



# Directors' Report

Ordinary Shareholders' Meeting - 12 April 2024

# 7. Determination of the remuneration of Directors and Audit Committee members

Dear Shareholders,

in connection with the appointment of the new Board of Directors presented at today's Shareholders' Meeting, you have been convened at the Ordinary Shareholders' Meeting of UniCredit S.p.A. (the "**Company**" or "**UniCredit**") to make a resolution regarding the determination of the remuneration due to the Directors and the Audit Committee members.

In this regard, with reference to the Directors whose term of office has just expired, it is recalled that the Ordinary Shareholders' Meeting of April 15, 2021, had resolved to allocate to the Board of Directors, including the activities carried out within the Board Committees, the total amount of Euro 1,805,000 in addition to the following attendance fees:

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

It should also be recalled that, with reference to the members of the Board of Statutory Auditors, the Ordinary Shareholders' Meeting of April 8, 2022, had approved an annual remuneration of Euro 190,000 for the Chair of the Board of Statutory Auditors and Euro 125,000 for each permanent Statutory Auditor, in addition to an attendance fee of Euro 400 for each meeting of the Board of Statutory Auditors and the other corporate bodies. In determining the above remuneration, the performance by the Board of Statutory Auditors of the functions assigned to the Supervisory Body pursuant to the Legislative Decree no. 231/2001 ("**SB 231**") was also taken into account.

The Directors appointed today, similarly to the outgoing ones, will be included in the insurance policy covering the civil liability of Directors and Top Managers of the Company, as described below.

\* \* \*

## COMPENSATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Bank's Articles of Association provide that Directors are entitled, in addition to the reimbursement of expenses incurred in the performance of their duties, to an annual fee that is determined by the Shareholders' Meeting at the time of their appointment and remains unchanged until otherwise resolved by the Shareholders' Meeting.

Pursuant to the Articles of Association, the Shareholders' Meeting also determines, at the time of the appointment of the Audit Committee and for the entire term of office, a specific remuneration for the Directors who make up that Committee.

With reference to today's presentation by the Board of Directors of its own list of candidates, we would like to inform you that the outgoing Board of Directors has also resolved to propose to today's Shareholders' Meeting to award the following annual compensation for the next three years:

- i. a total amount of Euro 1,430,000 to be distributed, in accordance with the statutory provisions, among the members of the Board of Directors who are not also members of the Audit Committee;
- ii. Euro 300,000 for the member of the Board of Directors who is also Chair of the Audit Committee;
- iii. Euro 230,000 for each member of the Board of Directors who is also a member of the Audit Committee.

It is not foreseen the allocation of any attendance fee for each and every formally convened meeting of the Board and/or of each Committee.

For the sake of completeness, it should also be noted that it is envisaged that the newly appointed Board of Directors, in exercise of the Articles of Association provisions, shall establish - upon the proposal of the committee to which responsibility for remuneration is attributed and having consulted the controlling body - an additional remuneration for the directors vested with special offices, provided for in accordance with Article 2389, third paragraph, of the Italian Civil Code. The allocation of this additional remuneration - to be made in accordance with the remuneration policies approved by the Shareholders' Meeting - is expected in particular for:

- the Chief Executive Officer;
- the Chair of the Board of Directors;



- the Chairs of all Board Committees other than the Audit Committee;
- the members of all Board Committees other than the Audit Committee;
- any Directors who may be assigned specific additional duties.

It is also envisaged that the Board of Directors will define a specific compensation for the activities carried out within the SB 231.

It should also be noted that, as provided for in the Supervisory Provisions on Remuneration, the remuneration of the Chair of the Board of Directors will be consistent with the role attributed.

In the event that, for a given member of the corporate bodies the rate of actual attendance at meetings should be, on an annual basis, lower than 90%, the aforementioned remuneration will be paid in proportion to the ratio between the number of meetings attended and the number of meetings convened.

For the purpose of formulating the above proposal, the following elements, among others, were taken into consideration:

1. The reference market data (benchmarks) - provided by PricewaterhouseCoopers, the Remuneration Committee's primary independent consultant - regarding the remuneration of members of the administrative body and board committees of UniCredit's Peer Group and of the largest Financial Services companies in the FTSE MIB. These data show, among other things, that the positioning of the proposed and assumed compensation for the Company's Directors is fully consistent, also in light of the Company's excellent performance over the past three years, with the provisions of the " 2024 Group Remuneration Policy and Report" that is being submitted today for 'approval by this Shareholders' Meeting.
2. An appropriate differentiation of the compensation packages by role, taking due account of the time commitment required (both in terms of the number of meetings and the number of working days required to prepare for those meetings) and the complexity of the role.
3. The elimination of the "attendance fees" in favor of simpler, all-inclusive fixed retainers, fostering a meeting attendance of more than 90 percent.
4. The reduction of the number of the corporate officers from the current 17 (including Directors and Statutory Auditors) to 15.

In addition, it is worth noting that this remuneration proposal has been formulated in line with the applicable remuneration policy, defined with the assistance of the Remuneration Committee, composed of non-executive directors who are for the most part independent, which provides, inter alia:

- the definition of a total remuneration on the basis of the comparison with market benchmarks, and which does not exceed the limit of the 90<sup>th</sup> percentile of the Peer Group of reference;
- the presence of only the fixed remuneration component, determined on the basis of the relevance of the role and the commitment required to carry out the responsibilities assigned;
- that the compensation paid to non-executive directors is not linked to economic results achieved by the Company, and that none of them are recipients of incentive plans based on financial instruments.

In light of the above, the proposal formulated by the Board of Directors, despite the rather pronounced inflationary dynamics recorded in the last three years, provides for an increase - compared to what was resolved in the past by the Shareholders' Meeting for the benefit of the Board of Directors, Committees and Board of Statutory Auditors - of Euro 75,000 in total (+3.0%).

It should also be noted that future decisions regarding the distribution of the total compensation as defined above and the allocation of any additional compensation for Directors holding special offices will have to be made, in all cases, in compliance with the aforementioned remuneration policy.

## **DIRECTORS AND OFFICERS INSURANCE FOR CORPORATE BODIES**

As part of the determination of the remuneration of the Directors of UniCredit S.p.A, we also propose that you confirm for them the economic benefit connected with the assumption by the Company of part of the premium relating to the Group's insurance policy for the coverage of the civil liability of Directors and Top Managers (including the individuals appointed to the Boards of Directors of non-subsidiary Companies), consistently with what was resolved by the Shareholders' Meeting in its meeting of May 11, 2012, considering the new composition of the administrative and controlling bodies.

In particular, it should be recalled that in 2012 the Shareholders' Meeting had resolved to revise the terms of the aforementioned insurance policy with reference to the coverage of the civil liability of the corporate officers of UniCredit S.p.A. vis-à-vis third parties (corporate creditors, shareholders, bodies of insolvency proceedings, contractors in general) and the costs of legal and expert assistance at every stage and level of proceedings, before any Authority, with the exclusion of both cases of willful violation of the obligations inherent in the performance of the functions proper to the aforesaid exponents and sanctions of an administrative nature that may be imposed by the Supervisory Bodies.

In this regard, a maximum policy limit per event and per year of 160 million euros had been defined with an effective benefit in favor of the members of the Corporate Bodies of UniCredit S.p.A. amounting to Euro 165,000. The Shareholders' Meeting had, in addition, delegated the Chief Executive Officer to define, at the expiry dates of the policy, its renewals at the best market conditions, on the understanding that the annual cost pertaining to UniCredit S.p.A. would not exceed, as a result of market situations, revaluations and adjustments to the coverage that became necessary, by more than 15% the amount of the benefit approved at that meeting.

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

The Shareholders' Meeting of 2021, in view of the worsening conditions in the insurance markets - characterized, as a result of the Pandemic, by lower "capacity" and higher premiums - had approved to raise, on the occasion of the renewal of the policy effective in May 2021, to Euro 250,000 the maximum limit of the quota of the total annual premium for the benefit of the Directors and Statutory Auditors of UniCredit S.p.A.. The Shareholders' Meeting had also authorized, in view of the subsequent renewals of this policy, the continued assumption by the Company of the resulting quota of the premium for the benefit of the aforementioned members of the corporate bodies; it being understood that the renewals must take place at the best market conditions, also taking into account future adjustments and revaluations, with an overall limit of the policy adequate to the market best practices, and that in this regard the Shareholders' Meeting will be informed every year in the Remuneration Report. Consequently, the assumption by the Company of this quota will also extend to the benefit of all future Directors and Auditors of UniCredit S.p.A., until a different decision is taken by the Shareholders' Meeting.

The policy most recently renewed in May 2023 provides for an annual limit of Euro 160 million and an effective benefit to the members of the Corporate Bodies of UniCredit S.p.A. of approximately Euro 177,000.

For the renewal of the policy, which will be negotiated for May 2024 - subject to the current coverage limits and the main contractual terms and conditions - it is reasonable to expect, in view on the one hand of the insurance market trend and, on the other hand, of the decrease from 17 to 15 of the covered entities, a benefit in favor of the members of the Corporate Bodies of UniCredit S.p.A. of between Euro 150,000 and Euro 190,000.

As in the past, for Italian companies, the overall perimeter premium will be redistributed according to the offices insured and the type of business conducted by the individual companies. The corporate officers will be burdened only with the effects of the pro-rata tax incidence of the premium related to the insurance policy, determined in accordance with the allocation described above and the valuation attributed by the Insurers to the insurance guarantee directly operating in favor of the officers themselves, the burden of which is maintained by the respective companies belonging to the Group.

Bearing all the above in mind, and considering that the determination of this component of the remuneration of the Corporate Bodies falls under the decision-making powers of the Shareholders' Meeting, it is submitted for the authorization of today's Shareholders' Meeting, as part of the renewal of the aforementioned policy with effect from May 2024, the assumption by the Company of a total annual premium of no more than €250,000 for the benefit of the Directors of UniCredit S.p.A., including the Audit Committee's members.

Finally, it is proposed that the Shareholders' Meeting grant the Board of Directors, with the power to sub-delegate, all appropriate powers to implement the above authorizations.

## RESOLUTIONS SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING

Dear Shareholders,

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

*"The Ordinary Shareholders' Meeting of UniCredit S.p.A.,*

*resolves to:*

1. *Determine in*
  - i. *Euro 1,430,000 (one million four hundred and thirty thousand) gross the remuneration to be distributed, on the basis of the provisions of the Articles of Association, among the members of the Board of Directors who are not also members of the Audit Committee;*
  - ii. *Euro 300,000 (three hundred thousand) gross the annual compensation for the member of the Board of Directors who is also Chair of the Audit Committee;*
  - iii. *Euro 230,000 (two hundred and thirty thousand) gross the annual compensation for each member of the Board of Directors who is also a member of the Audit Committee.*
2. *Authorize, as a component of remuneration:*

- (i) *the assumption at the Company's expense of a total annual premium not exceeding Euro 250,000 for the benefit corporate officers of UniCredit S.p.A. against a maximum amount of coverage per claim and per year of not less than Euro 160,000,000, also authorizing the subscription of the Group insurance policy for the coverage of the civil liability of Directors and Top Managers scheduled to take effect as of May 2024;*
  - (ii) *the assumption at the Company's expense of the portion of the premium for the benefit of the members of the Corporate Bodies of UniCredit S.p.A. in office from time to time resulting from the subsequent renewals of said policy at the expiry dates - for this purpose authorizing its stipulation - against a maximum amount of coverage per claim and per year appropriate to the best market practices. These renewals must take place at the best market conditions, also taking into account adjustments and revaluations, and with the burden of annual reporting on the matter to the Shareholders' Meeting as part of the Remuneration Report.*
3. *Grant the Chair of the Board of Directors, the Chief Executive Officer, as well the Company's Executive Personnel competent by role and regulation, even severally, all broader powers for the implementation of the foregoing."*



UniCredit S.p.A. Joint stock company - Registered Office and Head Office: Piazza Gae Aulenti, 3 Tower A, 20154 Milan, Italy - Registered in the Register of Banking Groups and Parent Company of the UniCredit Group, with code 02008.1; ABI code 02008.1 - Fiscal Code, VAT number and Registration number with the Company Register of Milan-Monza-Brianza-Lodi: 00348170101 - Member of the National Interbank Deposit Guarantee Fund and the National Compensation Fund - Stamp duty paid virtually, if due - Auth. Agenzia delle Entrate, Ufficio di Roma 1, no. 143106/07 of 21.12.2007.