Remuneration Policy of UniCredit International Bank (Luxembourg) S.A.

Global Policy

Policy Owner	Group People Succession, Analytics & Rewards
Approving function	Group People & Culture
Scope	This document (hereinafter also “Group Remuneration Policy” or “Policy”) defines the principles and rules that have to be applied to ensure the setting, monitoring and controlling of the compensation systems and practices adopted by Legal Entities of the Group.
Covered risks **(according to Group Risk Taxonomy)**	Compliance Risk, Conduct Risk, Reputational Risk
Covered external regulation requirements	Bank of Italy – Circular 285 of December 17, 2013, 37th update of November 24, 2021 EBA/GL/2021/04 – Guidelines on sound remuneration policies EU – Capital requirements directive (CRD V) – 2019/878/EU EU – Shareholders Rights Directive II – 2017/828/EU CONSOB – Issuers Regulation Nr. 11971 as updated under resolution no. 21623
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Process Tree	Process Type[1]: Operations Support
	- MG: Human Infrastructure Resources Management
	  - MP: Career Development, Learning and Compensation
	    - EP: Compensation and Benefits

[1] See current Process Tree in MEGA/Hopex https://hpx-prod.internal.unicredit.eu/Hopex/login.aspx#start

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1 POLICY REQUIREMENT AND PURPOSE

This document (hereinafter also “Group Remuneration Policy” or “Policy”) defines the principles and rules that have to be applied to ensure the setting, monitoring and controlling of the compensation systems and practices adopted by Legal Entities of the Group.

In particular, this Policy describes the Group mission and values in Group compensation approach, the pillars of compensation, the corporate and organizational governance structures and processes, as well as the compliance requirements; it supports the use of benchmarking for market practices; it indicates the compensation approaches that have to contribute to the sustainability of the Group; it details the total compensation elements, as well as sets the pay-mix guidelines; it provides the guidelines for the definition of the Group incentive systems, for the assignment of benefits and for the application of compliance drivers.

Local Feature

This document in connection with the local features (hereinafter also “Remuneration Policy of UniCredit International Bank (Luxembourg) S.A.”, “UCI Remuneration Policy” or “UCI Policy”) defines the principles and rules that have to be applied to ensure setting, monitoring and controlling of the compensation systems and practices adopted by UniCredit International Bank (Luxembourg) S.A. (hereinafter “UCI”), in line with the framework and practices of the Parent Company UniCredit S.p.A. and according to the principle of proportionality. The specific features of UCI, where present, are explained in the various paragraphs of the Policy downstream (headed with “local feature”) of the Parent Company practice, which however remains the reference framework.

2 APPLICABILITY AND SCOPE

The Policy meets the requirements of the Circular n. 285 of 17th December 2013, First Part, Title IV, Chapter 2, Section 1 and 2 on compensation and incentive systems policies and practices issued by Bank of Italy which states that the Parent Company, in the exercise of its direction and coordination power, produces the remuneration policy document of the entire Banking Group, ensuring its overall consistency. The Parent Company also ensures that the remuneration practices in the Group Companies comply with the principles and rules contained in this Chapter and, in the case of Foreign Companies, that they are not in conflict with the national law of the Country in which they are established.

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.

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.

Local Feature

The document also meets the requirements of Articles 38-5 and 38-6 of the Luxembourg law of 5 April 1993 on the financial sector, as amended (the Luxembourg Banking Law) as well as the local regulatory requirements applicable and notably the CSSF Circular 10/437[2] and CSSF circular 22/797[3]. The UCI Remuneration Policy is consistent with and promotes sound and effective management of UCI and does not encourage risk-taking exceeding the level of tolerated risk of UCI.

[2] CSSF circular 10/437 regarding guidelines concerning the remuneration policies in the financial sector, as amended

[3] CSSF circular 22/797 regarding the application of the Guidelines of the European Banking Authority on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04).

The UCI Remuneration Policy is in line with the business strategy, objectives, values and long-term interests of UCI and includes measures to avoid conflict of interest.

3 MINIMUM GOVERNANCE REQUIREMENTS

3.1 OVERVIEW AND PRINCIPLES

The set of values of UniCredit is based on integrity, ownership and care 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 behaviours 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.

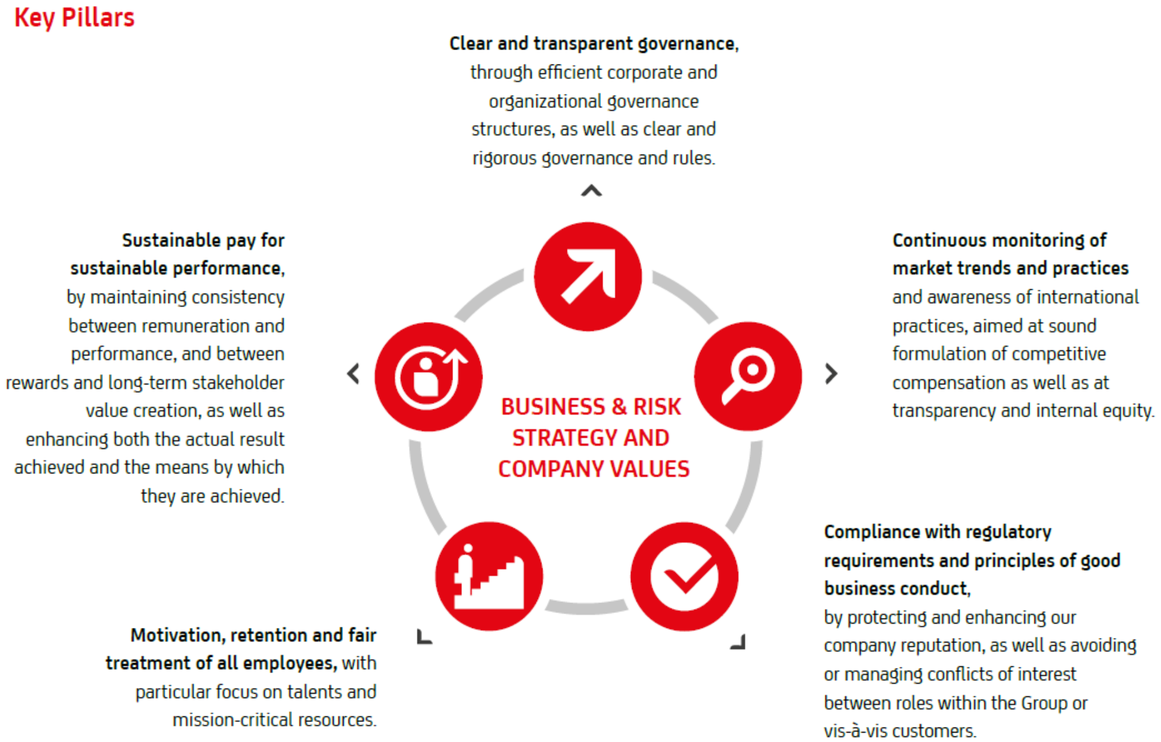
Through appropriate compensation mechanisms, UniCredit aims to create a best-in-class inclusive work environment, fostering and unlocking individual potential to attract, retain and motivate a highly qualified global workforce capable of creating a competitive advantage for the Group. Individuals are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



3.1.1 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 fourth quarter of 2021, UniCredit announced new ESG targets as part of the long-term commitment to sustainability – part of the Group's DNA and a key component of the business model of UniCredit.

Creating a more sustainable and equitable future will inform all the Group's choices: who we partner with; how we mobilise capital; and the projects we operate to support the individuals and communities we serve. 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 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 certified by relevant Group key functions (i.e. People & Culture, Finance, Risk Management, Compliance, Group ESG Strategy & Impact Banking) and guidelines in line with regulatory provisions and group standards. In particular, among other, this is characterised by:

- the use of risk-adjusted/related goals (e.g. at least one KPI in the goals card);
- 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);
- the use of sustainability goals for value creation over time (e.g. about half of the goals shall be related to sustainability);
- 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 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.

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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 fully integrated in our business model. 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.

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. The Group's undertaking for equal treatment and equal pay for all gender identities at all levels of the organisation consists of well-defined ambitions to guarantee an adequate and fair remuneration to all employees. 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 traits.

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 organisational 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 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.

The progress towards Group DE&I Ambitions, is reported through the disclosure of relevant data, commitments, and initiatives in the Consolidated Non-Financial Statement (in accordance with the LD 254/2016) according to the GRI standards.

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 new 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 ESG ambitions:

- € 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, together with other criteria included in the "Strategic Priorities & Culture" values set, will have a weighting of 30% in the CEO's overall performance evaluation.

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.

Local Feature

Locally, UCI follows the Group processes and aligns on Group initiatives in order to support the link between the Remuneration Policy and the sustainability strategy.

3.1.2 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, even more since the Covid-19 health emergency outbreak, 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, while maintaining a central coordination to guarantee respect of the Group Welfare principles and guidelines.

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 programs, on topics ranging from nutrition, fitness, relationship-building, and cognitive-emotional issues such as resilience and personal awareness, in addition to our health benefits. Our Welfare is continuing to develop tailored solutions, and as part of our competitive benefits package, we offer a vast selection of Employee Assistance Programs to deal with these unprecedented times through "Ask for help" services, providing a valuable support for work and personal matters ranging from legal guidance, health counselling and life coaching to solving problems at work and financial advice.

A positive working environment means promoting an environment where everyone can speak up and be listened to. This empowers people to do their best. 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.

Additionally, in 2020 the UniCredit Family Board was established with the aim to coordinate a global action plan to be locally implemented focusing on flexibilities, psycho-physical wellbeing, home-schooling support, and new ways of working.

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 2022 for the sixth 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.

3.1.3 Shareholders vote and main changes introduced with the 2022 Group Remuneration Policy

The vote on the remuneration items during the shareholders' Annual General Meeting held on April 15, 2021 was overall positive, with a limited majority on the 2021 Group Remuneration Policy (54%) compared to the past. While the framework and pillars of the Group Remuneration Policy were broadly unchanged compared to the past, the feedback gathered from shareholders was mainly focused on the new CEO shared-based award for 2021, in particular regarding the disclosure provided and the fact that, although being delivered in shares and deferred, it was not subject to performance conditions.

With regards to such award, shareholders were provided with the rationale behind the proposed structure: as 2021 was a transition year, it was not possible to assign meaningful performance goals to the newly appointed CEO, also given that his mandate was to develop a new strategic plan including relevant KPIs. Furthermore, despite having the regulatory opportunity to grant the award in cash upfront, the Board of Directors resolved to assign a deferred award in shares, thus fulfilling the CEO share ownership requirements of 2x base salary, enhancing the alignment of CEO's interests with shareholders from day one.

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 2021 and first quarter of 2022, UniCredit has proactively intensified its engagement with institutional investors and proxy advisors, with multiple rounds of meetings focused on the new incentive system and on the CEO compensation framework, with the aim of gathering feedback ahead of the new remuneration Policy definition.

Considering the change of leadership and the new Strategic Plan UniCredit Unlocked announced in December 2021, the UniCredit compensation strategy envisages certain changes in 2022, in alignment with the new strategic direction of the Group.

Further, main changes to the 2022 Group Remuneration Policy are driven by such alignment, while ensuring the remuneration strategy attracts Directors, Executives and key people to deliver the long-term objectives of the Group, in compliance with the latest regulatory updates and taking investors' expectations into consideration. In particular, key changes are as follows:

- redesign of the Group Incentive System in alignment with the Group new strategic direction, including, among others, the following changes:
  - incorporation of long-term performance conditions for CEO, GEC[4] 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 model;
  - definition of performance conditions and targets for short-term and long-term in line with the new Strategic Plan;
  - 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;
- management of the 2020-2023 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;
- update of the peer group for compensation benchmarking;
- alignment of remuneration policy with latest update of Bank of Italy Circular 285 (37th update of November 24, 2021).

[4] 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.

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Global Job Model

The Global Job Model is an organizational system that describes, standardizes and calibrates all jobs within UniCredit. Moreover, it supports the management of people and processes at global level in a simple, easy to understand and consistent way. Based on market practice, it is aligned with our business needs.

Global Job Model consists of two key elements: Global Job Catalogue and Global Banding Structure[5]. The latter is made of 9 global bands, the three highest bands are:

- Band 8: Group Chief Executive Officer;
- Band 7: Senior Executive Vice Presidents (SEVP), having responsibility for determining the Group business strategy and a strong influence on it, determining or strongly influencing decisions that will impact on the entire organization and having direct responsibility for a core part of the Group. As a general rule, the SEVPs are first or second reporting lines to the CEO;
- Band 6: Executive Vice Presidents (EVP), having significant influence on defining the strategy of a division/competence line/department or having a strong impact on the results of large/medium large Legal Entities or businesses. As a general rule, the EVPs are first reporting lines to the SEVPs.

On December 31, 2021 the overall Group population is composed of ~78,800 FTEs, of which ~15 Senior Executive Vice Presidents and ~110 Executive Vice Presidents.

[5] Should there be any changes in the future, the processes as described in the Policy will be adjusted accordingly

3.2 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.

3.2.1 Corporate Bodies and Committees

3.2.1.1 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 in accordance with the provisions of the Italian Corporate Governance Code companies listed in Italy ("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 Chief 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; the majority of them in its current composition are independent according to 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 them.

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 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[6] are:

1st quarter:

- Yearly Group Incentive System;
- Report on previous year severance payments;
- Competitive assessment of compensation package for CEO and Executives with Strategic Responsibilities;
- Bonus pool distribution including, if relevant, approval of any capital increase related to previous years incentive plans;
- Share-buy back and/or capital increase to serve incentive plans;
- Evaluation, payout and execution of previous years plans for Executives with Strategic Responsibilities[7];
- Compensation review for Executives with Strategic Responsibilities;
- Previous year Group Incentive System payout;
- Group Remuneration Policy and Report;

2nd quarter:

- Group Material Risk Takers – assessment methodology and outcomes;

3rd quarter:

- Gender Neutral Remuneration;

4th quarter:

- Local Adaptations to Group Remuneration Policy;
- Previous year Bonus Payout and Group Salary reviews final reporting;

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

[7] 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.

- Emerging trends in Market Compensation Practices and Peer Group review;
- Goal Setting for the upcoming year for Executives with Strategic Responsibilities;
- Preliminary discussion on Bonus pool distribution.

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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 Executive Vice Presidents, Executive Vice Presidents and the Senior Vice Presidents;
- 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.

Local Feature

At local level there is no Remuneration Committee in place; the Articles of Association of the Bank UCI as well and the Rules of Procedure of the Supervisory Board provide that the Supervisory Board has the responsibility to, among others, pass resolutions on the structure of remuneration for the Management Board and regular monitoring of the structure, determining the total remuneration of individual Management Board members and approve the new People & Culture compensation strategies.

3.2.1.2 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.

3.2.1.3 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:

- is consulted 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;
- issues a mandatory opinion on the appointment, dismissal and compensation of the Manager in charge of drafting company financial reports;
- expresses its opinion on decisions regarding the appointment and dismissal of the Heads of corporate control functions;

Local Feature

UCI Bodies

Supervisory Board

- The Supervisory Board approves the UCI Remuneration Policy on a yearly basis and sets the variable and fix remuneration for Board Members and Head of Internal Audit.
- Approves also the Incentive System and the GIS rules, MRTs assessment and GMRTs Goal Setting (included the MB ones); Supervisory Board approves the bonus pool assigned to the LE, the entry conditions and the previous year deferrals to be installed.

Management Board

- The Management Board approves the UCI Remuneration Policy on a yearly basis and is responsible for its application (MB is responsible also for the entire UCI population compensation related topics, linked to variable and fixed remuneration).
- During the year, the following topics are locally discussed and performed by Management Board:
- February/March: Allocation and distribution of the bonus pool by the Management Board
- March/April: identification of the Material Risk Takers (first cycle results) by local P&C together with local Risk Management, local Compliance and Group P&C
- June/July: adaption of Group Remuneration Policy to UCI Remuneration Policy, approved by Management Board and Supervisory Board
- December: identification of the Material Risk Takers (second cycle results) by local P&C together with local Risk Management, local Compliance and Group P&C.

3.2.1.4 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. 17221/2021 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.

With regard to remuneration in favor of persons qualifying as related parties, it should be noted that the provisions of Consob Regulation 17221/2021 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).

3.2.1.5 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 company financial reports;
- 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 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, Executive Vice Presidents and 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.

3.2.1.6 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.

3.2.2 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 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.

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.

Local Feature

Once the Group Remuneration Policy is approved by UniCredit S.p.A. Annual General Meeting, it is shared with the competent local control functions (Compliance, Risk Management and Legal) and Holding functions according to the Holding process valid for calibration. The UCI Policy is then submitted to the Management Board and Supervisory Board of UCI for approval.

3.2.3 Role of the Corporate Control Functions

3.2.3.1 Role of the Compliance Function

The Compliance function operates in close coordination with the People & Culture function, in order to support the design and the definition of compensation policy and processes according to regulations and regulatory requests.

In particular, the Compliance function, through its structures, evaluates, in coherence with the goal to be compliant to regulations, the Group Remuneration Policy and the incentive systems for Group personnel as drawn up by People & Culture function. It provides input for the design - by People & Culture functions - of compliant incentive systems, as far as it is concerned.

The Group Incentive System for Material Group Risk Takers is defined by Group People & Culture function, with the involvement and collaboration of Group Risk Management and Finance functions, for the overall qualitative assessment of economic sustainability and of risk, and Compliance function. This is to ensure consistency with the goal of complying with regulations, articles of association and any other code of ethics or other standards of conduct applicable to the bank, so that legal and reputational risks mostly embedded in the relationship with customers are duly contained (ref. Bank of Italy).

The Compliance function is also involved in the assessment process for the definition of the Material Risk Taker population, for all compliance-related aspects.

In accordance with the regulatory framework and the UniCredit governance, the guidelines for the definition of the incentive systems for non-Material Risk Taker population are arranged by Group People & Culture function, in collaboration with Group Compliance function.

At local level, the People & Culture structures define the detailed features of incentive systems and submit them to the reference Compliance structures.

3.2.3.2 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.

The Risk Management function is constantly involved in the definition of the remuneration policy, incentive system and compensation processes, in the identification of 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, selected metrics of the Risk Appetite Framework, the validation of performance and pay, so that incentives are linked to the risk taking and management.

3.2.3.3 Role of the Internal Audit Function

As part of the remuneration system governance process, the Internal Audit function assesses the implementation of remuneration policies and practices, performing checks on data and internal procedures, in line with its internal policies and 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.

Local Feature

On top of Internal Audit role (that consists in a regular audit performed on Remuneration Policy and Practices application based on the Remuneration Policy respect), the Control Functions are involved at local level to ensure and supervise the correct transposition of implementations and remuneration practices at UCI level through local representatives or through the direct involvement of the Division / Holding Competence.

In particular local Risk Management

- reviews the Remuneration Policy before it gives its consent for the approval process to the Management Board and the Supervisory Board,
- validates the Remuneration Policy for all risk management related aspects,
- checks that the incentives underlying the remuneration and the incentive system comply with the Risk Appetite Framework of UCI,
- is involved in the assessment process for the definition of the local Material Risk Takers population by controlling the adequacy of the performed analysis,
- together with local HR controls on a yearly basis before the payout of the variable remuneration that the combined buffer requirement is met.

In particular local Compliance Department

- reviews the Remuneration Policy in relation to compliance to relevant laws and regulations for which Compliance department has responsibility, provides other compliance advice on Remuneration Policy for all compliance related aspects,
- provides upon request of Human Resources all information necessary for application of Bonus Gates, or other compensation relevant assessments,
- may execute ex-post second level controls on the application and execution of the Remuneration Policy as per annual controls plan, if such controls are provided by the plan.

3.2.4 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 EBA Regulatory Technical Standards (RTS).

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.

3.2.4.1 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 the new EBA RTS regulatory provisions.

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 leads the identification process of positions with material impact on an institution's risk profile of a material business unit;
- Compliance verifies the proper application of what is envisaged by Regulatory Technical Standards, Group Material Risk Takers Internal Guidelines and specific regulation.

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[8] 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.

Furthermore, the institution informs the European Central Bank or the Bank of Italy of personnel with total remuneration amount equal or higher than €500,000 and lower than €750,000 € not having material impact on Material Business Units (the notification is no more requested).

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

People & Culture, Risk Management and Compliance repeat 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.

3.2.4.2 Criteria

CRD V and EBA RTS 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.

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

- qualitative:

[8] To be presented by end of June 2022 to UniCredit SpA Internal Controls & Risks Committee, Remuneration Committee and Board of Directors.

- 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[9]:
  - staff members entitled to significant total remuneration equal to or greater than EUR 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 EUR 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);
- internal:
  - all personnel awarded in the previous year a Total remuneration higher than Group defined threshold[10];
  - all staff receiving UniCredit shares from Non Standard Compensation awards;
  - all Group personnel with a certain banding level according to the internal role clustering system adopted by the Group;
  - all incumbent 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.

3.2.4.3 **Preliminary results of the identification process**

The 2022 Material Risk Taker population was updated at the beginning of the year based on preliminary application of the new regulatory framework.

[9] For calculation purposes, non-Euro remuneration is converted into Euro using the average yearly relevant FX rate
[10] The staff member is within the 0.3% of the Holding Company staff, rounded to the next higher integral figure, who have been awarded the highest total remuneration in the preceding financial year within the institution.

In February 2022, the preliminary result of the assessment process to define the Group Material Risk Taker (GMRT) population was broadly in line with the one of last year.

In line with EBA 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.

Local feature

The local identification process

UCI identification process is carried out with its own identification process performed locally according to the local and legal requirements. As part of the broader Group identification framework, UCI follows the guidelines received as per Group process and participates to the broader assessment and calibration performed at Group level during the year.

During the analysis of the identification of the Group and Local Material Risk Takers (LMRT) of the first cycle 2022, with specific reference to UCI not absorbing at least 2% of the Group's internal capital and therefore not being classified as a Material Business Unit, they were applied only the above quantitative criteria in addition to the internal criteria for the purposes of Group Identification only.

The application of the Group's identification guideline has led to the identification of 1 Board Member holding the Group Title "Executive Vice President". For consistency, the 2 Management Board members have been identified.

At the same time, consistently with the relevant legislation and according to the principle of proportionality, the analysis relating to the local identification of the most relevant staff of UCI was carried out, taking into consideration the quantitative, qualitative and internal criteria. With regard to the qualitative criteria, the analysis took into consideration, among others, the level of hierarchical reporting with respect to the CEO of UCI and roles belonging to a function in charge of assessing and assuming risk both for belonging to the Risk Committee of UCI and / or UCI Product Commitee. This analysis for the qualitative criteria led to the identification of 20 resources.

As for the quantitative criteria, no incumbents have been identified.

With regard to the internal criteria 2 resources have been identified.

Overall, given that same resources have been identified both for qualitative and internal criteria, a total of 20 resources were identified at local level, 2 of which have already been identified at Group level, bringing the number of Local Material Risk Takers to 18.

3.2.5 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 2022.

› 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 is called to resolve on the appointment of the new Board of Statutory Auditors as well as on their remuneration.

› 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.

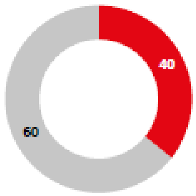
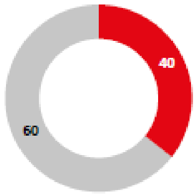
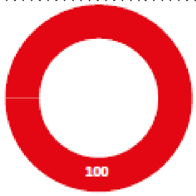
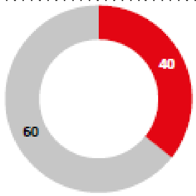
The definition of Executives with Strategic Responsibilities was updated on October 12, 2021 to reflect the new top management composition and to optimize the governance framework. As such, under the new definition, Executives with Strategic Responsibilities include the GEC members – excluding the members of the CEO Office (Head of Group Strategy & Optimization and Head of Group Stakeholder Engagement) – and the Chief Audit Executive. Therefore, at the beginning of 2022, 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 2022 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 incentive systems in place, for the CEO and the other Executives with Strategic Responsibilities the 2022 reference variable remuneration split considering the maximum achievement of variable remuneration is represented in the following summary.

2022 reference pay-mix for the Executives with Strategic Responsibilities

Short-Term incentive subject to Long-Term conditions • Short-Term Incentive (no Long-Term conditions)

	Maximum ratio between fixed and variable remuneration	2022 variable remuneration split[A] (considering the maximum achievement of variable remuneration)
Chief Executive Officer	200%	
Business Functions	200%	
Corporate Control Functions	33%	
Others[B]	100%	

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

B. 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 band to which they belong under the Global Job

Model. 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.

3.3 Compliance and Sustainability Drivers

To support the design of remuneration and incentive systems[11], 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[12].

› 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;

[11] Also considering third-party incentives.
[12] Including Bank of Italy provisions "Transparency of banking and financial transactions and services -Fairness of relations between intermediaries and clients".

- 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.[13], 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;
- 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;

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

- 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[14], 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[15];
- 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[16];
- 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;

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[14] 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.

[15] Where CFO roles cover also Financial Statements preparation, possible economic measures have to be chosen in a conflict - avoidance perspective.

[16] 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.

- 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 discretional 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[17] (including the balance between quantitative and qualitative parameters). The results of managerial discretional 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.

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Drivers for Commercial Campaigns and for Infra year bonus

Within network roles incentive systems, particular attention is paid to “Commercial Campaigns” and “Infra year bonus”, which may be organized after receiving an opinion on the admissibility

[17] Also in line with the regulation references reported in the previous notes

from the competent Committee (e.g. Product Committee). 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 half-year basis) and with a direct impact on the budget and related incentive systems.

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 behaviours compliant with the external and internal regulations.

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:

- set-up of the incentive mechanisms using criteria which are consistent with the best interest of the client, and which avoid in any case conditions of 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;
- avoid Commercial Campaigns on a single financial or banking product/financial instrument;
- include clauses for zero bonus payment in case of relevant non-compliant behaviour or qualified disciplinary actions;
- 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;
- avoid, in general, Campaigns related to specific commercial objectives that provide benefits for higher hierarchical levels or to the budget of the higher territorial structure.

The remuneration policies drawn up in accordance with the Transparency regulation[18] 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.

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

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	456	222
	Branch Manager (including deputy, if any)	2,834	69
	Commercial Coordinator / Team Leader	34	15
	Private Banking / Wealth Management relationship manager	657	53
	Retail affluent relationship manager	2,356	862
	Retail mass market advisor	9,178	1,717
	Small business relationship manager	1,271	67
	Corporate banking relationship manager	880	76
	Product specialist	162	16
	Commercial assistants / staff	1,737	182
Credit Intermediaries & Financial Advisors	Agent in financial activity	404	2
	Credit intermediary	3	1
	Other credit intermediaries	1	1
	Financial Advisor	20	6

Data as of December 31, 2021

3.4 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.

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.

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

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.

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.

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).

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

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

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:

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

3.4.1 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.

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

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.

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

For 2022, following a review with the support of an analysis conducted by the Remuneration Committee's advisor, and with aim of better alignment to UniCredit's strategic positioning, the European peer group has been updated to include: Banco Santander, Barclays, BBVA, Commerzbank, Credit Agricole, Deutsche Bank, Erste Bank, ING, Intesa Sanpaolo, Nordea Bank, Société Générale and UBS.

3.4.2 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.

3.4.3 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.

Local Feature

At local level, the Article 38-6 of the Luxembourg Banking Law regulates the Variable Elements of Remuneration: the provisions are in line and consistent with the strategy promoted in the Group Remuneration Policy and applied to this local transposition as well.

3.4.3.1 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.

3.4.3.2 **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.

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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 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 communication and managed in strict adherence to governance and delegation of authority rules.

3.4.4 Non-standard compensation

Non-standard compensation refers to those compensation elements considered as exceptions (e.g. entry bonus[19], 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.

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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 banding and criticality of the role) targeted at specific roles, not linked to performance and therefore not favouring risk-taking attitude.

[19] 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).

It cannot be reduced, suspended or cancelled discretionally as long as the employee is in a specific role granting the allowance within a given banding 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.

Local feature

For Executives in UCI the RBA will become effective in case they are seconded to a Corporate Control Function in Italy.

3.4.5 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 and the Global Job Model, 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.

3.4.6 Severance

According to 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 (so called Severance Policy) was firstly submitted for approval to the 2015 Annual General Meeting.

An update of that policy, with more restrictive provisions compared with the previous one, was then approved by the 2017 Annual General Meeting.

On October 23, 2018, Bank of Italy had published the 25th update of the Circular 285 that, inter alia, ruled that all amounts defined upon or in view of the early termination of employment - with the exception of the notice due by law and the statutory deferred pay (Trattamento Fine Rapporto) - are variable remuneration and are included in the calculation of the cap to the variable remuneration for the Material Risk Takers, with the exception of:

- the consideration for non-competition covenants that do not exceed one annual fixed remuneration for each year of duration of the undertaking;
- the amounts for the settlement of an existing or potential dispute related to the resolution of the employment, as long as calculated on the basis of a predefined formula contained in the Policy.

As a consequence, an updated Severance Policy was submitted for approval to the Annual General Meeting of April 11, 2019 that, without changing the main criteria and limits, incorporated the new regulatory requirements, foreseeing - inter alia - 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.

On April 15, 2021, a further update of the Policy was submitted to the Shareholders' Meeting for approval, aimed at reflecting changes in UniCredit's competitive positioning and managing specific compensation practices in particular situations.

In particular, the main amendment envisaged – without prejudice to all the main terms of the current Policy[20] - that only the absolute maximum amount was increased from 7.2 million € to 15 million € in view of the new competitive positioning.

It was specified that:

- in the case of multi-year incentive plans with lump sum disbursement, the reference remuneration for the calculation of severance pay will conventionally consider the disbursement as spread over the vesting/maintenance period;
- in the case of executives whose total remuneration is paid under various contracts that in any event represent the components of a single overall framework, the reference remuneration for the calculation of severance payments will be the total remuneration received under the various contracts, provided that these contracts are terminated at the same time.

For details on criteria, limits and authorization processes, please refer to the above-mentioned Policy.

Generally, 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.

[20] In particular, that severance pay, including notice, shall not exceed 24 months of total remuneration, that the additional portion of notice shall in no case exceed 18 months remuneration and that the absolute maximum limit of severance pay shall remain at 6 times fixed remuneration, with no possibility of exceptions.

According to the Severance Policy provisions, severance 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. 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.

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.

Local feature

The Management Board of UCI ratified and implemented the Group Severance Policy on 09/11/2021.

Generally, 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.

According to the Severance Policy provisions confirmed in the review approved in 2021, the severance payments for all employees should be calculated as provided under Art. L124-7 of Lux Labour Code on the basis of seniority/duration of employment within the Bank. Based on this provision, the severance payment could vary between 1 month salary and 12 months salary; these are considered as minimum but the Bank is entitled to grant additional severance payment according to the single individual case. 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. 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 labor agreements locally applicable in case of lay-off.

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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.

3.4.6.1 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".

3.4.7 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 for the personnel belonging to the business functions has not changed, as approved by the Annual General Meeting of May 13, 2014.

Positions entitled to a variable to fixed ratio of potentially up to a maximum of 2:1 are:

- 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, Commercial Banking), excluding control or support roles.

Assumptions upon which the increase of the maximum ratio between variable and fixed remuneration, type of personnel and limit itself were based have not changed (e.g. UniCredit business model kept substantially stable since 2014, the compensation strategy is competitive at international level and basically in line with the one in 2014). 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 policy to respect in a forward-looking perspective the most updated regulatory capital recommendations on variable remuneration[21].

In 2022, a preliminary estimation of Group Material Risk Takers belonging to this category which however exceed the 1:1 limit are ca. 100 staff members.

The estimated portion of the 2022 Incentive System that could be awarded to those roles in excess to the 1:1 ratio is less than 8% of the overall estimated pool (approx. € 16 million, of which € 11 million in UniCredit shares, equivalent to approximately 0.08% of UniCredit share capital. This amount of capital (i.e. € 16 million) is equivalent to ca. 0.5 bps of UniCredit Group CET1 ratio.

In light of this information, it is set that the decision to maintain a maximum level of variable remuneration of 2:1 of the fixed remuneration for the personnel belonging to the business 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 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 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. 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[22], 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

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

[22] 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).

with the approach defined by the Holding Company in terms of positions, and manage the related notification to the competent regulator, as appropriate.

Local feature

The Annual General Meeting, held on 06.04.2020 adapted locally the ratio of 2:1 between variable and fix remuneration for certain employees in stringent accordance to the Group Remuneration Policy and as described above, the roles for which the ratio of 2:1 applies are: CEO and Head of Business.

For local Control Functions (Compliance, Risk Management and Internal Audit), for People & Culture and for the Manager in Charge of drafting the Company Financial Reports (local CFO) the ratio applied to the variable and fixed remuneration ratio is 0.8:1.

For the rest of the employees this ratio is 1:1

3.4.8 Share ownership guidelines

Share ownership guidelines set minimum levels for company share ownership by relevant Executives[23], 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, and on March 2017 extended the application to Senior Executive Vice President and Executive Vice President positions (see image below).

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 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”).

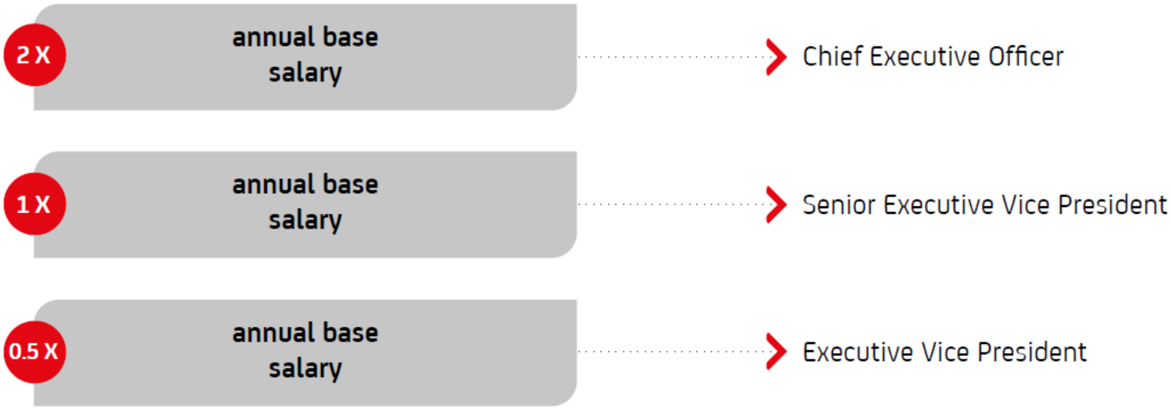
Such clauses are contained in all relevant incentive plan rules and apply to all beneficiaries, since involvement in such schemes undermines the purpose of limiting the risk.

[23] 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.

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.

Share ownership guidelines



3.5 Group Compensation Systems

The Group Incentive System 2022, while preserving a strong link between remuneration, risk and sustainable profitability, has been applicable redesigned compared to the prior year to better fit the new Group strategic direction as well as to increase its effectiveness in a time of high uncertainty.

Through the new 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 new System aims at providing an appropriate balance Group 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 new 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.

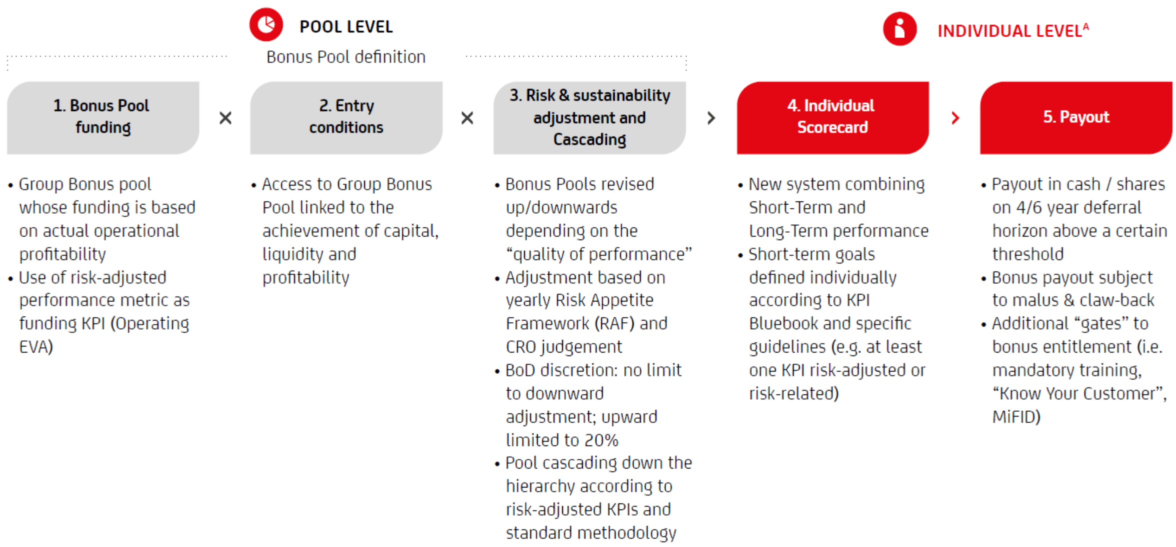
The System also has the characteristics to be considered a "retention" tool to retain key players for the achievement of strategy.

3.5.1 2022 Group Incentive System

The 2022 Group Incentive System, as approved by UniCredit Board of Directors on February 21, 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. 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 both Group and 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[24] subject to additional long-term performance conditions
- distribution of financial instruments payments which take into account the applicable regulatory requirements regarding the application of retention periods.

The 2022 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.

[24] 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

3.5.1.1 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[25]). 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.

3.5.1.2 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[26] 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.

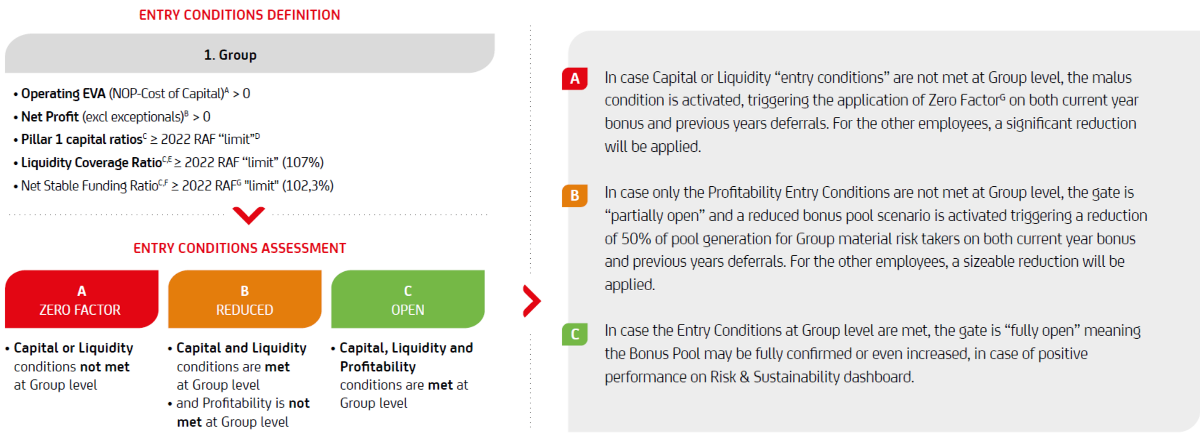
Entry conditions in terms of capital and liquidity apply as well to external networks and agents, where applicable, as foreseen by regulation.

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.

[25] 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

[26] The bonus pool of 2022 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).

Entry Conditions Definition



A. Cost of Capital defined as the average Allocated Capital multiplied by the Cost of Equity (Ke) plus the additional TIER1 corrective factor.

B. Net profit excluding exceptionals, before AT1 and cashes, including TLCF DTA write up.

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. In addition to RAF limit, the Capital thresholds shall ensure compliance with ECB recommendation (issued in Jan. 2020 and confirmed in July 2021) to "apply a variable remuneration policy, including the use of malus and clawback arrangements, consistent with a conservative, at a minimum linear, path towards fully-loaded capital requirements and outcomes of SREP". As a consequence, the thresholds for capital ratios are: CET1 ratio Transitional ≥ 10.30%; Tier 1 ratio Transitional ≥ 12.13%; Total Capital ratio Transitional ≥ 14.56%; Leverage Ratio Transitional ≥ 3.8%; TLAC ratio ≥ 21.81%.

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 discretional pool for retention purposes only, subject to local relevant governance bodies' decision, eventually including a 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.

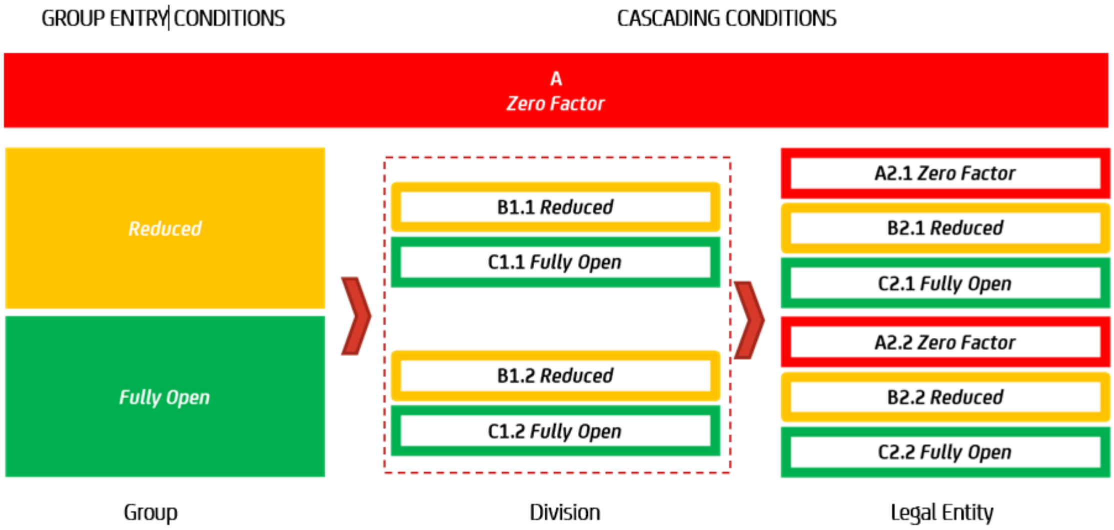
Local feature

2022 Cascading Conditions (Division)

	Division
Profitability condition	**Operating EVA** (NOP-Cost of Capital)[1] > 0
Profitability condition	**Net Profit** (excl exceptionals)[2] > 0

1. Cost of Capital defined as the average Allocated Capital multiplied by the Cost of Equity (Ke) plus the additional TIER1 corrective factor
2. Net profit excluding exceptionals, before AT1 and cashes, including TLCF DTA write up

2022 Division Cascading Conditions Scenario



(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[1] on current year bonus. For the other employees, a significant reduction will be applied.

(B1) In case of scenario (B) Reduced or (C) Fully Open at Group level and only the Profitability Entry Conditions are not met at Division level, the gate is “partially open” and a reduced bonus pool scenario is activated triggering a possible reduction of at least 50% of pool generation for Group material risk takers on current year bonus[1]. For the other employees, a sizeable reduction will be applied.

(C1) In case of scenario (B) Reduced or (C) Fully Open at Group level and Entry Conditions at Division level are met, the gate is “fully open” meaning the Bonus Pool may be fully confirmed, in case of positive performance on Risk & Sustainability dashboard.

1 For Group Material Risk Takers population. In any case, the Board of Directors can provide the CEO the possibility to allocate a separate and discretional pool for retention purposes only, subject to local relevant governance bodies' decision, eventually including a 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

2022 Cascading Conditions (Legal Entity) – UniCredit International Bank (Luxembourg) SA

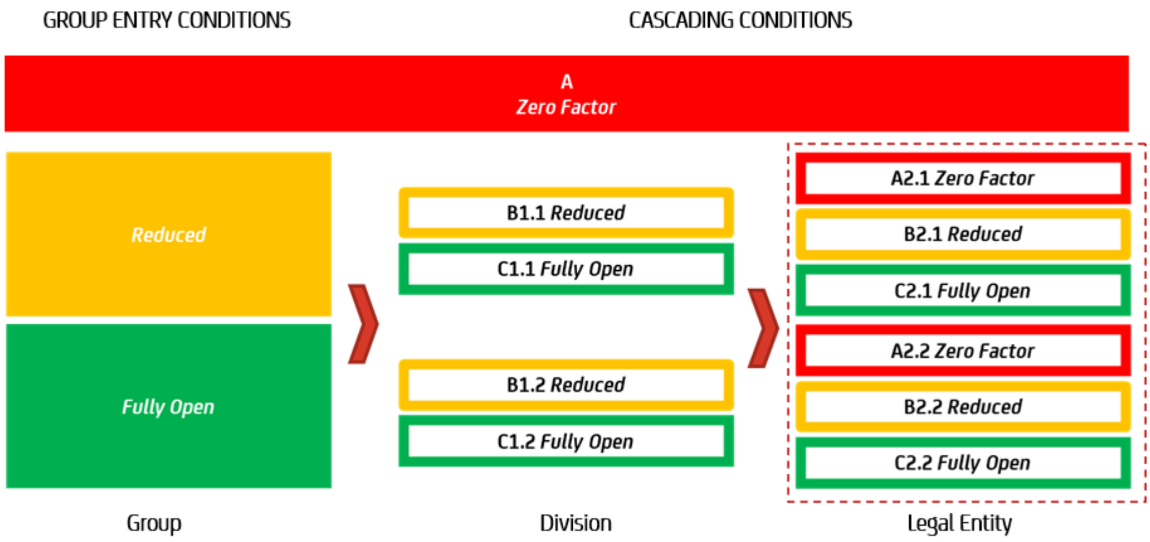
	Local
Profitability condition	**Operating EVA** (NOP-Cost of Capital)[1] > 0
Profitability condition	**Net Profit** (excl exceptionals)[2] > 0
Capital condition	**Capital Ratio TCR** [3] ≥ 15% (local “Trigger”)
Liquidity condition	**Liquidity Coverage Ratio**[3,5] ≥ 2022 RAF "limit" (115%)
Liquidity condition	**Net Stable Funding Ratio**[3] ≥ 2022 RAF "limit" (103%)

1. Cost of Capital defined as the average Allocated Capital multiplied by the Cost of Equity (Ke) plus the additional TIER1 corrective factor

2. Net profit excluding exceptionals, before AT1 and cashes, including TLCF DTA write up
3. In case of issues with capital and/or liquidity requirements at Legal Entity (LE) level, the related Bonus Pool size could be impacted, even if the Entry Conditions at Group level are fully satisfied
4. 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
5. 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)

- if (a) Net Operating Profit net of cost of capital is greater than 0 and (b) Net Profit is greater than 0 and (c) Capital Ratio TCR is equal or greater than 15% (local "Trigger") (d) Liquidity Coverage Ratio is equal or greater than the 2022 RAF "limit" of 115% and (e) Net Stable Funding Ratio is equal or greater than the 2022 RAF limit of 103%, the Entry Conditions at Local level are met.

2022 UniCredit International Bank (Luxembourg) SA Cascading Conditions Scenario



(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[1] on current year bonus. For the other employees, a significant reduction will be applied.

(A2) In case of scenario (B1) Reduced or (C1) Fully Open at Division level and Capital or Liquidity "entry conditions" are not met at UniCredit International Bank (Luxembourg) SA level, the malus condition is activated, triggering the application of Zero Factor[1] on current year bonus. For the other employees, a significant reduction will be applied.

(B2) In case of scenario (B1) Reduced or (C1) Fully Open at Division level and only the Profitability Entry Conditions are not met at UniCredit International Bank (Luxembourg) SA level, the gate is "partially open" and a reduced bonus pool scenario is activated triggering a possible reduction of at least 50% of pool generation for Group material risk takers on current year bonus[1]. For the other employees, a sizeable reduction will be applied.

(C2) In case of scenario (B1) Reduced or (C1) Fully Open at Division level and Entry Conditions at UniCredit International Bank (Luxembourg) SA level are met, the gate is "fully open" meaning the Bonus Pool may be fully confirmed, in case of positive performance on Risk & Sustainability dashboard.

[1]For Material Risk Takers population. In any case, the Board of Directors can provide the CEO the possibility to allocate a separate and discretional pool for retention purposes only, subject to local relevant governance bodies' decision, eventually including a 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

As per Article 38-6 of the Luxembourg Banking Law, fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component. UCI determines the bonus pool and the variable remuneration to be awarded based on an assessment of performance and risks taken. The adjustment for risks before the award is made ('ex ante risk adjustment') is based on risk indicators and ensures that the variable remuneration awarded is fully aligned with the risks taken. The criteria used for the ex ante risk adjustment are sufficiently granular to reflect all relevant risks. Depending on the availability of risk adjustment criteria, UCI determines at what level it applies ex ante risk adjustments to the calculation of the bonus pool. This is done at the level of the business unit or at the level of organizational substructures thereof, e.g. the trading desk or the individual staff member.

3.5.1.3 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.

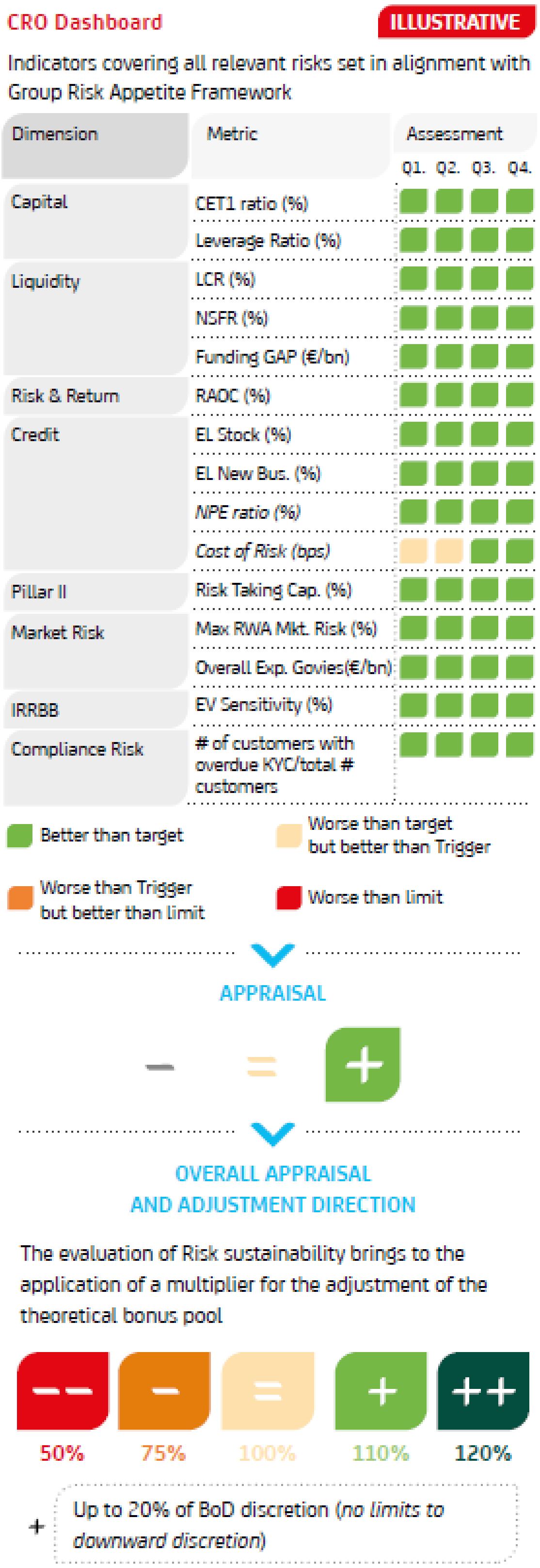
The Risk Adjusted KPIs dashboards include indicators covering all relevant risks, such as credit, market, liquidity and compliance and the risk position assumed, the adherence to regulatory requirements and the relationship between risk and profitability. The specific metrics are measured with reference 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 discretional range up to +20% in the faculty of Board of Directors is foreseen with respect to the theoretical value (e.g. based on 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[27].



[27] 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.

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 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%[28]).

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.

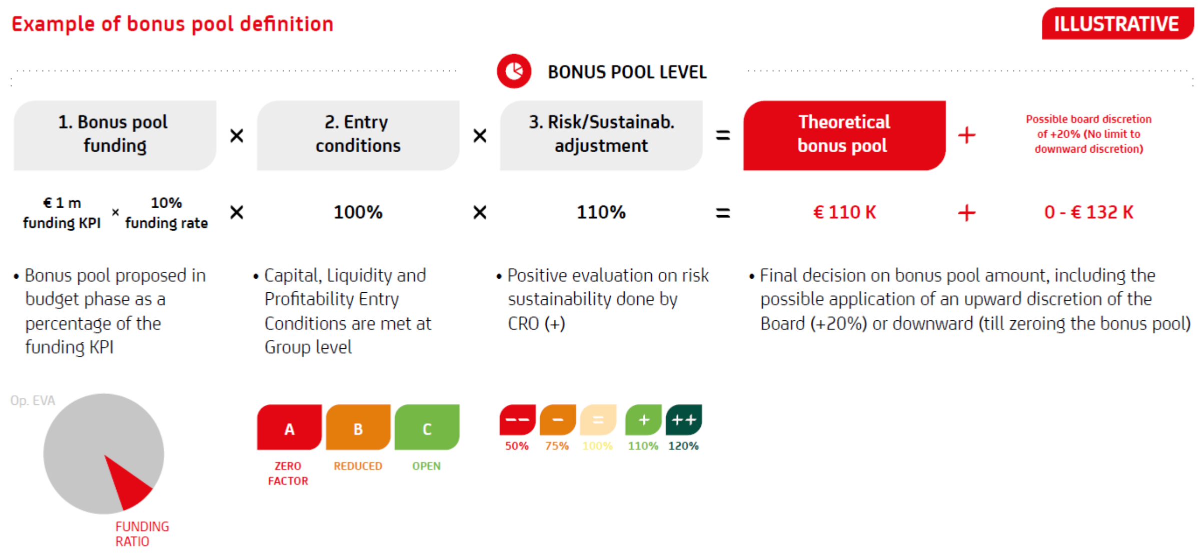
The Board of Directors has the right to disregard, when deciding the bonus, extraordinary balance sheet items which do not impact operational performance, regulatory capital and liquidity, therefore considering the Underlying Net Profit (the same metric used for capital distribution).

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.

[28] 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).



3.5.1.4 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 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) and the MiFID Customer Profiling, within a pre-defined threshold in order to be entitled to the bonus.

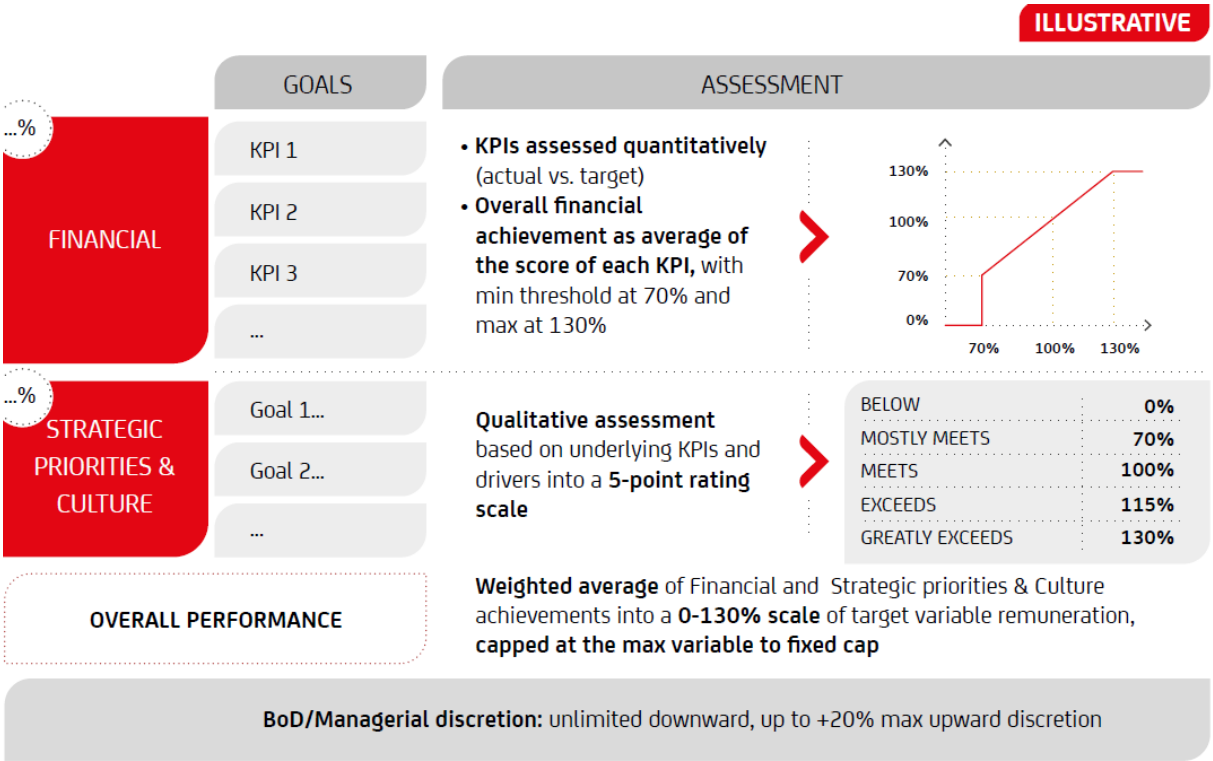
Each Group Material Risk Taker receives the Group Incentive System Rules with a detailed description of the system and its application.

Individual performance appraisal is based on 2022 goals defined during the goal setting phase.

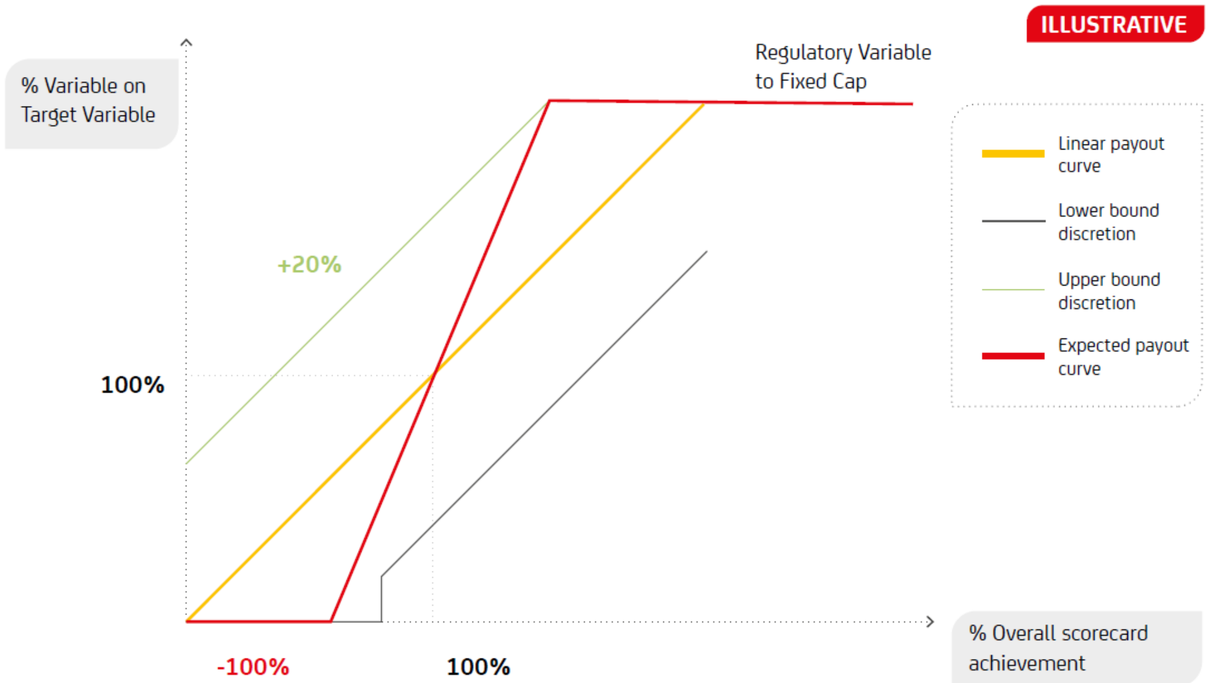
The performance appraisal is based on an overall outcome that reflects the deterministic evaluation of the financial KPIs and the qualitative assessment of non-financial goals including the behaviours adopted to achieve them.

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

Performance Assessment



Pay for Performance guidelines



> Additional long-term performance conditions

For selected individual[29], 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

[29] Excluding Control Functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports

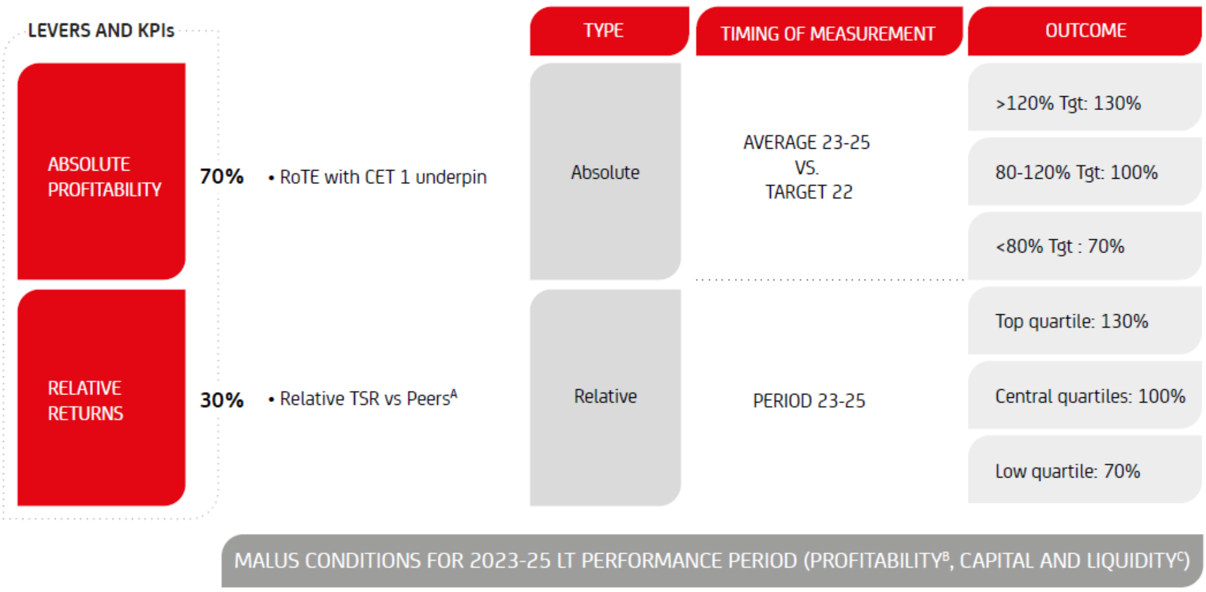
deferred and subject to additional long-term performance conditions, which act as a modifier of the individual bonus defined on the basis of the individual 2022 performance appraisal scorecard, with the effect of:

- Cancelling it, if they are below a certain minimum threshold;
- Reducing it up to -30%, if they are above the threshold but below the target;
- Confirming it, if they are in line with target;
- Increasing it up to +30%, if they are above the target, allowing for overperformance[30]

The long-term performance conditions are based on specific goals defined at Group level covering the three years following the 2022 annual performance. Two clear and measurable KPIs have been defined in order to assess the sustainability of performance results in the long-term:

- **RoTE with CET1 underpin** (70% weight): absolute metric reflecting the core profitability of the Bank leveraging on the return key measure of UniCredit Unlocked Plan, while taking into consideration the efficiency in capital allocation. It matches the target included in short-term scorecards, where applicable, thus reinforcing the principle of sustainable performance over time. The CET1 underpin is referred to the target capital ratio of the UniCredit Unlocked strategy plan[31], and would operate as a "floor" of capital to be used for the calculation of the KPI in case the actual CET1 level drops below the abovementioned target;
- **Relative Total Shareholder Return – rTSR** (30% weight): overall performance metric highly aligned to shareholders, measured as relative to the peer group[32] as to balance potential industry shocks.

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.



[30] In any case in compliance with the maximum regulatory ratio of variable to fixed remuneration
[31] 12,5-13% managerial target 2024
[32] Banco Santander, Barclays, BBVA, Commerzbank, Credit Agricole, Deutsche Bank, Erste Bank, ING, Intesa Sanpaolo, Nordea Bank, Société Générale and UBS.

A. Potential extraordinary events that might impact the Peer Group in asymmetric ways as well as other specific events (e.g. negative or low absolute TSR performance, etc.) may be duly taken into consideration via Board of Directors Discretion.

B. RoTE average 2023-25 below 33% vs. Target22.

C. Capital and liquidity conditions as defined for annual performance (for each year from 2023 to 2025).

3.5.1.5 **Payout Structure**

As approved by the Board of Directors on February 21, 2022, 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[33] 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[34]);
- 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:

- in 2023 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[35];
- the remaining part of the overall incentive will be paid in cash and/ or free UniCredit ordinary shares:
  - 2027-2029 for Group CEO and GEC (excluding Control Functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports);
  - 2025-2029 for GEC belonging to Control Functions and People & Culture, Manager in Charge of Drafting the Company Financial Reports and Group CAE;
  - 2027-2028 for GEC-1 (excluding Control Functions and People & Culture);
  - 2025-2028 for GEC-1 belonging to Control Functions and People & Culture, Group CAE direct reports and other Senior Management;
  - 2025-2027 for other Material Risk Takers;

[33] 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
[34] €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
[35] Considering also the severity of any internal/external findings (i.e. Audit, Bank of Italy, Consob and/or analogous local authorities).

– 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

	2023	2024	2025	2026	2027	2028	2029
Group CEO and GEC (excluding Control Functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports)	20% cash	20% 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	20% cash	20% 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[A]	20% cash	20% shares	10% shares	10% shares	10% shares	20% cash + 10% shares	
Other Senior Management with variable remuneration ≤ €430k[A]	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.

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 defined in 2023, on the basis of the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the AGM approval of 2022 Group Incentive System and after the Board of

Directors to which the 2022 bonuses are submitted, following performance achievements evaluation.

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 EUR 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 2022 Group Incentive System for the Group Material Risk Takers receiving UniCredit ordinary shares is approximately € 205 million, equivalent to approximately 0.88% of UniCredit share capital, assuming that all free shares for employees are distributed.

Out of this amount, the estimated portion that could be awarded to business functions roles, exceeding the 1:1 ratio between variable and fixed remuneration, is less than 8% of the overall estimated pool (approx. € 16 million distributed to approx. 100 beneficiaries), equivalent to approximately less than 0.08% 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 2.05% 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 2022 Group Incentive System, in case of termination of the employment relationship, the Employee shall keep all rights under the System provided that he/she qualifies as a Good Leaver.

Specifically, in case of Good Leaver, if this 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 2022 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.

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[36] 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;
    - 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 Journey. 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

[36] "Guidelines on sound remuneration policies", published on July 2, 2021.

to data proved to be manifestly incorrect at a later time and other circumstances which may have been identified by the company.

Local feature

The incentive system of UCI is an integral part of the Group incentive system as described above and can be summarized as follows:

The Incentive system of UCI foresees for the biggest part of the employees the system 13 plus 1. Exceptions are seconded employees from the Group whose remuneration is ruled by the Group Incentive System and employees, who have no bonus base or reference value at all.

– System 13 plus 1: Bank employees out of the local collective bargaining agreement within the system "13 + 1" – whether they work for sales or non-sales divisions – receive an annual salary consisting of 12 monthly gross salaries per year, a 13th month of 1 monthly gross salary and normally a bonus which is based as a rule on one gross monthly salary. "13+1" thus stands for 12 monthly gross salary payments and a 13th month as a fixed salary component plus a bonus base value equal to one month gross salary as a variable salary component.

  Bank employees within the local collective bargaining agreement within the system "13 + 1" – whether they work for sales or non-sales divisions – receive an annual salary consisting of 12 monthly gross salaries per year, special payments including one gross monthly salary (due to the regulations of the collective agreement) and normally a bonus which is based as a rule on 1 gross monthly salary . "13+1" thus stands for 12 monthly gross salary payments, the payments according to the rules of the collective agreement as a fixed salary component plus a bonus base value equal to 1 month gross salary as a variable salary component.

– - Seconded employees: The amount of the bonus base value for seconded employees is defined taking into account several drivers as for example position and business strategy, internal fairness and individual considerations and may therefore deviate from the system 13 plus 1.

The UCI bonus pool, i.e. the total amount of financial resources available for the management of the variable remuneration referring to the year (recognized as bonuses, incentive systems and specific business rewards) is a part of the Group bonus pool, specifically the one dedicated to Italy Division, and as such is subject to the conditions of access at Group and Division level, described in the previous paragraph. The UCI bonus pool is defined by the Head of Private and Wealth Management Italy Division, shared with the CEO of UCI, as part of the performance assessment process with respect to the expected targets as well as risk and long-term sustainability considerations. The UCI bonus pool thus defined is subject to the approval of the Management Board of UCI, which assesses its adequacy with respect to the profitability, capital and risk situation of the Bank itself.

The access to the Bonus Pool is subject to the achievement of minimum requirements in term of capital, liquidity and profitability both at Group and Local level ("Entry Conditions") and the final size is based on Countries/Divisions actual results, revised up/downwards by the Board of Directors on the basis of the "quality of performance" ("Risk & Sustainability

Adjustment"). Anyhow the review cannot results in a Division bonus pool above the one approved by UniCredit Group Board of Directors, while there are no limits on the possibility of reduction.

The bonus pool is subsequently distributed by the CEO together with the other members of the Management Board of UCI along the organizational chain through a managerial assessment that takes into account the number, complexity and qualitative and quantitative performance of the reference structures. The subdivision into the underlying structures takes place following the hierarchical reference line up to the levels described in the organization chart and pro tempore in force.

Individual Allocation

The staff of UCI identified as Group Material Risk Taker is subject to the requirements defined by this Remuneration Policy and in particular, the application of the rules of the Group Incentive System e.g. entry conditions, as specified in the dedicated paragraph, bonus paid in shares and cash and deferred over several years according to the Group schemes.

Without prejudice to the general requirements defined by the Remuneration Policy and by the Group Incentive System (e.g. malus & clawback) for the personnel identified as Material Risk Takers by the local process in UCI, simplified requirements have been applied in terms of definition of the objectives and payment schemes detailed below

	2023	2024	2025	2026	2027
Local Material Risk Takers with variable remuneration > 430.000,00 eur	20% cash	20% shares	15% shares	15% cash + 15% shares	15% cash
Local Material Risk Takers with variable remuneration < 430.000,00 eur	30% cash	30% shares	10% shares	10% cash + 10% shares	10% cash

The local threshold, set by the Local Legislator, is at € 50.000,00.

In order to be compliant with the Group Remuneration Policy the local threshold is also set to € 50.000- or represents more than one third of the total annual remuneration. Therefore, the annual variable remuneration for Group and Local Material Risk Takers has to be deferred if it is above the Group threshold of € 50.000 or represents more than one third of the total annual remuneration.

For what concerns the deferral period, pursuant to art. 38-6 (1) (m) of the Luxembourg Banking Law, at least 40% (60% in case of a variable remuneration component of a particularly high amount) of the variable remuneration should be deferred over a period which is not less than four to five years. For what concerns GMRTs – at Legal Entity level members of the Management Body - it is applicable, at Local level, the same deferral scheme as per Group Material Risk Takers.

For LMRTs deferral scheme, it mirrors the GMRTs one but the shares eventually assigned, are financial instruments not issued by UniCredit (phantom shares).

For members of the management body and authorized management of CRR institutions that are significant in terms of their size, internal organization and the nature, scope and complexity of their activities, the deferral period should not be less than five years.

Regarding the Payout structure, pursuant to art. 38-6(1) (l) of the Luxembourg Banking Law, a substantial portion, and in any event at least 50%, of any variable remuneration shall consist of a balance of the following: "(i) shares or, subject to the legal structure of the CRR institution concerned, equivalent ownership interests or share-linked instruments or, subject to the legal structure of the CRR institution concerned, equivalent non-cash instruments; and" "(ii) where possible, other instruments within the meaning of Article 52 or 63 of Regulation (EU) No 575/2013 or other instruments which can be fully converted to Common Equity Tier 1 instruments or written down, that in each case adequately reflect the credit quality of the CRR institution as a going concern and are appropriate to be used for the purposes of variable remuneration".

The payout structure should, thus, provide for the payment of at least 50% of the variable remuneration in instruments.

For staff not identified as risk takers the provisions of the Incentive System Regulations approved by the Board of Directors apply, both in terms of guidelines for individual allocation and in terms of pre-requisites of compliance that represent access gates to a possible award for the year 2022.

3.5.2 Performance Management framework

3.5.2.1 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 certified by relevant group key functions (i.e. People & Culture, Finance, Risk Management, Compliance, Group ESG Strategy & Impact Banking) and guidelines in line with regulatory provisions and Group standards 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 use of risk-adjusted/related goals (e.g. at least one KPI in the goals card);
- 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);

- the use of sustainability goals for value creation over time (e.g. about half of the goals shall be related to sustainability);
- the adequate mix of financial and non-financial goals, taking into account the single role's specificities;
- 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 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 *KPI Bluebook* includes KPIs among which:

Main clusters	Examples of KPIs for each cluster
Value creation	• ROAC (Return On Allocated Capital) • ROTE (Return on Tangible Equity) • Net Revenues • ...
Risk and capital governance	• Net CET1 generation • Organic Capital Generation • New Business EL % • Performing Stock EL % • ...
Clients	• Gross New Clients • Internal Service Quality (ISQ) • Reputation Index • Net Promoter Score (NPS) • ...
Industrial levers	• Operating costs • Cross-selling excellence (CSE) • Cost / Income • Net Income • ...
People & Culture	• Diversity, Equity & Inclusion ambitions • HR Processes Execution • Sustain value through excellence in execution • ...
Compliance culture	• "Winning, The Right Way, Together" • Regulatory requirements and policy implementation • KYC Quality • ...
ESG	• ESG Strategy • Social Lending • Net Zero Project

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

3.5.2.2 2022 Goal Setting Framework

The annual objectives are defined starting from the business strategy and in compliance with the KPI Bluebook 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 2022 are shown below:

2022 ST GOALS			TYPE	TARGET 2022
FINANCIALS	70%	• **Net Revenues** (Revenues – LLPs)	Quantitative Assessment as % of achievement vs. Target	~16.3 bn
		• **Costs** (Cost/Income and Opex)		~55% - ~9.8 bn
		• **Organic Capital Generation**		~150 bps avg 21-24[A]
		• **ROTE** with CET1 underpin		>7%
STRATEGIC PRIORITIES & CULTURE	30%	• Sustainability	Qualitative assessment supported by KPIs into a 5-point rating scale	• 140 bn by 2024 on "Environmental" volumes • 10 bn by 2024 on "Social" volumes (social lending) • gender parity ambition across organization • 100m by 2024 to ensure equal pay for equal work
		• Winning, the right way, together		Foster corporate values and expected conduct and behaviors aligned with corporate culture

A. Yearly target consistent with the average delivery of ~150bps organic capital generation per annum in the period 21-24. Further details will be provided in the ex-post scorecard disclosure.

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%).

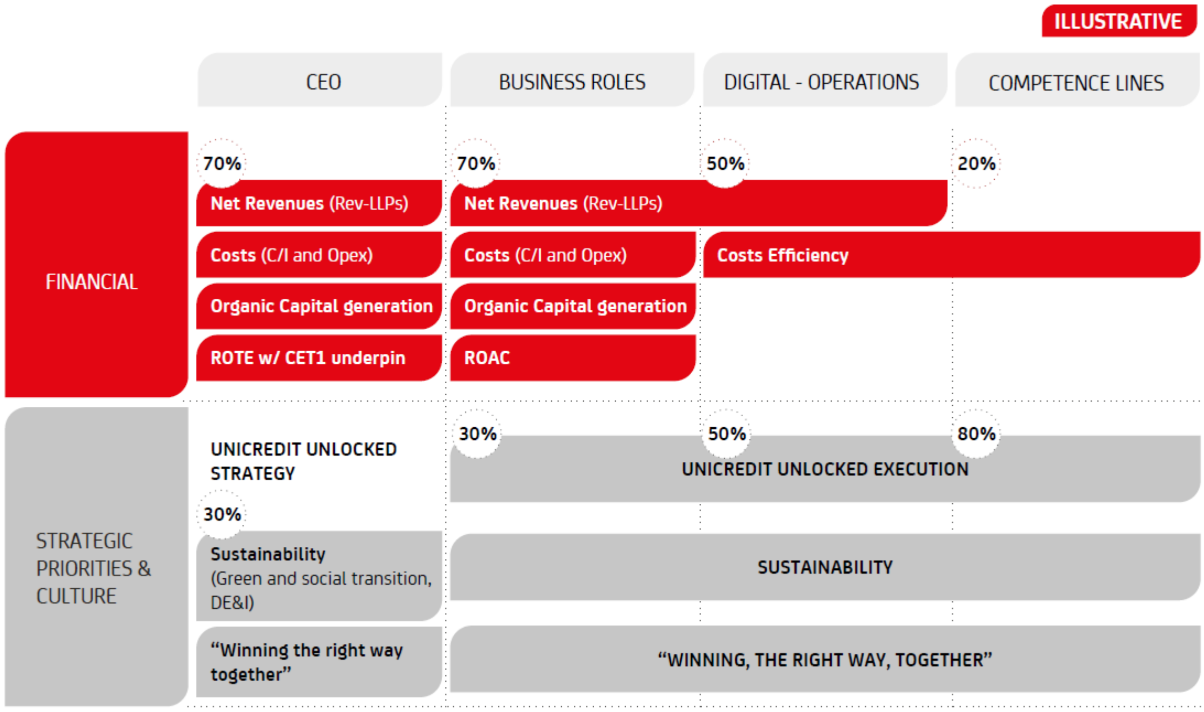
The choice of the specific KPIs have been made in alignment with the strategic plan and supported with specific rationales:

- **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;

- **RoTE (with CET1 underpin)**: key return measure of the new Strategic Plan, reflecting the core profitability of the Bank, while taking into consideration the capital allocation efficiency;
- **Sustainability**: through the support of our clients' green and social transition and promotion of people diversity, equity & inclusion, this is a commitment to a key lever for the Bank's future business strategies and critical component of success;
- **Winning, the right way, together**: fostering of corporate values and expected conduct and behaviours aligned with corporate culture, with a balanced approach across sustainable growth and risk management for all stakeholders.

Below is the illustrative structure of the objectives for the rest of the top management.

Overview on 2022 Goal Setting for Executives with Strategic Responsibilities



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 (actual vs target)

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 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.

Finally, for Executives with strategic responsibilities an annual objective for the implementation of "UniCredit Unlocked Strategy" is defined, customized on the specific role and with reference to specific strategic initiatives and projects linked for example to investments on digitalization, 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 into non-financial section are assessed on a qualitative 5-point rating scale.

Below are illustrated the objectives assigned to Executives with strategic responsibilities grouped by role:

2022 Goal Setting for Executives with Strategic Responsibilities – Business roles

ILLUSTRATIVE

FINANCIAL KPIs (weight 70%)			
NET REVENUES (Rev-LLPs)	Risk adjusted / related	Own perimeter/Group	✓
COSTS (C/I & OPEX)		Own perimeter/Group	✓
ORGANIC CAPITAL GENERATION[A]	Risk adjusted / related	Own perimeter/Group	✓
ROAC[B]	Risk adjusted / related; ESG / Sustainable	Own perimeter/Group	✓
STRATEGIC PRIORITIES & CULTURE (weight 30%)			
UNICREDIT UNLOCKED EXECUTION		Own perimeter	✓
SUSTAINABILITY	ESG / Sustainable	Own perimeter/Group	✓
"WINNING, THE RIGHT WAY, TOGETHER"	Risk adjusted / related; ESG / Sustainable	Group	✓
		Number of goals	7

Risk adjusted / related   ESG / Sustainable

1. At divisional level, Net CET1 generation is considered

2. At Group level, RoTE w/CET1 underpin is considered

2022 Goal Setting for Executives with Strategic Responsibilities – Digital & Operations roles

ILLUSTRATIVE

FINANCIAL KPIs (weight 50%)			
COSTS (Direct)	Risk adjusted / related	Own perimeter	✓
NET REVENUES		Group	✓
STRATEGIC PRIORITIES & CULTURE (weight 50%)			
UNICREDIT UNLOCKED EXECUTION		Own perimeter	✓
SUSTAINABILITY	ESG / Sustainable	Own perimeter/Group	✓
"WINNING, THE RIGHT WAY, TOGETHER"	Risk adjusted / related; ESG / Sustainable	Group	✓
		Number of goals	5

Risk adjusted / related   ESG / Sustainable

2022 Goal Setting for Executives with Strategic Responsibilities – Competence Lines

ILLUSTRATIVE

FINANCIAL KPIs (weight 20%)			
DIRECT COSTS[1]	Risk adjusted / related	Own perimeter	✓
STRATEGIC PRIORITIES & CULTURE (weight 80%)			
UNICREDIT UNLOCKED EXECUTION		Own perimeter	✓
SUSTAINABILITY	ESG / Sustainable	Own perimeter/Group	✓
"WINNING, THE RIGHT WAY, TOGETHER"	Risk adjusted / related; ESG / Sustainable	Group	✓
		Number of goals	4

Risk adjusted / related   ESG / Sustainable

1. HR Costs for HR

Local Feature

Goal Setting in UCI

The definition of the objectives and the measurement of the performance for the UCI Group Material Risk Takers follow the logic described previously valid for the Group Material Risk Takers as a whole.
As regards the Local Material Risk Takers of UCI, the same principles as above are applied according to the principle of proportionality.
Individual goals of employees in control functions reflect primarily the performance of their own position. To avoid conflicting interests, they are independent of the success of the controlled units.
Decided by the Management Board there are certain goals, as for example "Winning the Right Way, together" mandatory for all Local Material Risk Takers or even mandatory for all local managers.
The overall local process of goal setting – within the frame of the goal setting process of the Group - starts with the goal setting for the CEO and the other members of the Management Board of UCI and is then cascaded to all employees.
The technical and organizational structure is given by the Group Success Factor Tool for every single employee. This tool allows – for what concerns GMRT - Group P&C together with local P&C, to verify whether the process is followed properly, for example whether the number of the goals is respected (minimum of 4), whether mandatory goals are inserted in the system, whether the tasks are done within the given time frame and finalized.

3.5.3 2020-2023 Group Long Term Incentive Plan management

The LTIP 20-23 was approved by Shareholders' Meeting on April 9, 2020, and provides 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, the possibility to offer the beneficiaries of the LTIP 20-23 a switch to the new 2022 Group Incentive System for the LTIP 20-23 2022 and 2023 quotas is envisaged to avoid overlap between incentive plans.

Such management of the LTIP 20-23 implies the following effects:

- cancelling the 2022 and 2023 quotas for the beneficiaries accepting the switch, and the related incentive opportunity, thus freeing up space for the allocation of additional variable remuneration under the new 2022 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.

The above switching opportunity is strictly linked to the launch of the new 2022 Group Incentive System, to ensure the full alignment between incentive systems and corporate strategy, and is subject to the consent of the LTIP 20-23 beneficiaries.

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.

Local feature

Among the UCI staff, any beneficiaries of the Group's Long-term Incentive Plan will be subject to the rules described above. There are no local beneficiaries of 2020-2023 LTI Plan.

4 ROLES AND RESPONSIBILITIES

4.1 Responsibilities of the Holding Company

UniCredit S.p.A. is responsible for:

- defining Global Rules related to remuneration in order to guarantee the Holding's guidance function, in line with international best practices and ensuring the respect of all legal and regulatory requirements;
- developing global tools / programs / practices to give practical application to policies / guidelines;

- supporting the Group Legal Entities in the local implementation of the global tools / programs / practices.

4.2 Responsibilities of the Legal Entities

The Legal Entities are responsible for:

- adopting and implementing the Global Rules, possibly making those amendments which are necessary to ensure their consistency with all local legal and regulatory requirements;
- developing local tools / programs / practices to give practical application to policies / guidelines;
- implementing and managing the tools / programs / practices consistently with global / local policies and guidelines.

5 REFERENCES

Definitions	***CAE****: Chief Audit Executive* ***Control Functions****: Internal Audit, Risk Management and Compliance functions* ***FTEs****: Full Time Equivalent employees* ***GEC****: members of Group Executive Committee, namely the CEO and his direct reporting line* ***GEC-1****: managers directly reporting to GEC members, excluding control functions, People & Culture and Manager in Charge of Drafting the Company Financial Reports* ***TUB****: Testo Unico Bancario – D. Lgs. n.385/1993* ***TUF****: Testo Unico della Finanza – D. Lgs. n. 58/1998*
Associated Rules	GRETEL UC-2021-105 / IR 1813/1 - GP “Group Termination Payments Policy” GRETEL UC-2016-038 / IR 1041 - GP “HR Policies Framework”
Revised / replaced Rules	GRETEL UC-2021-104 / IR 1597/2 - GP “Group Remuneration Policy”