

UniCredit S.p.A.

A statement on the company's compliance with the corporate governance principles contained in Best Practice for GPW Listed Companies 2021

According to the current status of compliance with the Best Practice, the Company does not apply 6 detailed principles: 1.5., 2.11.5., 4.1., 4.3., 4.7., 4.14.

1. DISCLOSURE POLICY, INVESTOR COMMUNICATIONS

In the interest of all market participants and their own interest, listed companies ensure quality investor communications and pursue a transparent and fair disclosure policy.

- 1.1. Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.
The principle is applied.
- 1.2. Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.
The principle is applied.
- 1.3. Companies integrate ESG factors in their business strategy, including in particular:
 - 1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;
The principle is applied.
 - 1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.
The principle is applied.
- 1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:
The principle is applied.
 - 1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;
The principle is applied.
 - 1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.
The principle is applied.
- 1.5. Companies disclose at least on an annual basis the amounts expensed by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.
The principle is not applied.

Comments of the Company: *According to the applicable Italian law provisions, as of today there are no specific financial or non-financial disclosure obligations concerning amounts expensed by the Company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc.. Nevertheless, in the Integrated Report UniCredit discloses its support to the communities in which it operates by using LBG (London Benchmarking Group) methodology, which is commonly used for this purpose by many institutions, not only in the financial sector. It breaks down its contributions to community by: Arts/Culture, Economic Development, Social Welfare, Education and young people, Emergency relief, Health/Environment, Other*

support (for activities that cannot be classified).

- 1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.

The principle is applied.

- 1.7. If an investor requests any information about a company, the company replies immediately and in any case no later than within 14 days.

The principle is applied.

2. MANAGEMENT BOARD, SUPERVISORY BOARD

To ensure top standards of the responsibilities and effective performance of the management board and the supervisory board of a company, only persons with the adequate competences, skills and experience are appointed to the management board and the supervisory board.

Management Board members act in the interest of the company and are responsible for its activity. The management board is responsible among others for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety.

Supervisory board members acting in their function and to the extent of their responsibilities on the supervisory board follow their independent opinion and judgement, including in decision making, and act in the interest of the company.

The supervisory board functions in the spirit of debate and analyses the position of the company in the context of the sector and the market on the basis of information provided by the management board of the company and via the company's internal systems and functions and obtained from external sources, using the output of its committees. The supervisory board in particular issues opinions on the company's strategy, verifies the work of the management board in pursuit of defined strategic objectives, and monitors the company's performance.

- 2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

The principle is applied.

Comments of the Company: *The UniCredit diversity rules - as set out in the Articles of Association and the theoretical qualitative and quantitative profiles for the Board of Directors and the Board of Statutory Auditors - do not envisage specific requirement concerning age for the members of its governing bodies. Furthermore, it should be noted that according to the current Italian regulatory provisions, the theoretical qualitative and quantitative profile are pre-emptively identified by each corporate body and made available by the Company to shareholders in a timely manner.*

- 2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

The principle is applied.

- 2.3. At least two members of the supervisory board meet the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision, and have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company.

The principle is applied.

Comments of the Company: *According to the applicable Italian law provisions, the Directors of the Company must comply with the following independence requirements: - at least one quarter of them must meet the independence requirements established by the Treasury Decree no. 169/2020; - at least two Directors must meet the independence requirements established for statutory auditors by the Legislative Decree no. 58/1998; - at least one-half of them must meet the independence requirements established by the Articles of Association and have to comply with the principles of the Italian Corporate Governance Code for listed companies. All the above independence requirements may be cumulative for the same person. Additionally, all Statutory Auditors of the Company must meet the independence criteria set out by Italian law, including in particular those specifically provided for them by the Treasury Decree no. 169/2020 and the Legislative Decree no. 58/1998. According to the Italian Corporate Governance Code, all Statutory Auditors also comply with the independence criteria provided for by the same Code. Such criteria*

generally comply with those set out by Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision. However, there is no obligation relating specifically to relationships with shareholders holding at least 5% of all votes. Please consider that, according to the applicable Italian law provisions, any Statutory Auditor and Director are not to be considered independent when they have a significant commercial, financial or professional relationship with a subject required to apply for the authorizations for the acquisition of a shareholding that involves control or significant influence or attributes a share of the voting rights or capital of at least 10% or - should such subject be a company or an entity - with their executive officers or chair.

- 2.4. The supervisory board and the management board vote in an open ballot unless otherwise required by law.
The principle is applied.
- 2.5. Members of the supervisory board and members of the management board who vote against a resolution may have their dissenting vote recorded in the minutes.
The principle is applied.
- 2.6. Functions on the management board of a company are the main area of the professional activity of management board members. Management board members should not engage in additional professional activities if the time devoted to such activities prevents their proper performance in the company.
The principle is applied.
- 2.7. A company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board.
The principle is applied.
Comments of the Company: According to the applicable Italian law provisions, the board of directors and the board of statutory auditors of banks shall assess the suitability of their members, including inter alia the adequate availability of time to perform their duties (in terms of time commitment and compliance with the overall permitted number of other offices to be held). If insufficient time is available, proper measures are adopted by the competent corporate body in order to increase time availability, including the request to the corporate officers to renounce one or more offices or activities. Moreover, directors and statutory auditors should also comply with the provisions laid down in 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 groups of companies active in banking, insurance and financial markets are forbidden to hold similar offices, or to exercise similar duties, in competing companies or groups of companies.
- 2.8. Supervisory board members should be able to devote the time necessary to perform their duties.
The principle is applied.
- 2.9. The chair of the supervisory board should not combine this function with that of chair of the audit committee of the supervisory board.
The principle is applied.
- 2.10. Companies allocate administrative and financial resources necessary to ensure efficient functioning of the supervisory board in a manner adequate to their size and financial standing.
The principle is applied.
- 2.11. In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:
- 2.11.1. information about the members of the supervisory board and its committees, including indication of those supervisory board members who fulfil the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and those supervisory board members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the supervisory board in the context of diversity;
The principle is applied.
Comments of the Company: As already indicated in the Company's explanation to previous principle 2.3, it should be noted that, according to the applicable Italian law provisions, the Directors of the Company must comply with the following independence requirements: - at least one quarter of them must meet the independence requirements established by the Treasury Decree no. 169/2020; - at least two Directors must meet the independence requirements established for statutory auditors by the Legislative Decree no. 58/1998; - at least one-half of them must meet the independence requirements established by the Articles of Association and have to comply with the principles of the Italian Corporate Governance Code for listed companies. All the above independence requirements may be cumulative for the same person. Additionally, all Statutory Auditors of the Company must meet the independence criteria set out by Italian law, including in particular those specifically provided for them by the Treasury Decree no. 169/2020 and the Legislative Decree no. 58/1998. According to the Italian Corporate Governance Code, all Statutory Auditors also comply with the independence criteria provided for by the same Code. Such criteria generally comply with those set out by Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision. However, there is no obligation relating specifically to relationships with shareholders holding at least 5% of all votes. Please consider that, according to the applicable Italian law provisions, any Statutory Auditor and Director are not to be considered independent when they have a significant commercial, financial or professional relationship with a subject required to apply for the authorizations for the acquisition of a shareholding that involves control or significant influence or attributes a share of the voting rights or capital of at least 10% or - should such subject be a company or an entity - with their executive officers or chair.
- 2.11.2. summary of the activity of the supervisory board and its committees;
The principle is applied.
- 2.11.3. assessment of the company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls;

The principle is applied.

- 2.11.4. assessment of the company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the supervisory board to perform such assessment;

The principle is applied.

- 2.11.5. assessment of the rationality of expenses referred to in principle 1.5;

The principle is not applied.

Comments of the Company: According to the applicable Italian law provisions, as of today there are no specific financial or non-financial disclosure obligations concerning amounts expended by the Company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc.. Nevertheless, in the Integrated Report UniCredit discloses its support to the communities in which it operates by using LBG (London Benchmarking Group) methodology, which is commonly used for this purpose by many institutions, not only in the financial sector. It breaks down its contributions to community by: Arts/Culture, Economic Development, Social Welfare, Education and young people, Emergency relief, Health/Environment, Other support (for activities that cannot be classified).

- 2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

The principle is applied.

3. INTERNAL SYSTEMS AND FUNCTIONS

Efficient internal systems and functions are an indispensable tool of exercising supervision over a company.

The systems cover the company and all areas of activity of its group which have a significant impact on the position of the company.

- 3.1. Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.
The principle is applied.
- 3.2. Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.
The principle is applied.
- 3.3. Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.
The principle is applied.
- 3.4. The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short-term results of the company.
The principle is applied.
- 3.5. Persons responsible for risk and compliance management report directly to the president or other member of the management board.
The principle is applied.
- 3.6. The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.
The principle is applied.
- 3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.
The principle is applied.
- 3.8. The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.
The principle is applied.

- 3.9. The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.
The principle is applied.
- 3.10. Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.
The principle is applied.

4. GENERAL MEETING, SHAREHOLDER RELATIONS

The management board and the supervisory board of listed companies should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting, either in person or through a proxy.

The general meeting should proceed by respecting the rights of all shareholders and ensuring that passed resolutions do not infringe on legitimate interests of different groups of shareholders.

Shareholders who participate in a general meeting exercise their rights in accordance with the rules of good conduct. Participants of a general meeting should come prepared to the general meeting.

- 4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.
The principle is not applied.
Comments of the Company: Italian law does not require companies to broadcast General Meetings on-line over the Internet. Additionally, companies are not required to enable shareholders' participation in General Meetings by electronic communications means through real-life broadcast or real-time bilateral communication or to facilitate voting by electronic means. However, please note that the Company's Articles of Association already provide for the possibility for the holders of voting rights to participate remotely in General Meetings and to exercise their voting rights by using electronic means, if the notice of General Meeting so states. Please also note that UniCredit supports its shareholders in exercising their voting rights by appointing a Company-Designated Proxy Holder to whom the voting right holders may grant voting instructions concerning all or some of the items on the Agenda. The Company does not rule out the application of this principle in the future.
- 4.2. Companies set the place and date and the form of a general meeting so as to enable the participation of the highest possible number of shareholders. For that purpose, companies strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings take place only if justified and do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.
The principle is applied.
- 4.3. Companies provide a public real-life broadcast of the general meeting.
The principle is not applied.
Comments of the Company: As already indicated in the Company's explanations to previous principle 4.1, Italian law does not require companies to broadcast General Meetings on-line over the Internet. Additionally, companies are not required to enable shareholders' participation in General Meetings by electronic communications means through real-life broadcast or real-time bilateral communication or to facilitate voting by electronic means. However, please note that the Company's Articles of Association already provide for the possibility for the holders of voting rights to participate remotely in General Meetings and to exercise their voting rights by using electronic means, if the notice of General Meeting so states. Please also note that UniCredit supports its shareholders in exercising their voting rights by appointing a Company-Designated Proxy Holder to whom the voting right holders may grant voting instructions concerning all or some of the items on the Agenda. The Company does not rule out the application of this principle in the future.
- 4.4. Presence of representatives of the media is allowed at general meetings.
The principle is applied.
- 4.5. If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2 - 4 of the Commercial Companies Code, the management board immediately takes steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.
The principle is applied.
Comments of the Company: Italian law provides similar provisions regarding the summoning of general meetings by corporate bodies or entities other than the Board of Directors to the ones stipulated in the Polish Commercial Companies Code. However, Italian law does not place specific duties on the Board of Directors for organizing or conducting general meetings. Generally, pursuant to Italian law, a general meeting may be convened by the Board of Statutory Auditors (Collegio Sindacale), shareholders or the Court (Tribunale) in the following cases: 1. The Board of Statutory Auditors is obliged to summon a general meeting in the

case of the resignation of all members of the Board of Directors. The general meeting is convened in order to appoint a new Board of Directors. Additionally, Italian law requires the Board of Statutory Auditors to promptly summon a General Meeting, if the Board of Directors fails to do so, e.g.: (i) for the approval of the annual report; (ii) in the case of losses larger than one-third of the company's share capital; (iii) when shareholders representing at least one-twentieth of the company's share capital demand the convening of a general meeting. 2. Shareholders representing at least one-twentieth of the share capital of a listed company may demand that a general meeting is convened. Such request must be submitted to the Board of Directors. If the general meeting is not promptly convened by the Board of Directors, or by the Board of Statutory Auditors, the Court (Tribunale) may issue a decree ruling the summoning of a general meeting. However, this rule is not enforceable in the case when a general meeting is called in order to resolve on items in connection to which the Italian law requires a specific report to be prepared by the Board of Directors (e.g. capital increase, merger, etc.).

- 4.6. To help shareholders participating in a general meeting to vote on resolutions with adequate understanding, draft resolutions of the general meeting concerning matters and decisions other than points of order should contain a justification, unless it follows from documentation tabled to the general meeting. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board requests presentation of the justification of the proposed resolution, unless previously presented by such shareholder or shareholders.
The principle is applied.
- 4.7. The supervisory board issues opinions on draft resolutions put by the management board on the agenda of the general meeting.
The principle is not applied.
Comments of the Company: Generally, not applicable, except in a few specific cases provided for by applicable Italian law provisions.
- 4.8. Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.
The principle is applied.
- 4.9. If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office:
- 4.9.1. candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;
The principle is applied.
- 4.9.2. candidates for members of the supervisory board make a declaration concerning fulfilment of the requirements for members of the audit committee referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and having actual and material relations with any shareholder who holds at least 5% of the total vote in the company.
The principle is applied.
Comments of the Company: As already indicated in the Company's explanation to previous principle 2.3, it should be noted that, according to the applicable Italian law provisions, the Directors of the Company must comply with the following independence requirements: - at least one quarter of them must meet the independence requirements established by the Treasury Decree no. 169/2020; - at least two Directors must meet the independence requirements established for statutory auditors by the Legislative Decree no. 58/1998; - at least one-half of them must meet the independence requirements established by the Articles of Association and have to comply with the principles of the Italian Corporate Governance Code for listed companies. All the above independence requirements may be cumulative for the same person. Additionally, all Statutory Auditors of the Company must meet the independence criteria set out by Italian law, including in particular those specifically provided for them by the Treasury Decree no. 169/2020 and the Legislative Decree no. 58/1998. According to the Italian Corporate Governance Code, all Statutory Auditors also comply with the independence criteria provided for by the same Code. Such criteria generally comply with those set out by Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision. However, there is no obligation relating specifically to relationships with shareholders holding at least 5% of all votes. Please consider that, according to the applicable Italian law provisions, any Statutory Auditor and Director are not to be considered independent when they have a significant commercial, financial or professional relationship with a subject required to apply for the authorizations for the acquisition of a shareholding that involves control or significant influence or attributes a share of the voting rights or capital of at least 10% or - should such subject be a company or an entity - with their executive officers or chair.
- 4.10. Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.
The principle is applied.
- 4.11. Members of the management board and members of the supervisory board participate in a general meeting, at the location of the meeting or via means of bilateral real-time electronic communication, as necessary to speak on matters discussed by the general meeting and answer questions asked at the general meeting. The management board presents to participants of an annual general meeting the financial results of the company and other relevant information, including non-financial information, contained in the financial statements to be approved by the general meeting. The management board presents key events of the last financial year, compares presented data with previous years, and presents the degree of implementation of the plans for the last year.
The principle is applied.
Comments of the Company: As already indicated in the Company's explanations to previous principle 4.1, Italian law does not require companies to broadcast General Meetings on-line over the Internet. Additionally, companies are not required to enable participation in General Meetings by electronic communications means through real-life broadcast or real-time bilateral communication or to facilitate voting by electronic means. Furthermore, it should be noted that - according to the applicable Italian law provisions, the Integrated Report (i.e., the non-financial statement covering environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters) is drawn up and approved by the Board of Directors.
- 4.12. Resolutions of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent body to set the price prior to the subscription

right record date within a timeframe necessary for investors to make decisions.

The principle is applied.

- 4.13.** Resolutions concerning a new issue of shares with the exclusion of subscription rights which grant pre-emptive rights for new issue shares to selected shareholders or other entities may pass subject at least to the following three criteria:

- a)** the company has a rational, economically justified need to urgently raise capital or the share issue is related to rational, economically justified transactions, among others such as a merger with or the take-over of another company, or the shares are to be taken up under an incentive scheme established by the company;
- b)** the persons granted the pre-emptive right are to be selected according to objective general criteria;
- c)** the purchase price of the shares is in a rational relation with the current share price of the company or is to be determined in book-building on the market.

The principle is applied.

Comments of the Company: *According to the applicable Italian law provisions (Article 2441 of the Italian Civil Code), there is not a predetermined list of situations providing for the exclusion or limitation of subscription rights. Anyway, such situations and the relevant reasons must be illustrated by the Directors in a dedicated report. The abovementioned provisions also prescribes that the resolution determining the issue price of shares must be based on the value of net worth, taking into consideration, for shares listed on regulated markets, also the price performance over the last six months.*

- 4.14.** Companies should strive to distribute their profits by paying out dividends. Companies may retain all their earnings subject to any of the following criteria:

- a)** the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares;
- b)** the company reports uncovered losses from previous years and the earnings are used to reduce such losses;
- c)** the company can demonstrate that investment of the earnings will generate tangible benefits for the shareholders;
- d)** the company generates insufficient cash flows to pay out dividends;
- e)** a dividend payment would substantially increase the risk to covenants under the company's binding credit facilities or terms of bond issue;
- f)** retention of the company's earnings follows recommendations of the authority which supervises the company by virtue of its business activity.

The principle is not applied.

Comments of the Company: *The Shareholders' Meeting which approves the annual accounts can approve the payment of a dividend out of the available profits. Directors and Shareholders enjoy a broad discretion in deciding whether to distribute dividends or not. The Shareholders' Meeting may resolve not to pay any dividends (even without providing reasons) for certain financial years, provided that this does not amount to an abuse of minority shareholders. It should be noted that, de facto, the Italian law does not recommend for distribution of profits by payment of dividends. On the contrary, in order to protect the company's assets and to guarantee its lenders as well as all the other parties involved, Italian law sets forth some limitations on the annual distribution of profits. For example, Article 2430 of the Italian Civil Code provides that a sum corresponding to at least the twentieth part of the annual net profits must be deducted to constitute a reserve, until this has reached one fifth of the share capital. Additionally, it should be noted that for the banks subject to the Single Supervisory Mechanism dividend distributions are shared in line with the relevant supervisory regulations and procedures (including ECB policies). It should be also highlighted that the Group dividend policy is defined with the target to preserve the financial solidity and the risk profile, as well as to provide adequate return to the shareholders.*

5. CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS

For the purpose of this section, 'related party' is defined within the meaning of the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Companies and their groups should have in place transparent procedures for managing conflicts of interest and for related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify and disclose such cases and the course of action in the event that they occur.

Members of the management board and members of the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the corporate body, and where a conflict of interest arises, they should immediately disclose it.

- 5.1.** Members of the management board and members of the supervisory board notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and refrain from discussions on the issue which may give rise to such a conflict of interest in their case.

The principle is applied.

- 5.2.** Where a member of the management board or a member of the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she should request that the minutes of the management board or supervisory board meeting show his or her dissenting

opinion.

The principle is applied.

- 5.3. No shareholder should have preference over other shareholders in related party transactions. The foregoing also concerns transactions concluded by the company's shareholders with members of the company's group.
The principle is applied.
- 5.4. Companies may buy back their own shares only in a procedure which respects the rights of all shareholders.
The principle is applied.
- 5.5. If a transaction concluded by a company with its related party requires the consent of the supervisory board, before giving its consent the supervisory board assesses whether to ask a prior opinion of a third party which can provide valuation of the transaction and review its economic impact.
The principle is applied.
Comments of the Company: *In accordance with the applicable Italian regulatory provisions and the UniCredit Global Policy on transactions with related parties and associated persons, the corporate bodies in charge for analysing a related-party transaction can ask for an independent advice.*
- 5.6. If a related party transaction requires the consent of the general meeting, the supervisory board issues an opinion on the rationale of such transaction. In that case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.
The principle is applied.
Comments of the Company: *In accordance with the applicable Italian regulatory provisions and the UniCredit Global Policy on transactions with related parties and associated persons, the transactions with related-parties falling under the exclusive remit of the Shareholders' Meeting, are resolved after having received a prior, motivated and positive opinion of the Related Parties Committee.*
- 5.7. If a decision concerning the company's significant transaction with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6.
The principle is applied.
Comments of the Company: *In accordance with the applicable Italian regulatory provisions and the UniCredit Global Policy on transactions with related parties and associated persons, the significant transactions with related-parties falling under the exclusive remit of the Shareholders' Meeting, are resolved after having received a prior, motivated and positive opinion of the Related Parties Committee.*

6. REMUNERATION

Companies and their groups protect the stability of their management teams, among others by transparent, fair, consistent and non-discriminatory terms of remuneration, including equal pay for women and men.

Companies' remuneration policy for members of corporate bodies and key managers should in particular determine the form, structure, and method of determining and payment of the remuneration.

- 6.1. The remuneration of members of the management board and members of the supervisory board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company. The level of remuneration should be adequate to the tasks and responsibilities delegated to individuals and their resulting accountability.
The principle is applied.
- 6.2. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.
The principle is applied.
- 6.3. If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.
The principle is applied.
Comments of the Company: *UniCredit does not have in place a stock option plan for managers. However it has in place a share-based long term incentive plan for top management and other key employees, generally aligned with the above principle.*
- 6.4. As the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account additional workload on the committee.
The principle is applied.

Comments of the Company: *The predominant compensation component of Board of Directors' members is represented by a fixed retainer defined by the Annual General Meeting linked to the membership to Board of Directors and its Board Committees. On top of this, the Annual General Meeting also defines the value of attendance fees for Board of Directors and Board Committee meetings, which represent a much smaller portion of overall members' compensation.*

- 6.5.** The level of remuneration of supervisory board members should not depend on the company's short-term results.
The principle is applied.