements, each designed to impact in a specific manner the motivation and retention of employees.

Within this section details are provided also with regards to the following topics:

In line with the applicable regulations, particular attention is paid to avoiding incentive elements in variable compensation which may induce behaviors not aligned with the company's sustainable business results and risk appetite.

- continuous Monitoring of Market Trends and Practices;
- ratio between variable and fixed compensation;
- share ownership guidelines.

As a policy target, Material Risk Takers total compensation is set on the market median as reference, with the possibility to increase to attract and retain top-class talents, able to improve UniCredit's competitive position, with individual positioning being defined on the basis of specific performance, potential and people strategy decisions, as well as UniCredit's performance over time.

Additionally, according to their peculiarities, further remuneration components can be classified as fixed or variable remuneration as described in this chapter and in line with regulatory framework and more precisely:

With particular reference to the Material Risk Taker population, the Board of Directors, on the basis of the proposal made by the Remuneration Committee, establishes the compensation structure for top positions, defining the mix of fixed and variable internal analysis performed.

- non-standard compensation;
- benefits;
- severance.

## 4.1 Continuous Monitoring of Market Trends and Practices

At Group level, UniCredit analyzes the overall compensation trends of the market through a continuous benchmarking activity, in order to make informed decisions and adopt competitive reward structures for effective retention and motivation of the key resources.

At country/division level and as appropriate throughout the organization, benchmarking and trends analysis may be conducted considering relevant peer groups to assure competitive alignment with the market of reference.

With specific reference to the executives of the Group, an independent external advisor supports the Remuneration Committee in the definition of the direct competitors that represent the international group-level peers of UniCredit (peer group) with regards to whom compensation benchmarking analysis is performed on market trends, practices and compensation levels.

The peer group is subject to annual review to assure its market representativeness.

For 2023, the European peer group is confirmed and includes: Banco Santander, Barclays, BBVA, Commerzbank, Credit Agricole, Deutsche Bank, Erste Bank, ING, Intesa Sanpaolo, Nordea Bank, Société Générale and UBS.

The peer group is defined by the Remuneration Committee considering the main European competitors in terms of market capitalization, total assets, business scope and dimension.

15. Bank of Italy "Transparency of banking and financial transactions and services - Fairness of relations between intermediaries and clients".



## 4.2 Fixed compensation

### › Definition and objective

Fixed remuneration is the part of remuneration that is stable and irrevocable, determined and given based on pre-defined and not discretionary criteria, such as the professional experience, responsibility and seniority level. It does not create an incentive to risk taking and it does not depend on the bank's performance. Fixed remuneration includes, for example, base salary, Role Based Allowance, certain packages related to expatriate status and other fixed components assigned on the basis of standard rules.

Base salary is defined on the basis of the specific business pertaining to each individual as well as the skills and competencies that the individual brings to the Group. The weight of the fixed compensation component is sufficient to reward the activity performed even in case the variable part of the remuneration package was not paid due to non-achievement of performance goals, in order to reduce the risk of excessively risk-oriented behaviours, to discourage initiatives focused on short-term results and to allow a flexible bonus approach.

### › Features

Specific pay-mix guidelines for the weight of fixed versus variable compensation are defined with respect to each target employee population. With particular reference to the executives of the Group, the UniCredit Remuneration Committee establishes:

- the criteria and guidelines to perform market benchmarking analysis for each position in terms of compensation levels and pay-mix structure, including the definition of specific peer groups at Group, country/divisional level and the list of preferred external "executive compensation providers";
- the positioning of compensation, in line with relevant market's competitive levels, defining operational guidelines to perform single compensation reviews as necessary.

## 4.3 Variable compensation

### › Definition and objective

Variable compensation includes any payments that depend on performance, independently from how it is measured (profitability/revenues/other goals) or on other parameters. It includes, for example, discretionary pension benefits and mutually agreed payments between the bank and its personnel in case of early termination of the employment relationship or office (excluding the statutory deferred payments and the indemnity in lieu of notice) and the carried interests, entry bonus, special award, retention bonus, stability pact and non-competition agreement. Additionally, it is any other form of remuneration that does not specifically qualify as fixed remuneration.

Variable compensation aims to remunerate achievements by directly linking pay to performance outcomes in the short, medium and long-term. This is then risk adjusted. To strengthen the alignment of shareholders' interest and the interests of management and employees, performance measurement reflects the actual results of the Company overall, the business unit of reference and the individual. As such, variable compensation constitutes a mechanism of meritocratic differentiation and selectivity.

### › Features

Adequate ranges and managerial flexibility in performance-based payouts are an inherent characteristic of well-managed, accountable and sustainable variable compensation, which may be awarded via mechanisms differing by time horizon and typology of reward.

Incentives remunerate the achievement of performance objectives, both quantitative and qualitative, by providing for a variable bonus payment. An appropriately balanced performance-based compensation element is encouraged for all employee categories, as a key driver of motivation and alignment with organizational goals and is set as a policy requirement for all business roles. The design features, including performance measures and pay mechanisms, avoid an excessive short-term focus by reflecting the principles of the policy, focusing on parameters linked to profitability and sound risk management, in order to guarantee sustainable performance in the medium and long-term. In alignment with the overall mission, the characteristics of incentive systems also reflect the requirements of specialized businesses.

More information on the compliance and sustainability drivers related to the design of remuneration and incentive systems, with particular reference to network roles and Corporate Control Functions, are reported in the dedicated section.

With particular reference to trading roles and activities, organizational governance and processes as well as risk-management practices provide the structure for a compliant and sound approach, whereby levels of risk assumed are defined and monitored centrally by the

relevant Group functions. This structure reinforces the consistent remuneration approach which adopts performance measures based on profitability rather than revenues, risk-adjusted rather than non risk-adjusted, relative rather than absolute indicators.

### 4.3.1 Short-Term Remuneration

Short-term remuneration aims to attract, motivate and retain strategic resources and to maintain full alignment with the latest national and international regulatory requirements and with best market practices.

Payout is based on a bonus pool approach providing for a comprehensive performance measurement at individual and at Group/Country/division level. Reward is directly linked to performance, which is evaluated based on results achieved and on the alignment with the leadership model and values of UniCredit. Performance management for Group Material Risk Takers is managed according to central governance ensuring fair and coherent appraisal process across the organization, leveraging on a unique repository at Group level.

For Material Risk Takers, the payout is partially deferred to fit an appropriate risk time horizon. The design features of incentive plans for Material Risk Takers are aligned with shareholder interests and long-term, firm-wide profitability, providing for an appropriate allocation of performance related incentives in cash and in shares, upfront and deferred.

The short-term remuneration for Group Material Risk Takers population is regulated under the Group Incentive System, as described in the Group Remuneration Policy.

Additionally, local incentive systems (e.g. commercial campaigns, incentive systems for local Material Risk Takers) may exist, following the principles included in this Policy, and described within local regulations.

Each year, detailed information about our compensation governance, key figures and the features of Group incentive systems is fully disclosed in the Group Remuneration Policy.

### 4.3.2 Long-Term Remuneration

Long-term remuneration aims to strengthen the link between variable compensation and Company results and further align the interests of senior management and shareholders.

The long-term remuneration envisages:

- adjustment of part of the short-term remuneration based on the achievement of specific performance conditions and allocation of such remuneration mostly based on shares or other instruments



- reflecting the trend of the shares;
- multi-year targets consistent with UniCredit strategic targets;
- additional performance conditions to enhance long-term sustainability of results;
- multi-year deferral with the application of Zero factor conditions, which provides for minimum requirements related to profitability, liquidity and capital;
- the application of a holding period of the actual awards after the deferral period;
- awards subject to individual malus and claw-back conditions, as legally enforceable.

### FOCUS

Group common guidelines on the key elements of Executive contracts ensure alignment with regulatory requirements and also with the Internal Audit recommendations, in particular regarding contract elements with specific regulatory provisions, such as variable compensation and severance provisions. Group rules,

policies or guidelines provided in case of eligibility to variable compensation have to be mentioned in the Executive contracts.

Amounts related to variable pay and any technical details of payments (vehicles used, payment structure and time schedule) are included in separate specific communication and managed in strict adherence to governance and delegation of authority rules.

## 4.4 Non-standard compensation

Non-standard compensation refers to those compensation elements considered as exceptions (e.g. entry bonus<sup>16</sup>, special award, retention bonus, Role-Based Allowance, stability pact and non-competition agreement).

Such awards are limited only to specific situations, as appropriate, related to the hiring phase, launch of special projects, achievement of extraordinary results, high risk of leaving for executives of the Group, mission critical roles and positions covered in specific corporate functions. In particular, guaranteed bonus granted in relation to the hiring phase are an atypical form of compensation, which is not common practice for the Group. Its use is strictly limited to those cases where there is a clear need of attracting best talents and critical competencies in the market.

As a general rule, non-standard compensation elements are considered variable remuneration. In specific cases, for example the Role-Based Allowances for Corporate Control Functions, they are fixed remuneration.

Moreover, awards must in any case comply with regulations in force at the time (e.g. cap on the ratio between variable and fixed remuneration, technical features defined by regulation for bonus payout, if applicable) and with UniCredit governance processes, which are periodically monitored and disclosed for regulatory requirements, as well as subject to capital and liquidity entry conditions, malus conditions and claw-back actions, as legally enforceable. Variable non-standard compensation rules are specified either on the dedicated letter of award or referring to the Group Incentive System rules in force.



### FOCUS

#### Role-Based Allowance

In 2019, UniCredit introduced Role-Based Allowances (RBA) for Corporate Control Functions in Italy. RBAs are considered fixed components of the remuneration, in line with regulatory provisions and market practices.

This compensation item aims to:

- ensure competitiveness on international level in terms of total compensation, avoiding excessive increases in the base salary in consideration of restrictive variable to fixed ratio for Corporate Control Functions in Italy;

- allow and facilitate the rotation between business and control functions roles within the Group;
- provide a sign of attention to the professional figures who hold relevant roles for the Group.

RBA in UniCredit is a pre-defined amount (depending on seniority level and criticality of the role) targeted at specific roles, not linked to performance and therefore not favouring risk-taking attitude.

It cannot be reduced, suspended or cancelled discretionally as long as the employee is in a specific role granting the allowance within a given seniority level and it can be re-evaluated regularly. As a general rule, RBAs are individually assigned to the employee at the date of the appointment to a control function role, and removed in case of moves in positions not eligible for an RBA.

## 4.5 Benefits

### > Definition and objective

Benefits include welfare benefits that are supplementary to social security plans, healthcare and work-life balance benefits and are intended to provide substantial guarantees for the well-being of staff and their family members during their active career as well as their retirement.

In addition, special terms and conditions of access to various banking products and other services may be offered to employees in order to support them during different stages of their lives.

From a total compensation perspective, benefits aim to reflect internal equity and overall coherence of the remuneration systems, meeting the needs of different categories as appropriate and relevant.

### > Features

In coherence with the governance framework of UniCredit, benefits are assigned by applying general common criteria for each employee category, while types and characteristics of benefits are established on the basis of local regulations and practices.

By way of example, if in line with local laws, regulations and market practices, company cars or equivalent mobility grants, rents or accommodation grants may be assigned to certain categories of employees. Group-wide benefit policies are also in place for staff seconded abroad, defined in line with common market practices for equivalent multinational companies. Benefits that are not awarded on the basis of the above common criteria are considered variable remuneration.

Furthermore, UniCredit affirms the value of share ownership as a valuable tool for enabling the engagement, affiliation and alignment of interests among shareholders, management and the overall employee population. The possibility is therefore considered, from time to time and as appropriate in light of local legal and tax requirements, to offer employees the opportunity to invest and participate in the future achievements of the Group through share-based plans whereby employees can purchase UniCredit shares at favourable conditions.

<sup>16</sup> For the recruitment of new staff and limited to the first year of employment. It cannot be granted more than once to the same person, either by the bank or by another Legal Entity in the Group (Bank of Italy Circular 285 of December 17, 2013, 37th update of November 24, 2021).

## 4.6 Severance

Meeting the regulatory requirements included in the Bank of Italy Circular 285, a specific Policy on payments to be agreed in case of early termination of a contract – the Group Termination Payments Policy, the so called Severance Policy - was firstly submitted for approval to the 2015 Annual General Meeting and subsequently amended in 2017, 2019 and 2021 to reflect the evolution in the regulatory framework as well as and in the overall UniCredit remuneration framework.

In general terms, the Severance Policy currently into force envisages that the calculation of any severance payment takes into consideration the long-term performance in terms of shareholder added value, as well as any local legal requirements, collective/ individual contractual provisions, and any individual circumstances, including the reason for termination. In any case, the termination payments, which consider also the duration of the employment, do not exceed the limits foreseen by the laws and collective labour agreements locally applicable in case of lay-off.

The Severance Policy provides that the overall termination payments, inclusive of notice, do not exceed 24 months of total compensation (including the base salary and the average amount of the incentives actually received during the last three years prior to the termination, after the application of malus and claw-back, if any. Further elements - such as the value of fringe benefits possibly granted to the employee - may be included in the computation of the above-mentioned basis if this is required or foreseen by regulations, laws, contracts or common practices locally applicable). It is also foreseen that the amount of the payments additional to notice cannot exceed 18 months of compensation.

Such limit are, as a matter of fact, much more restrictive than the provisions of the Italian national contract that for executives provides for severance payments, inclusive of notice, of up to 41 months of total compensation.

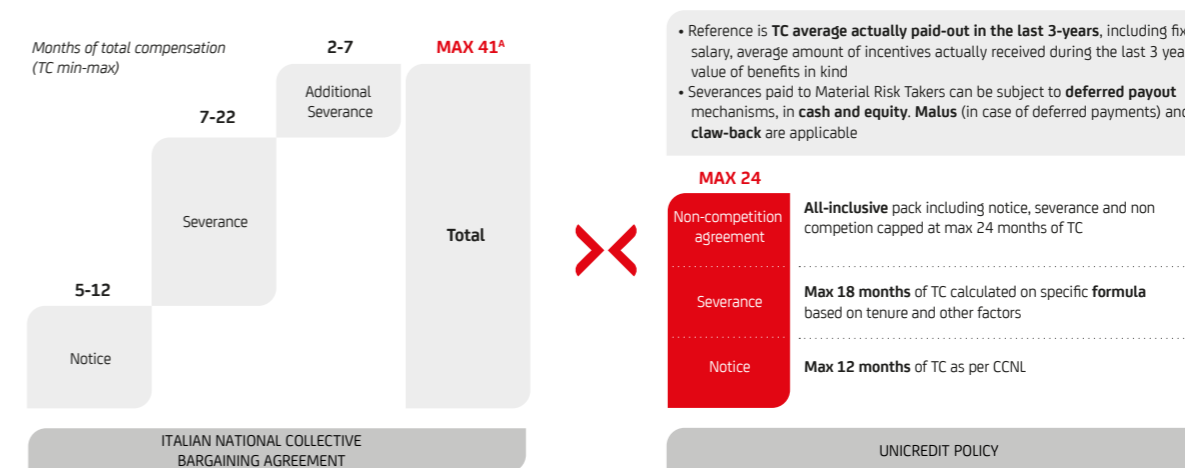
The Severance Policy contains also a predefined formula for the calculation of severance payments that, used for the settlement of a current or potential dispute related to employment termination, allows not to count them towards the cap for the variable remuneration. The formula basically envisages one month of total compensation per year of service (with a minimum of 5 and a maximum of 18) and a corrective factor that can decrease it up to zero or increase it by maximum 50%. In any case the 24 months cap applies.

As a rule, discretionary pension benefits are not granted and, in any case, even if they should be provided in the context of local practices and/or, exceptionally, within individual agreements, they would be paid consistently with the specific and applicable laws and regulations.

Individual contracts should not contain clauses envisaging the payment of indemnities, or the right to keep post-retirement benefits, in the event of resignations or dismissal/revocation without just cause or if the employment relationship is terminated following a public purchase offer. In case of early termination of the mandate, the ordinary law provisions would therefore apply.

For all criteria, limits and authorization processes, please refer to the above-mentioned Severance Policy, that is published along with the 2021 Annual General Meeting.

**Table – Comparison between Italian National Collective Bargaining Agreement and UniCredit Termination Policy provisions.**



A. Not including Non-competition agreement.

The severance policy cannot fail to take into account all the local labour law context. In this regard, a comparison between the Italian National Collective Bargaining agreement (CCNL) for executives and UniCredit Termination Payments Policy is provided.

### 4.6.1 Members of the Board of Directors, General Managers and other Executives with Strategic Responsibilities

With particular reference to the members of the management bodies, general managers and other key management personnel and the related requirements set out by Consob Issuers Regulation no. 11971, it is specified that:

- the treatments envisaged in the event of termination of office or termination of employment are set out in the “Group Termination Payments Policy” which, pursuant to Bank of Italy regulations, is subject to specific approval by the Shareholders’ Meeting;
- the members of the Board of Directors are bound by directorships, the term of which coincides with the term of office. In the event of early termination, the normal legal provisions shall apply to them. General Managers and other Executives with Strategic Responsibilities have employment relationships, generally of indefinite duration, as Dirigenti under the “National Collective Labour Agreement for Managers employed by credit, financial and instrumental companies” (the “CCNL”), unless employed abroad, in which cases the corresponding local practices and rules apply;
- the notice period foreseen for the termination of the relationship, if the circumstances foreseen by the law occur, is the one foreseen by the CCNL. In the event that agreements are in place that, at individual or aggregate level, envisage the recognition of conventional seniority and/or measures that differ from the standard ones, the circumstance is reported in the Remuneration Report. In no case the notice period exceeds 12 months;
- all the criteria for determining the amounts agreed between the bank and the staff in view of or on the occasion of the early termination of the employment relationship or for the early termination of the office are defined within the “Group Termination Payments Policy”, which also provides indications of the components to be considered in the calculation of the reference remuneration and the elements to be used, within the framework of a specific formula, to determine the number of months’ pay actually due;
- the amounts paid in relation to the termination of the relationship take into account, in any case, the long-term performance, the creation of value for shareholders, and do not reward failure or abuse. For further details in this regard, please refer to the “Group Termination Payments Policy”;
- the regulations of the short-term and long-term incentive plans determine what effect termination of employment has on them, depending on the circumstances. In general, termination results in the loss of all benefits payable, except in specific circumstances where the individual qualifies as a “good leaver.” In such cases, if the termination occurs during the performance period, the beneficiary will be entitled to a pro rata award, subject to the achievement of the relevant conditions at the end of the period and, in any event, in accordance with the deferred payment schedule and all other terms and conditions set forth in the regulations.
- Recognition of good leaver status is generally provided in the following cases:
  - termination due to any physical impediment including illness, injury or permanent disability as determined by applicable laws;

- retirement, including by agreement with the Company and/or enrolment in early retirement or redundancy plans;
- the company that employs, or the line of business in which the beneficiary works, ceases to be part of the Group or is transferred to a person or legal entity not belonging to the Group.

The status of “good leaver” may also be acknowledged, taking into account the specific circumstances and the company’s interest, within the scope of specific agreements entered into with the beneficiary upon - or in exceptional cases, before - termination of the relationship.

Any agreements that provide for ex-ante recognition of the status of “good leaver” as an exception to the principles outlined above are disclosed in the Remuneration Report;

- the granting or retention of non-monetary benefits beyond a short transitional period immediately following the termination of the relationship, or the conclusion of consultancy contracts for a period following the termination of the relationship, is generally excluded. Should this occur, the circumstance would be reported in the Remuneration Report and the economic benefit would be included in the provisions of the “Group Termination Payments Policy”.

## 4.7 Ratio between variable and fixed compensation

In compliance with applicable regulations, the adoption of a maximum ratio between variable and fixed remuneration of 2:1 was approved by the Shareholders’ Meeting held on May 13th, 2014, for the overall population, with the exception of the employees belonging to company control functions, for whom a more restrictive regulatory cap applies.

Since 2014, successive annual remuneration policies have provided more detailed guidance on the target population for the 2:1 cap, focusing primarily on business functions and specific roles, while providing for the application of the 1:1 ratio for other roles not belonging to business or control functions.

According to the latest Remuneration Policy, the positions entitled to a variable to fixed ratio of potentially up to a maximum of 2:1

were: Group Chief Executive Officer; Heads of Italy, Germany, Central Europe, Eastern Europe and Client Solutions, Digital & Information Officer and Group Operating Officer; CEO and General Managers of Group Legal Entities; Personnel belonging to Business Divisions (e.g. Client Solutions), excluding control or support roles.

In February 2023, the Board of Directors approved to submit to the Ordinary Shareholders’ Meeting on March 31st 2023, considering possible feedback received by the regulator, the proposal to restore the wider application of the 2:1 ratio between variable and fixed to the whole population<sup>17</sup>, excluding Corporate Control Function (Audit, Risk, Compliance), People & Culture and Manager in charge for drafting financial reports as per Bank of Italy provisions (Circolare 285).

	Variable to Fixed Remuneration Max Ratio (cap) <sup>B</sup>	
	2022	2023
BUSINESS FUNCTIONS	<b>200%</b>	
CONTROL FUNCTIONS <sup>A</sup> (Audit, Risk, Compliance)	Prevalence of fixed remuneration	
OTHER FUNCTIONS (e.g. Digital, Finance, etc)	<b>100%</b>	<b>200%</b>

A. as well as People & Culture and Manager in charge for drafting financial reports as per Bank of Italy Circolare 285.

B. Group guideline to be locally adopted e.g. 200% applied unless a more stringent regulation applies at country level.

17. Incl. external credit intermediaries and financial advisors.



The purpose of such a proposal is to further leverage to the principle of “pay for performance” at the core of our remuneration strategy, by creating headroom to pay for strong years:

- Preserving the competitiveness vs. industries where the cap is not present (e.g. Digital);
- Providing flexibility to the cost structure;
- Improving retention and long-term orientation of more executives through deferrals.

The target population eligible for the increase in the variable cap from 1:1 to 2:1 is <200 executives (0.3% of the workforce), with a potential (unrealistic) maximum increase in variable compensation of 42m (0.7% of the FY2022 HR cost base), with no material impact on capital (~1bps).

Other wider assumptions upon which the increase of the maximum ratio between variable and fixed remuneration, type of personnel and limit itself that were based at the time of the initial AGM approval in 2014 have not changed. On the basis of the ECB Recommendation on dividend distribution policies, UniCredit capital ratios satisfy the regulatory capital requirements which allow the Group to be classified within the first category of institutions, with the highest level of capital ratios, and therefore with the lowest limitations on dividend distributions.

In addition, UniCredit has set its variable remuneration<sup>18</sup> policy to respect in a forward-looking perspective the most updated regulatory capital recommendations on variable remuneration .

In 2023, a preliminary estimation of Group Material Risk Takers belonging to this category which however exceed the 1:1 limit - at target variable level - are ca. 140 staff members. The estimated portion of the 2023 Incentive System that could be awarded to those roles in excess to the 1:1 ratio is ca. 11% of the overall estimated pool (approx. €20 million, of which €16 million in UniCredit shares, equivalent to approximately 0.06% of UniCredit share capital. This amount of capital (i.e. €20 million) is equivalent to ca. 1 bps of UniCredit Group CET1 ratio.

In light of this information, it is set that the decision to maintain and extend a maximum level of variable remuneration of 2:1 of the fixed remuneration for the whole population, excluding Corporate Control Functions, (as approved by the Annual General Meeting on 2014) would not affect the Group maintenance of a sound capital base.

Therefore, the adoption of a ratio of 2:1 between variable and fixed compensation does not have any implications on the bank’s capability to continue to respect all prudential rules, in particular capital requirements.

This approach allows UniCredit to maintain a strong link between pay and performance, as well as competitiveness in the market. Our main peers have also taken the same approach in order to limit the effects of an un-even playing field in a market where the cap is not present, to avoid the rigidity of the cost structure derived from a possible increase of fixed costs and to guarantee the alignment with multi-year performance, through deferring a relevant component of the variable compensation.

For the rest of the staff belonging to the Corporate Control Functions<sup>19</sup>, Human Resources and the Manager in Charge of Drafting the Company Financial Reports for which it is expected that fixed remuneration is a predominant component of total remuneration, a stricter regulatory cap applies. For these Functions is also foreseen that incentive mechanisms are consistent with the assigned tasks, as well as being independent of results from areas under their control.

For the Corporate Control Functions, in particular, the maximum weight of the variable component will take into account the differences between national rules and regulations in application of Directive 2019/878/EU in the various countries in which the Group operates<sup>20</sup>, in order to ensure equal operating conditions in the market and the ability to attract and retain individuals with professional skills and capabilities adequate to meet the needs of the Group.

Consistently with the framework described above, Group Legal Entities set in their remuneration policies the appropriate level of the maximum ratio between the variable and fixed compensation according to the national law, Group approach/Group Remuneration Policy, taking into account the business activities, the risks and the impact that different categories of staff have on the risk profile.

Where allowed by the local law, the Legal Entities manage the request to approve, with a dedicated resolution, a higher maximum level of the ratio between the variable and fixed component of remuneration of up to 200% by the shareholders’ General Meeting, in coherence with the approach defined by the Holding Company in terms of positions, and manage the related notification to the competent regulator, as appropriate.

18. ECB letter - Variable remuneration policy of UniCredit S.p.A., as of January 2020.

19. For Risk Management departments not classified as control function the 1:1 cap is confirmed.

20. In particular, for the Material Risk Takers of Corporate Control Functions in Italy, the ratio between the variable and the fixed components of remuneration cannot exceed the limit of one third, as per Bankit provision (Circular 285 of December 17, 2013, 37th update of November 24, 2021).

## 4.8 Share ownership guidelines

Share ownership guidelines set minimum levels for company share ownership by relevant Executive<sup>21</sup>, aiming to align managerial interests to those of shareholders by assuring appropriate levels of personal investment in UniCredit shares over time.

The ownership of UniCredit shares by Group leaders is a meaningful and visible way to show investors, clients and people the commitment towards UniCredit.

The Board of Directors approved at the end of 2011 the share ownership guidelines applied to the Chief Executive Officer, to General Manager and Deputy General Manager roles, if any.

Starting from 2023, in line with the current organisational structure, the share ownership guidelines are applicable to the members of the Group Executive Committee (GEC) and their first reporting line, the so-called GEC-1, with managerial responsibilities.

The established levels has been increased for CEO from 2x annual base salary to 3x (+95% YoY considering the new salary level) and for GEC members from 1x annual base salary to 1.5x (+50% YoY) as tangible sign of the total commitment of the Leadership Team toward UniCredit.

### Share ownership guidelines



Such levels should be reached, as a rule, within five years from the appointment to the above indicated Executives categories within the scope of the guidelines and should be maintained while the role is held.

The achievement of the share ownership levels should be accomplished through a pro-rata approach over a 5-year period, granting the minimum amount of shares each year, taking into consideration potential vested plans.

Involved Executives are also expected to refrain from activating schemes or arrangements that specifically protect the unvested value of equity granted under incentive plans (so called "hedging").

Such clauses are contained in all relevant incentive plan rules and apply to all beneficiaries, since involvement in such schemes undermines the purpose of limiting the risk.

Any form of violation of share ownership guidelines as well as any form of hedging transaction shall be considered a breach of Group compliance policies with such consequences as provided for under enforceable rules, provisions and procedures.

Local adaptations based on specific regulations and/or business shall be envisaged consistently with the global approach at Group level.

21. Considering the application, from 2016, of the new ratio between the variable and the fixed components of remuneration (which cannot exceed the limit of one third for the Material Risk Takers within Italian Control Functions, while fixed remuneration is expected to be the predominant component for the Control Functions of other geographies), share ownership guidelines are not applied to Executives who are part of Corporate Control Functions.

## 5. Group Compensation Systems

The Group Incentive System 2023 has been confirmed as a Sustainable Performance Plan, based on both short-term and long-term performance conditions, to support the Group strategic direction by fostering a strong link between remuneration, risk and sustainable profitability. Through the Incentive System, UniCredit seeks to retain and motivate each beneficiary by providing for incentives which aim to reward contributions to the long-term growth, profitability and financial success of the Group, with a focus on reputation and overall sustainability which contributes to the achievement of business goals over time.

The Incentive System aims at providing an appropriate balance of variable compensation elements, aligning the interests of employees, shareholders and other stakeholders, strengthening the Group's position as a leading European bank and aiming at

effective compensation practices in compliance with the regulatory environment.

In addition, the Incentive System aims at aligning top and senior management interests to the long-term value creation for shareholders, to share price and Group performance and to sustaining a sound and prudent approach to risk management, combining annual goals with additional long-term conditions to steer the performance management measurement towards sustainable results over time.

The System also has the characteristics to be considered a "retention" tool to retain key players for the achievement of strategic priorities.

### 5.1 2022 Group Incentive System

In line with the past years, the 2023 Group Incentive System, as approved by UniCredit Board of Directors on February 26, 2023, is based on a bonus pool approach, similarly to last years, which is compliant with the most recent national and international regulatory requirements and links bonuses with company results at Group and country/division level, ensuring a strong connection between profitability, risk and reward. In particular, the System provides for:

- the definition of a bonus pool at Group level, with cascading at divisional level consistently with segment reporting disclosure, based on the actual divisional performance adjusted considering quality and risk indicators as well as cost of capital;
- allocation of a variable incentive defined on the basis of the determined bonus pool, individual performance evaluation, internal benchmark for specific roles/markets and maximum ratio between variable and fixed compensation as approved by the Annual General Meeting;
- a malus condition (Zero Factor or Reduced scenarios) which applies in case specific thresholds of profitability, capital and liquidity are not met at Group level and envisages specific scenarios if not met or partially met at country/division level;

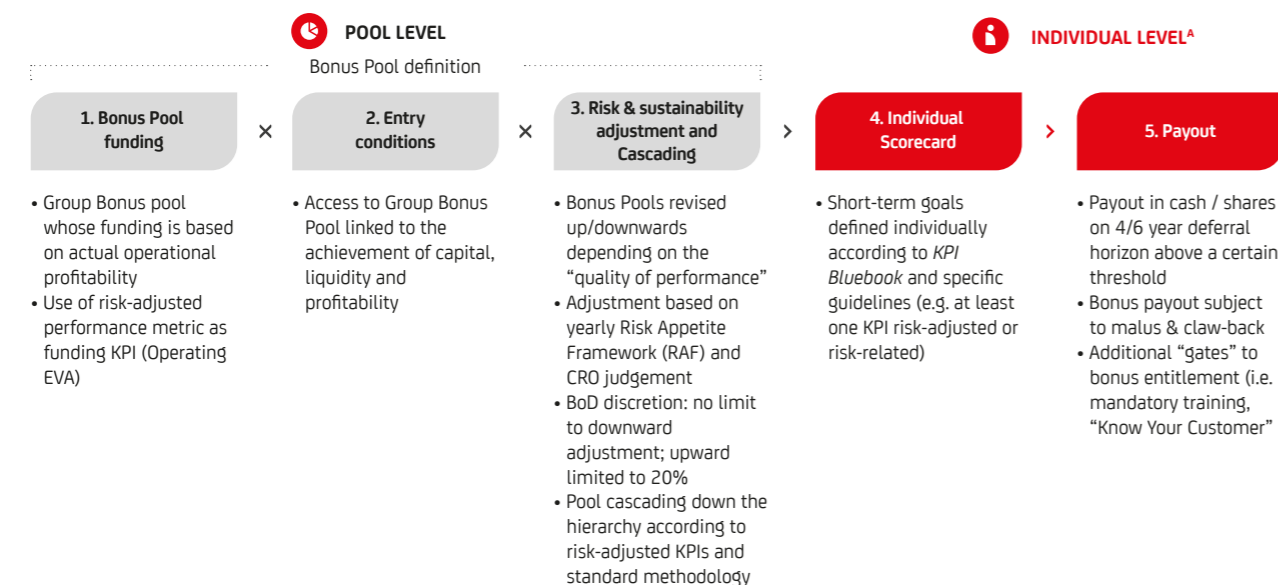
- risk adjusted metrics in order to guarantee long-term sustainability, regarding company financial position and to ensure compliance with regulations;
- definition of a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and/or shares for Group Material Risk Takers;
- deferred payments for selected beneficiaries<sup>22</sup> subject to additional long-term performance conditions;
- distribution of financial instruments payments which consider the applicable regulatory requirements regarding the application of retention periods.

22. Members of Group Executive Committee ("GEC") and managers directly reporting to GEC members ("GEC-1"), excluding control functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports.





The 2023 Incentive System is based on the following methodology:



A. Rules for Group Material Risk Takers population, principles apply to the rest of the organization as well.

### 5.1.1 Bonus Pool Funding

The bonus pool is set at group level and then cascaded down for each division following the external reporting structure. It is initially proposed during the budgeting phase as a percentage of the pre-defined Funding KPI (i.e. Operating EVA<sup>23</sup>). In such a definition, the following elements are considered: business context and perspectives, previous years amount and forecasts of profitability. The budget is submitted to the approval of UniCredit Board of Directors.

Furthermore, bonus pool size takes into consideration any recommendation issued by European or local regulators on variable remuneration.

The bonus pool cascading is structured in a pre-defined methodology based on a theoretical bonus pool breakdown, estimated on the basis of the implicit funding embedded in the divisional P&L budget and the annual divisional performance (operating EVA vs. budget) within the available Group bonus pool.

### 5.1.2 Entry Conditions

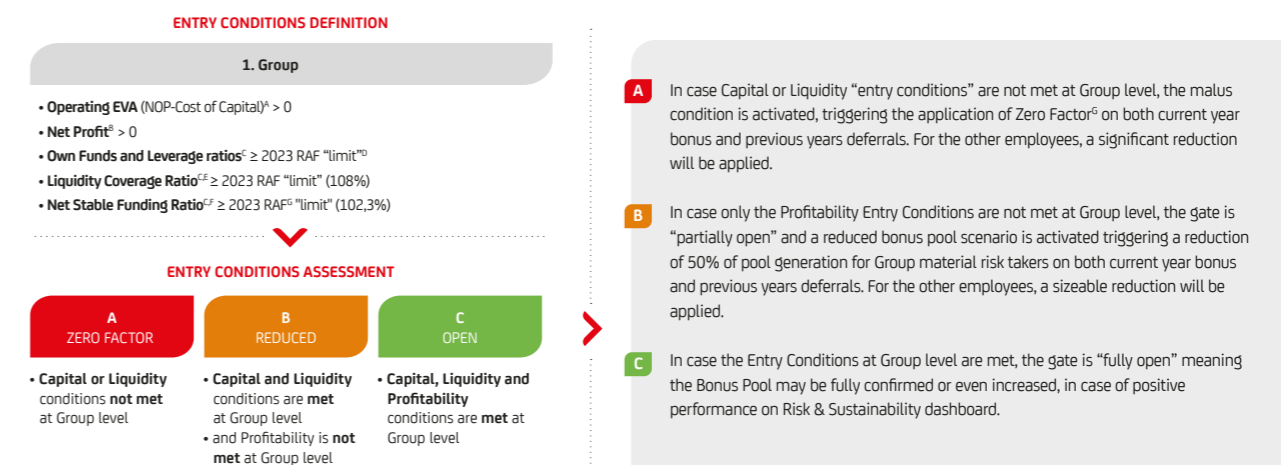
Specific "Entry Conditions" are set at Group level, measuring annual profitability, capital position and liquidity results. The combined evaluation of the Entry Conditions defines three possible scenarios that allow the confirmation to increase, reduce or cancel the bonus pool.

The malus condition (Zero Factor or Reduced scenarios) will apply in case the specific metrics on profitability, capital and liquidity are not achieved (box A and B included in the scheme "Entry Conditions definition"). Specifically, the Zero Factor<sup>24</sup> is applied to the Group Material Risk Taker population, whereas for the non-Group Material Risk Taker population, a significant reduction will be applied. In case capital and liquidity conditions are met and profitability is not (box B included in the scheme "Entry Conditions definition"), a Reduced scenario is envisaged, with 50% bonus payout applied to the Group Material Risk Taker population, whereas for the non-Group Material Risk Taker population, a sizeable reduction will be applied.

Entry conditions in terms of capital and liquidity apply as well to external networks and agents, where applicable, as foreseen by regulation.

Entry Conditions are verified also during the cascading process at local level, where applicable. Legal Entities may consider further local conditions. In particular, Banks introduce local liquidity and capital metrics as further entry conditions.

### Entry Conditions Definition



A. Cost of Capital defined as the average Allocated Capital multiplied by the Cost of Equity (Ke)  
 B. Net profit according to market disclosure at bdg fx.  
 C. In case of issues with capital and/or liquidity requirements at Legal Entity (LE) level, a zero factor scenario in the cascading phase is activated, even if the Entry Conditions at Group level are fully satisfied.  
 D. The Group variable remuneration policy shall comply with ECB recommendation, issued in Jan. 2020, that requires to be "consistent with a conservative, at a minimum linear, path towards fully-loaded capital requirements and outcomes of SREP", including the so-called Pillar 2 Guidance. This implies for Own Funds ratios thresholds (based on requirements expected as of 4Q23) above RAF limits: CET1 ratio Transitional ≥ 10.82%; Tier 1 ratio Transitional ≥ 12.69%; Total Capital ratio Transitional ≥ 15.19%. Leverage Ratio Transitional 2023 RAF limit is 4.15% TLAC ratio ≥ 22,56%.  
 E. Liquidity Coverage Ratio: it aims to ensure that the bank maintains an adequate level of not restricted "High Quality Liquid Assets" in a sufficient quantity to cover the overall "Net Cash Outflows", over a period of thirty days, under gravely stressed conditions specified by Supervisors.  
 F. Net Stable Funding Ratio: is defined as the amount of available stable funding relative to the amount of required stable funding and measures, under a long-term perspective, the sustainability terms of maturities between asset and liabilities. In detail: the ratio between Available of Stable Funding – ASF (The amount of ASF is calculated by first assigning the carrying value of an institution's capital and liabilities; the amount assigned to each category is then multiplied by an ASF factor, and the total ASF is the sum of the weighted amounts) and Required Stable Funding – RSF (The amount of required stable funding is calculated by first assigning the carrying value of an institution's assets to the categories listed. The amount assigned to each category is then multiplied by its associated required stable funding (RSF) factor, and the total RSF is the sum of the weighted amounts added to the amount of Off-Balance Sheet activity – or potential liquidity exposure- multiplied by its associated RSF factor)  
 G. For Executive & Material Risk Takers population. In any case, the Board of Directors can provide the CEO the possibility to allocate a separate and discretionary pool for retention purposes only, subject to local relevant governance bodies' decision, eventually including positive feedback from ECB, if required (e.g. in a scenario of CET1r < threshold, in a context of a capital contingency plan defined with ECB). For the other employees, a significant reduction will be applied.

23. Operating EVA defined as Net Operating Profit – Cost of Capital. Cost of Capital is the average Allocated Capital multiplied by the Cost of Equity (Ke) plus the additional Tier 1 corrective factor, adjusted for AT1, excess of capital and cash charges.  
 24. The bonus pool of 2023 will be zeroed (for Group Material Risk Takers), while an ex-post correction mechanism is foreseen that determines a reduction of deferrals of previous year systems from 50% to 100% of their value, based on the entity of loss both at Group & local level and CRO assessment based on positioning vs. Risk Appetite Framework (next paragraph – Adjustments based on Sustainability and Risk).



### 5.1.3 Adjustments based on sustainability and risk

In order to ensure consistency with the Group Risk Appetite Framework and the economic sustainability of the Group and country/division results over time, the bonus pool may be revised up/downwards, on the basis of the overall “quality of performance”.

The methodology envisages the assessment performed by Group Risk Management based on a specific dashboard at Group level. In addition, the Group CFO presents to the Remuneration Committee a specific report providing commentary on Group results.

The Risk Adjusted KPIs dashboards include indicators covering all relevant risks, such as credit, market, liquidity and compliance and the risk position assumed, the adherence to regulatory requirements and the relationship between risk and profitability. The specific metrics are measured with reference to the respective relevant thresholds (limit, trigger and target), established in line to the Group Risk Appetite Framework. By way of example, the standard structures of Risk dashboard are shown in the following picture.

Group Risk Management can either confirm or override the outcome and may exercise the right to override taking into consideration events with a qualitative nature or extraordinary events which are out of the ordinary business of the bank (e.g. significant asset disposals in addition to normal distressed asset management activities, mergers and acquisitions or business restructuring, business dismissals, capital increases, sanctions, goodwill impairment).

The Group CRO function provides an overall assessment on the dashboard and the evaluation leads to the definition of a “multiplier” in order to define the adjustment of the bonus pool, which could fall in the range of 50%-120%. Negative and neutral “multipliers” (i.e. 50%, 75% and 100%) are directly applied to bonus pool funding. Positive “multipliers” (i.e. 110% and 120%) are representing the upper bound of the bonus pool theoretical value and subject to managerial evaluation, considering the broader context of the company.

The dashboard, used to evaluate the quality of performance from a risk perspective, is monitored on a quarterly basis.

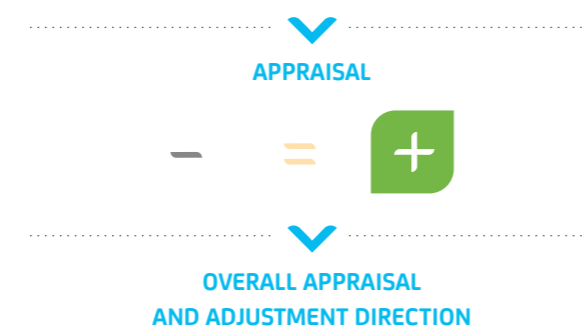
The application of a further discretionary range up to +20% in the faculty of Board of Directors is foreseen with respect to the theoretical value on the basis of specific criteria (e.g. performance vs. the broader Strategic Plan execution, performance within the broader market context, macro scenario, compensation trends in the market, reputational impacts, regulatory recommendations), while there is no limit to a downward adjustment of the bonus pool<sup>25</sup>.

In particular, based on the achievement of Entry Conditions, in the event the CRO assessment reports the maximum positive result, and the Board of Directors exercises the maximum discretion, the following scenarios may occur:

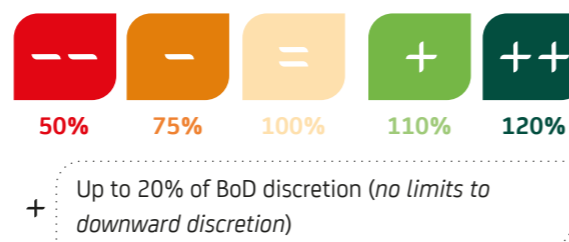
- in the event that only the profitability Entry Condition is not met at Group level, the gate is “partially open” and a reduced bonus

Dimension	KPI
Capital and Profitability	e.g. CET1 Ratio (%)
Credit Risk	e.g. NPE Ratio (%)
Financial Risks	e.g. LCR (%)
No Financial Risks and Other	e.g. ELOR (%)

- Better than target
- Worse than target but better than Trigger
- Worse than Trigger but better than limit
- Worse than limit



The evaluation of Risk sustainability brings to the application of a multiplier for the adjustment of the theoretical bonus pool



pool scenario is activated triggering a reduction of 50% of the pool generation for Group material risk takers. For the other employees, a sizeable reduction will be applied;

- if all Entry Conditions are met, the gate is “fully open”, meaning the bonus pool may be fully confirmed or even increased (up to max 144<sup>26</sup>).

In any case, as requested by Bank of Italy regulations, the final evaluation of Group sustainable performance parameters and the alignment between risk and remuneration will be assessed by the Remuneration Committee and defined under the governance and accountability of the Board of Directors.

The Board of Directors has the right to disregard, when deciding

the bonus, extraordinary balance sheet items which do not impact operational performance, regulatory capital and liquidity.

Once approved by the Board of Directors, the overall distributable bonus pool is cascaded down to the Segment/Divisions and to sub-levels in a consistent way ensuring fairness, transparency and within the maximum affordable bonus pool. The theoretical bonus pool breakdown is estimated on the basis of the divisional P&L budget, the annual divisional performance (funding KPI vs. budget) within the available Group bonus pool. Adjustments may be applied at pool after cascading, considering Segment/Division entry conditions on capital, liquidity and profitability, risk adjustment consistently with the methodology applied for the Group, quality of divisional performance (e.g. specific industrial KPI or relative performance vs market). Such adjustments are subject to specific rules (e.g. limited to avoid subsidization; safeguarding control function pool).

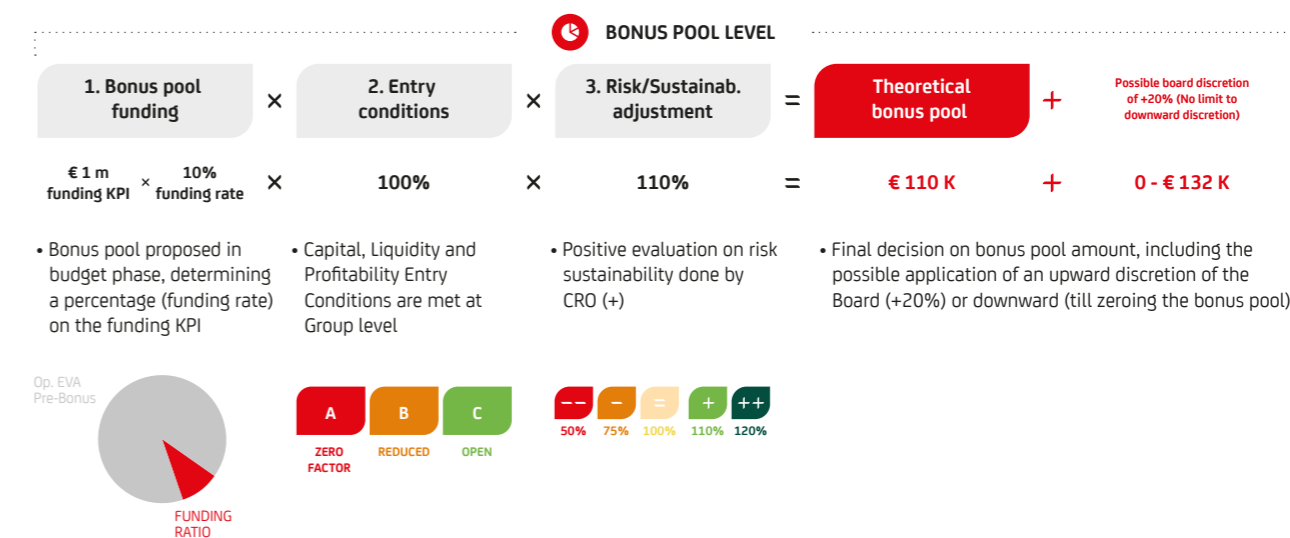
Following potential changes in current regulations and/or in relation to potential extraordinary and/or unpredictable contingencies which

can impact the Group, the company or the market in which it operates, the Board of Directors, having heard the opinion of the Remuneration Committee, maintains the right to amend the system and relevant rules, consistently with the overall setup approved by the Annual General Meeting and to that extent as it is functional to keeping the essential contents of the system substantially unchanged, preserving its main incentive purposes.

Moreover, in order to guarantee adequacy, fairness and internal consistency of the incentive system, in its particular provisions and among these as a whole, the mechanisms and instruments illustrated above must be interpreted as a single and inseparable whole, since the specific provisions envisaged herein may therefore be applied by analogy to further, similar and unregulated situations (or differently regulated), whenever the diversity of regulations would result in an objective inconsistency and unfairness of treatment.

### Example of bonus pool definition

ILLUSTRATIVE



### 5.1.4 Individual Allocation

For each Group Material Risk Taker a specific target variable opportunity (i.e. “Reference Value”) is defined which considers the internal and/or external benchmarking analysis on similar roles, the seniority, the maximum ratio between variable and fixed compensation as approved by the Annual General Meeting. Such value is adjusted according to the actual available bonus pool and represents the starting point for the individual bonus allocation.

Individual bonus will be allocated managerially, considering the scorecard result, the overall individual performance appraisal and the above-mentioned Reference Value.

At individual level it will be also considered the respect of provisions of law, Group’s compliance rules, Company policies or Corporate values, Code of Conduct and the application of claw-back clauses, as legally enforceable.

Moreover, each participant has to complete the mandatory training courses and, for impacted roles, the customer due diligence periodic review (Know Your Customer), within a pre-defined threshold in order to be entitled to the bonus.

Each Group Material Risk Taker receives the Group Incentive System Rules with a detailed description of the system and its application.

25. Divisions and Legal Entities define mechanisms for bonus pool risk adjustment and Board discretion adjustment, to be applied in the breakdown phase, consistently with the framework defined at Group level and properly documented.  
26. Maximum scenario achievable in case of positive CRO assessment and using all the Board of Directors’ discretion to approve a bonus pool max +20% of the Theoretical one (100%\*120% CRO dashboard + 20% BoD discretion).



Individual performance appraisal is based on 2023 goals defined during the goal setting phase.

KPI. The score of each KPI can move in a 0-120 points rating scale, as follows:

The performance appraisal is based on an overall outcome that reflects the deterministic evaluation of the financial KPIs and the qualitative assessment of non-financial goals including the behaviours adopted to achieve them.

- is zeroed if achievement is below lower threshold;
- is calculated in linear continuum between the lower and the upper threshold;
- is capped (120pts) if it is higher than upper threshold.

Specifically, financial KPIs are assessed quantitatively (Results vs Target), considering specific range and thresholds defined for each

**Performance Assessment (illustrative scorecard)**

	KPIs	Target	Range	Assesment Criteria <sup>B</sup>	Scoring
<b>FINANCIAL</b> KPIs assessed quantitatively; Result vs Target, with Range/ Thresholds defined for each KPI. Score for each KPI is zeroed if achievement is below lower threshold and capped (120pts) if it is higher than upper threshold.	KPI1	Target (a)	+/- x%	Result > a*(1+x%)	120 pts
				Result <b>between</b> a*(1-x%) and a*(1+x%)	80-120 pts <sup>A</sup>
				Result < a*(1-x%)	80 pts
	KPI2	Target (b)	+/- y%	Result > b*(1+y%)	120 pts
				Result <b>between</b> b*(1-y%) and b*(1+y%)	80-120 pts <sup>A</sup>
				Result < b*(1-y%)	80 pts
	KPI...	Target (c)	+/- z%	Result > c*(1+z%)	120 pts
				Result <b>between</b> c*(1-z%) and c*(1+z%)	80-120 pts <sup>A</sup>
				Result < c*(1-z%)	80 pts
<b>STRATEGIC PRIORITIES &amp; CULTURE</b>	Goal 1	Qualitative assessment of each goal based on underlying KPIs and drivers into a 5-point rating scale.	Greatly Exceeds	120 pts	
			Exceeds	110 pts	
			Meets	100 pts	
			Mostly Meets	50 pts	
			Below	0 pts	
Goal...					
<b>OVERALL SCORE AS WEIGHTED AVERAGE OF FINANCIAL AND STRATEGIC PRIORITIES &amp; CULTURE GOALS</b>					<b>(0-120 PTS)</b>

A. Linear continuum.  
B. The formulas are illustrative since depending on single KPI functioning, e.g. to be adjusted in case of costs.

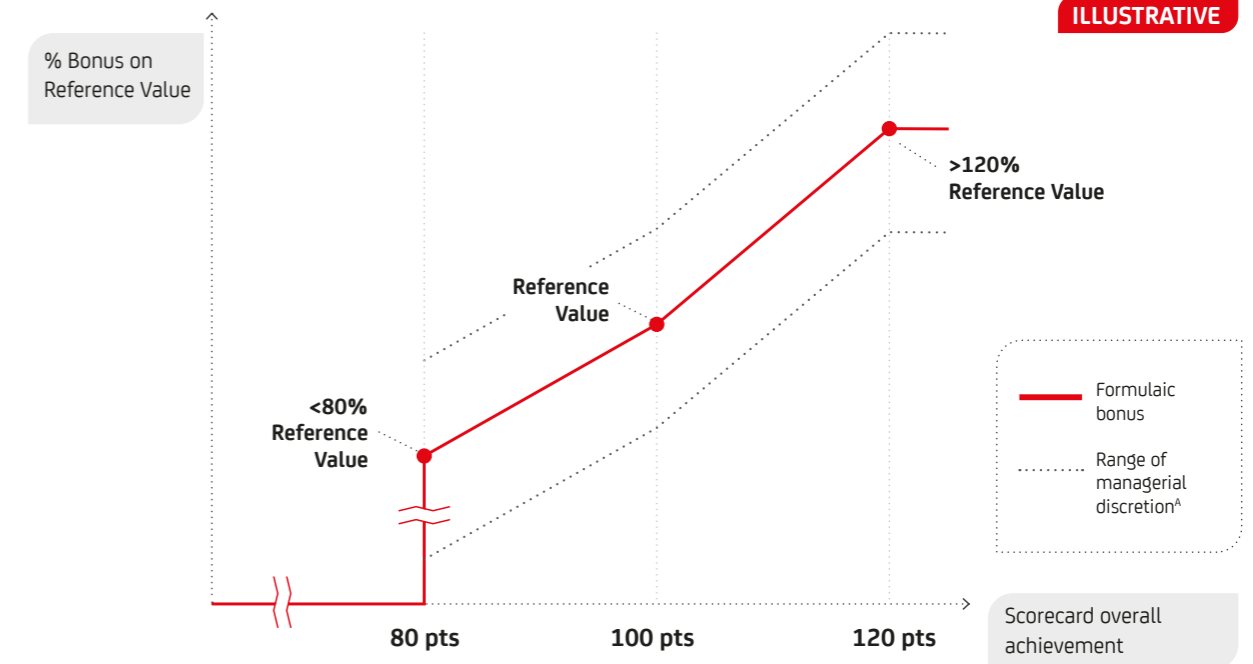
Particular attention is dedicated to the level of correlation between proposed bonus and actual performance both at the bonus proposal step and consolidation phase.

Value”), max variable remuneration, regulatory cap and overall performance appraisal.

The pay for performance is the guiding principle, with the overall scorecard achievement as starting point for bonus decisions that take into account also individual target variable opportunity (i.e. “Reference

The pay for performance curve is expected to be steeper than the linear one, with reduced pay in case of performance below target and increased pay for over-performance above targets.

**Pay for Performance guidelines**

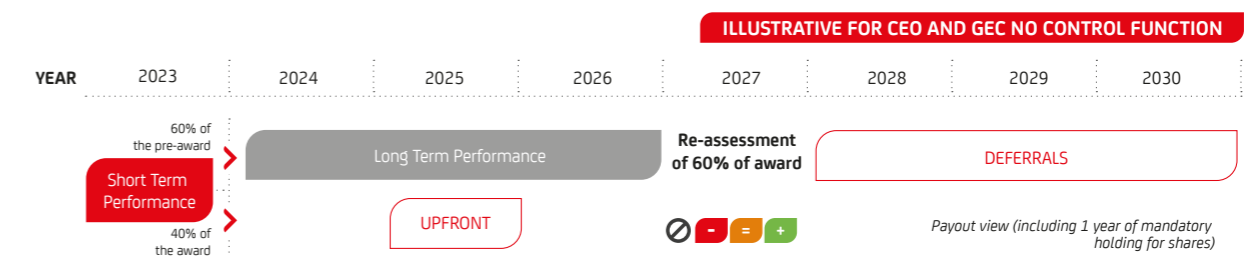


A. Bonus proposal outside the range of managerial discretion should be supported by specific rationales.

**> Additional long-term performance conditions**

For selected individual<sup>27</sup>, namely the CEO, members of the Group Executive Committee and managers directly reporting to GEC members (hereinafter also “GEC-1”), 60% of the bonus is deferred

and subject to additional long-term performance conditions, which act as a modifier (from -100% to +20%<sup>28</sup>) of the individual bonus defined on the basis of the individual 2023 performance appraisal scorecard.



27. Excluding Control Functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports.  
28. In any case in compliance with the maximum regulatory ratio of variable to fixed remuneration.



The long-term performance scorecard is based on specific goals defined at Group level covering the three years following the 2023 annual performance (ie from 2024 to 2026). The following KPIs have been selected for the rationales described below:

- RoTE with CET1@13%**, weighted 80% (from previous 70%): this metric is a key measure of UniCredit Unlocked Plan and also a paramount KPI, also in shareholders' view, for long-term incentive plans. It reflects the core profitability of the Bank in terms of return on tangible equity, thus taking into consideration the efficiency in capital allocation. The CET1@13% is referred to the upper target capital ratio of the UniCredit Unlocked strategy plan and it operates to keep stable the denominator of the ratio at the target capital level, avoiding distortion in case of capital excess and facilitating comparison across the market. Target is to be above the cost of capital to testify our commitment to sustainable value creation, with target level defined at ca. 11% in line with mid-term cost of capital, with specific thresholds to adjust the scoring. In case of methodological changes or material change of the macro-economic scenario (e.g. more than 100 bps in interest rate vs, budget assumptions), the board retain the faculty to mechanically recast LT targets according to the updated scenario.
- Sustainability**, weighted 20%: This goal has been shifted from short-term to long-term following relevant feedbacks received by shareholders. Furthermore, it has been enriched with a specific focus on climate-risk, through Net Zero commitments. The goal is focused in supporting clients' green and social transition, embedding sustainability and Diversity, Equity and inclusion ambitions in UniCredit culture. The goal is qualitatively assessed in a 5-point rating scale, based on specific evidence from current and future ESG and DE&I strategy. Current strategy foresees:

- "E" Volumes (environmental lending, ESG investments products, sustainable bond), keeping the pace vs. Unlocked targets (140 bn eur by 2024), and successive updates;
- Social lending, being on track vs. Unlocked target (10 bn euro by 2024) and successive updates;
- DE&I Ambitions, including reduction on Gender Pay-Gap reduction (through 100 m Eur investment in strategic plan horizon) and gender parity ambition across the organizational levels;
- Climate risk, in terms of progress vs. Net Zero commitments on the three most carbon intensive sectors within the portfolio which include Oil & Gas, Power Generation and Automotive sectors (see the Strategy chapter of 2022 IR for more details). These targets aims at reaching Net Zero on

our own emissions by 2030 and on our financed emissions by 2050. Targets have been set as per press release of 31.01.2023, using the International Energy Agency (IEA) Net Zero 2050 pathway as the benchmark scenario.

- Oil & Gas sector - UniCredit will target a 29% reduction in its Scope 3 financed emissions, starting from a baseline of 21.4Mt CO<sub>2</sub>e in 2021. This target is related to the bank's Oil & Gas drawn balance of €7.8 billion, focusing on lending on-balance exposure, including NPES. It relates to extraction, refining and distribution of Oil & Gas products. Meanwhile, our Coal Policy anticipates the phase-out of coal financing by 2028.
- Power Generation - UniCredit will target a c. 47% reduction in Scope 1 weighted physical intensity at 111 gCO<sub>2</sub>e/kWh from a baseline of 208 gCO<sub>2</sub>e/kWh in 2021, through rebalancing its portfolio and significantly increasing green lending activities. This target is related to the bank's Power Generation drawn balance of €8.9 billion and only includes electricity generation companies.
- Automotive - UniCredit will target a c. 41% reduction in Scope 3 "Tank To Wheel"[5] weighted physical intensity at 95 gCO<sub>2</sub>/vkm from a baseline of 161 gCO<sub>2</sub>/vkm. This target is related to the bank's Automotive drawn balance of €1.8 billion, excluding parts' manufacturers, heavy-duty vehicles' manufacturers and small retail companies (c. 1% of total drawn balance).

On all the above KPIs a complete ex-post disclosure will be ensured according to ESG strategy as time -to-time approved.

Compared to 2022 incentive framework, Sustainability goal is replacing relative TSR, not anymore part of long-term scorecard. The decision to remove rTSR has been taken on the back of shareholders feedback, where rTSR was assessed as a disputed and divisive metric since "output measure" not fully under management's control and much depending on peer group setting, especially if paying below median. Therefore, we decided to focus the scorecards, both short-term and long-term, only on the key pillars of UniCredit Unlocked. By the way, the management's alignment on share price evolution is anyhow ensured by the 100% share-based payments of variable remuneration for CEO and GEC members, as well as the confirmed practice to set the share conversion price at the beginning of the performance period.

Lever and KPIs	2024-26 Target	Criteria	Scoring
<b>80%</b> Profitability ROTE with CET1 @13%	Avg 24-26 vs. mid term Cost of Equity (11%) <sup>9</sup>	11,5% - 13%	100%-120%* ↑
		10% - 11,5%	Confirmed (100%) =
		5,5% - 10%	0%-100%* ↓
		< 5,5%	Cancellation (0%) ⊘
<b>20%</b> Non Financial • ESG volumes • DE&I ambitions • Climate risk	Support clients' green and social transition, embedding sustainability in UniCredit culture. <b>Qualitative assessment</b> based on specific evidence from current and future ESG and DE&I strategy. Current strategy foresees: • <b>ESG volumes:</b> 140 bn by '24 on "E" volumes (Environmental lending, ESG investment products, sustainable bonds) and 10 bn by '24 on "S" volumes (social lending) and successive updates; • <b>DE&amp;I Ambitions</b> , including reduction on Gender Pay-Gap (through 100 m Eur investment in strategic plan horizon) and gender parity ambition across the organizational levels; • <b>Net Zero commitments:</b> progress vs. Net Zero 2030 target on the three most carbon intensive sectors (Oil & Gas, Power Generation and Automotive).	Greatly Exceeds	120 % ↑
		Exceeds	110 % =
		Meets	Confirmed (100%) =
		Mostly Meets	50 % ↓
		Below	Cancellation (0%) ⊘
As weighted average of profitability and sustainability			<b>OVERALL ADJUSTMENT<sup>A</sup> (0%; 120%)</b>

\*Linear continuum

- A. BoD discretion: unlimited downward and up to +20% to evaluate broader performance and market context e.g. industry/global shocks, exceptional events, company performance notably above target in the first year of the sustainable performance plan.
- B. RoTE calculated as per current methodology (2023). In case of methodological changes or material change of the macro-economic scenario (e.g. more than 100 bps in interest rate vs, budget assumptions), the board retain the faculty to mechanically recast LT targets according to the updated scenario.

Furthermore, if the threshold for profitability, capital and/or liquidity is not reached, Malus conditions may apply pro-rata for each year of the long-term performance period.

The application of a further discretionary range up to +20% in the faculty of Board of Directors is foreseen with respect to the overall adjustment, on the basis of specific criteria (e.g. performance vs. the broader Strategic Plan execution, performance within the broader market context, macro scenario, compensation trends in the market, reputational impacts, regulatory recommendations), while there is no limit to a downward adjustment of the overall adjustment.

### 5.1.5 Payout Structure

As approved by the Board of Directors on February 26, 2023, with reference to payout structure, the Group Material Risk Taker population will be differentiated into four clusters, using a combined approach of position and compensation:

- for Group CEO, GEC members and Group Chief Audit Executive (CAE) 6-year deferral schemes are applied, consisting in a payout structure of 7 years in total; a smoother deferral curve is applied in case of Control functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports;

- for GEC-1 and Group CAE direct reports 5-year deferral schemes are applied, consisting in a payout structure of 6 years in total; a smoother deferral curve is applied in case of Control Functions and People & Culture;
- for other Senior Management<sup>29</sup> 5-year deferral schemes are applied, consisting in a payout structure of 6 years in total; a higher deferral percentage is applied in case of variable remuneration > €430,000<sup>30</sup>;
- for other Material Risk Takers 4-year deferral schemes are applied, consisting in a payout structure of 5 years in total; a higher deferral percentage is applied in case of variable remuneration > €430,000.

The payout of incentives will be done through upfront and deferred instalments, in cash or in UniCredit ordinary shares, over a multi-year period:

- for the CEO, GEC members and Group Chief Audit Executive, in 2025 the first instalment of the total incentive will be paid in free UniCredit ordinary shares subject to the evaluation of the individual adherence to compliance and conduct principles<sup>31</sup>;

29. Staff members below GEC-1 which are senior management of the Legal Entities of Group MBU. This includes: Group CEO, Heads of Group Businesses/Divisions, Heads of Group Competence Lines, Group CEO reporting lines and all other Senior Management roles in Group Legal Entities (as defined by Bank of Italy) receiving a significant amount of variable remuneration.

30. €430,000 is the lower amount between 10 times the average Bank total compensation and the 25% of total compensation of Italian High Earner as reported by EBA in its Report on high earners for 2019. For 2022, the same amount has been confirmed.

31. Considering also the severity of any internal/external findings (i.e. Audit, Bank of Italy, Consob and/or analogous local authorities).



- for all other Group Material Risk Takers, in 2024 the first instalment of the total incentive will be paid in cash and free UniCredit ordinary shares subject to the evaluation of the individual adherence to compliance and conduct principles<sup>32</sup>;
- the remaining part of the overall incentive will be paid in cash and/or free UniCredit ordinary shares:
  - 2028-2030 for Group CEO and GEC (excluding Control Functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports);
  - 2026-2030 for GEC belonging to Control Functions and People & Culture, Manager in Charge of Drafting the Company Financial Reports and Group CAE;
  - 2028-2029 for GEC-1 (excluding Control Functions and People & Culture);
- 2026-2029 for GEC-1 belonging to Control Functions and People & Culture, Group CAE direct reports and other Senior Management;
- 2026-2028 for other Material Risk Takers;
- Each further tranche will be subject to the application of the Zero Factor for the year of reference and in absence of any individual/values compliance breach.

Each share tranche is subject to a 1-year retention period for both upfront and deferred shares, as foreseen by regulation.

All the instalments are subject to the application of claw-back conditions, as legally enforceable.

**Deferral scheme - payout view considering 1-year mandatory holding period for shares**

	2024	2025	2026	2027	2028	2029	2030
Group CEO, GEC (excluding Control Functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports)		40% shares			20% shares	20% shares	20% shares
GEC belonging to Control Functions and People & Culture, Manager in Charge of Drafting the Company Financial Reports and Group CAE		40% shares	12% shares	12% shares	12% shares	12% shares	12% shares
GEC -1 (excluding Control Functions and People & Culture)	20% cash	20% shares			20% shares	20% cash + 20% shares	
GEC -1 belonging to Control Functions and People & Culture, Group CAE direct reports and Other Senior Management with variable remuneration > €430k <sup>A</sup>	20% cash	20% shares	10% shares	10% shares	10% shares	20% cash + 10% shares	
Other Senior Management with variable remuneration ≤ €430k <sup>A</sup>	25% cash	25% shares	5% cash	10% shares	10% shares	10% cash + 15% shares	
Other Material Risk Taker with variable remuneration > €430k	20% cash	20% shares	15% shares	15% cash + 15% shares	15% cash		
Other Material Risk Taker with variable remuneration ≤ €430k	30% cash	30% shares	10% shares	10% cash + 10% shares	10% cash		

A. Including other Material Risk Taker assimilated to Senior Management according with applicable regulations.

32. Considering also the severity of any internal/external findings (i.e. Audit, Bank of Italy, Consob and/or analogous local authorities).



At local level, Group Entities may perform calibrations on the length of the deferral schemes and/or the use of financial instruments to be aligned with more restrictive local regulations.

The number of shares to be allocated in the respective instalments shall be calculated on the basis of the adjusted share conversion price defined at the beginning of the performance period, and defined in 2024 after the Board of Directors to which the 2023 bonuses are submitted, according to a comprehensive performance achievements evaluation. The calculation of share conversion price (i.e. price to convert EUR amount in number of granted shares) is based on the market share price at the beginning of the performance period (average price from the beginning of the year until the AGM approving the incentive system to reduce the possible volatility stemming from a shorter observation period), adjusted to take into account availability constraints during the deferral period, as per regulatory requirements<sup>33</sup>.

The Board of Directors assigns free UniCredit ordinary shares that will be freely transferable at the end of the retention period.

For Group Material Risk Takers, the annual variable remuneration has to be deferred if it:

- is above €50,000
- or
- represents more than one third of the total annual remuneration.

Below this threshold no deferral mechanisms will be applied, according to relevant regulatory indications.

The maximum value of the 2023 Group Incentive System for the Group Material Risk Takers receiving UniCredit ordinary shares is approximately €186 million, equivalent to approximately 0.58% of UniCredit share capital, assuming that all free shares for employees are distributed.

Out of this amount, the estimated portion that could be awarded, exceeding the 1:1 ratio between variable and fixed remuneration, is ca. 11% of the overall estimated pool (approx. €20 million distributed to approx. 140 beneficiaries), equivalent to approximately less than 0.06% of UniCredit share capital, assuming that all free shares for employees are distributed.

The overall number of shares under all other current outstanding Group equity-based plans equals 1.74% of UniCredit share capital.

The beneficiaries cannot activate programmes or agreements that specifically protect the value of unavailable financial instruments

assigned within the incentive plans. Any form of coverage (hedging) will be considered a violation of compliance rules and imply the consequences set out in the regulations, rules and procedures.

With the goal to respect this provision, Corporate Control Functions perform sample checks on custody and administration internal accounts for Material Risk Takers and require them to communicate the existence towards other intermediaries of custody and administration accounts and their performed transactions and financial investments, if any.

As foreseen by the incentive systems of previous years, also for the 2023 Group Incentive System, in case of termination of the employment relationship, the Employee will lose all rights under the System unless he/she qualifies as a Good Leaver.

Specifically, in the case of a Good Leaver, if the termination occurs during the performance period, the Employee will be entitled to a pro-rata temporis award of the deferrals, subject to the achievement of relevant performance conditions at the end of the performance period and according to the deferred payout scheme and all other terms and conditions under the Rules of the 2023 Group Incentive System. For the purpose of the Rules, a "Good Leaver" is exclusively an Employee who ceases to be an Employee of any Company during the performance period of the System due to the following reasons:

- termination of the employment relationship due to any physical impediment including ill-health, injury or permanent disability, as established by applicable laws;
- retirement, also in case of agreement with the Company and/or enrolment into early retirement or redundancy plans;
- the company employing the Employee ceasing to be a member of the Group;
- a transfer of the undertaking, or the part of the undertaking, in which the Employee works to a person or legal entity which is not a member of the Group.

The status of "Good Leaver" may also be granted, taking into account the specific circumstances and the company's interest, within the scope of specific agreements entered into with the beneficiary.

33. Considering the regulatory prohibition to distribute dividends or to accrue them and pay them ex-post (Bank of Italy Circolare 285; EBA guidelines), a discount for the share conversion price is applied for unavailability of shares so to restore the value at arm's length with the market. The model, certified by Risk Management function, is based on expected dividends from public source i.e. listed futures, discounted via a risk-free cash flows approach to infer expected dividends till instruments delivery, weighted according to the sizes and the time periods of each deferrals plan.



**FOCUS**

**Compliance breach, Malus and Claw-back**

The Group reserves the right to activate malus and claw-back mechanisms, namely the reduction/cancellation and the return respectively of any form of variable compensation.

In case of ex-ante risk adjustment, the Malus mechanism (the reduction/cancellation of all or part of the variable remuneration) can be activated to the variable remuneration to be awarded. In addition to the adjustment on the variable remuneration, promotion and merit salary reviews might as well be subject to the compliance breach assessment. In case of ex-post risk adjustment, the Malus mechanism (the reduction/ cancellation of all or part of the variable remuneration) can be applied to the deferred components that have already been awarded and have not yet been paid out, for the year in which the breach occurred. If the outstanding variable remuneration is not sufficiently large to ensure an appropriate malus mechanism, the reduction may be applied also to other variable remuneration components (e.g. deferred component from other years than the year in which the breach occurred or the variable remuneration awarded for the year and not yet paid).

Claw-back mechanism (the return of all or part of the variable remuneration) can be activated on the overall variable remuneration already paid, awarded for the time period during which the breach occurred, unless different provisions by local regulations or more restrictive provisions are in force.

The claw-back mechanisms can be activated up to a period of 5 years after the payment of each instalment, also after the employee's contract termination and/or the end of the appointment and take into account legal, social contributions and fiscal profiles and the time limits prescribed by local regulations and applicable practices.

Malus and claw-back mechanisms may apply in the case of verification of behaviours adopted in the reference period (performance period), for which the employee:

- contributed with fraudulent behaviour or gross negligence to the Group incurring significant financial losses, or by his/her conduct had a negative impact on the risk profile or on other regulatory requirements at Group or country/division level;
- engaged in misconduct and/or failed to take expected actions which contributed to significant reputational harm to the Group or to the country/division, or which were subject to disciplinary measures by the Authority;
- is the subject of disciplinary measures and initiatives envisaged in respect of fraudulent behaviour or characterized by gross negligence during the reference period;

- infringed the requirements set out by articles 26 TUB and 53 TUB, where applicable, or the obligations regarding the remuneration and incentive system.

Malus mechanisms are also applied to take into account the performance net of the risks actually assumed or achieved, the performance related to the balance sheet and liquidity situation.

According to the EBA guidelines<sup>34</sup> and to further strengthen the governance framework, the key rules of compliance breaches management, as well as, their related impact on remuneration components, through the application of both malus and claw-back clauses, are given below.

Specific guidelines about the application of the Malus and Claw-back procedure to be adopted throughout the Group were formalized and provided by the Holding Company to the Legal Entities that apply local adaptations consistent with the overall Group approach and with regulations in the various countries in which the Group operates.

The process is specifically applicable to the Material Risk Takers population, as per regulatory provisions, while general principles are applicable to all individuals within the Group who are beneficiaries of variable remuneration, including external networks and agents, where applicable.

The main elements of the Malus and Claw-back procedure are the following:

- breaches identification, based on the roles and responsibilities of the functions involved according to their ordinary activities. The identification is based both on internal and external sources (e.g. special investigation, disciplinary sanctions, regulatory sanctions);
- breaches evaluation, based on the assessment of the breach materiality following a scoring system, from lowest to highest value. The drivers of materiality assessment are:
  - gravity of the individual conduct, including the circumstances of a law violation;
  - nature (fraud or gross negligence) of the trigger event;
  - repetitiveness of the breach;
  - impact on financials;
  - seniority of the individual;
  - organizational role;
  - impact on the Group external reputation (e.g. Cyber Risk,

Climate Related issues);

- other circumstances aggravating or mitigating the reported breach.
- In coherence with the score assigned and the reference period of the breach, the impact on the variable remuneration is defined according to two elements:
  - perimeter of the variable remuneration (upfront or deferred) that can be reduced/cancelled based on predefined scenarios, according to the breach materiality. In case of heavy breaches, fulfilling certain pre-conditions, the claw-back (return) of already paid variable remuneration may be activated;
  - percentage of the variable remuneration that can be reduced/cancelled and/or returned back.

- Relevant breaches by Group Material Risk Taker population will be submitted for evaluation and proposal to the Group People & Culture Officer, Head of Group Compliance and Head of Group People Succession, Analytics & Rewards. The Chief Audit Executive is also attending the meeting as permanent guest, without voting rights;
- decision making process and relevant measure adoption are defined according to the internal HR Delegation of Powers.

For Executive Directors and Executives with Strategic Responsibilities specific contractual provisions are envisaged, that allow the Company to ask the return, partially or totally, of the variable remuneration components already paid (or retain deferred amounts), defined according to data proved to be manifestly incorrect at a later time and other circumstances which may have been identified by the company.

34. Guidelines on sound remuneration policies", published on July 2, 2021.



## 5.2 Performance Management framework

### 5.2.1 The Framework

The Group Incentive System, described in paragraph 5.1, is supported by the annual performance management process assuring coherence, consistency, and clarity of performance objectives and behavioural expectation aligned with business strategy. The setting of the annual objectives (known as Goal Setting) is the initial phase of this process and is supported by a structured framework that includes a catalogue of performance indicators (the “KPI Bluebook”) annually reviewed by relevant group key functions (e.g. People & Culture, Finance, Risk Management, Group Strategy & ESG) and guidelines. The framework is in line with regulatory provisions and Group standards as verified by Compliance and it is related to:

- the selection of goals based on year-to-year priorities defined by business/perimeter and the assignment of individual goals customized on the single position;
- the indication of measurable goals, both qualitative and quantitative. In case of customized goals, clear and pre-defined parameter for future evaluation performance shall be set and made transparent;
- the adequate mix of financial and non-financial goals, taking into account the single role’s specificities;
- the use of risk-adjusted/related goals (e.g. at least one in the goal card);
- the use of sustainability goals for value creation over time (e.g. about half of the goals shall be related to long-term value creation);
- the link with ESG and Diversity, Equity & Inclusion (“DE&I”) strategies (e.g. at least one ESG KPI for all GMRT with a particular focus on DE&I KPIs for staff reporting to GEC and their direct reporting line). For selected individuals (see chapter 5.1.4) ESG goal is included as additional long term condition;
- the use of goals related to business, corporate values, conduct and compliance/risk culture, with a focus on:
  - being a role model for Group culture, values and purpose;
  - setting the proper tone from the Top and from the Middle on Compliance culture and Risk mindfulness;
- the selection of goals for the Control Functions, in order to ensure their independence (e.g. avoid KPIs linked to profitability results, use KPIs independent of results of monitored areas to avoid conflict of interests);
- the selection of goals, defined in a perspective of avoidance of conflicts of interest with customers, particularly for Commercial/Network roles;

- the inclusion of appropriate credit quality metrics and KPIs in line with the institution’s credit risk appetite, for staff engaged in credit granting, credit administration and monitoring;
- the selection of goals for staff assigned to two or more positions (i.e., “double-hat”) balanced and respectful of the independence of each position, to avoid any conflict of interest.

The KPI Bluebook includes KPIs among which:

Main clusters	Examples of KPIs for each cluster
Value creation	<ul style="list-style-type: none"> <li>ROAC (Return On Allocated Capital)</li> <li>ROTE (Return on Tangible Equity)</li> <li>Net Revenues</li> <li>...</li> </ul>
Risk and capital governance	<ul style="list-style-type: none"> <li>Net CET1 generation</li> <li>Organic Capital Generation</li> <li>New Business EL %</li> <li>Performing Stock EL %</li> <li>...</li> </ul>
Clients	<ul style="list-style-type: none"> <li>Gross New Clients</li> <li>Internal Service Quality (ISQ)</li> <li>Reputation Index</li> <li>Net Promoter Score (NPS)</li> <li>...</li> </ul>
Industrial levers	<ul style="list-style-type: none"> <li>Operating costs</li> <li>Cross-selling excellence (CSE)</li> <li>Cost / Income</li> <li>Net Income</li> <li>...</li> </ul>
People & Culture	<ul style="list-style-type: none"> <li>Diversity, Equity &amp; Inclusion ambitions</li> <li>HR Processes Execution</li> <li>Sustain value through excellence in execution</li> <li>...</li> </ul>
Compliance culture	<ul style="list-style-type: none"> <li>“Winning, The Right Way, Together”</li> <li>Regulatory requirements and policy implementation</li> <li>KYC Quality</li> <li>...</li> </ul>
ESG	<ul style="list-style-type: none"> <li>ESG Strategy</li> <li>Social Lending</li> <li>Net Zero Project</li> </ul>

Financial and non-financial goals included into the KPI Bluebook are mapped into clusters, as illustrated in the picture above, to help identifying the most relevant standardized KPIs; they are also categorised based on being risk-adjusted/related or on sustainability drivers.

Sustainability KPIs and ESG related KPIs are the goals that meet current needs without compromising the ability of the Company to generate profit in the future and which have an impact on the creation of medium/long-term value for one or more stakeholders.

In general, the KPI Bluebook, in addition to being the reference catalogue for the assignment of objectives within the Group

Incentive System, can also be applied to the assignment of annual objectives for all Group personnel.

### 5.2.2 2022 Goal Setting

The annual objectives are defined starting from the business strategy and in compliance with the KPI framework described above. The process starts with the definition of the objectives for Top Management, which serves as a starting point for the cascading of objectives to lower levels, where applicable.

The Chief Executive Officer objectives for 2023 are shown below:

Lever and KPIs	2023 Target <sup>A</sup>	Range	Criteria	Scoring		
Financial	Net Revenues (Revenues – LLPs)	+/- 7.5%	> 19.9	120 pts <sup>B</sup>		
			17.1 – 19.9	80-120 pts <sup>C</sup>		
			< 17.1	0 pts		
	Costs (Cost/Income and Opex)	+/- 5%	< 45.9%	120 pts <sup>B</sup>		
			50.7% - 45.9%	80-120 pts <sup>C</sup>		
			> 50.7%	0 pts		
Organic capital generation	+/- 2.5%	< 9.5	120 pts <sup>B</sup>			
		9.9 – 9.5	80-120 pts <sup>C</sup>			
		> 9.9	0 pts			
Net profit	+/- 10%	> 180	120 pts <sup>B</sup>			
		120-180	80-120 pts <sup>C</sup>			
		< 120	0 pts			
Non Financial	Avg 150 bps 2021-2024	+/- 20%	> 5.5	120 pts <sup>B</sup>		
			4.5 – 5.5	80-120 pts <sup>C</sup>		
			< 4.5	0 pts		
			Qualitative assessment (on a 5-point ratings scale). Foster corporate values and expected conduct and behaviors aligned with corporate culture, with a balanced approach across sustainable growth and risk management, with a focus on:		Greatly Exceeds	120 pts
			<ul style="list-style-type: none"> <li>Being a role model for corporate values (Integrity, Ownership, Caring) - supported by survey-based measurements, 360° feedback and other relevant metrics;</li> <li>Set the proper tone on compliance culture and risk mindfulness - supported by relevant metrics (e.g. n. employees involved in Tone from the Top, Tone from the Middle initiatives and Mandatory training);</li> <li>Deliver process simplification and foster customer mindset as enablers of the business and operating model transformation (supported by industrial KPIs).</li> </ul>		Exceeds	110 pts
		Meets	100 pts			
		Mostly Meets	50 pts			
		Below	0 pts			
As weighted average of Financial and Non-Financial				OVERALL SCORE (0-120 PTS)		

\* Linear continuum.  
A. Market guidance 2023 well above Unlocked original target '23.  
B. The over-performance of a single KPI above the max threshold can be used – calculated in points as linear continuum at the same range of each KPI capped at 140 pts max - to compensate only those KPIs that reach at least their minimum threshold level, still within the maximum 120 points of the overall scorecard.



A balanced set of KPIs have been selected for the CEO scorecard, with a higher weight on financial goals (70%) supported by Strategic Priorities & Culture (30%).

The choice of the specific KPIs have been made in alignment with the strategic plan and supported with specific rationales:

- **Net Revenues:** optimization of the risk-return curve sustaining business growth driven by fees, capital light and revenue that delivers profitability above the cost of equity, while maintaining risk discipline and a stable cost of risk;
- **Costs (Cost/Income & Opex):** delivery of lower absolute cost base while improving operational efficiency through process simplification, digitalization, and operating model transformation;
- **Organic Capital generation:** strengthening of the Bank's capital position through a healthy organic capital generation leveraging on net profit growth and RWA optimization as well as active portfolio management;

The only change is related to the replacement of RoTE with **Net Profit**, another key measure of the Unlocked Strategic Plan, reflecting the profitability of the Bank. RoTE has been confirmed as a key profitability return measure for the long-term performance conditions and it has been cancelled from short-term to avoid the double use of the same KPI in short-term and long-term scorecard, as suggested by the feedback received from some shareholders.

Each financial KPI is assessed quantitatively (Result vs Target), considering specific range and thresholds defined for each KPI. The score of each KPI can move in a 0-120 points rating scale, as follows:

- is zeroed if achievement is below lower threshold;
- is calculated in linear continuum between the lower and the upper threshold;
- is capped (120pts) if it is higher than upper threshold.

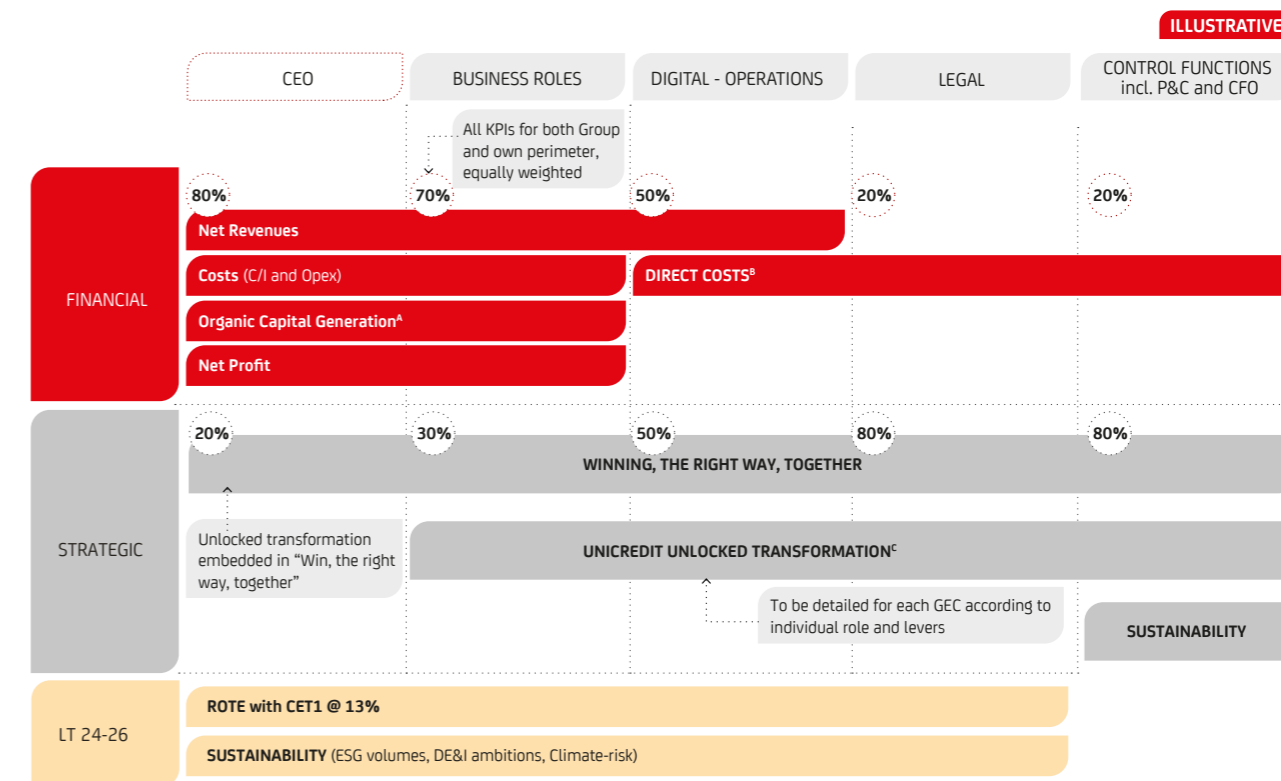
On the non-financial section Win, the right way, together has been confirmed as fundamental goal, since Culture is a key driver of Unlocked Plan. This goal aims at fostering corporate values and expected conduct and behaviors aligned with corporate culture, with a balanced approach across sustainable growth and risk management for all stakeholders. It is based on a qualitative assessment (on a 5-point rating scale), with a focus on:

- being a role model for corporate values (Integrity, Ownership, Caring) - supported by survey-based measurements, 360° feedback and other relevant metrics;
- set the proper tone from the top and from the middle on compliance culture and risk mindfulness - supported by relevant metrics (e.g. number of specific training hours);
- deliver process simplification and foster customer mindset as enablers of the business and operating model transformation (supported by specific industrial KPIs).

As described in the chapter 5.1.4 *Individual Allocation*, the Sustainability goal has been moved from short-term to long-term performance conditions, following relevant feedback received by some shareholders.

The CEO scorecard is back-bone for the goals' cascading across the organization. Below is the illustrative structure of the objectives for the rest of the top management.

**Overview on 2023 Goal Setting for Executives with Strategic Responsibilities**



Note: all KPIs are referred to own perimeter, unless otherwise specified  
 A. At own perimeter level, NET CET1 generation.  
 B. For Digital & Operations TCO (total cost of ownership), for Group People & Culture Officer Group Staff Expenses.  
 C. For Chief Legal Officer, including "High quality legal support"; for Chief Audit Executive: including "Internal Audit independence and governance".

The financial section is differently weighted depending on the role and, in compliance with regulations, for the Corporate Control Functions includes objectives non related to profitability. Financial goals are evaluated in a deterministic way based on a quantitative assessment as described above.

Within the non-financial section (Strategic Priorities & Culture) a specific Goal "Winning, The Right Way, Together" is mandatory and it is related to Corporate values, conduct and compliance/risk culture, with a focus on Group culture, values and purpose and Tone from the Top and tone from the middle on Compliance culture and Risk mindfulness.

Additionally, to support UniCredit's commitment to ESG targets and DE&I ambitions specific "Sustainability" goals have been assigned to Executives with strategic responsibilities, which can also be assigned to lower levels in order to Support clients' green and social transition, embedding sustainability in UniCredit culture, valorising people diversity and promoting equity & inclusion. For selected Executives with strategic responsibilities (see chapter 5.1.4) "Sustainability" goal is included as an additional long term condition.

Finally, for Executives with strategic responsibilities an annual objective for the implementation of "UniCredit Unlocked Transformation" is defined, customized on the specific role and with reference to specific strategic initiatives and projects linked for example to process simplification and fostering customer mindset as enablers of the business and operating model transformation. These targets are calibrated and cascaded within the managerial chains. Goals within the non-financial section are assessed on a qualitative 5-point rating scale.



## 5.3 2020-2023 Group Long-Term Incentive Plan management

The LTIP 20-23 was approved by the Shareholders' Meeting on April 9, 2020, and provided for the grant of an incentive in free ordinary shares, to selected Group employees, over a multi-year period linked to the Team 23 Strategic Plan and subject to the achievement of specific performance conditions.

Considering the review of UniCredit Strategic Plan and the connected review of the variable remuneration framework, with the introduction of the new 2022 Group Incentive System, it was offered to the beneficiaries of the LTIP 20-23, Group Material Risk Takers, a switch to the Group Incentive System for the LTIP 20-23 2022 and 2023 quotas, to avoid overlap between incentive plans.

Such management of the LTIP 20-23 have implied the following effects:

- cancelling the 2022 and 2023 quotas for the beneficiaries, Group Material Risk Takers, accepting the switch, and the related

incentive opportunity, thus freeing up space for the allocation of additional variable remuneration under the 2022 and 2023 Group Incentive System;

- confirming the 2020 and 2021 quotas, with the same structure, KPIs, targets and features of the LTIP 20-23 as approved by Shareholders' Meeting on April 9th 2020, in order to allow for the possibility to potentially award a portion of it at the end of 2023, subject to Group performance.

For further information regarding the LTIP 20-23 please refer to Section I, Paragraph 5.3 "2020-2023 Group Long-Term Incentive Plan" of the 2021 Group Remuneration Policy and Report.

Section II

# Remuneration Report



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## 2. Governance

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# 1. Introduction

*The Remuneration Report discloses all relevant Group compensation-related information and methodologies with the aim of increasing stakeholders' awareness of the compensation, practices and outcomes in UniCredit, demonstrating their coherence with the business strategy and performance and the sustainability over time, responsible remuneration and sound risk management.*

The report provides ex post information on 2022 outcomes, covering both the Group Material Risk Taker population and corporate bodies' members. Remuneration solutions implemented in 2022 provided for:

- compliance of incentive structures with all relevant regulations, including deferred and equity incentives based on financial instruments;
- comprehensive performance measurement to foster sound behaviours aligned with different types of risk.

The disclosure provided within the Remuneration Report considers the:

- alignment to the national and international regulatory provisions in force;
- continuous monitoring of market trends and practices, supported by PricewaterhouseCoopers, as external advisor of the Remuneration Committee as well as other national and European Banking Associations;
- annual engagement process with international investors and proxy advisors.

The activities performed in 2022 from a compensation standpoint are in line with the 2022 Group Remuneration Policy, which was built based on relevant national and international regulatory framework, as made available along the years, among which:

- on January 1, 2014 the Capital Requirements Directive (CRD IV) was implemented, providing a cap on variable remuneration for Material Risk Takers and requesting local regulators to issue regulations for local implementation;
- on March 4, 2014 the European Commission issued the Delegated Regulation (EU) 604/2014 with regard to regulatory technical standards (RTS) to identify Material Risk Taker population;

- on March 19, 2019 Bank of Italy issued the provisions on "Transparency of banking and financial transactions and services - Fairness of relations between intermediaries and clients", applicable from 2020;
- on December 10, 2020 Consob Issuers Regulation Nr. 11971 was updated under resolution no. 21623 to transpose the Directive (EU) 2017/828 (Shareholders Rights Directive II) requirements of May 17, 2017 already implemented in the legal system with the Legislative Decree no. 49 of May 10, 2019;

- on March 2021 the Commission Delegated Regulation (EU) 2021/923 on the criteria to identify material risk takers;

- on July 2, 2021 EBA published an updated version of the document "Guidelines on sound remuneration policies"<sup>1</sup>;

- on November 24, 2021 Bank of Italy published the 37th update to Circular 285 on remuneration and incentive matters.

In 2022, in continuity with the past, UniCredit interacted with the Remuneration Committee external advisor which provided:

- recommendations on remuneration based on specific benchmarking analysis versus our defined peer group to inform any decision, also related to executives of the Group;
- analysis on emerging trends in market compensation practices;

with the goal to improve Group policies and practices.

In 2022 and in the first months of 2023, UniCredit continued its annual structured dialogue with the international investors and proxy advisors, as well as national and European Banking Associations, receiving valuable feedback on the compensation approach and specific inputs for an effective compensation disclosure, considering Italian and international standards.

Moreover, to be noted a positive feedback gathered during the shareholders' General Meeting held on April 8, 2022 on the

Remuneration Report on 2021, with an approval percentage higher than 85%.

UniCredit also interacted with Regulators to properly consider issued recommendations.

The Remuneration Report, a document providing complete and comprehensive information on compensation, includes also this year details referring to:

- The activity of the Remuneration Committee and the corporate functions involvement in the compensation processes;
- Remuneration processes and outcomes, including the implementation and outcome of the 2022 Group Incentive System, with specific details on the CEO compensation for 2022;

- A status update on the Group Long Term Incentive Plans;
- The summary outcome and statistics of the Group Material Risk Takers identification process;
- Remuneration data for the members of Administrative and Auditing bodies, General Managers and Executives with Strategic Responsibilities as well as broader remuneration data as required according to Pillar 3 disclosures.

In particular, data pursuant sect. 84-quater Consob Issuers Regulation Nr. 11971, Compensation Report-Section II (last modified under resolution no. 21623 of December 10, 2020), as well as the information on incentive systems under 114-bis<sup>2</sup> are included in the attachments to the 2023 Group Remuneration Policy and Report, published on UniCredit website, in the section dedicated to the Shareholders' Meeting.

1. Guidelines on sound remuneration policies under Article 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013.

2. Legislative decree no. 58 of February 24, 1998 as well as to the provisions of the issuer "Regulations" adopted by CONSOB with resolution no. 11971 of May 14, 1999 regarding the information to be disclosed to the market in relation to the granting of awarding plans based on financial instruments.



# 2. Governance

## 2.1 Report on the Remuneration Committee

### > Description of the Remuneration Committee

The Remuneration Committee performs a fundamental role in supporting the Board for the oversight of Group Remuneration Policy and for the design of incentive plans. As established in the UniCredit Corporate Bodies and Committees Regulation with regards to the composition of the Board committees, the Committee consists of three non-executive members. The Committee's tasks are coordinated by the Chair chosen among its independent members.

At the date of approval of this document, the Remuneration Committee is composed of Directors Mr. Jeffrey Alan Hedberg (Chairman), Mr. Luca Molinari and Ms. Renate Wagner.

All members of the Committee are independent according to the Section 13 of the Italian Decree issued by the Ministry of Economics and Finance no. 169/2020 (the "Decree") and to Section 148 of the TUF, and the majority of them complies with the independence requirements prescribed by Section 2, recommendation 7, of in the Italian Corporate Governance Code.

Further on, details on the independence of the members of the Committee are provided, in accordance with the Italian Corporate Governance Code, as well as with the Decree and the 'TUF'.

All Committee's members meet the experience requirements, in accordance with current legal and regulatory provisions and ensure that any further corporate offices they hold in other companies or entities (including foreign ones) are compatible with the commitment and availability required to serve as a member of the Committee. Some members have specific technical know-how and experience on financial matters or remuneration policies.

Along the year, the members of the senior management team, and among them - as per Bank of Italy request - the Heads of the corporate control functions in Group Risk Management (Group Risk Officer-CRO) and Internal Audit functions, attended Committees meetings with regard to the topics specified in the dedicated table. Moreover, the Head of Group People & Culture always attended the meetings of the Committee as a guest.

The Remuneration Committee - in performing its duties - has made use of the information received from the competent corporate functions, thanks to the support and collaboration of the heads of the corporate structures.

During the year, the spending requirements of the Committee were met by a specific budget. In particular, in 2022, by means of this budget, the Remuneration Committee availed itself with the services of PricewaterhouseCoopers (PwC) for the entire exercise of the Remuneration Committee's decision-making process. PwC is an external independent advisor, which provides advice on compensation practices and trends, as well as up-to-date remuneration benchmarking studies<sup>3</sup>. The absence of situations/relationships that could compromise the autonomy (independence) of the consultant has been assessed in advance.

PwC has collaborated with the Committee since the fourth quarter of 2021. During its mandate, the external advisors' representatives were invited to attend the meetings of the Committee, providing their independent opinion to the Remuneration Committee on the various topics in Agenda.

The Chair of the Remuneration Committee at the first available meeting informed, with the help of appropriate documentation, the Board of Directors about the activities carried out in the meetings by the Committee itself.

The Remuneration Committee shared, at the end of their meetings, the discussed documentation with the Board of Statutory Auditors. Furthermore, in 2022, individual members of the Board of Statutory Auditors attended (with rotation) the meetings.

The following table summarizes the composition of the Committee in 2022 and, in addition to the information on the independence of the members, provides details regarding their attendance to the meetings that have been called during the year.

Further details are reported in the Report on corporate governance and ownership structure published on the UniCredit website.

### > Activities of the Committee 2022

In 2022 the Remuneration Committee met 14 times. The meetings had an average duration of about one hour and twenty minutes. From January 2023 to February 26, 2023, four meetings of the Committee have been held and it is expected that the Committee will meet 11 times in total in 2023. Each meeting of the Remuneration Committee is placed on record by the Secretary designated by the Committee itself.

During 2022, officers of the following additional corporate functions participated in the work of the Committee with respect to relevant issues that were placed on the agenda from time to time:

- Group Finance: in 1 meeting;
- Internal Audit: in 1 meeting.

- Group Risk Management: in 1 meeting;

### Key activities of the Remuneration Committee in 2022

Topics	January (3 meetings)	February (2 meetings)	March	April	May	June	July (2 meetings)	August	September	October	November	December	
Strategy, Policy and Governance	Group Short Term Incentive System	• Variable Compensation Framework evolution - Iterative discussion	• 2022 Group Incentive System - final discussion and approval										
	Long Term Incentive Plan	• 2020-2023 LTI Plan: status progress and management going forward											
	Group Policies - new / update			• 2022 Group Remuneration Policy and Report				• Update on RBAs for Control Functions in Italy			• Gender Neutral Remuneration Policy, with focus on Gender Pay Gap		
Local adaptations	• Local adaptations to 2021 Group Policies									• Local adaptations to Group Policies 2022			
Annual Compensation review and decisions	Annual compensation decisions	• 2021 Bonus Pool distribution & execution of previous years' plans (including approval of capital increase related to previous years' incentive plans)	• Integration of existing compensation plans with Share Buy Back option and amendment of clause 6 of Articles of Association for adjustment to incentive systems	• 2021 Group Incentive System - Information on Group Material Risk Takers 2021 payout				• Annual update on Risk adjustment KPIs for pool size		• 2021 Bonus Payout & 2022 Salary Review outcomes		• Delegation for Capital Increase for 2024 annual share-based instalments and amendment of the Articles of Association	
	Identification of group identified staff (MRTs)						• 2022 Group Material Risk Takers 1* cycle					• 2022 Group Incentive System: Bonus pool distribution - preliminary discussion	
	Compensation for Executives	• Group CEO target compensation	• 2021 Group Incentive System - Evaluation, payout and execution of previous years' plans (for Executives with Strategic Responsibilities)			• Exit Package for a Senior Executive		• Exit Conditions for a GEC Member		• Terms and conditions for a change in the GEC composition	• 2023 CEO and ESRs Compensation Review	• 2023 CEO and ESRs Compensation Review	• 2023 CEO and ESRs Compensation Review
	Goal setting		• 2022 Goal Setting and target remuneration for Executives with Strategic Responsibilities										
	Severance payments	• Annual Disclosure on 2021 Severance Payments											
Benchmarks provided by the external independent advisor	Market trends									• Emerging trends in Market Compensation Practices and Regulatory Update (independent advisor)			
	Compensation for the Top Management							• CEO pay benchmarking data from 2021 season					
Other					• 2022 Shareholders meetings: outcomes and lesson learned		• 2022/23 Investors engagement plan			• Information on ECB deep-dive on remuneration			

3. Based on an external data provider analysis.





Remuneration Committee (period 01/01/2022 - 31/12/2022)

MEMBERS IN OFFICE	Independency according to Articles of Association and Code	Not Executive	Office covered C= Chairman M= Member	Nr. of attended meetings in 2022	% of participation
Jeffrey Alan Hedberg <sup>A</sup> <b>Chairman</b>	✓	✓	Ⓢ		
Molinari Luca <sup>B</sup> <b>Director</b>	✓	✓	Ⓜ	12	86%
Wagner Renate <sup>B</sup> <b>Director</b>	✓	✓	Ⓜ	13	93%
MEMBERS NO LONGER IN OFFICE					
Gadhia Jayne-Anne <sup>C</sup> <b>Chairwoman</b>	✓	✓	Ⓢ	14	100%

Ⓢ Chairman Ⓜ Member A. Office held since February 16, 2023 B. Office held since April 15, 2021 C. Office held until February 7, 2023

## 2.2 Role of Corporate Control Functions and other relevant functions

Group Compliance function's key contributions in 2022 included:

- evaluation of the 2022 Group Remuneration Policy and Report, including its components (e.g. KPI Bluebook), submitted to the Board of Directors for the Annual General Meeting on April 8, 2022 approval;
- evaluation of the 2022 Group Incentive System for Group Material Risk Takers including the definition of qualitative and quantitative criteria for Group Material Risk Takers identification
- assessment, for Compliance related topics, of Group guidelines for the development and management of 2022 incentive systems for non-material risk taker population and cascading to Local Compliance;
- in the definition of KPIs, part of the KPI Bluebook, identified as Compliance-related with the aim of promoting appropriate Compliance behaviours

In 2022, to ensure the link between compensation and risk, the Group Risk Management function was involved:

- in the identification of Material Risk Takers, according to risk criteria;
- in supporting the definition/updating of KPIs and thresholds of Group Incentive System entry conditions;
- in the assessment of risk adjustment multiplier to be applied at the Bonus pool as part of overall Group Remuneration framework;
- in the definition of KPIs, part of the *KPI Bluebook*, identified as risk-related with the aim of promoting appropriate risk taking behaviors;

so that incentives in taking risk are appropriately counterbalanced by incentives in managing risk.

Additionally, the Group Chief Risk Officer was invited to attend Remuneration Committee meetings to ensure that incentive schemes are appropriately updated to take into account all of the risks that the

Bank has taken on, pursuant to methodologies in compliance with those adopted by the Bank in managing risk for regulatory and internal purposes.

Group CFO function contributed to 2022 compensation processes mainly through the definition of:

- Group Incentive System entry conditions;
- bonus pool funding KPIs;
- performance Scorecard KPIs for Group Material Risk Taker population, also providing the relevant budget and actual data.

Furthermore, the Group Chief Financial Officer attended the Remuneration Committee meetings in occasion of the presentation of the company performance, which determines the size of the bonus pool.

In particular, the Board of Directors and Remuneration Committee draw upon the input of involved functions to define the link between profitability, risk and reward within Group incentive systems.

### Internal Audit Report on Group Remuneration Policies and procedures

Group Audit Department performed the annual audit on the Group remuneration policies and practices, according to Bank of Italy and EBA requirements<sup>4</sup>, aimed at verifying the design and implementation of the remuneration process, as well as its compliance with relevant regulatory requirements and Group internal rules. Internal Audit's "Mostly Adequate" evaluation was driven by the correct application overall of the Group Incentive System, including the execution of decisions taken by UniCredit's Remuneration Committee and Board of Directors. Internal Audit verified the overall correct implementation of 2022 Group

Remuneration Policy and the application of Group Incentive System rules to Group Material Risk Takers. Internal Audit also verified, on a sample basis, the adequacy of specific aspects of the remuneration process, such as Group Material Risk Takers identification, goal setting, bonus pool calculation and distribution, procedures to comply with caps of the ratio between variable and fixed components of remuneration. Severances paid in 2022 were in line with the Group Termination Payments Policy and severance guidelines and followed relevant escalation processes.

Main audit results were presented to the Remuneration Committee on 23 February 2023.

4. Bank of Italy Circular 285 on "Policies and practices on remuneration and incentive" last available update and EBA "Guidelines on sound remuneration policies".



# 3. Remuneration Processes and Outcomes

## 3.1 2022 Incentive System implementation and outcomes

The 2022 System, approved by UniCredit Board of Directors on February 21, 2022, provided for a 'bonus pool' approach that directly links bonuses with company results at Group and country/division level and ensures a strong connection between profitability, risk and reward.

Such a system, implemented within the framework of the policy and governance, provides for the allocation of a performance related bonus in cash and/or free ordinary shares over up to seven years.

UniCredit's annual incentive system is designed to align the interest of shareholders and management and to reward for performance.

The 2022 Budget Bonus Pool approved in February 2022, as part of the annual Group Incentive System, was defined at Group level and then cascaded at divisional level, consistently with segment reporting disclosure (i.e. Italy, Germany, Central Europe, Eastern Europe, Group Corporate Center) based on the actual divisional performance adjusted considering quality and risk indicators as well as cost of capital.

### > Bonus pool sizing

The bonus pool dimension was related to the actual profitability measures multiplied by the bonus pool funding rate defined in the budgeting phase. This calculation determined the so called "theoretical bonus pool" that has been then adjusted to consider broader context, pay for performance effective application and cost affordability.

### > 2022 Entry Conditions at group and local level

In order to align to regulatory requirements, specific indicators measuring annual profitability, capital and liquidity results had been set at both local and Group level as Entry Conditions. In particular,

risk metrics and thresholds for the 2022 Group Incentive System as defined within the Entry Conditions - that confirm, reduce or cancel upfront and deferred payouts - included:

- **Operating EVA** defined as Net Operating Profit – Cost of Capital;
- **Net Profit** to measure profitability;
- **Pillar 1 capital ratios:** the Minimum Regulatory Targets are the levels of capital set following the SREP process (Supervisory Review and Evaluation Process) coordinated by the European Central Bank. These levels include, in addition to Pillar 1 and Pillar 2 requirements, the combined buffer requirement applicable and the Pillar 2 Guidance. The Pillar 2 Guidance is set above the level of binding capital requirements (MDA Trigger) and a failure to meet this threshold does not result in automatic actions by Authorities but will be used in fine-tuned measures based on the individual situation of the bank;
- **Liquidity Coverage Ratio** that ensures that bank maintains an adequate level of unencumbered "High Quality Liquid Assets" in a sufficient quantity to cover the overall 'Net Cash Outflows', over a period of thirty days, under gravely stressed conditions specified by Supervisors;
- **Net Stable Funding Ratio** that is defined as the amount of available stable funding relative to the amount of required stable funding and measures, under a long-term perspective, the sustainability terms of maturities between asset and liabilities.

According to the actual results, approved by the Board of Directors on February 16, 2023, the relevant Entry Conditions have been achieved as reported in the picture below.

ENTRY CONDITIONS			
Group	• Operating EVA (NOP-Cost of Capital) > 0	5,266	✓
	• Net Profit (excl exceptionals) > 0	6,434	✓
	• Pillar 1 capital ratios ≥ 2022 RAF "limit"		✓
	• Liquidity Coverage Ratio ≥ 2022 RAF "limit" (107%)	155,8%	✓
	• Net Stable Funding Ratio ≥ 2022 RAF "limit" (102,3%)	129,6%	✓ <sup>A</sup>

A ZERO FACTOR	• Capital or Liquidity conditions <b>not met</b> at Group level
B REDUCED	• Capital and Liquidity conditions are met at Group level and Profitability is <b>not met</b> at Group level
C OPEN	• Capital, Liquidity and Profitability conditions are <b>met</b> at Group level

A. Entry Condition considered achieved at Group and Local level considering the latest available NSFR data, but reserving the possibility to submit the actual data, as soon as it is available, to a future BoD that could take a different decision in case the NSFR would result lower than the threshold.

### > 2022 Bonus Pool funding

As a consequence of Entry Conditions positive assessment, the Group bonus pool is in the fully open scenario (scenario C).

2022 Group Incentive System rules therefore have been applied.

The theoretical bonus pool value has been calculated applying the funding rate percentage to the actual profitability results.

The CRO assessment based on RAF was good, with a positive "multiplier" which anyhow has not been activated since the theoretical bonus pool generation driven by Operating EVA results was sufficient to match the bonus pool proposed size.

In this context, the Remuneration Committee resolved to submit to the Board of Directors' approval bonus pool amount grounded on performance results. In particular, the proposal submitted to the Board resulted in total bonus pool amount was lower than the total theoretical value (depending on the funding KPI which was extremely positive vs. the budget), calibrated considering broader context, pay for performance effective application and cost affordability.

### > Bonus pool distribution

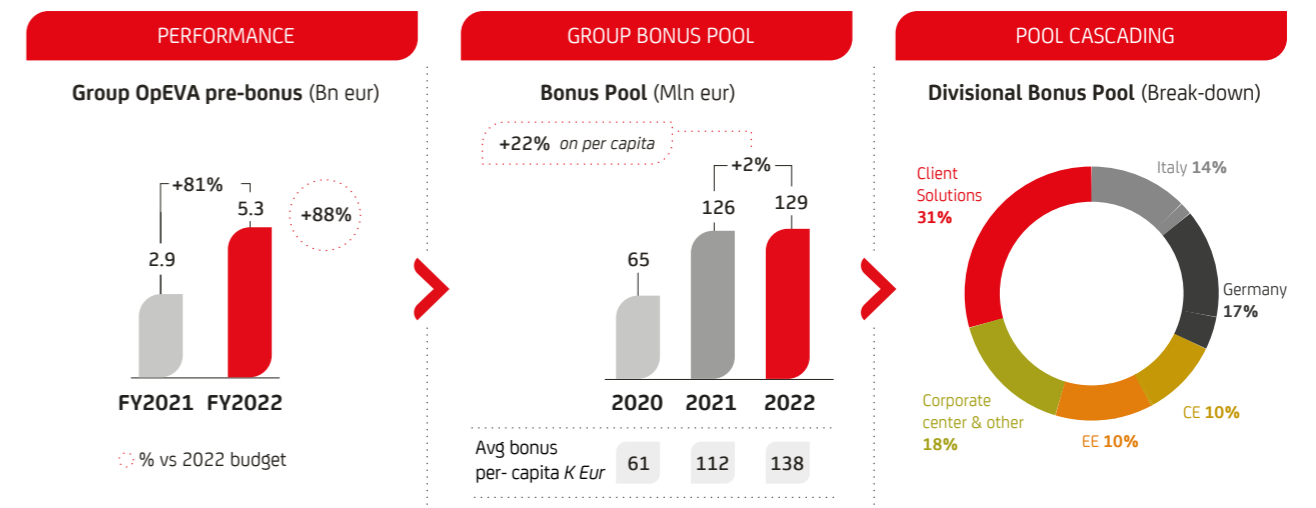
The results of the above-mentioned steps, led to the distribution of the bonus pool for the Group Material Risk Taker population (935 resources in 2022), as reported below, fully consistent with the company performance in terms of Operating EVA.

For 2022, UniCredit Board of Directors took into consideration the Remuneration Committee's proposals and regulatory guidelines regarding variable remuneration.

The assessment related to remuneration decisions, as in previous years, has been supported by a strict Group governance process in order to guarantee consistency and transparency towards all parties involved in the decision-making process.

The total amount of variable compensation for Group Material Risk Takers, detailed in paragraph 4.2, is sustainable given the bank's financial position, does not limit the bank's ability to hold an adequate level of capital and liquidity.

### 2022 Bonus distribution for GMRT



### Details >>>

For further details on the execution of the 2022 Group Incentive System and the deferrals of previous years' Plans, refer to Paragraph 4.2 and to the attachment to 2023 Group Remuneration Policy and Report, published on the UniCredit website, in the section dedicated to 2023 Shareholder's Meeting.



> Execution of previous years plans

Upon the assessment of achievement level for goals defined for 2022 and subsequent governance step in the Board of February 16, 2023 the allocation of ca. 6.9 million UniCredit ordinary shares was promised to ca. 523 Group Material Risk Takers to be distributed in 2024, 2025, 2026, 2027, 2028 and 2029.

The actual allocation of the last five installments is subject to the application of Zero Factor for 2024, 2025, 2026, 2027 and 2028 respectively. Therefore, the 2022 Group Incentive System impact would

be equivalent to approximately 0.35% of UniCredit share capital, assuming the achievement of Group performance thresholds without the application of Zero Factor scenario.

With reference to previous years Plans, the Board of Directors resolved to proceed with the payments of the outstanding deferrals due in 2024 (deferred from LTI Plan 2017-2019, 2018, 2019, 2020 2021 and 2022 Plans and from severance payments related to 2019, 2020, 2021, 2022 and 2023 Plans).

**FOCUS**

**Severance Payments – Calibrations and exceptions**

As provided by the Group Termination Payments Policy (Severance Policy), starting from its approval by 2021 Annual General Meeting, some calibrations, submitted to the Holding by non-Italian Group Legal Entities, were approved.

Most of the calibrations aim at ensuring the compliance with regulatory requirements, laws and practices of the local markets and, additionally to formal amendments, were related to the:

- exclusion from the Severance Policy field of applicability of some categories/typologies of payments, being not discretionarily defined by laws and labor contracts;
- possibility not to apply deferral mechanisms and/or malus and claw-back clauses if not envisaged by local regulations or inconsistent with local labor laws.

With reference to Austria, in connection to the so called “protected” contracts (“Definitivum”), which cannot be unilaterally terminated by the Company before retirement, as provided by the Severance Policy paragraph 4.1.2, the maximum limit for severance payments has been raised from 24 to 36 months of total compensation.

For Germany, which is characterized by a particularly protective legislation with regard also to Executives, a calibration proposal was approved in compliance with paragraph 4.1.1 of the Severance Policy, allowing for the notice to be paid on top to the general limit of 24 months and - in exceptional cases and with a particular governance - to also increase the maximum number of months to 36 or 48, depending on the circumstances. In consideration of this context, a change in the formula calculating the severance and the provision that the formula does not apply to the severance considered privileged based on local regulatory legislation was also approved.

None of the local calibrations and exceptions have an impact on the Executives with Strategic Responsibilities, except the Head of Germany who has a German employment contract.

During 2022, all severance payments were managed in line with the approved governance and all 43 Executive<sup>5</sup> cases were managed in total consistency with the approved Policy.

For other details on severance payments defined in 2022 for Group Material Risk Takers refer to paragraph 4.2.

## 3.2 2022 fixed and variable compensation for the Chief Executive Officer

With reference to 2022 and in line with 2022 Group Remuneration Policy provisions, Mr. Orcel received the following remuneration:

- a fixed remuneration of overall €2.5 million, split at 80% under an open-ended executive employment contract and 20% as directorship fees;
- a variable remuneration connected to the 2022 Group Incentive System, determined by the Board of Directors on the basis of 123% targets achievement of the KPIs embedded in 2022 CEO scorecard. More specifically:
  - the average score of the financial section (70% overall weight, where all KPIs are equally weighted) reached an average score of 120% versus target;
  - the overall strategic priorities & culture section performance (30% overall weight) set a score of 130%;
  - bringing the overall CEO performance scorecard to 123% i.e. largely exceeding the 2022 targets.

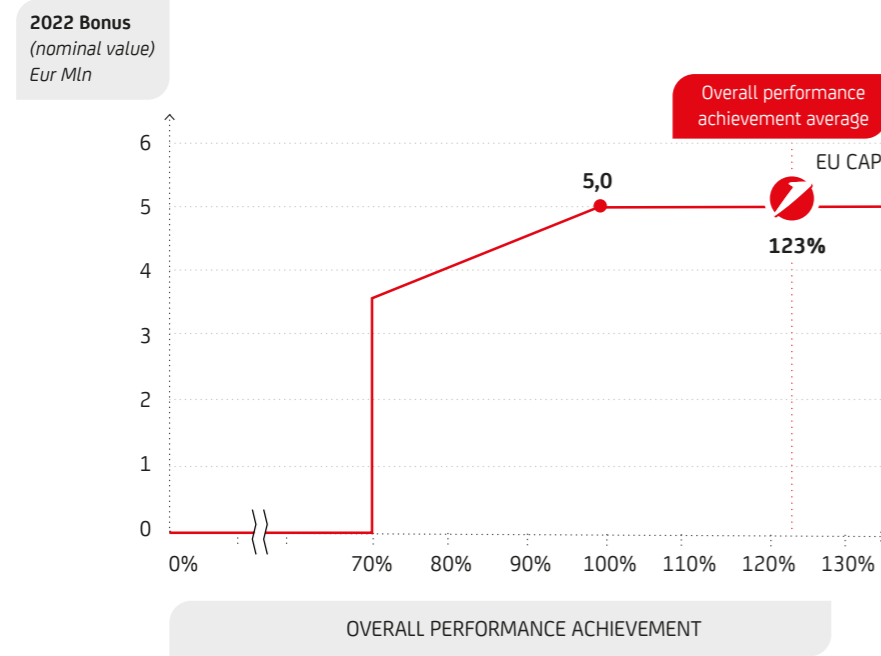
	KPI / Goal	Target 2022	Result/Achievement 2022	Score
70% Financial	<b>Net Revenues</b> (Revenues – LLPs)	16,314 €/bn	<b>18,448 €/bn</b>	113.1%
	<b>Costs</b> (Cost/Income and Opex)	C/I: 55.1% Opex: -9,746 €/bn	<b>C/I: 47% Opex: -9,560 €/bn</b>	108.3%
	<b>Organic capital generation</b>	150bps	<b>279bps</b>	186.0%
	<b>ROTE</b> with CET1 underpin	7.1%	<b>10.7%</b>	150.7%
<b>OVERALL FINANCIAL SECTION AVERAGE</b>				<b>120.3%</b>
30% Strategic priorities & Culture	<b>Sustainability</b>	Qualitative assessment based on: • <b>KPIs from ESG Strategy:</b> 150 bn of ESG Volumes o/w 10 bn Social lending by '24; • <b>DE&amp;I ambitions:</b> gender parity, GPG reduction.	<ul style="list-style-type: none"> <li>• E volumes at 52.9 bn +13% vs. linear pace to '24 target;</li> <li>• Social lending at 4.8 bn +44% vs. linear pace to '24 target;</li> <li>• Non-Demographic GPG reduced to 2,6% overachieving 2022 target, with approx. 30 mn of allocated budget spent;</li> <li>• Gender balance improved, with 46% female presence in BoDs, 43% in GEC, 36% of Leadership Team and positive trend (+4p.p.) on Senior leadership roles.</li> </ul>	<b>Greatly Exceeds 130%</b>
	<b>Winning, the right way, together</b>	Qualitative assessment based on: • Corporate values; • Compliance culture and risk mindfulness.	<ul style="list-style-type: none"> <li>• Leading by example: 360-feedback provided by 30 respondents on behavioral assessment on Company values rated 4.31 within a 0-5 scale</li> <li>• Corporate values launched and great momentum initiated: Group Culture Day with 17k participants and 60k social media impressions, Culture Bootcamp involving Culture Champions, Culture Roadshows gathering nearly 3k people in 3 Countries visited</li> <li>• Continued focus on DE&amp;I: obtained EDGE certification in 3 Countries</li> <li>• Relentless spreading of Risk Culture (e.g. Empowerment in Italy: over 356 c classrooms for ca.70hrs of training per person) and Compliance Culture (e.g. updated Code of Conduct reaching +90k employees; Tone from the Top videos: 5 GEC messages delivered to +90k employees; Tone from the Middle: 13 L.Es for +56k employees impacted; mandatory Training on Compliance: +90k employees trained)</li> </ul>	<b>Greatly Exceeds 130%</b>
<b>OVERALL STRATEGIC PRIORITIES &amp; CULTURE SECTION AVERAGE</b>				<b>130%</b>
<b>OVERALL PERFORMANCE ACHIEVEMENT - WEIGHTED AVERAGE</b>				<b>123%</b>

5. In this context, Executives are the employees with global band title equal to Senior Vice President or higher. For further information on the Global Job Model, refer to Section I, Chapter 1.



In light of the excellent performance achievements, the Board of Directors has defined the 2022 bonus of Mr Orcel at €5 mn. Given the asymmetric nature of 2022 CEO pay curve, no extra-reward can be

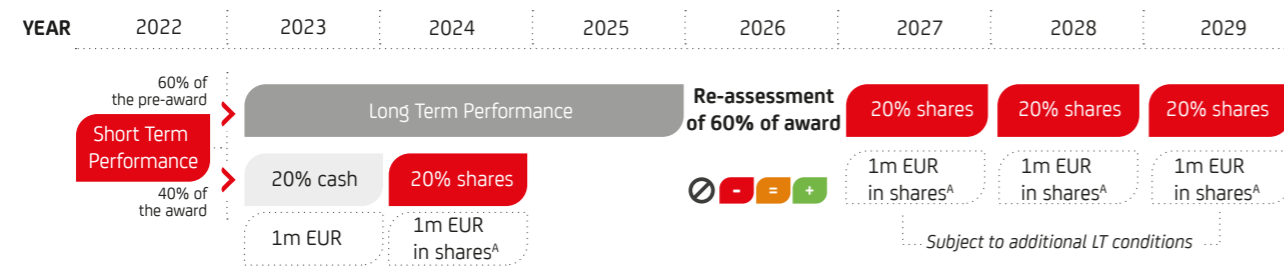
assigned for performance above 100% and bonus amount is capped at 5m EUR.



The nominal amount of bonus will be paid-out according to 2022 Group incentive system rules:

- 40% upfront, of which 20% in cash in 2023 (1m EUR) and 20% in shares in 2024 (1m EUR corresponding to 103.242 shares<sup>A</sup>);
- 60% deferred over the period 2027-2029, entirely in shares (3m EUR corresponding to 309.726 shares<sup>1</sup>) subject to an

adjustment linked to the achievement of additional long-term conditions (RoTE and rTSR vs. peers), measured at the end of the period 2023-2025 as per 2022 Group Incentive system rules. The payments are subject to all standard rules including those related to malus / claw-back.



A. Converted in 412.968 shares by using a share conversion price of 9,686 EUR (set at the beginning of the performance period, as average of 30-days ahead 2022 AGM approving 2022 Group Incentive system).

Mr. Orcel was also entitled to receiving some fringe benefits, as foreseen by UniCredit policies, whose value is included in the reporting

filed according to Consob requirements.

### 3.3 Group Long-Term Incentive Plans status update

#### 2017-2019 Group Long-Term Incentive Plan

All malus conditions for the third year of deferral were fulfilled, therefore the tranches vesting in 2022 were confirmed.

#### 2020-2023 Group Long-Term Incentive Plan

An update on the LTI Plan progress status was provided to the Remuneration Committee on February 13, 2023. All the entry conditions (gateways & risk adjustment) were met in 2022.

To illustrate the progress status, and with no impact on final assessment, 2020-2022 average results on the LTI KPIs are:

- RoTE 6.9%;

- NPE Ratio "Core" 2.6%;
- Expected Loss new business flow 0.3%;
- OpEx 9.5 bn;
- ESG Sustainalytics Rating 3rd in ranking at the end of 2022;
- Customer Experience +3 pts vs. competition at the end of 2022;
- People Engagement 70 pts.

The actual evaluation of the overall LTI Plan, including the appraisal of performance targets, will be carried out at the end of the four-year performance period (i.e. at the end of 2023 on end-of-Plan targets<sup>6</sup>).

### 3.4 Group Material Risk Takers identification process outcomes

The second cycle Group Material Risk Takers (GMRT) identification process led to the identification of 935 GMRT (187 of which new compared with last year and 163 identified for the first time), resulting in 186 individuals less than the Group Material Risk Takers at the end of 2021. Approximately 430 individuals (see also chart below) amongst the total of Group Material Risk Takers belong to the Business Functions, for whom the adoption of a maximum ratio between variable and fixed remuneration of 2:1 can be applied in 2022.

At the end of 2022, there were no Agents and Financial Advisors identified within the Group Material Risk Takers as per Commission Delegated Regulation 923/2021 and CRD V qualitative criteria (during 2022 an exclusion process for 9 agents and financial advisors was activated and completed).

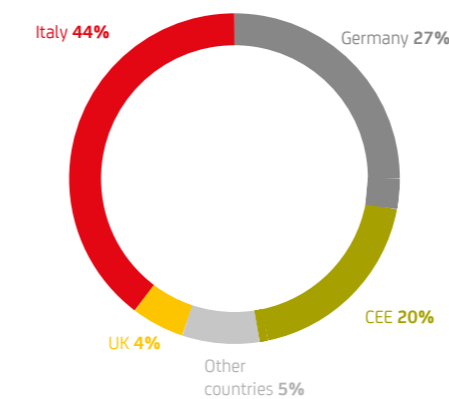
The outcome of the second cycle of the 2022 GMRT identification process has been approved by the Board of Directors on February 26, 2023 as included in this Remuneration Report.

Group Material Risk Taker population represented ca. 1.2% of the Group employee population, with this outcome being slightly lower than the results of 2021 process and in line with the peers median.

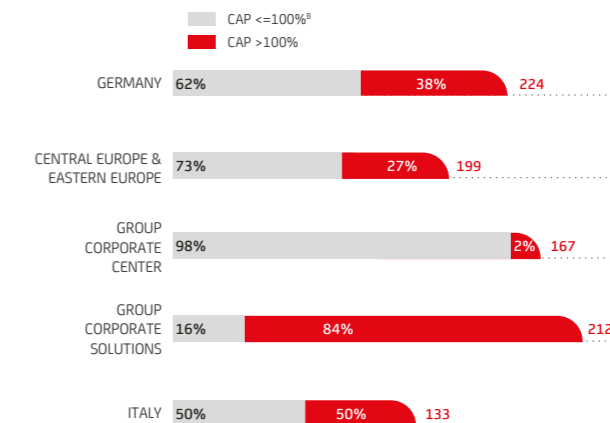
Here below a representation of 2022 Group Material Risk Taker population.

#### 2022 Group Material Risk Taker Distribution

Geographical distribution of the Group Material Risk Taker



Distribuzione per Division



TOTAL NUMBER OF GROUP MATERIAL RISK TAKERS<sup>A</sup>: 935 (O/W 163 IDENTIFIED FOR THE FIRST TIME)

A. Total number of GMRTs does not include Group Management Body members not employees of UniCredit Group.  
 B. Variable to fixed cap is the ratio between variable and fixed compensation applicable according to the regulatory provisions.  
 6. As reference, targets are respectively: RoTE: 8.1% average 20-23; NPE Ratio "Core" 3.8% average 20-23; Expected Loss new business flow 0.39% average 20-23; OpEx: 10.2 bln end of 2023; ESG Sustainalytics Rating: 3th in ranking vs. peers end of 2023; Customer Experience +3 pts vs. competition end of 2023; People Engagement 73 pts twice in the Plan.





# 4. 2022 Remuneration Data

## 4.1 Compensation to Directors, Statutory Auditors and Executives with Strategic Responsibilities

### 4.1.1 Board of Directors

The ordinary Shareholders' Meeting held on April 15, 2021 appointed UniCredit's Board of Directors for the financial years 2021-2023 whose mandate expires upon approval of the 2023 financial statements. The Board thus elected is chaired by Mr. Pietro Carlo Padoan.

The Shareholders' Meeting of April 15, 2021 also approved the proposal of the outgoing Board of Directors to set in €1,805,000 the overall 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, of which €1,170,000 aimed at remunerating the members of the Board and €635,000 the members of the Board's Committees.

The same Shareholder's Meeting also approved the granting of an attendance fee for the attendance to each Board and Committee meeting formally convened, differentiated as reported below:

- Board of Directors and Internal Controls & Risks Committee: €1,000 for physical presence of the Director;
- other Board Committees: €800 for physical presence of the Director;
- Board and Board Committees: €400 if the participation of the Director occurs through remote communication means.

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

- the reduction of the number of Directors 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 and the major companies within the FTSE MIB financials. Such data showed, *inter alia*, that the positioning of the compensation that was proposed for the members of the Board was consistent with the 2021 Group Remuneration Policy, subject to approval in the same ordinary Shareholders Meeting;
- the different commitment requested in relation to the activities of the single Committees<sup>7</sup>, in terms both of time commitment and span of the activities falling within their area of competence.

It is recalled that members of the Board of Directors benefit from an insurance policy covering the third party liability, inclusive of the related defense costs, of Directors and Officers (D&O). Such policy is renewed annually, based also on the authorization granted by the Shareholders' Meetings, lastly on April 15, 2021. The policy currently in place, valid for the period 16/05/2022 – 15/05/2023, envisages a maximum overall coverage of €160 million and implies a cost, borne by the Bank, of €10,579 for each director or statutory auditor of UniCredit S.p.A. The overall cost for the whole Board of Directors amounts therefore to €148,100. Adding up the corresponding cost for the Board of Statutory Auditors (€52,893), the overall amount borne by the Bank for its corporate bodies corresponds to €200,993, versus a maximum amount authorized by the Shareholders' Meeting of €250,000. The value of the D&O Policy may represent, depending on fiscal regulations, a taxable fringe benefit for the beneficiaries.

The above overall compensation (€1,805,000) was then split by the Board of Directors of May 5, 2021 leading to a final resolution of €1,790,000, €15,000 lower than AGM approved level, due to a remix of memberships between IC&RC and other Committees. The Board of Directors, during the same meeting- in compliance with Clause 26 of the Articles of Association - also defined the remuneration of Directors holding specific roles vested with particular offices pursuant Art. 2389, 3rd paragraph, of the Italian Civil Code (please refer to table "2022 Compensation to Directors, Statutory Auditors and Executive with Strategic Responsibilities" for further details).

Specifically, these retainers defined by the Shareholders' Meeting were allocated as follows:

- €90,000 for each Board member;
- €50,000 for each member of the Internal Controls & Risks Committee;
- €35,000 for each member of the Remuneration, Corporate Governance Nomination & Sustainability and Related-Party Committees. Upon creation of the ESG Committee in the course of 2021 the same retainer was subsequently allocated to the members of such Committee, without anyhow increasing the overall spending in view of a restructuring of the numerical composition of the other Committees.

Moreover, heard the opinion of the Board of Statutory Auditors, the Board defined the following special remuneration ex Art. 2389, 3rd paragraph of the Italian Civil Code:

- €789,000 for the Chair of the Board of Directors, in addition to an insurance for non-occupational accidents;
- €410,000 for the Chief Executive Officer;
- €100,000 for the Chair of Internal Controls & Risks Committee;
- €10,000 for the Chairs of the other Committees.

As required by the Supervisory Regulations of the Bank of Italy, the level of remuneration for the Chair of the Board of Directors did not exceed the fixed component of the one received by the Chief Executive Officer.

Finally, it is recalled that the overall remuneration of the Chief Executive Officer, including the remuneration from employment as General Manager and net of the attendance fees for the participation to Committee meetings, in 2022 was equal to €7,500,000, on a full year basis.

### 4.1.2 Board of Statutory Auditors

On April 8, 2022 the ordinary Shareholders' Meeting appointed the members of the Board of Statutory Auditors for the 2022-2024 financial years, with a term of office expiring on the date of the Shareholders' Meeting called for the approval of the 2024 financial statements.

The outgoing Board of Statutory Auditors had provided the 2022 Shareholders' Meeting with information on the time commitment required to carry out their functions, including the activity related to the Supervisory Board pursuant to Legislative Decree no. 231 of June 8, 2001. This commitment, for 2021, was estimated in 94,5 days, equal to 756 hours (140 days, equal to 1,120 hours, as to the Chair).

To the Shareholders' Meeting of April 8, 2022 was also communicated that:

- the annual remuneration approved by the Shareholders' Meeting of April 11, 2019 for the outgoing Board of Statutory Auditors was €170,000 for the Chair of the Board of Statutory Auditors and €125,000 for each permanent Statutory Auditor, as well as an attendance fee of € 400 for each Board of Statutory Auditors meeting and of €400 as attendance fee for taking part in any meeting of the other corporate bodies;
- as mentioned in the section related to the Board of Directors, the Shareholders' Meeting held on April 15, 2021 resolved to renew the terms of the insurance policy to cover the third-party liability of the Company's Directors and Officers, covering also the Statutory Auditors. The value of the policy amounts to €10,579 for each permanent statutory auditor, corresponding to €52,893 for the entire Board of Statutory Auditors. The value of the D&O Policy represents a taxable fringe benefit for the Statutory Auditors.

On the basis of this information - and taking specific account of the fact that the Board of Statutory Auditors would also perform the functions of the Supervisory Board - a shareholder of UniCredit SpA proposed to the Shareholders' Meeting, which approved, an annual remuneration of:

- €190,000 for the Chair of the Board of Statutory Auditors;
- €125,000 for each permanent Auditor;

plus an attendance fee of €400 for each meeting of the Board of Statutory Auditors and an attendance fee of €400 for taking part in any meeting of the other corporate bodies. Such remuneration was consistently awarded to the Board of Statutory Auditors in 2022.

### 4.1.3 Executives with Strategic Responsibilities

In the context of the latest Group reorganization and top management composition, with particular reference to the creation of the Group Executive Committee (GEC), a change in the definition of Executives with Strategic Responsibilities was implemented, in order to optimize the Group governance framework. On the basis of the current organizational structure, the Board of Directors identified the following roles as Executives with Strategic Responsibilities: Chief Audit Executive; GEC Members having a direct and significant impact on Group strategy (Group CEO, Head of Italy, Head of Germany, Head of Central Europe, Head of Eastern Europe, Head of Client Solutions, Chief Financial Officer, Group People and Culture Officer, Group Digital & Information Officer, Group Operating Officer, Group Risk Officer, Group Compliance Officer, Group Legal Officer).

#### › Pay-mix

For 2022, according to the Group Remuneration Policy, in line with regulatory provisions, the maximum ratio between variable and fixed compensation has been defined ex-ante for the Group CEO (the sole executive director sitting on the Board of Directors and employee of the Company) and the other Executives with Strategic Responsibilities.

The balance between variable and fixed components has been defined considering also the company's strategic goals, risk management policies and other elements influencing the business of the company.

With reference to the following table, for Executives with Strategic Responsibilities it is specified that:

- the fixed component was defined taking into consideration market information and in such a way to be 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;
- the CEO fixed remuneration was unchanged for 2022, while the variable remuneration was determined based on to the new Incentive System;

7. 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.



- in line with the latest regulatory requirements, the other Executives with Strategic Responsibilities have a balanced part of their remuneration linked to the economic results of UniCredit, taking into consideration the overall profitability, weighted by risk and cost of capital, as well as sustainability goals (based on capital and liquidity ratios).

According to the 2022 Group Incentive System, with specific reference to the variable component and the weight of short-term and long-term components, the compensation pay-mix for Executives with Strategic Responsibilities in 2022 was:

- for members of Group Executive Committee, excluding control functions, People & Culture and Dirigente Preposto, 60% of the award subject to additional long-term performance conditions.
- for Group Chief Audit Executive and GEC members in control functions, People & Culture, "Dirigente Preposto", all plan subject to short term conditions.

**› Goals**

In light of the above, the annual incentive took into consideration the achievement of specific goals which were previously approved by the Board upon proposal of the Remuneration Committee and the opinion of the Board of Statutory Auditors and the Internal Controls & Risks Committee, as appropriate.

Specific individual goals were set out taking into consideration the market practices and the role assigned within the Group, through the systematic use of specific indicators aimed at strengthening the sustainability of business, such as the customer satisfaction, risk and financial sustainability indicators and capital measures.

For the Heads of the Corporate Control Functions, pursuant to the provisions of Bank of Italy, the goals were established by the Board of Directors in line with the tasks assigned to them and avoiding goals linked to Bank's performance. In the decision making process related to Corporate Control Functions, the Board of Statutory Auditors and the Internal Controls & Risks Committee were also properly involved.

Specifically, for 2022, the individual goals of the Heads of Group CAE, Group Compliance, Group Risk Management (CRO), Group People & Culture and the Manager in charge of preparing the company's financial reports were not connected to the Company's economic results.

The long-term performance conditions are based on specific goals defined at Group level covering the three years following the 2022 annual performance.

**› Payout**

In line with Group governance, 2022 assessment and payment for the Executives with Strategic Responsibilities have been reviewed by the Remuneration Committee and approved by the Board of Directors, heard the Statutory Auditors and Internal Controls & Risks Committee as relevant.

It was foreseen the deferral/holding of ca. 80 % of the incentive over 6 years, in cash and shares.

All the installments are subject to the application of malus and claw-back conditions, as legally enforceable.

Approximately 80% of the overall incentive is paid in UniCredit shares, whose number to be allocated in the respective installments are defined on the basis of the arithmetic mean of the daily official closing market price of UniCredit ordinary shares during the month preceding the Shareholders' meeting approving the 2022 Group Incentive System.

For further information on individual allocation related to the 2022 Group Incentive System, refer to the 2022 Group Remuneration Policy, Section I, paragraph 5.1.

**Details**

*Further information regarding the 2022 incentive plans implementation and outcomes is provided in paragraph 3.1 »»*

**› Shareholding requirements**

For the CEO and for other Executives with Strategic Responsibilities, share ownership guidelines are in place, further details in Section I, paragraph 4.8. For them and for all the other Executives to whom the guidelines apply, share ownership levels have been verified at the end of October 2022.

For ~74% of the Executives the levels are already in line with the guidelines' requirements (the remaining Executives are below the threshold but accumulating shares).

In the following charts the synthetic information regarding the perceived remuneration for 2022 by the Directors, Statutory Auditors and Executives with Strategic Responsibilities is shown.

Beneficiaries	Remuneration component	Approved by	Amount	Remarks
Non-Executive Directors	Only fixed compensation	Shareholders' Meeting of April 15, 2021.  Board of Directors of May 5, 2021, pursuant to sect. 2389 of the Civil Code par. 3 and Articles of Association, heard the opinion of Statutory Auditors.	<ul style="list-style-type: none"> <li>€1,790,000, of which €1,170,000 aimed at remunerating the members of the Board and €620,000 as remuneration of the members of the Board's Committees</li> <li>Attendance fee for participating to each meeting<sup>A</sup>:</li> <li>Board of Directors and Internal Controls &amp; Risks Committee: €1,000 in case of physical presence of the Director, €400 if the participation occurs through remote communication means;</li> <li>other Board Committees: €800 in case of physical presence of the Director, €400 if the participation occurs through remote communication means.</li> </ul> <ul style="list-style-type: none"> <li>€1,339,000 for each year of activity, split between:                             <ul style="list-style-type: none"> <li>BoD Chairman;</li> <li>Chief Executive Officer (executive);</li> <li>Chairmen of Board's Committees.</li> </ul> </li> </ul>	<p>The compensation is determined on the basis of the importance of the position and the time required for the performance of the tasks assigned.</p> <p>The remuneration is not linked to the economic results achieved by UniCredit, non-executive directors and statutory auditors do not take part in any incentive plans based on stock options or, generally, based on financial instruments.</p>
Statutory Auditors	Only fixed compensation	Shareholders' Meeting of April 8, 2022.	<ul style="list-style-type: none"> <li>Compensation for each year of activity<sup>B</sup>:</li> <li>for the Chairman of Board of Statutory Auditors: €190,000;</li> <li>for each permanent Auditor: €125,000;</li> <li>€400 attendance fee for participating to each meeting of the Statutory Auditors, of the BoD and of the Board Committees.</li> </ul>	
Executives with Strategic Responsibilities	Fixed and variable compensation	Board of Directors.	<p>2022 compensation level on a full year basis:</p> <ul style="list-style-type: none"> <li>for the CEO: €2,500,000 fixed<sup>C</sup>, €5,000,000 variable;</li> <li>for the other Executives with Strategic Responsibilities:                             <ul style="list-style-type: none"> <li>€9,473,211 fixed;</li> <li>€13,450,807 variable<sup>D</sup>.</li> </ul> </li> </ul>	<p>For 2021, the maximum ratio between variable and fixed compensation is:</p> <ul style="list-style-type: none"> <li>200% for the CEO, the GM and for the Executives with Strategic Responsibilities, responsible for business lines;</li> <li>33% for the Executives with Strategic Responsibilities, responsible for Corporate Control Functions;</li> <li>100% for the other Executives with Strategic Responsibilities.<sup>E</sup></li> </ul>

A. Even if meetings are held in the same day.  
 B. Alternate Auditors do not receive any compensation.  
 C. Including the compensation paid for the director relationship (excluding attendance fee).  
 D. Assuming 100% achievement for LTIP 20-23 yearly quota.  
 E. For People & Culture function and Manager in Charge of Drafting the Company Financial Reports the fixed emuneration is expected to be predominant in respect to the variable one.



2022 Compensation paid to members of the administrative and auditing bodies, to general managers and to other executives with strategic responsibilities.

Compensation to Directors

Board of Directors	BoD	Internal Controls & Risks Committee	Remuneration Committee	Corporate Governance, Nomination and Sustainability Committee	ESG Committee	Related-Parties Committee	Total fixed comp.*	Variable non-equity compensation - bonuses and other incentives	Non monetary benefits	Other remuneration	Total	Fair value of equity comp.**	Severance indemnity for end of office or termination of employment
Pier Carlo Padoan	C						900.400€		21.108€	- €	921.508€	- €	- €
Lamberto Andreotti	DC			C			161.400€		16.802€	- €	178.202€	- €	- €
Andrea Orcel (CEO)	M						2.520.800€	1.000.000 €	1.440€	18.806€	3.541.046€	1.178.003 €	- €
Vincenzo Cariello	M					M	157.600€		10.473€	- €	168.073€	- €	- €
Elena Carletti	M	C				M	332.200€	- €	- €	- €	332.200€	- €	- €
Jayne-Anne Gadhia	M		C	M			208.400€	- €	- €	- €	208.400€	- €	- €
Jeffrey Alan Hedberg	M				M		151.200€	- €	- €	- €	151.200€	- €	- €
Beatriz Lara Bartolomé	M				M		153.200€	- €	- €	- €	153.200€	- €	- €
Luca Molinari	M		M				156.200€	- €	- €	- €	156.200€	- €	- €
Maria Pierdicchi	M	M				C	234.800€	- €	- €	- €	234.800€	- €	- €
Francesca Tondi	M	M			C		233.200€	- €	- €	- €	233.200€	- €	- €
Renate Wagner	M		M				151.000€	- €	- €	- €	151.000€	- €	- €
Alexander Wolfgring	M	M		M			220.600€		10.473€	- €	231.073€	- €	- €
<b>Total Board of Directors</b>							<b>5.581.000€</b>	<b>1.000.000€</b>	<b>60.297€</b>	<b>18.806€</b>	<b>6.660.103€</b>	<b>1.178.003€</b>	<b>- €</b>

C Chairman DC Deputy Chairman M Member

Compensation to the Board of Statutory Auditors

Board of Statutory Auditors	Role	Total fixed comp.*	Variable non-equity compensation - bonuses and other incentives	Non monetary benefits	Other remuneration	Total	Fair value of equity comp.**	Severance indemnity for end of office or termination of employment
Marco Rigotti	Chairman	230,285		10,579		240,864		
Antonella Bientesi	Standing auditor	158,600		10,579		169,179		
Angelo Rocco Bonisconi <sup>A</sup>	Standing auditor	45,162				45,162		
Claudio Cacciamani <sup>B</sup>	Standing auditor	116,581		10,579		127,160		
Benedetta Navarra	Standing auditor	173,200		10,579		183,779		
Guido Paolucci	Standing auditor	173,200		12,081		185,281		
<b>Total Statutory Auditors</b>		<b>897,028</b>		<b>54,397</b>		<b>951,425</b>		

A. Office held until April 8, 2022  
B. Office held since April 8, 2022

\* Included compensation for committee participation and attendance tokens

\*\* The "Fair value of equity compensation" does not represent a value actually paid to/gained by the beneficiaries of equity plans, being instead the cost that the Company is booking - on an accrual basis and during the vesting period - in consideration of the provision of the incentives based on financial instruments.

Compensation to Executives with Strategic Responsibilities

Executives with Strategic Responsibilities	Total fixed comp.*	Variable non-equity compensation - bonuses and other incentives	Non monetary benefits	Other remuneration	Total	Fair value of equity comp.**	Severance indemnity for end of office or termination of employment
Other Executives with Strategic Responsibilities (total 11,9 FTE on yearly basis)	9,662,168	4,803,200	591,953	291,280	15,348,601	5,496,972	5,442,675

\* The "Fair value of equity compensation" does not represent a value actually paid to/gained by the beneficiaries of equity plans, being instead the cost that the Company is booking - on an accrual basis and during the vesting period - in consideration of the provision of the incentives based on financial instruments.

Details >>>

For further details, refer to the Annex 1 document attached to the 2023 Group Remuneration Policy and Report, published on the UniCredit website, in the section dedicated to the Shareholders' Meeting.

Development of CEO and Directors Total Remuneration, Average Employee Remuneration and Company Performance

EUR K Accounting based		2019	2020	2021	2022	Delta 2022 vs. 2021
Chief Executive Officer	Andrea Orcel	-	-	6,700	4,719	-30%
Chairman of the Board of Directors	Pier Carlo Padoan	-	26	708	922	30%
Member of the Board of Directors	Lamberto Andreotti	141	166	169	178	5%
	Vincenzo Cariello	146	151	164	168	2%
	Elena Carletti	178	224	298	332	11%
	Jayne-Anne Gadhia	-	-	149	208	40%
	Jeffrey Alan Hedberg	-	-	109	151	39%
	Beatriz Lara Bartolomé	-	87	139	153	10%
	Luca Molinari	-	-	110	156	42%
	Maria Pierdicchi	171	217	236	235	-1%
	Francesca Tondi	155	227	239	233	-2%
	Renate Wagner	-	-	110	151	37%
Alexander Wolfgring	314	327	269	231	-14%	
Chairman of the Statutory Auditors	Marco Rigotti	154	224	230	241	5%
	Antonella Bientesi	160	167	174	169	-3%
Member of the Statutory Auditors	Claudio Cacciamani <sup>A</sup>	-	-	-	127	NR
	Benedetta Navarra	190	200	202	184	-9%
	Guido Paolucci	178	188	187	185	-1
	Angello Rocco Bonisconi <sup>B</sup>	160	169	171	45	-74%
Employees	Group average <sup>C</sup>	53	52	55	57	4%
Company Performance (mln)	Net Profit <sup>D</sup>	4,675	1,264	3,539	5,227	48%
	CEO to employee ratio	43x	101x	121x	82x	-39x

As represented in the CONSOB Table and in line with accounting principles: overall total remuneration including equity fair value

A. Office held since April 8, 2022.

B. Office held until April 8, 2022.

C. 2019 and 2020 calculated according to the total compensation of the former CEO Mr. Mustier: 2.248 K€ in 2019 and 5.241 K€ in 2020.

D. In 2019, 2020, Net Profit calculated with underlying logic.



**FOCUS**

**Severance Payments - Members of the Board of Directors, General Managers, and other Executives with Strategic Responsibilities**

During 2022, no indemnities and/or other benefits were allocated for the termination of office or termination of employment of the members of the administrative and control bodies.

The terminations of 2 former Executives with Strategic Responsibilities - that occurred in the course of 2022, in connection with the progression of the implementation of the UniCredit Unlocked Strategic plan, were managed in strict compliance with the provisions of the Group Termination Payments Policy.

**FOCUS**

**Indemnities to Directors in the event of resignations, dismissal or termination of employment following a public purchase offer (as per Sect. 123/bis, paragraph 1, letter i), of TUF):**

None of the Directors have contracts containing clauses envisaging the payment of indemnities, or the right to keep post-retirement benefits, in the event of resignations or dismissal/revocation without just cause or if the employment relationship is terminated following a public purchase offer. In case of early termination of the mandate, the ordinary law provisions would therefore apply.

The employment, as Executive, of the current Chief Executive Officer, Mr. Andrea Orcel, is governed - also with regards to the event of resignations, dismissal/revocation or termination - by the ordinary provisions of the law and National Labor Agreement for Banking Industry Executives dated July 13, 2015, complemented by some specific provisions contained in his individual contract that, in particular, provide for:

- an indemnity in lieu of notice equal to 12 months of aggregate compensation, calculated conventionally including also the director's fees and considering, for the purposes of the Italian Collective Labor Agreement for Banking Industry Executives, the seniority already accrued within the banking sector in executive positions

- the right to keep any possible deferred compensation at the time of termination, except in case of layoff for cause or if Mr. Orcel, within 6 months from termination, should start a new employment or directorship with a direct competitor of UniCredit listed in a specific annex.

Non-executive Directors do not receive, within incentive plans, UniCredit subscription rights.

For Directors currently in office, provisions do not exist regarding the establishment of advisory contracts for a term following the termination of the directorship, nor the right to keep post retirement perks. No agreements exist either providing compensation for non-competition undertakings.

One of the other Executives with Strategic Responsibilities currently employed has a contract providing a conventional notice of 12 months, taking into consideration a 20 year tenure in other executive roles.

## 4.2 Granular Remuneration Data

Total compensation policy for non-Executive Directors, Group Material Risk Takers and for the overall Group employee population shows in particular how:

remuneration of the non-Executive Directors, as approved by the AGM, does not include variable performance-related pay;

variable remuneration for Group Material Risk Takers is in line with their strategic role, regulatory requirements and pay for performance culture;

the general employee population is offered a balanced pay-mix in line with the role, scope and business or market context of reference.

**> Group Material Risk Takers**

For 2022 the self-evaluation process, regularly reported in the 2022 Group Remuneration Policy, led to the identification of about 1,100 people at the beginning of 2022.

During 2022 the Group Material Risk Takers list has been constantly updated, taking into account resources turnover and banding and organizational changes review process, bringing the amount of Material Risk Takers to 935 by the end of the year.

**> Group overall population**

The total compensation costs at Group level amounted at 5,918 million € in 2022, out of which the variable compensation amounted to 542 million €<sup>8</sup>.

**Compensation pay-mix by cluster of population/type of business**

	Compensation Pay Mix	
	Fixed and other non-performance related Pay	Variable performance-related Pay
Group employee population		
Non-Executive Directors		
Chairman and Vice-Chairman	100%	0%
Directors	100%	0%
Statutory Auditors	100%	0%
Group employee population		
Business Areas <sup>A</sup>	91%	9%
Corporate center/Support functions <sup>B</sup>	91%	9%
Overall Group Total	91%	9%

A. Italy, Germany, CE and EE business divisions (i.e. excluding Local Corporate Centers).  
B. Group Corporate Center and Local Corporate Centers of Italy, Germany, CE and EE.

8. Net of one-off releases.





> **Benefits**

Furthermore, UniCredit employees enjoyed welfare, healthcare and life balance benefits that supplement social security plans with minimum contractual requirements. These benefits are intended to provide substantial guarantees for the well-being of staff and their family members during their active careers as well as in retirement.

In Italy, among the complementary pension plans, there are defined benefit plans and defined contribution plans. In most cases, benefits are paid out once the retirement requirements are satisfied. In defined benefit plans the benefit's calculation is known in advance, while in defined contribution plans the benefit depends on allocated asset management results.

Complementary pension plans of UniCredit Group in Italy are external pension funds, legally autonomous from the Group.

These plans are closed and do not allow new subscriptions, the only exception is represented by the defined contribution plan section of the "Fondo Pensione per il Personale delle Aziende del Gruppo UniCredit" (which was composed by approximately 42,093 enrolled active employees, as reported in the 2021 Pension Fund Annual Report).

Within this section subscribers can distribute contribution depending on their own risk appetite - among various investment lines (one in the Insurance sector, three in the Finance sector - corresponding to Short, Medium and Long-Term options), characterized by different risk/yield ratios. In addition, the enrolled employees may open complementary pension plan positions in favor of their family members dependent for tax purposes.

Moreover, in most countries where UniCredit is present, complementary pension plans are available for Group employees.

More details and information can be found in the UniCredit Integrated Report and the relevant Supplement.

**4.2.1 Pillar 3 disclosures on Group Material Risk Takers' remuneration and disclosures on the highest-paid employees**

This section contains a number of disclosures which are required in accordance with Article 450 of the Capital Requirements Regulation (CRR II)<sup>9</sup>.

Specifically, with reference to table REM 3, the vested component of variable remuneration from previous years refers to cash and equity awards to which the right has matured as the performance conditions have been achieved:

- the vested components in cash refer to 2017, 2019, 2020 and 2021 Group Incentive Systems and, if present, to other forms of variable remuneration;
- the vested components in shares refer to 2018, 2019, 2020, 2021 Group Incentive Systems and LTI 2017-2019 and, if present, to other forms of variable remuneration.

Instead, the unvested component of variable remuneration from previous years refers to cash and equity awards to which the right has not yet matured and for which any potential future gain has not been yet realized and remains subject to future performance:

- the unvested components in cash refer to 2018, 2019, 2020 and 2021 Group Incentive Systems and, if present, to other forms of variable remuneration;
- the unvested components in shares refer to 2019, 2020 and 2021 Group Incentive Systems and, if present, to other forms of variable remuneration.

Variable remuneration paid with reference to 2022 from previous years includes payouts based on demonstrated multi-year performance achievements related to Group Incentive Systems plans and, if present, to other forms of variable remuneration.

**Table EU REMA - Remuneration policy**

Institutions shall describe the main elements of their remuneration policies and how they implement these policies. In particular, the following elements, where relevant, shall be described:

Qualitative Disclosure	
b) Information relating to the bodies that oversee remuneration. Disclosures shall include:	
1. Name, composition and mandate of the main body (management body or remuneration committee as applicable) overseeing the remuneration policy and the number of meetings held by that main body during the financial year.	At the end of 2022, the Remuneration Committee was composed of members Ms. Jayne-Anne Gadhia (Chairwoman), Mr. Luca Molinari and Ms. Renate Wagner.  All members of the Committee in its current composition are independent according to the article 13 of the Italian Decree issued by the Ministry of Economics and Finance no. 169/2020 (the "Decree") and to the article 147-ter, paragraph 4, in conjunction with article 148, paragraph 3, of the Italian Legislative Decree n. 58/98 (the "Testo Unico della Finanza" "Consolidated Law on Finance" or "TUF") and the majority of them meets the requirements of independence provided for described in the Italian Corporate Governance Code and in the Articles of Association.  In order to foster an efficient information and advisory system to enable the Board of Directors to better assess the topics for which it is responsible, in compliance with the Supervisory Regulations on corporate governance issued by the Bank of Italy and in accordance with the provisions of the Italian Corporate Governance Code for the listed companies ("Italian Corporate Governance Code"), the Remuneration Committee has been established by the Board, vested with research, advisory and proposal-making powers. In particular, the Remuneration Committee is entrusted with the role of providing advice and opinions on the proposals submitted to the Board of Directors regarding the Group remuneration strategy. In 2022 the Remuneration Committee met 14 times.
2. External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework.	In 2022 the Remuneration Committee has availed itself with the services of PricewaterhouseCoopers (PwC), an external independent advisor, who provides advice on compensation practices and trends, as well as up-to-date benchmarking studies. PwC has collaborated with the Committee since the fourth quarter of 2021. During its mandate, PwC representatives were invited to attend the meetings of the Committee, providing their independent opinion to the Remuneration Committee on the various topics in agenda.
3. A description of the scope of the institution's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to subsidiaries and branches located in third countries.	The principles of the Group Remuneration Policy apply across the organization and shall be reflected in all remuneration practices applying to the several employee categories across businesses, including staff belonging to external distribution networks, considering their remuneration peculiarities.  With specific reference to Material Risk Takers, the Group People & Culture function establishes guidelines and coordinates a centralized and consistent management of compensation and incentive systems. In compliance with Group Remuneration Policy and local regulation, Legal Entities, countries and divisions apply compensation framework for all employees, with local adaptations based on specific regulations and/or business specifics.
4. A description of the staff or categories of staff whose professional activities have a material impact on institutions' risk profile.	As a result of the analysis on Group Material Risk Takers and as approved by the Board of Directors, upon Remuneration Committee proposal and in compliance with Delegated Regulation (EU) n. 923/2021 issued by the European Commission, the following categories of employees have been defined for 2022 as Material Risk Takers.  All members of the management body, including the CEO and all Board Members, as well as Senior Management who exercise executive functions within an institution and who are responsible, and accountable to the management body, for the day-to-day management of the institution.  Moreover, additional positions with managerial responsibility over the institution's control functions (Audit, Risk Management, Compliance) or material business units were identified, as well as other roles responsible for the Group's decisions which may have a relevant impact on the Bank's risk profile.  Finally, other specific roles of the legal entities have been defined as Material Risk Takers according to regulatory provisions.  For further details, please refer to the paragraph 2.4 Group Material Risk Takers identification process within the 2022 Group Remuneration Policy.
b) Information relating to the design and structure of the remuneration system for identified staff. Disclosures shall include:	
1. An overview of the key features and objectives of remuneration policy, and information about the decision-making process used for determining the remuneration policy and the role of the relevant stakeholders.	UniCredit's compensation governance model aims at assuring clarity and reliability of remuneration decisional processes by controlling group-wide remuneration practices and ensuring that decisions are made in an independent, informed and timely manner at appropriate levels, avoiding conflicts of interest and guaranteeing appropriate disclosure in full respect of the general principles defined by regulators.  Relying on the governance model, the Group Remuneration Policy sets the framework for a coherent and consistent design, implementation and monitoring of compensation practices across the entire Group.  Within this common policy framework, guidelines are defined to implement compensation programs and plans that reinforce sound risk management policies and the long-term strategy and generally pursue long-term value creation and sustainability of the company. In doing so, UniCredit effectively meets the specific and evolving needs of the different businesses, market contexts and employee populations while ensuring that business and people strategies are always appropriately aligned with the remuneration approach, including external networks and agents, where applicable, as foreseen by regulation.  On an annual basis, the Group Remuneration Policy is drawn up by the Group People & Culture function with the involvement of the Group Risk Management and other relevant functions (e.g. Group CFO) and is validated by the Group Compliance function for all compliance related aspects, before being submitted to the Remuneration Committee. After its review, the document is submitted to the Board of Directors and presented to the shareholders' Annual General Meeting for approval, in line with regulatory requirements.  Once approved, the Group Remuneration Policy is formally adopted by competent bodies in the relevant Legal Entities across the Group in accordance with applicable local legal and regulatory requirements.
2. Information on the criteria used for performance measurement and ex ante and ex post risk adjustment.	The 2022 Group Incentive System is based on a bonus pool approach, compliant with the most recent national and international regulatory requirements and links bonuses with company results at Group and country/division level, ensuring a strong connection between profitability, risk and reward, combining annual goals with additional long-term conditions to steer the performance management measurement towards sustainable results over time.  In order to align to regulatory requirements, specific indicators measuring annual profitability, capital and liquidity results have been set at Group level as Entry Conditions. The evolution of the Entry Conditions at Group level and after the cascading process at local level defines possible scenarios that allow the reduction to increase, remain stable or decrease the bonus pool. The ex ante malus condition (Zero Factor) applies in case the specific metrics on profitability, capital and liquidity are not achieved at Group level. Entry conditions are verified also during the cascading at local level where applicable. Specifically, the Zero Factor is applied to the Material Risk Taker population, whereas for the non-Material Risk Taker population, a significant reduction will be applied.  More in general, the Group reserves the right to activate ex post malus and claw-back mechanisms, namely the reduction/cancellation and the return respectively of any form of variable compensation in case of verification of behaviors adopted by the employees as described in the Focus "Compliance Breach, Malus and Claw-back".  For details on the criteria used for performance measurement, please refer to the item e)1. of this same table as well as directly to the 2022 Group Remuneration Policy content, paragraphs 5.1 2022 Group Incentive System and 5.2 Performance Management framework.
3. Whether the management body or the remuneration committee where established reviewed the institution's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration.	In 2022, the Remuneration Committee reviewed the institutions' Remuneration Policy.  Main changes of the 2022 Group Remuneration Policy and Report compared to the previous year were driven by the aim to ensure the remuneration strategy may attract Directors, Executives and key people for the long-term objectives of the Group, while complying with the latest regulatory updates. These changes included, among others: 1) redesign of the Group Incentive System in alignment with the Group new strategic direction, including a) incorporation of long-term performance conditions for CEO, GEC <sup>1)</sup> members and their direct reports, to reconfirm short-term performance over time guaranteeing sustainability of the results in a context of a transformation of the operating mode; b) definition of performance conditions and targets for short-term and long-term in line with the new Strategic Plan; c) improvement of the bonus pool framework, ensuring an overall comprehensive bonus pool funding at Group level, based on profitability, risk and also capital consumption, followed by a consistent pool cascading at Divisional level. 2) management of the 2020-23 Long-Term Incentive Plan in light of the new Strategic Plan announcement and the launch of the new Group Incentive System to avoid overlap between incentive plans. 3) update of the peer group for compensation benchmarking. 4) alignment of remuneration policy with latest update of Bank of Italy Circular 285 (3 <sup>rd</sup> update of November 24, 2021).  <sup>1)</sup> The Group Executive Committee (GEC), whose members are the CEO and his direct reporting line, is a managerial Committee that has been set up in order to ensure the effective steering, coordination and control of group business, as well as an effective managerial alignment across the group.
4. Information on how the institution ensures that staff in internal control functions are remunerated independently of the businesses they oversee.	The KPI Bluebook, framework that supports the definition of Scorecards providing a set of performance indicators and guidelines, provides specific guidelines related to the selection of goals for the Corporate Control Functions, in order to ensure their independence (e.g. avoid KPIs linked to economic measure, use KPIs independent of results of monitored areas to avoid conflict of interests).  To support the design of remuneration and incentive systems, also the following "compliance and sustainability drivers" have been defined, in line with applicable regulation to also address the interdependency of Corporate Control Functions: - design incentive systems to set minimum performance thresholds below which zero bonus will be paid. In order to maintain the adequate independence levels for Corporate Control Functions, for People&Culture and the Manager in Charge of Drafting the Company Financial Reports, provide a maximum threshold for the progressive reduction of the bonus pool, which can be phased out to zero only in presence of exceptionally negative situations with an approval process including a governance step by the Board of Directors; - avoid bonuses linked to economic results for Corporate Control Functions, for People&Culture and Manager in Charge of Drafting the Company Financial Reports and set, for the employees in these functions, individual goals that shall reflect primarily the performance of their own function and that will be independent of results of monitored areas, in order to avoid conflict of interest.
5. Policies and criteria applied for the award of guaranteed variable remuneration and severance payments.	The guaranteed variable remuneration is a non-standard compensation and as such, the compensation elements are considered as exceptions and limited only to specific situations, as appropriate based on the regulation in force from time to time (e.g. recruitment of new staff and limited to the first year of employment and cannot be awarded more than once to the same person). Non Standard Compensation are managed by People&Culture function with the involvement of Compliance function and are approved according to the internal P&C Delegation of Powers.  With regards to severance payments, according to the regulatory requirements, a specific Policy on payments to be agreed in case of early termination of a contract was firstly submitted for approval to the 2015 Annual General Meeting. Subsequently, updates were submitted for approval to the Annual General Meetings of April 11, 2019 and April 15, 2021. For further details, please refer to "Group Termination Payments Policy" available on the corporate website.

9. In this context, Identified staff and Material Risk Taker are used interchangeably.



Qualitative Disclosure	
c) Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures shall include an overview of the key risks, their measurement and how these measures affect remuneration.	
	<p>The Group Incentive System is based on a bonus pool approach. In order to ensure consistency with the Group Risk Appetite Framework, the bonus pool may be revised up/downwards, on the basis of the overall "quality of performance".</p> <p>The methodology envisages the assessment performed by Group Risk Management based on specific dashboards at Group and local level.</p> <p>The CRO dashboards include indicators covering all relevant risks, such as credit, market and liquidity and the risk position assumed, the adherence to regulatory requirements and the relationship between risk and profitability. The specific metrics are measured with reference to the respective relevant thresholds (limit, trigger and target), established in line to the Group Risk Appetite Framework.</p> <p>The Group CRO function provides an overall assessment on the dashboard and the evaluation leads to the definition of a "multiplier" in order to define the adjustment of the bonus pool, which could fall in the range of 50%-120%. Negative and neutral "multipliers" (i.e. 50%, 75% and 100%) are directly applied to bonus pool funding. Positive "multipliers" (i.e. 110% and 120%) are representing the upper bound of the bonus pool theoretical value and subject to managerial evaluation, considering the broader context of the company.</p>
d) The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD.	
	<p>In compliance with applicable regulations, for the personnel belonging to the business functions a maximum ratio between variable and fixed remuneration of 2:1 applies, as approved by the Annual General Meeting of May 13, 2014.</p> <p>Positions entitled to a variable to fixed ratio of potentially up to a maximum of 2:1 are:</p> <ul style="list-style-type: none"> <li>Group Chief Executive Officer;</li> <li>Heads of Italy, Germany, Central Europe, Eastern Europe, Client Solutions, Digital &amp; Information Officer and Group Operating Officer;</li> <li>CEO and General Managers of Group Legal Entities;</li> <li>Personnel belonging to Business Divisions (e.g. Client Solutions,), excluding control or support roles.</li> </ul> <p>For the rest of the staff a maximum ratio between the components of remuneration equal to 1:1 is usually adopted, except for the staff of the Corporate Control Functions, for People &amp; Culture and the Manager in Charge of Drafting the Company Financial Reports for which it is expected that fixed remuneration is a predominant component of total remuneration.</p> <p>For the Material Risk Takers of Corporate Control Functions in Italy, the ratio between the variable and the fixed components of remuneration cannot exceed the limit of one third, as per BankIt provision (Circular 285 of December 17, 2013, 37th update of November 24<sup>th</sup>, 2021).</p>
e) Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration. Disclosures shall include:	
1. An overview of main performance criteria and metrics for institution, business lines and individuals.	<p>The 2022 Group Incentive System, as approved by UniCredit Board of Directors on February 21st, 2022, is based on a bonus pool approach, similarly to last years, which is compliant with the most recent national and international regulatory requirements and links bonuses with company results at Group and country/division level, ensuring a strong connection between profitability, risk and reward. The bonus pool is set at Group level and then cascaded down for each division following the external reporting structure. It is initially proposed during the budgeting phase as a percentage of the pre-defined Funding KPI (i.e. Operating EVA<sup>1</sup>). In such a definition, the following elements are considered: business context and perspectives, previous years amount and forecasts of profitability. The budget is submitted to the approval of UniCredit Board of Directors.</p> <p>Furthermore, bonus pool size takes into consideration any recommendation issued by European or local regulators on variable remuneration. Individual bonus will be allocated managerially, considering the individual performance appraisal and the Reference Value (considering the internal and/or external benchmarking analysis on similar roles, the seniority, the maximum ratio between variable and fixed compensation), adjusted according to the actual available bonus pool.</p> <p>At individual level it will be also considered the respect of provisions of law, Group's compliance rules, Company policies or integrity values, Code of Conduct and the application of claw-back clauses, as legally enforceable.</p> <p>Moreover, each participant has to complete the mandatory trainings courses and, for impacted roles, the customer due diligence periodic review (Know Your Customer) and the MiFID Customer Profiling, within a predefined threshold in order to be entitled to the bonus.</p> <p>Individual performance appraisal is based on an overall outcome that reflects the deterministic evaluation of the financial KPIs and the qualitative assessment of non-financial goals including the behaviors adopted to achieve them. The setting of the annual objectives (known as Goal Setting) is supported by a structured framework that includes a catalogue of performance indicators (the "KPI Bluebook") annually certified by relevant Group key functions (i.e. People &amp; Culture, Finance, Risk Management, Compliance, Group ESG Strategy &amp; Impact Banking). The different categories of the KPI Bluebook represent financial and non-financial goals and are mapped into clusters of business, to help identifying the most relevant standardized KPIs (all certified by relevant functions), with specific focus on risk-adjusted, sustainability-driven metrics and economic measures.</p> <p>In particular, to the Group Material Risk Takers it is possible to assign from four to eight goals with an adequate financial/non-financial mix, also in terms of number of objectives assigned and the weight given to each cluster (financial/non-financial). The goals are mandatorily selected from the KPI Bluebook.</p> <p>Corporate Values and behaviors considered as relevant are taken into account by the manager for the overall performance appraisal.</p> <p>For the Executives with Strategic Responsibilities, according to their roles, the 2022 goals were considering the following drivers for performance: Net Revenues (Rev-LLPs Costs Efficiency; Organic Capital generation; ROTE w/ CET1 underpin; ROAC; UniCredit Unlock Strategy/Execution; Sustainability (e.g. Green and social transition, DE&amp;I). Winning the right way together (related to Corporate Values, conduct and compliance/risk culture).</p> <p>(1) Operating EVA defined as Net Operating Profit - Cost of Capital. Cost of Capital is the average Allocated Capital multiplied by the Cost of Equity (Ke) plus the additional Tier 1 corrective factor.</p>
2. An overview of how amounts of individual variable remuneration are linked to institution-wide and individual performance.	<p>Individual variable remuneration is driven primarily by institution-wide performance, in order to determine the size of the available bonus pool (the larger the profitability level of the institution, the higher the available bonus pool), and secondly by individual performance considering individual Pay-for-Performance principles (the higher the individual performance rating, the higher the variable remuneration awarded to individuals).</p> <p>The bonus pool may be revised up/downwards, on the basis of the overall "quality of performance", in order to ensure consistency with the Group Risk Appetite Framework and the economic sustainability of the Group's and country/division results over time. The methodology envisages the assessment performed by Group Risk Management based on specific dashboards at Group and local level.</p>
3. Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments.	<p>The individual bonus is composed of more than 50% in shares for Group CEO, GEC Members, GEC-1 Members, Group Chief Audit Executive, Group CAE direct reports, Senior Management (1) and of 50% cash and 50% shares for the remaining Group Material Risk Takers. It is paid out over a period up to seven years, ensuring alignment with shareholders' interests and malus and claw-back conditions, as legally enforceable. The balance between shares and cash is guided by the specific regulatory requirements on the matter.</p> <p>(1) Staff members below GEC-1 which are senior management of the Legal Entities of Group MBU. This includes: Group CEO, Heads of Group Businesses/Divisions, Heads of Group Competence Lines, Group CEO reporting lines and all other Senior Management roles in Group Legal Entities (as defined by Bank of Italy) receiving a significant amount of variable remuneration.</p>
4. Information of the measures the institution will implement to adjust variable remuneration in the event that performance metrics are weak, including the institution's criteria for determining "weak" performance metrics.	<p>The Incentive System methodology foresees specific "Entry Conditions" set at both Group and country/division level that impact bonus pool size. The evaluation of the Entry Conditions at Group level first and local level afterwards (also depending on weak performance metrics) defines three possible scenarios that allow the confirmation to increase, reduce or cancel the bonus pool for each cluster.</p> <p>A. In case Capital or Liquidity "entry conditions" are not met at Group level, the malus condition is activated, triggering the application of Zero Factor on both current year bonus and previous years deferrals. For the other employees, a significant reduction will be applied.</p> <p>B. In case only the Profitability Entry Conditions are not met at Group level, the gate is "partially open" and a reduced bonus pool scenario is activated triggering a reduction of 50% of pool generation for Group material risk takers on both current year bonus and previous years deferrals. For the other employees, a sizeable reduction will be applied.</p> <p>C. In case the Entry Conditions at Group level are met, the gate is "fully open" meaning the Bonus Pool may be fully confirmed or even increased, in case of positive performance on Risk &amp; Sustainability dashboard. The entry conditions of each year act as ex ante malus for the deferrals in payment in the year and, in case the entry conditions are not met both at Group and local level activating the Zero Factor, the deferrals are cancelled.</p>

f) Description of the ways in which the institution seeks to adjust remuneration to take account of long-term performance. Disclosures shall include:	
1. An overview of the institution's policy on deferral, payout in instrument, retention periods and vesting of variable remuneration including where it is different among staff or categories of staff.	<p>With reference to the payout structure of the Group Incentive System, the Material Risk Takers population will be differentiated into four clusters, using a combined approach of position and compensation:</p> <ul style="list-style-type: none"> <li>for Group CEO, GEC members and Group Chief Audit Executive (CAE) 6-year deferral schemes are applied, consisting in a payout structure of 7 years in total; a smoother deferral curve is applied in case of Control functions, People &amp; Culture and Manager in Charge of Drafting the Company Financial Reports; for GEC-1 and Group CAE direct reports 5-year deferral schemes are applied, consisting in a payout structure of 6 years in total; a smoother deferral curve is applied in case of Control Functions and People &amp; Culture;</li> <li>for other Senior Management (1) 5-year deferral schemes are applied, consisting in a payout structure of 6 years in total; a higher deferral percentage is applied in case of variable remuneration &gt; € 430,000 (2)</li> <li>for other Material Risk Takers 4-year deferral schemes are applied, consisting in a payout structure of 5 years in total; a higher deferral percentage is applied in case of variable remuneration &gt; € 430,000.</li> </ul> <p>The payout of incentives will be done through upfront and deferred installments, in cash or in UniCredit ordinary shares, up to a multi-year period. Each share tranche is subject to a 1 year retention period for both upfront and deferred shares, as foreseen by regulation. All the installments are subject to the application of claw-back conditions, as legally enforceable.</p> <p>On the other hand, the 2020-2023 Group Long Term Incentive Plan - which provides for the allocation of UniCredit free ordinary shares - foresees:</p> <ul style="list-style-type: none"> <li>4 years deferral period (from the date of the award of the LTI Plan) subject to "malus" conditions (3) and</li> <li>additional compulsory holding year (after which the shares become free to sell, only if the share ownership guidelines are respected).</li> </ul> <p>At local level, Group Entities may perform calibrations on the length of the deferral schemes and/or the use of financial instruments to be aligned with more restrictive local regulations.</p> <p>(1) Staff members below GEC-1 which are senior management of the Legal Entities of Group Material Business Units. This includes: Group CEO, Heads of Group Businesses/Divisions, Heads of Group Competence Lines, Group CEO reporting lines and all other Senior Management roles in Group Legal Entities (as defined by Bank of Italy) receiving a significant amount of variable remuneration.</p> <p>(2) 430.000 Euro is the lower amount between 10 times the average Bank total compensation and the 25% of total compensation of Italian High Earner as reported by EBA.</p> <p>(3) Malus conditions that reduce the payable amount based on profitability, liquidity, capital position.</p>
Qualitative Disclosure	
2. Information of the institution's criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law).	<p>Malus and claw-back mechanisms may apply in the case of verification of behaviors adopted in the reference period (performance period), for which the employee:</p> <ul style="list-style-type: none"> <li>contributed with fraudulent behavior or gross negligence to the Group incurring significant financial losses, or by his/her conduct had a negative impact on the risk profile or on other regulatory requirements at Group or country/division level;</li> <li>engaged in misconduct and/or fails to take expected actions which contributed to significant reputational harm to the Group or to the country/division, or which were subject to disciplinary measures by the Authority;</li> <li>is the subject of disciplinary measures and initiatives envisaged in respect of fraudulent behavior or characterized by gross negligence during the reference period;</li> <li>infringing the requirements set out by articles 26 TUB and 53 TUB, where applicable, or the obligations regarding the remuneration and incentive system.</li> </ul> <p>Malus mechanisms are also applied to take into account the performance net of the risks actually assumed or achieved, the performance related to the balance sheet and liquidity situation.</p>
3. Where applicable, shareholding requirements that may be imposed on identified staff.	<p>Share ownership guidelines set minimum levels for company share ownership by relevant Executives(1), aiming to align managerial interests to those of shareholders by assuring appropriate levels of personal investment in UniCredit shares over time.</p> <p>The Board approved at the end of 2011 the share ownership guidelines applied to the Chief Executive Officer, to General Manager and Deputy General Manager roles, if any, and on March 2017 extended the application to Senior Executive Vice President and Executive Vice President positions:</p> <ul style="list-style-type: none"> <li>2 x annual base salary for Chief Executive Officer;</li> <li>1 x annual base salary for Senior Executive Vice President</li> <li>0,5 x annual base salary for Executive Vice President.</li> </ul> <p>The established levels should be reached, as a rule, within five years from the appointment to the above indicated Executives categories within the scope of the guidelines and should be maintained until the role is held. The achievement of the share ownership levels should be accomplished through a pro-rata approach over a 5-year period, granting the minimum amount of shares each year, taking into consideration potential vested plans.</p> <p>Involved Executives are also expected to refrain from entering into schemes or arrangements that specifically protect the unvested value of equity granted under incentive plans (so called "hedging"). Such clauses are contained in all relevant incentive plan rules and apply to all beneficiaries, since involvement in such schemes undermines the purpose of limiting the risk.</p> <p>Any form of violation of share ownership guidelines as well as any form of hedging transaction shall be considered in breach of Group compliance policies with such consequences as provided for under enforceable rules, provisions and procedures.</p> <p>Local adaptations based on specific regulations and/or business shall be envisaged consistently with the global approach at Group level.</p> <p>(1) Considering the application, from 2016, of the new ratio between the variable and the fixed components of remuneration (which cannot exceed the limit of one third for the Material Risk Takers within Italian Control Functions, while fixed remuneration is expected to be the predominant component for the Control Functions of other geographies), share ownership guidelines are not applied to Executives who are part of Corporate Control Functions.</p>
g) The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR. Disclosures shall include:	
1. Information on the specific performance indicators used to determine the variable components of remuneration and the criteria used to determine the balance between different types of instruments awarded, including shares, equivalent ownership interests, share-linked instruments, equivalent non cash-instruments, options and other instruments.	<p>The variable component of remuneration is mainly determined by the Operating EVA (1) as performance indicator of operative performance.</p> <p>The Group Incentive System provides for a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and/or shares for Material Risk Takers. The distribution of share payments takes into account the applicable regulatory requirements regarding the application of share retention periods.</p> <p>For Group Material Risk Takers, the annual variable remuneration has to be deferred if it:</p> <ul style="list-style-type: none"> <li>is above 50,000 EUR or</li> <li>represents more than one third of the total annual remuneration.</li> </ul> <p>Below this threshold no deferral mechanisms will be applied, according to relevant regulatory indications.</p> <p>The individual bonus is composed of more than 50% in shares for Group CEO, GEC Members, GEC-1 Members, Group Chief Audit Executive, Group CAE direct reports, Senior Management (2) and of 50% cash and 50% shares for the remaining Group Material Risk Takers. It is paid out over a period up to seven years, ensuring alignment with shareholders' interests and malus and claw-back conditions, as legally enforceable.</p> <p>The balance between shares and cash is guided by the specific regulatory requirements on the matter.</p> <p>(1) Operating EVA defined as Net Operating Profit - Cost of Capital. Cost of Capital is the average Allocated Capital multiplied by the Cost of Equity (Ke) plus the additional Tier 1 corrective factor.</p> <p>(2) Staff members below GEC-1 which are senior management of the Legal Entities of Group MBU. This includes: Group CEO, Heads of Group Businesses/Divisions, Heads of Group Competence Lines, Group CEO reporting lines and all other Senior Management roles in Group Legal Entities (as defined by Bank of Italy) receiving a significant amount of variable remuneration.</p>
h) Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management.	
	Please refer to the tables Compensation to Directors and Compensation to Executives with Strategic Responsibilities present in the paragraph 4.1 Compensation to Directors, Statutory Auditors and Executives with Strategic Responsibilities of the Remuneration Report within the 2023 Group Remuneration Policy and Report.
i) Information on whether the institution benefits from a derogation laid down in Article 94(3) CRD in accordance with point (k) of Article 450(1) CRR.	
1. For the purposes of this point, institutions that benefit from such a derogation shall indicate whether this is on the basis of point (a) and/or point (b) of Article 94(3) CRD. They shall also indicate for which of the remuneration principles they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration.	<p>Derogation based on point (b):</p> <ul style="list-style-type: none"> <li>nr. of staff members that benefit from the derogation: 338</li> <li>total remuneration: 58,826 k Eur</li> <li>o/w fixed remuneration: 45,265 k Eur</li> <li>o/w variable remuneration: 13,560 k Eur</li> </ul>
j) Large institutions shall disclose the quantitative information on the remuneration of their collective management body, differentiating between executive and non-executive members in accordance with Article 450(2) CRR.	
	Please refer to the tables present in the paragraph 4.1 Compensation to Directors, Statutory Auditors and Executives with Strategic Responsibilities of the Remuneration Report within the 2023 Group Remuneration Policy and Report.

**Template EU REM1 - Remuneration awarded for the financial year**

		a	b	c	d
		MB Supervisory function <sup>1</sup>	MB Management function	Other senior management	Other identified staff
1	Number of identified staff	12	1	374	503
2	Total fixed remuneration	2.688	2.705	117.680	110.386
3	Of which: cash-based	2.629	2.500	100.938	100.072
4	(Not applicable in the EU)				
EU-4a	Of which: shares or equivalent ownership interests	-	-	-	-
5	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x	Of which: other instruments	-	-	-	-
6	(Not applicable in the EU)				
7	Of which: other forms <sup>2</sup>	59	205	16.741	10.315
8	(Not applicable in the EU)				
9	Number of identified staff	12	1	374	503
10	Total variable remuneration	-	5.000	86.025	73.642
11	Of which: cash-based	-	1.000	45.109	41.864
12	Of which: deferred	-	-	12.380	12.388
EU-13a	Of which: shares or equivalent ownership interests	-	4.000	28.400	42.762
EU-14a	Of which: deferred	-	3.000	14.690	29.901
EU-13b	Of which: share-linked instruments or equivalent non-cash instruments	-	-	45	1.262
EU-14b	Of which: deferred	-	-	26	786
EU-14x	Of which: other instruments	-	-	-	-
EU-14y	Of which: deferred	-	-	-	-
15	Of which: other forms <sup>3</sup>	-	-	138	88
16	Of which: deferred	-	-	-	-
17	<b>Total remuneration (2 + 10)</b>	<b>2.688</b>	<b>7.705</b>	<b>203.705</b>	<b>184.028</b>

Data in K Eur

**Note:**  
 - number of identified staff reported in the table refers to FTEs at 31/12/2022 (net of 57 leavers during 2022)  
 - other Senior Management includes employees identified as per art 92.3a together with GEC -1 with managerial responsibility  
 - the fixed payments are referred at data as of 31/12/2022 for current GMRTs employed, while for the GMRTs who left the company during 2022 fixed payments are referred to the last working day. In this perspective no pro rata have been applied.  
 1 Number and remuneration of MB in Supervisory Function are pro rated as represented in Consob tables.  
 2 Value related to a sub-set of benefits - accommodation, company car, health insurance, integrative pension fund, and schooling - assigned according to Group/Local Policies.  
 Values are estimated, based on the costs borne by the Company to grant the mentioned benefits and includes also one off payments; amounts are net, gross only if defined as such within the Policies. For new hirings and terminated employees pro-quota values were considered.

**Template EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)**

	a	b	c	d
	MB Supervisory function	MB Management function	Other senior management	Other identified staff
<b>Guaranteed variable remuneration awards</b>				
1	Guaranteed variable remuneration awards - Number of identified staff			7
2	Guaranteed variable remuneration awards - Total amount		3.553	1.665
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap		3.553	1.665
<b>Severance payments awarded in previous periods, that have been paid out during the financial year</b>				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff		1	58
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount		217	15.618
<b>Severance payments awarded during the financial year</b>				
6	Severance payments awarded during the financial year - Number of identified staff			21
7	Severance payments awarded during the financial year - Total amount		19.757	30.934
8	Of which paid during the financial year		5.941	11.941
9	Of which deferred		13.816	18.993
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap		19.757	30.934
11	Of which highest payment that has been awarded to a single person		3.127	1.466

Data in K Eur  
 Note:  
 The severance payments awarded in previous periods includes previous years Group Material Risk Takers  
 The severance payments awarded during the financial year includes 2022 Group Material Risk Takers and also those that were identified in the previous year GMRT cycle but not confirmed in 2022  
 The severance amounts include all elements of the exit package (e.g. Indemnity in Lieu of Notice)

**Template EU REM3 - Deferred remuneration**

	a	b	c	d	e	f	EU-g	EU-h
	Total amount of deferred remuneration awarded for previous performance periods <sup>1</sup>	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments) <sup>2</sup>	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year <sup>3</sup>	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods <sup>2</sup>
<b>Deferred and retained remuneration</b>								
<b>MB Supervisory function</b>								
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
<b>MB Management function</b>								
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	1.996	4.405	3.696
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
<b>Other senior management</b>								
Cash-based	22.086	6.651	15.435	-	-	-	15.335	-
Shares or equivalent ownership interests	39.550	17.436	22.115	-	-	13.794	15.297	22.398
Share-linked instruments or equivalent non-cash instruments	794	122	672	-	-	-	157	305
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
<b>Other identified staff</b>								
Cash-based	30.873	10.306	20.567	-	-	-	26.281	-
Shares or equivalent ownership interests	31.370	16.614	14.756	-	-	17.020	21.676	38.799
Share-linked instruments or equivalent non-cash instruments	6	3	3	-	-	-	-	9
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
<b>Total amount</b>	<b>124.680</b>	<b>51.131</b>	<b>73.549</b>	<b>-</b>	<b>-</b>	<b>32.810</b>	<b>83.152</b>	<b>65.206</b>

Data in K Eur  
 Note: Population in scope refers to 2022 Group Material Risk Takers  
<sup>1</sup> Share price calculated as the average of 10/01/2023 - 10/02/2023  
<sup>2</sup> Share price calculated as the delta between price at grant and the average of 10/01/2023 - 10/02/2023  
<sup>3</sup> 2022 share price calculated as the average 25/02/2022 - 25/03/2022

**Template EU REM4 - Remuneration of 1 million EUR or more per year**

	a
	Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000
2	1 500 000 to below 2 000 000
3	2 000 000 to below 2 500 000
4	2 500 000 to below 3 000 000
5	3 000 000 to below 3 500 000
6	3 500 000 to below 4 000 000
7	4 000 000 to below 4 500 000
8	4 500 000 to below 5 000 000
9	5 000 000 to below 6 000 000
10	6 000 000 to below 7 000 000
11	7 000 000 to below 8 000 000

Note: remuneration includes severance payments as per REM1 table.  
 The number of identified staff reported in the table includes also leavers during 2022.  
 The total number of high earners with 1 million EUR or more in 2019 and 2021 was equal to 55, if including severance payments in the total remuneration.

**Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)**

	Management body remuneration			Business areas						Total
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
1	<b>Total number of identified staff</b>									<b>890</b>
2	<b>Of which: members of the MB</b>									
3	12	1	13							
4	<b>Of which: other senior management</b>									
5	<b>Of which: other identified staff</b>									
6	2.688	7.705	5.393	129.587	64.756	-	133.553	59.836	-	
7	<b>Of which: variable remuneration</b>									
8	-	5.000	5.000	63.457	25.088	-	55.817	15.304	-	
9	<b>Of which: fixed remuneration</b>									
10	2.688	2.705	5.393	66.130	39.668	-	77.736	44.532	-	

Note: remuneration data as per REM1 table  
 Data in K Eur

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