

# Corporate Governance

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# Governance organisational structure

## Introduction

UniCredit's overall corporate governance framework, i.e. the system of rules and procedures that its corporate bodies refer to steer the principles of their behaviour and fulfil their various responsibilities towards the Group's stakeholders, has been defined in compliance with current legal provisions and the recommendations contained in the Corporate Governance Code for listed companies (hereinafter, also the "Code"). The Code, according to the major international markets' experience, identifies the corporate governance standards and best practices for listed companies recommended by the Italian Corporate Governance Committee, to be applied according to the "comply or explain" principle that requires the explanation in the corporate governance report of the reasons of failure to comply with one or more recommendations contained in its principles or criteria.

Moreover, UniCredit is subject to the provisions contained in the Supervisory Regulations issued by Banca d'Italia and, in detail, with regards to *corporate governance* issues, to the Supervisory Regulations on banks' corporate governance (Circular No.285/2013, Part I, Title IV, Chapter 1). In compliance with the aforementioned Supervisory Regulations UniCredit, as significant bank subject to the direct prudential supervision of the ECB, as well as a listed bank, is qualifiable as bank of a major size or operational complexity and consequently complies with the provisions applicable to such kind of bank.

Since 2001, UniCredit has adopted the Code which is available to the public on the Corporate Governance Committee website (<http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015engclean.en.pdf>).

UniCredit yearly draws up a corporate governance report meant for its shareholders, institutional and non-institutional investors and the market. The report supplies suitable information on the UniCredit own Corporate Governance system.

Consistently with the relevant legal and regulatory obligations, as well as in line with the provisions of the Code, in its latest edition approved in July 2015, the 2017 Report on corporate governance and ownership structure has been drafted in accordance with Section 123/bis of Legislative Decree No.58 dated 24 February 1998 (hereinafter, also the "TUF").

The Report on Corporate Governance and ownership structure approved by the Board of Directors (in the meeting held on 5 March 2018) is published at the same time as the Consolidated Report on Operations on the Issuer's website (<https://www.unicreditgroup.eu/en/governance/governance-system-and-policies.html>). For further information on the UniCredit Corporate Governance system please see the first of the above documents.

UniCredit, as issuer of shares also listed on the Frankfurt and Warsaw regulated markets, also fulfils the legal and regulatory obligations relating to listings on said markets as well as the provisions on corporate governance contained in the Polish Corporate Governance Code issued by the Warsaw Stock Exchange.

The information provided, unless otherwise specified, refers to the financial year 1 January/31 December 2017.

Since its establishment, UniCredit has adopted the so-called traditional management and control system.

The distinctive feature of this model is that the strategic supervision and the management of the company, the overseeing of its management and the legal accounting supervision are separated. In particular, the Board of Directors is solely responsible for the strategic supervision and the management of the Company, while the Board of Statutory Auditors is entrusted with supervising its management. Legal accounting supervision on the Company is assigned to an external audit firm by the Shareholders' Meeting on the basis of a proposal from the Board of Statutory Auditors, in compliance with relevant current laws.

The reasons behind the choice of such governance model are that it has proven capable of managing the business efficiently, while ensuring effective controls. That is, it creates the conditions for UniCredit S.p.A. to be able to guarantee the sound and prudent management of a complex and global banking group, such as the UniCredit Group.

Moreover, the traditional management ascribes certain aspects to the sole responsibility of the Shareholders' Meeting, creating in this way an opportunity for dialogue and debate between shareholders and management about the fundamental elements of governance. These include the appointment and dismissal of directors, the appointment of the Board of Statutory Auditors members, the granting of a mandate for the external auditing to an audit firm, the setting of the related remuneration, as well as the approval of the financial statements, the profit allocations, the resolutions on the remuneration and incentive policies and practices provided for by current provisions and the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office.

## Shareholders' Meeting

The Ordinary Shareholders' Meeting of UniCredit is convened at least once a year within 180 days of the end of the financial year, in order to resolve upon the issues that current laws and the Articles of Association make it responsible for. An Extraordinary Shareholders' Meeting is convened, instead, whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by current laws.

The Agenda of the Shareholders' Meeting is established pursuant to legal requirements and to the UniCredit Articles of Association by whoever exercises the power to call a Meeting.

The Ordinary Shareholders' Meeting has adopted Regulations governing Ordinary and Extraordinary Meetings in a functional and regular way. The Regulations are available on the Governance/Shareholders Meeting Section of the UniCredit website.

## Board of Directors

The Board of Directors of UniCredit may be comprised of between a minimum of 9 up to a maximum of 24 members. As at 5 March 2018, UniCredit has 17 Directors.

Their term in office is 3 financial years, unless a shorter term is established at the time they are appointed, and ends on the date of the Shareholders' Meeting called upon to approve the financial statements relating to the latest year in which they were in office.

The term in office of the current Board of Directors, which was appointed by the Shareholders' Meeting of 13 May 2015, will expire on the date of the Shareholders' Meeting called upon to approve the 2017 financial statements.

UniCredit Directors shall be appointed, according to the current legal and regulatory provisions, on the basis of a proportional representation mechanism ("voto di lista") abiding by the membership criteria concerning minority and independent Directors, apart from abiding by the rules on the balance between genders envisaged by Law No. 120/2011, pursuant to the procedures specified in Clause 20 of the UniCredit Articles of Association. The legitimate parties who are entitled to submit lists are the Board of Directors and the shareholders, who individually or collectively with others represent at least 0.5% of share capital in the form of ordinary shares with voting rights at ordinary Shareholders' Meetings.

The Board establishes its qualitative and quantitative composition deemed optimal for the effective completion of the duties and responsibilities entrusted to the board of directors by law, by the Supervisory Provisions and by the UniCredit Articles of Association, according to the current provisions of both laws and regulations, and more specifically to the Supervisory Regulations on banks' corporate governance, also concerning limits on the aggregate number of directorships that UniCredit Directors may hold.

Moreover, Directors must take into account the provisions of Section 36 of Law Decree No. 201/2011 ("ban on interlocking directorships"), approved as statute by Law No. 214/2011 which establishes that holders of a seat in managerial, supervisory and controlling bodies, as well as top management officers in companies or group of companies active in banking, insurance and financial markets are forbidden to hold, or to exercise, similar duties, in competing companies or groups of companies.

The function and competencies of the Board of Directors are set forth in the UniCredit Corporate Bodies Regulations. The Corporate Bodies Regulations are available on the Governance/Governance system & policies Section of the UniCredit website.

## Independence of Directors

In compliance with the criteria established by Section 3 of the Code (which coincide with those envisaged by the UniCredit Articles of Association) and the provisions set out by Section 148 of the TUF, the Directors' independence shall be assessed by the Board of Directors every time the Board is renewed, as well as on an annual basis and whenever a person is appointed as Director, on the basis of the information provided by the Director him/herself or, however, available to the Issuer. The outcome of the assessments of the Board shall be notified after the appointment, through a press release disclosed to the market and, subsequently, within the Corporate Governance Report.

With reference to the Board of Directors' members in office as of the approval date of this document, the Corporate Governance, Nomination and Sustainability Committee and the Board of Directors, the latter at the annual verification carried out at its meeting on 6 July 2017, as well as at the verification of individual directors made on 9 February and 11 December 2017, carried out the assessment of the Directors' independence requirements based on the statements made by the parties concerned and on the information available to the Company. In that regard, with special reference to the independence requirements indicated in the Code and the Articles of Association, information relating to the existence of direct or indirect relationships (credit relationships, significant offices held, employee relationships and business/professional relationships) of the Directors with UniCredit and Group Companies was taken into account.

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In order to assess the possible significance of the abovementioned relationships, the Board of Directors has decided not to proceed with merely identifying predefined economic targets, which if simply exceeded could automatically indicate that independence has been compromised. It is considered that such check requires an overall assessment of aspects which are equally subjective as well as objective. Therefore, for this purpose, the following criteria should be taken into account: (i) the nature and characteristics of the relationship; (ii) the amount in absolute and relative terms of the transactions; and (iii) the subjective profile of the relationship.

In particular, when assessing the significance of the relationship, the following information, if available, is considered by the Board:

- as far as credit relations are concerned, the amount in absolute value of the credit granted, its weighting in relation to the system and, where appropriate, the economic and financial situation of the borrower;
- as far as professional/commercial relations are concerned, the characteristics of the transaction/relationship, the amount of the consideration and, where appropriate, the economic and financial situation of the counterparty.

In both cases, the parties involved (Director or family member; UniCredit or Group Company) and, for relationships with companies/entities, the related kind of "connection" with the Director or the family member (post held/control participation) were taken into account.

As a result of such assessments, the number of independent Directors according to the provisions of the Code is equal to 12.

The outcome was the following:

- Independent Directors pursuant to the Articles of Association and Section 3 of the Code: Mr. Al Mehairi, Mr. Bisoni, Ms. Bochniarz, Ms. Böckenfeld, Mr. Caltagirone, Mr. Cordero di Montezemolo, Ms. Reichlin, Mr. Saccomanni, Ms. Streit, Ms. Vezzani, Mr. Wolfgring and Ms. Zambon;
- Independent Directors pursuant to Section 148 of the TUF: Mr. Vita, Mr. Calandra Buonauro, Mr. Al Mehairi, Mr. Balbinot, Mr. Bisoni; Ms. Bochniarz, Ms. Böckenfeld, Mr. Caltagirone, Mr. Cordero di Montezemolo, Ms. Reichlin, Mr. Saccomanni, Ms. Streit, Ms. Vezzani, Mr. Wolfgring, Mr. Wyand and Ms. Zambon.

According to the Code, the Board of Statutory Auditors, in its 16 February 2017, 19 July 2017 (annual verification) and 9 January 2018 meetings, ascertained, with a positive outcome, the proper application of the criteria and procedures adopted by the Board of Directors to assess the independence of its own members.

## Status and activities of the Directors

In the following chart the information regarding the members of the Board of Directors in office at the approval date of this document is reported.

POSITION	MEMBERS	IN OFFICE		SLATE (M/m) (*)	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT AS PER ARTICLES OF ASSOCIATION AND CODE	INDEPENDENT AS PER TUF	BOARD MEETINGS ATTENDANCE % (**)	NUMBER OF OTHER POSITIONS (***)
		SINCE	UNTIL							
Chairman	Vita Giuseppe	05.13.2015	Approval of 2017 financial statements	m		X		X	100	1
Deputy Vice Chairman	Calandra Buonauro Vincenzo	05.13.2015	Approval of 2017 financial statements	m		X		X	100	--
CEO ◊	Mustier Jean Pierre	06.30.2016 <sup>(1)</sup>	Approval of 2017 financial statements	--	X				100	--
Director	Al Mehairi Mohamed Hamad	10.15.2015 <sup>(2)</sup>	Approval of 2017 financial statements	--		X	X	X	86.67	7
Director	Balbinot Sergio	06.09.2016 <sup>(3)</sup>	Approval of 2017 financial statements	--		X		X	86.67	7
Director	Bisoni Cesare	05.13.2015	Approval of 2017 financial statements	m		X	X	X	93.33	--
Director	Bochniarz Henryka	05.13.2015	Approval of 2017 financial statements	m		X	X	X	93.33	2
Director	Böchenfeld Martha Dagmar	09.22.2016 <sup>(4)</sup>	Approval of 2017 financial statements	--		X	X	X	80	7
Director	Caltagirone Alessandro	05.13.2015	Approval of 2017 financial statements	m		X	X	X	86.67	5
Director	Cordero di Montezemolo Luca	05.13.2015 <sup>(5)</sup>	Approval of 2017 financial statements	m		X	X	X	100	4
Director	Reichlin Lucrezia	05.13.2015	Approval of 2017 financial statements	M		X	X	X	93.33	4
Director	Saccomanni Fabrizio	11.08.2017 <sup>(6)</sup>	Approval of 2017 financial statements	--		X	X	X	100	--
Director	Streit Clara C.	05.13.2015	Approval of 2017 financial statements	m		X	X	X	80	4
Director	Vezzani Paola	05.13.2015	Approval of 2017 financial statements	m		X	X	X	100	--
Director	Wolfgang Alexander	05.13.2015	Approval of 2017 financial statements	m		X	X	X	100	3
Director	Wyand Anthony	05.13.2015	Approval of 2017 financial statements	m		X		X	93.33	2
Director	Zambon Elena	05.13.2015	Approval of 2017 financial statements	m		X	X	X	80	12
<b>Directors that left off during the Period</b>										
Director	Palenzona Fabrizio	05.13.2015 <sup>(7)</sup>	Approval of 2017 financial statements	m		X		X	92.86	2
<b>Quorum required for the submission of the slates for the latest appointment: 0.5%</b>										
<b>Number of meetings held during the financial year: 15</b>										

### Note:

(\*) M = Member elected from the slate that obtained the majority of the Shareholders' votes;

m = Member elected from the slate voted by the minority;

(\*\*) Number of meeting attended/number of meetings held during the concerned party's term of office with regard to the Period;

(\*\*\*) Number of positions as Director or Auditor held in other companies listed on regulated markets (both in Italy and abroad), including financial services companies, banks, insurance companies or other large companies. There is a list of such companies for each Director attached to the Report on corporate governance and ownership structure.

◊ Director in charge of the internal controls and risks management system.

(1) Co-opted on 30 June 2016 in place of Mr. Manfred Bischoff and confirmed by the Shareholders' Meeting on 12 January 2017. Mr. Mustier as from 12 July 2016, has taken on the office as Chief Executive Officer, in place of Mr. Federico Ghizzoni, who at the same date stepped down from the Board of Directors.

(2) Co-opted on 15 October 2015 in place of Mr. Mohamed Badawy Al-Husseiny and confirmed by the Shareholders' Meeting on 14 April 2016.

(3) Co-opted on 9 June 2016 in place of Ms. Helga Jung and confirmed by the Shareholders' Meeting on 12 January 2017.

(4) Co-opted on 22 September 2016, bringing back the number of the Board of Directors members to the one resolved upon with the resolution taken by the Shareholders' Meeting of 13 May 2015; confirmed by the Shareholders' Meeting on 12 January 2017.

(5) Mr. Cordero di Montezemolo stepped down from his role as Vice Chairman on 20 April 2017.

(6) Co-opted on 8 November 2017 in place of Mr. Fabrizio Palenzona.

(7) Resigned effective as from 8 November 2017. Mr. Palenzona stepped down from his role as Vice Chairman on 1 March 2017.

# Governance organisational structure

## Committees of the Board of Directors

In order to foster an efficient information and advisory system to enable the Board of Directors better to assess the topics for which it is responsible, also pursuant to the provisions of the Code, the following four committees are established among Board members, vested with research, advisory and proposal-making powers diversified by sector of competence: the Internal Controls & Risks Committee, the Corporate Governance, Nomination and Sustainability Committee, the Remuneration Committee and the Related-Parties and Equity Investments Committee.

The Internal Controls & Risks Committee, the Corporate Governance, Nomination and Sustainability Committee and the Remuneration Committee have been set up in compliance with the provisions contained in Banca d'Italia Supervisory Regulations on banks' corporate governance envisaging 3 specialist committees, one on appointments, one on risks and one on remuneration, while the Related-Parties and Equity Investments Committee, established for overseeing issues concerning transactions with related-parties and with associated parties, as well as issues concerning investments in non-financial equities, has been set up in compliance with CONSOB regulatory provisions and the Banca d'Italia Supervisory Regulations. The committee on appointments also supervises the sustainability issues linked to the activity exercised by UniCredit and to the dynamics of the interactions of the latter with all the stakeholders.

As regards the above specialist committees on appointments, on risks and on remuneration, none of the functions of one or more Board Committees envisaged by the Code has been reserved to the Board of Directors. Moreover, none of the abovementioned Committees, per se, performs the multiple functions of two or more committees as envisaged by the Code. The Committee functions have not been allocated amongst the various Committees in a different manner vis-à-vis the provisions of the Code.

The Committees may operate according to the procedures considered appropriate and may inter alia split into Sub-Committees.

The Board Committees' composition, functions and competencies are set forth in the Corporate Bodies Regulations.

## Internal Controls & Risks Committee

The Internal Controls & Risks Committee is comprised of 9 Directors, all non-executive and the majority of whom are independent pursuant to the Corporate Governance Code and the Articles of Association. All members of the Committee, in its current composition, are independent pursuant to Section 148, paragraph 3, of the TUF. The majority of the members (6 out of 9) also meet the independence requirements prescribed by the Code, which coincide with those envisaged by the UniCredit Articles of Association. The Chairman of the Committee is independent pursuant to Section 148, paragraph 3, of the TUF and to the Code. The work of the Committee is coordinated by the Chairman, chosen from the independent members. The Chairman of the Board of Directors is member by right.

Under the Corporate Bodies Regulations, the Committee members must have the knowledge, skills and experience to be able to fully understand and monitor the bank's strategies and risk appetite; furthermore, at least one member must possess appropriate experience in accounting and finance or risk management, which must be assessed by the Board of Directors at such time as they are appointed to the Committee.

The members of the Internal Controls & Risks Committee must also ensure that any other corporate positions they hold with other companies are compatible with the availability and commitment required of them to serve as a Committee member.

The composition of the Committee as at the approval date of this document is the following: Mr. Giuseppe Vita (member by right as Chairman of the Board of Directors); Mr. Alexander Wolfgring (Chairman), Mr. Vincenzo Calandra Buonaura, Mr. Cesare Bioni, Ms. Lucrezia Reichlin, Mr. Fabrizio Saccomanni, Ms. Clara C. Streit, Ms. Paola Vezzani and Mr. Anthony Wyand.

The Committee meetings are as a rule convened once every month by the Chairman, or upon request of at least 2 members or 2 Statutory Auditors.

The Chairman of the Board of Statutory Auditors and the other Statutory Auditors attend the Committee meetings; in addition, the CEO, the General Manager, the Head of the Internal Audit function, the Group Compliance Officer, the Group Chief Risk Officer, the Manager in charge of drafting the company financial reports, and the Board Secretary take part in the meetings as permanent guests.

The Corporate Bodies Regulations also establish that the Vice Chairmen of the Board of Directors may attend the Committee meetings as guests, unless they are already members of the Committee.

The External Auditors may also be invited to attend.

In 2017, the Committee held 12 meetings.

## Duties

The Committee supports the Board of Directors on risk and internal audit-related systems.

Among other things, the Committee:

- a) Drawing on input from the Corporate Governance, Nomination and Sustainability Committee, identifies and proposes to the Board who should be appointed Head of Group Compliance, Internal Audit and Group Risk Management; issues its opinion on setting remuneration for the Head of Internal Audit in line with company policy;
- b) In advance, examines activity programmes (including the audit plan) and annual reports from Group Compliance, Internal Audit and Group Risk Management destined for the Board, as well as periodical reports prepared by these functions above and beyond legal or regulatory requirements;
- c) Evaluates and issues opinions to the Board on compliance with the principles pursuant to which the internal audit and corporate organisations system must be harmonised, and the requirements that must be complied with by the Group Compliance, Internal Audit and Group Risk Management functions, drawing the Board's attention to any weaknesses and consequent corrective actions to be implemented; for this purpose, it assesses proposals put forward by the CEO;
- d) Through valuations and opinions, contributes to defining company policy on the outsourcing of the internal control functions;
- e) Verifies that the Group Compliance, Internal Audit and Group Risk Management functions correctly comply with the Board's indications and guidelines, assisting the Board in drafting the coordination documents envisaged under Circular No.285 issued by Banca d'Italia;
- f) Examines and assesses the correct use of accounting principles and their uniformity with regard to drafting the main accounting documents (such as, by way of example, operating and consolidated financial statements, interim operating reports), for this purpose coordinating with the manager in charge of drafting company's accounting documents and the Board of Statutory Auditors;
- g) Examines the work carried out by the Group external auditor and the results stated in their reports and any letters and suggestions;
- h) Assesses any findings that may emerge in reports from Internal Audit and Group Compliance, or from the Board of Statutory Auditors and Group companies or from enquiries and/or investigations carried out by third parties;
- i) May seek specific audit interventions, at such time informing the Chairman of the Board of Statutory Auditors;
- j) Analyses Group guidelines for the Group Compliance function that fall within its sphere of competence, monitoring that they have been adopted and implemented;
- k) Requests that the Head of Internal Audit draft any proposals for the qualitative and quantitative improvement of the function itself.

With a special focus on risk management and control-related issues, the Committee offers a support function to the Board of Directors in:

- Defining and approving strategic orientations and risk governance policies with special reference to risk appetite and risk tolerance. For this purpose, it also examines the annual budget drafting guidelines;
- Verifying that risk strategies, governance policies and the Risk Appetite Framework (RAF) have correctly been implemented;
- Defining policies and processes for evaluating corporate activities, including verification that the price and conditions of client operations comply with the risk-related business model and strategies.

Without prejudice to the competencies of the Remuneration Committee, the Committee checks that the incentives underlying the remuneration and incentives system comply with the RAF, particularly taking into account risks, capital and liquidity.

The Chairman of the Committee reports to the Board of Directors at its first available meeting on the activities carried out during the committee meetings. Moreover, the Committee reports to the Board of Directors on the status and effectiveness of the Group's internal controls system.

## Related-Parties and Equity Investments Committee

The Related-Parties and Equity Investments Committee shall comprise 3 Directors having the requisites of independence as defined by the Code and shall appoint a Chairman from among them.

The Related-Parties and Equity Investments Committee shall be called by its Chairman whenever deemed necessary. The Chairman of the Committee reports to the Board of Directors at its first available meeting on the activities carried out during the committee meetings.

The composition of the Committee as at the approval date of this document is the following: Mr. Cesare Bisoni (Chairman), Ms. Lucrezia Reichlin and Ms. Paola Vezzani.

In 2017 the Committee held 13 meetings.

# Governance organisational structure

## Duties

The Committee operates on a consultative and proposition-making basis. The Committee oversees issues concerning transactions with related parties pursuant to CONSOB Regulation No.17221/2010 and transactions with associated parties pursuant to Banca d'Italia Circular No.263/2006 (Title V, Chapter 5), as well as issues concerning investments in non-financial equities pursuant to Banca d'Italia Circular No.285/2013 (Third Part, Chapter 1), within the limitations of the role attributed to independent directors by the aforementioned provisions.

As far as transactions with related and associated parties are concerned, the Committee:

- issues advance and justified opinions, also binding, in view of the Board resolution, on the overall adequacy of internal procedures governing the identification and management of transactions with related parties and/or associated parties undertaken by UniCredit and/or Group companies, as well as relevant amendments, pursuant to CONSOB Regulation for transactions with related parties, Banca d'Italia Regulation for transaction with associated parties and Section 136 of Legislative Decree No.385/1993 for transactions with corporate officers;
- issues advance and justified opinions as expressly envisaged, including any interest in completing transactions with related parties and/or associated parties undertaken by UniCredit and/or Group companies, as well as on the convenience and substantive propriety of the conditions associated;
- in the case expressly envisaged of the transactions with related parties and/or associated parties undertaken by UniCredit and/or Group companies, the Committee is involved, if deemed necessary through one or more delegated members, already during the negotiations stage and during due diligence, receiving a full and timely flow of information, and including the power to request information and make comments to the delegated bodies and parties assigned to perform the negotiations or due diligence;
- expresses its opinion, on the basis of the information made available by the competent office of the Bank, about significant topics concerning the Group *Perimetro Unico* on related and associated parties.

The Committee works with an assurance that constant monitoring takes place of transactions envisaged by the procedures for the identification and management of transactions with related parties and/or associated parties, including for the purpose of enabling it to propose any corrective actions.

As regards investments in non-financial equities, the Committee acts in an assessment, support and proposition-making role with regard to organising and enacting internal controls on overall activities of making and managing equity investments in non-financial companies, in addition to overall verification of compliance within the sphere of these equity investments in terms of strategic and operational guidelines.

### a) Temporary replacement in cases of conflict of interest

For each individual transaction, Committee members must not be associated with the counterparty, its associated parties and/or entities associated with it.

If a Committee member is a counterparty in the transaction under examination (or is related/associated with the counterparty), he/she must promptly inform the Chairman of the Board of Directors and the Committee Chairman (if he/she is not in conflict), and abstain from attending further Committee proceedings with regard to the transaction in which the relationship exists. Having consulted with the Committee Chairman (if he/she is not in conflict), the Chairman of the Board of Directors shall immediately take steps to replace the member who has this conflict of interest with another member from the Board of Directors who qualifies as independent pursuant to the Corporate Governance Code, after contacting them beforehand, in order to restore the Committee to three non-related and non-associated independent directors.

### b) Temporary replacement of members who are not available in the event of urgent convocation

For transactions for which completion is urgent that require intervention from the Related-Parties and Equity Investments Committee during negotiations and due diligence and/or in the opinions phase, having acknowledged this urgency and noted that the majority or all members are unable to meet and in any event carry out the required activity within the deadline for concluding the transaction, the Committee Chairman shall promptly inform the Chairman of the Board of Directors of this situation.

In any event, this must be communicated no later than the day after the day on which the Committee Chairman was informed that the majority or all Committee members were not available.

Having consulted the CEO for his/her assessment that the transaction cannot be delayed, the Chairman of the Board of Directors immediately takes steps to find three directors to sit on the Committee and follow the process envisaged for temporary substitutions in cases of conflict of interest.

As regards sections a) and b) above, it should be noted that:

- replacements must be provided with all available information in good time before the meeting at which the Committee is due to express its opinion on the transaction;
- replacements undertake the duties allocated to them until the conclusion of the decision-making process on the transaction for which they were involved, and remain involved in the decisions taken by the Committee.

## Corporate Governance, Nomination and Sustainability Committee

The Corporate Governance, Nomination and Sustainability Committee is comprised of 7 Directors, all non-executive and the majority of whom are independent pursuant to the Corporate Governance Code and the Articles of Association. The work of the Committee is coordinated by the Chairman, chosen from the independent members. The Chairman of the Board is member by right.

Committee meetings shall be scheduled on a monthly basis. The Chairman of the Committee reports to the Board of Directors at its first available meeting on the activities carried out during the committee meetings.

The composition of the Committee as at the approval date of this document is the following: Mr. Giuseppe Vita (member by right as Chairman of the Board of Directors); Mr. Luca Cordero di Montezemolo (Chairman), Mr. Vincenzo Calandra Buonauro, Mr. Alessandro Caltagirone, Mr. Fabrizio Saccomanni, Ms. Clara C. Streit and Ms. Elena Zambon.

In 2017, the Committee held 13 meetings.

### Duties

The Corporate Governance, Nomination and Sustainability Committee provides opinions to Board, amongst other issues on:

- a) defining the UniCredit corporate governance system, corporate structure and Group governance models and guidelines;
- b) defining the self-assessment process, the qualitative and quantitative composition of the Board deemed to be optimal, and the maximum number of posts held at other companies considered compatible with effectively fulfilling these roles at UniCredit;
- c) verifying that UniCredit Directors meet the statutory and Articles of Association-based requirements (including requirements on interlocking directorates envisaged under applicable law), and verifying the correspondence between the qualitative and quantitative composition of the Board considered optimal and the outcome downstream from the appointments process;
- d) appointing the CEO, General Manager, Deputy General Managers and other directors with strategic responsibilities, as well as Senior Executive Vice Presidents;
- e) defining policy on the appointment and succession plan for the CEO, General Manager, Deputy General Managers and other directors with strategic responsibilities, Senior Executive Vice Presidents, Group Management Team (Executive Vice Presidents) and Leadership Team (Senior Vice Presidents);
- f) defining policy for the appointment of corporate officers (members of the Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) at Group companies;
- g) designating corporate officers (members of the Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) at the main companies (UniCredit Bank AG, UniCredit Bank Austria, Fineco Bank, Mediobanca, Associazione Bancaria Italiana, UniCredit Foundation and UniCredit & Universities);
- h) identifying candidates for the post of UniCredit Director in the case of co-optation, and, in case the Board should present a list of candidates for the position of independent Director for submission to the UniCredit Shareholders' Meeting, taking into account any indications from shareholders;
- i) appointing members to the other Board Committees.

Furthermore, the Committee:

- Sets targets for the least-well represented gender, and prepares a plan to increase this proportion up to a set target;
- Prepares proposals for the Board of Directors on the selection of staff appointed to conduct the Board's self-assessment process;
- Provides support, coordinating with the Internal Controls & Risks Committee, in order to propose to the Board of Directors who should be appointed as the Head of Internal Audit, Group Compliance and Group Risk Management;
- Undertakes research to help the Board of Directors prepare a succession plan for executive directors.

The Committee further supervises the sustainability issues linked to the activity exercised by UniCredit and to the dynamics of the interactions of the latter with all the stakeholders. Within this scope, in particular, the Committee:

- in advance, examines the yearly Integrated Report to be submitted for approval to the Board of Directors;
- makes proposals with regard to the Group environmental and social strategy, annual objectives and targets to reach, monitoring over time that they have been implemented;
- supervises the sustainability evolution also in light of the international guidelines and principles on the subject, monitoring the Group position.

# Governance organisational structure

## Remuneration Committee

The Remuneration Committee is comprised of 5 Directors, all non-executive and the majority of whom are independent pursuant to the Corporate Governance Code and the Articles of Association. The work of the Committee is coordinated by the Chairman, chosen from the independent members. The Chairman of the Board of Directors is member by right.

The Corporate Bodies Regulations provide for at least one member of the Committee to have adequate knowledge and experience in finance or remuneration policies for the Board of Directors, to be assessed at such time as he/her is appointed to the Committee.

Committee meetings shall be scheduled on a quarterly basis. The Chairman of the Committee reports to the Board of Directors at its first available meeting on the activities carried out during the committee meetings.

In order that the incentive contained in the compensation and incentive schemes are consistent with the Bank's risk, capital and liquidity management, the Committee may avail itself of experts, even external experts, on such matters.

The Group Chief Risk Officer is invited 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 that comply with the methodologies adopted by the Bank in managing risk for regulatory and internal purposes.

The Chairman of the Board of Statutory Auditors or another Auditor designated by the Chairman may also attend meetings, as indeed may other Auditors.

The composition of the Committee as at the approval date of this document is the following: Mr. Giuseppe Vita (member by right as Chairman of the Board of Directors); Mr. Alessandro Caltagirone (Chairman), Ms. Henryka Bochniarz, Mr. Alexander Wolfgring and Mr. Anthony Wyand.

In 2017, the Committee held 8 meetings.

## Duties

Among other things, the Committee:

- Formulates proposals to the Board on remuneration of members of the Board of Directors, the General Manager, Deputy General Managers, the Heads of corporate control functions and the personnel whose remuneration and incentive systems are decided upon by the Board;
- With regard to the CEO's earnings, serves in an advisory capacity in terms of setting the performance targets associated with the variable portion of the CEO's remuneration;
- Acts in an advisory capacity on setting criteria for remunerating the most significant employees, as identified pursuant to applicable Banca d'Italia provisions.

The Committee further issues opinions to the Board on:

- a) The remuneration policy for Senior Executive Vice Presidents, the Group Management Team (Executive Vice Presidents) and the Leadership Team (Senior Vice Presidents);
- b) Approves Group incentive schemes based on financial instruments;
- c) Remuneration policy for corporate officers (members of Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) at Group companies.

Members of the Committee 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 calculated.

Furthermore, the Committee:

- Directly supervises the correct application of rules regarding the remuneration of the Heads of internal control functions, working closely with the Board of Statutory Auditors;
- Works with the other committees, particularly the Internal Controls & Risks Committee in relation to the tasks assigned to the same with regard to the verification that the incentive contained in the compensation and incentive schemes are consistent with the RAF, ensuring the involvement of the corporate functions responsible for drawing up and controlling 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 an opinion on the achievement of the performance targets associated with incentive schemes, and on the checking of the other conditions set for bonus payments.

## Board Committees

MEMBERS	EXEC.	NON EXEC.	INDEP. AS PER ARTICLES OF ASSOCIATION AND CODE	INTERNAL CONTROLS & RISKS COMMITTEE		REMUNERATION COMMITTEE		CORPORATE GOVERNANCE, NOMINATION AND SUSTAINABILITY COMMITTEE		RELATED-PARTIES AND EQUITY INVESTMENTS COMMITTEE	
				(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Vita Giuseppe		X		M	100%	M	100%	M	100%		
Calandra Buonauro Vincenzo		X		M	91.67%			M	92.31%		
Mustier Jean Pierre	X										
Al Mehairi Mohamed Hamad		X	X								
Balbinot Sergio		X									
Bisoni Cesare		X	X	M	100%					C	100%
Bochniarz Henryka		X	X			M	100%				
Böchenfeld Martha Dagmar		X	X								
Caltagirone Alessandro		X	X			C	87.50%	M	76.92%		
Cordero di Montezemolo Luca		X	X					C	100%		
Reichlin Lucrezia		X	X	M	75%					M	84.62%
Saccomanni Fabrizio		X	X	M <sup>(1)</sup>	--			M <sup>(1)</sup>	--		
Streit Clara C.		X	X	M	83.33%			M	100%		
Vezzani Paola		X	X	M	100%					M	100%
Wolfring Alexander		X	X	C	100%	M	100%				
Wyand Anthony		X		M	91.67%	M	100%				
Zambon Elena		X	X					M	84.62%		
<b>----- Members that left off during the Period -----</b>											
Palenzona Fabrizio		X		M <sup>(2)</sup>	72.73%			M <sup>(2)</sup>	90.91%		
<b>No. of meetings held during the financial year</b>				<b>IC&amp;RC: 12</b>		<b>RC: 8</b>		<b>CGN&amp;S: 13</b>		<b>RP&amp;EIC: 13</b>	

### Notes:

(\*) A "C" (Chairman) or an "M" (Member) in this column shows that the member of the Board of Directors belongs to the Committee and also indicates his/her position.

(\*\*) Meetings' attendance percentage (number of meetings attended/number of meetings held during the concerned party's term of office with regard to the Period).

(1) Office held since 11 December 2017. No meeting was held during the term of office of Mr. Saccomanni.

(2) Office held until 8 November 2017.

## Board of Statutory Auditors

Pursuant to the UniCredit Articles of Association, the Ordinary Shareholders' Meeting appoints 5 permanent Statutory Auditors, among whom the Chairman, and 4 substitute Statutory Auditors. Both the permanent and substitute Statutory Auditors may be re-elected.

Permanent and substitute members of the Board of Statutory Auditors are appointed on the basis of a proportional representation mechanism ("voto di lista") in accordance with the composition criteria regarding the appointment of the Chairman of the Board by the minority shareholders and according to the rules on the balance of genders envisaged by Law No.120/2011, as established by the UniCredit Articles of Association, and in compliance with current legal provisions. In detail, the candidate who has obtained the highest share of votes among the candidates belonging to the slate that obtained the highest number of votes among the minority slates, as defined by current provisions (also regulatory) in force, shall be selected by the Shareholders' Meeting as Chairman of the Board of Statutory Auditors.

Their term in office is three financial years and ends on the date of the Shareholders' Meeting called upon to approve the financial statements for the third year of office.

Members of the Board of Statutory Auditors shall meet the professional experience, integrity and independence requirements laid down by law and they can hold administrative and control appointments with other companies within the limits set by current laws and regulations.

The Shareholders' Meeting of 14 April 2016, appointed the permanent and substitute Statutory Auditors for the 2016 - 2018 financial years, with term of office until the date of the Shareholders' Meeting called upon to approve the 2018 financial statements.

# Governance organisational structure

In the following chart the information regarding the members of the Board of Statutory Auditors in office at the approval date of this document is reported.

## Statutory Auditors

POSITION	MEMBERS	IN OFFICE		SLATE (M/m) ( <sup>(*)</sup> )	INDEPENDENT AS PER CODE	% ( <sup>(**)</sup> )	NUMBER OF OTHERS POSITIONS ( <sup>(***)</sup> )
		SINCE	UNTIL				
Chairman	Singer Pierpaolo	04.14.2016	Approval of 2018 financial statements	m	X	100%	--
Permanent Statutory Auditor	Bonissoni Angelo	04.14.2016	Approval of 2018 financial statements	M	X	92.50%	--
Permanent Statutory Auditor	Navarra Benedetta	04.14.2016	Approval of 2018 financial statements	M	X	97.50%	2
Permanent Statutory Auditor	Paolucci Guido <sup>(1)</sup>	12.04.2017	Approval of 2018 financial statements	M	X	96.15%	--
Permanent Statutory Auditor	Bientinesi Antonella <sup>(2)</sup>	12.04.2017	Approval of 2018 financial statements	m	X	100%	1
Substitute Statutory Auditor	Manes Paola	04.14.2016	Approval of 2018 financial statements	M	X	--	--
Substitute Statutory Auditor	Talamonti Maria	04.14.2016	Approval of 2018 financial statements	m	X	--	2
Substitute Statutory Auditor	Pagani Raffaella <sup>(3)</sup>	12.04.2017	Approval of 2018 financial statements	--	X	--	3
Substitute Statutory Auditor	Amato Myriam <sup>(3)</sup>	12.04.2017	Approval of 2018 financial statements	--	X	--	1
<b>Statutory Auditors that left off during the Period</b>							
Permanent Statutory Auditor	Laghi Enrico	04.14.2016	05.02.2017	M	X	42.86%	2
Permanent Statutory Auditor	Spinardi Maria Enrica	04.14.2016	10.26.2017	m	X	100%	1
<b>Quorum required for the submission of the slates for the latest appointment: 0.5%</b>							
<b>Number of meetings held during the financial year: 40</b>							

### Notes:

(\*) M = Member elected from the slate obtaining the majority of the Shareholders' votes;  
m = Member elected from the slate voted by a minority.

(\*\*) Meetings' attendance percentage (number of meetings attended/number of meetings held during the concerned party's term of office with regard to the Period).

(\*\*\*) Number of positions as Director or Auditor held by the concerned party pursuant to Section 148/bis of the TUF. A complete list of such positions is published by the CONSOB on its website pursuant to Section 144-quinquiesdecies of the CONSOB Issuers Rules.

(1) He took office under Article 2401 of the Italian Civil Code in replacement of Mr. Enrico Laghi who resigned on 2 May 2017 and was appointed as Statutory Auditor by the Shareholders' Meeting held on 4 December 2017.

(2) She took office under Article 2401 of the Italian Civil Code in replacement of Ms. Maria Enrica Spinardi who resigned on 26 October 2017 and was appointed as Statutory Auditor by the Shareholders' Meeting held on 4 December 2017.

(3) Appointed by the Shareholders' Meeting held on 4 December 2017.

## Major Shareholders

On the basis of the results from the Shareholders Register, completed with the communications received according to Section 120 of the TUF and other information known to the Company, updated to 31 December 2017, UniCredit major shareholders (shareholders owning more than 3%) were as follows:

DECLARANT	DIRECT SHAREHOLDER	% OF ORDINARY CAPITAL	% OF VOTING CAPITAL
Capital Research and Management Company	Capital Research and Management Company	5.072%	5.072%
Mubadala Investment Company PJSC	Aabar Luxembourg S.a.r.l.	5.038%	5.038%

According to the communications received pursuant to current provisions, the above shareholders hold significant shareholdings that exceed 3%, not falling within the disclosure exemptions (Section 119/bis of the Consob Regulation No.11971/99).

SHARE CAPITAL (AS AT 31 DECEMBER 2017)	SHARES	EURO
Total shares	2,225,945,295	20,880,549,801.81
Ordinary shares	2,225,692,806	20,878,181,320.81
Savings shares	252.490	2,368,481.00

On 4 December 2017 the UniCredit Shareholders' Meeting in its extraordinary session approved the mandatory conversion of the outstanding 252,489 savings shares into ordinary shares of the Company with regular economic rights and having the same features of the ordinary shares outstanding at the date of the transaction. The same decision was taken on the same date by the Special Meeting of Savings Shareholders called to approve the before mentioned conversion pursuant to Section 146, paragraph 1, lett. b) of the TUF. At the approval date of this document the mandatory conversion process into ordinary shares is underway at a conversion ratio of no. 3.82 ordinary shares for each savings share.

## Participation Rights

Eligible to attend Shareholders' Meetings are those who hold voting rights and in respect of whom the Company has received, from the broker holding the relevant securities account, the notification within the deadline set forth by applicable law (record date, i.e. seven market trading days before the Shareholders' Meeting date).

Those who hold voting rights may arrange to be represented in the Shareholders' Meeting, in compliance with the provisions of the prevailing law.

UniCredit has always encouraged its shareholders to exercise their participation and voting rights and; for that reason, some time ago it adopted the Regulations governing Shareholders' Meetings to ensure their regular conduct. Said Regulations are available on UniCredit website on the Governance/Shareholders' Meeting Section.