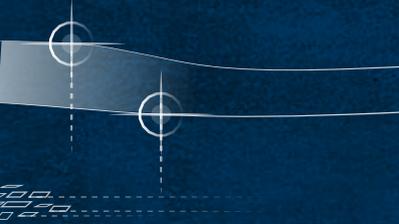




Unipol Gruppo Finanziario  
**Sustainability Report**

■ 2015





# Always here, to draw the future.

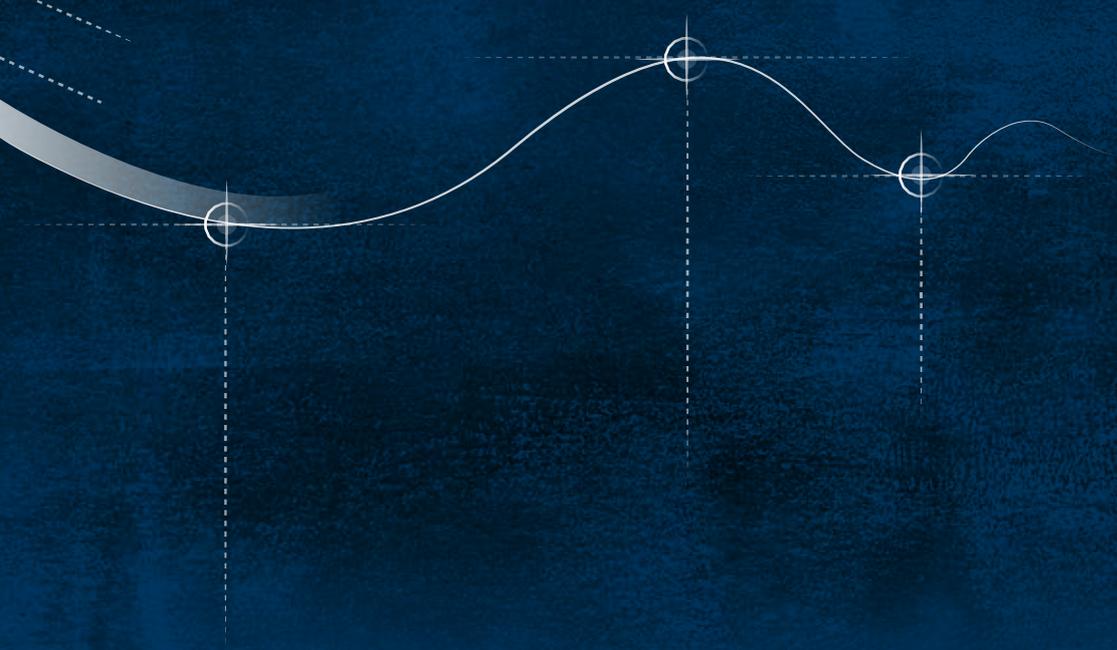


An important year, a financial year that reaps fruitful results and that at the same time marks a point of contact with the end of a three-year plan, which has been very positive and characterized by the entry into a new operations and market context. This is 2015 for the Unipol Group: a constant commitment in the present to leverage what we have built thus far, glancing at a future that we will draw along with those who rely on us every day.

The future we want to build is a product of our present, of carefully observing and listening to what surrounds us, and being able to imagine new perspectives and translate them into valuable projects. The

pictures we have created for our reports are expressions of this position, of being close, as a Group, to people, to their needs, to their passions, to organizations involved in a tangible development of Italy and of society. A concrete path built day by day along with our people, our networks, our shareholders, suppliers, institutions and communities.

It is our awareness of important responsibilities. Responsibilities that we want to live standing next to people, working closely with the community, "reading" the essence of situations and projects in order to grasp their meaning and the usefulness for all of us.



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### Letter from the Chairman

Adopting a sustainable corporate policy today no longer means just to be guided by ethical values and to practice good management, but also to interface with an international scenario made of continually changing cultural standards, models and regulations, which place the company in a global and superstructural dimension. In September of 2015 the Governments of the United Nations committed to 17 Sustainable Development Goals – SDGs – and 169 sub-goals, to be achieved by 2030. Within our Group we considered this an important institutional recognition of the unsustainability of the current development model and of the commitment to replace it with one capable of ensuring a future of more equitable and sustainable welfare, within the physical limits of planet Earth. The goals are, for the first time, a universal agenda, valid for all countries of the world, which offers an approach to development that fully integrates economy, society, environment and quality of institutions, and that also calls companies to action. Therefore we have decided to support a multi-stakeholder Alliance that in Italy supports its adoption and achievement, and that has already brought together 80 of the most important civil organizations of our country.

To promote sustainable development, it is important to support the dissemination of knowledge, education, sensitivity and behaviours and choices that are consistent and effective to connect, integrate, and promote a development scenario based on achieving social advancement, while safeguarding and adding value to the environment in which we live. Managing to change our views and perspective implies effectively programming consistent plans and actions, capable of mobilizing so much energy, intelligence, and before all, moral resources. We must realise that over the past few years the propelling forces that drove the economic development has waned and that we must promote arguments for a new and different concept of development in which foresight, quality, effectiveness in management, balance in allocating the wealth produced are the selection criteria, re-thinking production itself and its aims. More and more businesses must be linked to profiles and contexts that are sustainable because they are based on advanced social content and in turn become producers of wealth. We have been working on this for years within our Group, and by choosing to integrate sustainability tools with traditional corporate management tools we believe we can proceed further and faster.

Lastly, we must not forget that it is important to foster dialogue and links between the macro level of public policy and the micro level of production and local development, in tune with the great global choices. This is a key point that in my opinion is not implemented in full: the arduous but valuable construction of links, interrelationships, systemic approaches, policies built together that are capable of precisely understanding the different steps and areas of intervention and action from local to global, encompassing the strategic role of the national scale. Our main social innovation projects seek to go in this direction, with great determination, patience and courage.

Pierluigi Stefanini

### Letter from the Chief Executive Officer

In our contemporary society it is increasingly urgent to find ways to run businesses that combine profit and collective prosperity, since social well-being cannot exist without economic development, and vice versa. The basic ingredients of the equation stem from the need to balance stakeholder interests in the medium to long term.

Having the courage to resist the temptations of *short-termism* to be able to watch with foresight to the future involves integrating sustainability into their strategic thinking and the resulting innovation policies and development. When sustainability becomes a strategic factor, it influences corporate governance, permeating the commitment of the board and of management. Therefore, starting in 2016 we have decided to integrate sustainability objectives and results into the ordinary instruments of the company: our new Three-Year Plan will overcome the dichotomy between business plan and sustainability plan, and our next one will be an Integrated Annual Report, prepared in accordance with the IIRC international standard.

It's the best way to stay on top of the market, offering solutions that are profitable for the company and positive for society, and which must create shared value. There are many areas in which insurance companies can contribute to social development: from those related to the aspects of vulnerability of people's lives, to those related to catastrophic events, up to infrastructure investments. The Unipol Group has always been committed to looking for solutions to make safety affordable to all citizens, from the intuition itself, to the creation of UniSalute, to the creation of a specific insurance product for earthquake damage.

Given the current megatrends and new risks, to meet the needs of welfare it is increasingly necessary to explore a new collaborative logic between the public and private sectors that go beyond implementation partnerships to develop solution partnerships. To do so, I believe that innovation in these areas must be addressed with an inclusive, open source partnership, starting from the analysis of the problems. The DERRIS climate change project developed by UnipolSai, and the Territorial Welfare model proposed by UniSalute, already represent two concrete models of social innovation on which the Group has decided to invest to promptly put into practice the approach described above.

Carlo Cimbri

# Key performance indicators

The data reported have not been compared with those of 2014 owing to significant changes in the reporting perimeter and refinement of calculation methods.

Area	Indicator	2015 figure
Governance	Percentage of independent BoD members (according to Consolidated Law on Finance)	48%
	Percentage women on BoD	20%
Financial performance	Direct insurance premiums	(€m) 16,476
	Customer deposits	(€m) 10,015
	Non-Life premiums	(€m) 7,883
	Life premiums	(€m) 8,593
	Ratio between claims and premiums in direct business	65,6%
	Deposits/loans ratio	1.07
	Combined ratio	93,5%
	Solvency ratio	1.68x
	Net consolidated profit	(€m) 579
	Value distributed to stakeholders	(€m) 3,964
Social performance	<b>Community</b>	
	Total amount of contributions	(€) 11,841,085
	Contribution to the Unipolis Foundation	(€) 1,500,000
	Number of partnerships initiated with public and private entities	216
	<b>Suppliers</b>	
	Total number of suppliers	5,770
	Total amount paid to suppliers	(€m) 550
	Percentage of amount paid to Italian suppliers	97%
	<b>Shareholders</b>	
	Performance of security - UGF Holding ordinary shares	16,2%
	Amount of class C, D debt instruments and securities and assets subjected to environmental and social screening	(€m) 56,900
	Securities compliant with sustainability criteria in investments in financial instruments, not including Ucits, on own account	99,2%
	<b>Employees</b>	
	Total number employees	13,391
	Percentage of women	51%
	Percentage of women in management positions	24%
	Turnover ratio	5%
	Percentage of middle managers under 45	35%
	Investment made in training activities	(€) 2,700,000
	Average number of hours of training provided per employee	16.00
Average investment in training per employee	(€) 202	
<b>Customers</b>		
Number of policyholders - excluding UniSalute	11,184,585	
Number of customers - banking business (Finitalia and UnipolBanca)	1,340,168	
Number of policyholders - UniSalute	5,286,756	
Settlement rate - ratio between the claims settled and claims to be settled - UnipolSai	75,7%	
Amount of premiums received and services with specific environmental/social value	(€m) 1,389	
Amount of managed assets in supplementary pension schemes	(€m) 10,209	
Number of members of supplementary pension schemes	583,508	
Anti-fraud activity - Number of reports of claims at risk of fraud managed by Special Areas	19,028	
Anti-fraud activity - Number of reports managed by Anti-fraud function	8,233	
Number of complaints received (%age of the number of policies)	0,12%	
Amount of fines paid to IVASS (%age of total Non-Life premiums)	0.037%	
Net Promoter Score UnipolSai	9.80%	
<b>Agents</b>		
Number of agencies in Italy and abroad	3,476	
Number of bank branches selling bancassurance products	6,593	
Total number of agency staff in Italy and abroad	37,346	
Total number of participants in training courses	334,059	
Total training man-hours supplied	900,400	
Environmental performance	% of green purchases	30%
	CO <sub>2</sub> emissions - Scope 1	(tons) 9,566
	CO <sub>2</sub> emissions - Scope 2	(tons) 47,464

The five values of Unipol Group

Accessibility  
Farsightedness  
Respect  
Solidarity  
Responsibility

1 | Identity



# The Group's identity

1

## The Group's identity

The Unipol Group is the second largest insurance group in the Italian market (the first in Non-Life insurance) and among the top ten in Europe. Its core business of insurance is joined by banking, real estate and other diversified activities that extend the Group's reach to hotels, agriculture and healthcare.

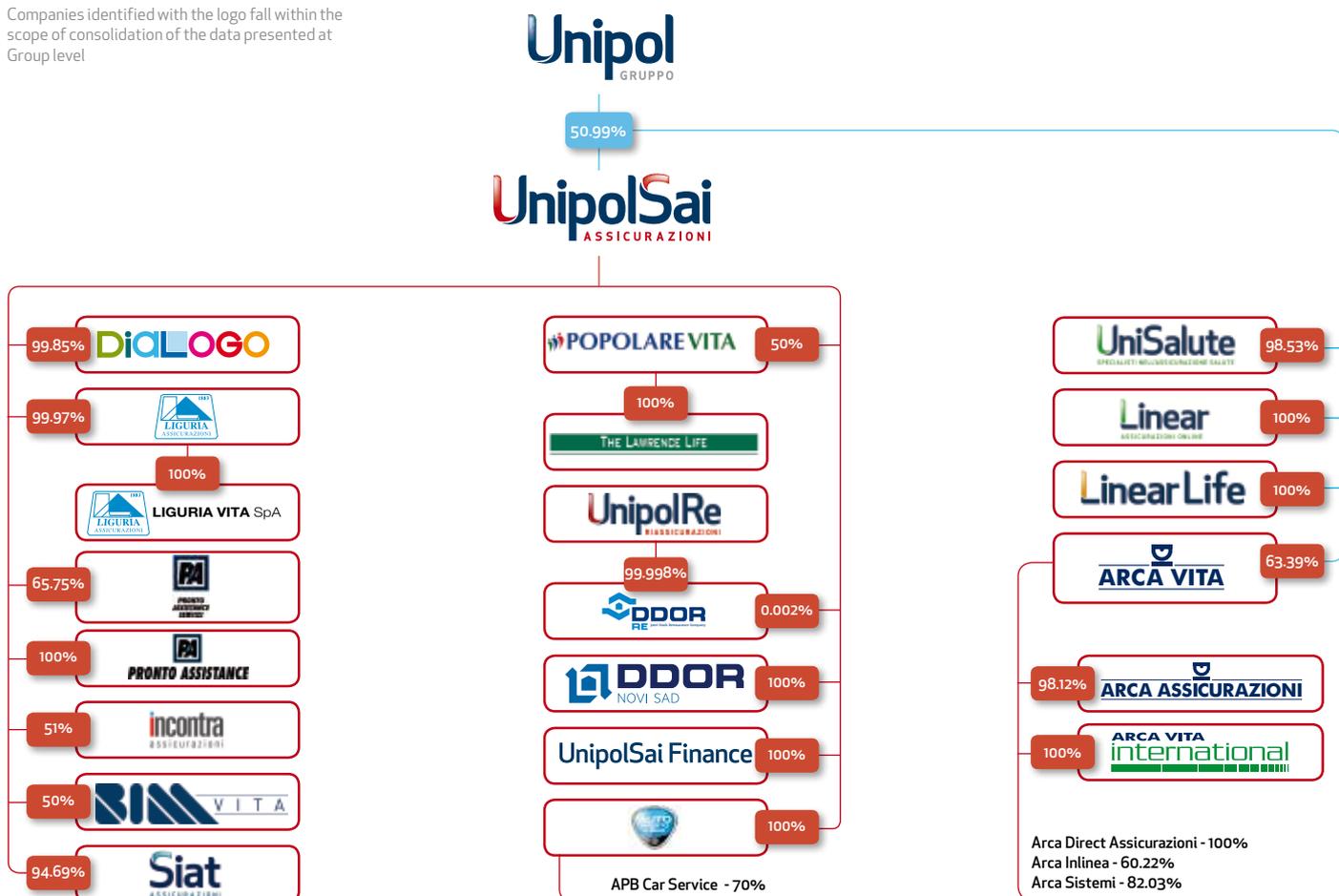
At 31 December 2015, at the consolidated level, the Group's direct insurance premiums amounted to €16.4bn (-4.2% compared with 2014, net of sale of the business unit to Allianz), of which €7.8bn (-4.9% net of the sale of the business unit to Allianz) in Non-Life insurance and €8.6bn in Life insurance (-3.6%).

The investment holding company Unipol Gruppo Finanziario S.p.A., listed on the Stock Exchange, is at the top of the Unipol Group and manages and coordinates all the other subsidiaries, besides being the parent company of the Unipol Banking Group. The main shareholder of Unipol Gruppo Finanziario S.p.A. is Finsoe S.p.A., the holding company that currently holds 31.40% of the share capital, in turn owned by companies of the cooperative movement in Italy.

### Insurance

The Group's subsidiaries in the insurance sector include UnipolSai Assicurazioni S.p.A., which is also listed on the Stock Exchange, Linear Assicurazioni, UniSalute, Linear Life, Liguria Assicurazioni, Liguria Vita, Siat, Pronto Assistance, Pronto Assistance Service, UnipolRe, UnipolSai Finance, Dialogo, Ddor Re and Ddor Novi Sad. Bancassurance comprises Arca Vita, Arca Vita International, Arca Assicurazioni and the companies BIM Vita, Incontra Assicurazioni, Popolare Vita and The Lawrence Life Assurance Company. Lastly, Auto Presto&Bene, a network of body shops throughout Italy.

Companies identified with the logo fall within the scope of consolidation of the data presented at Group level

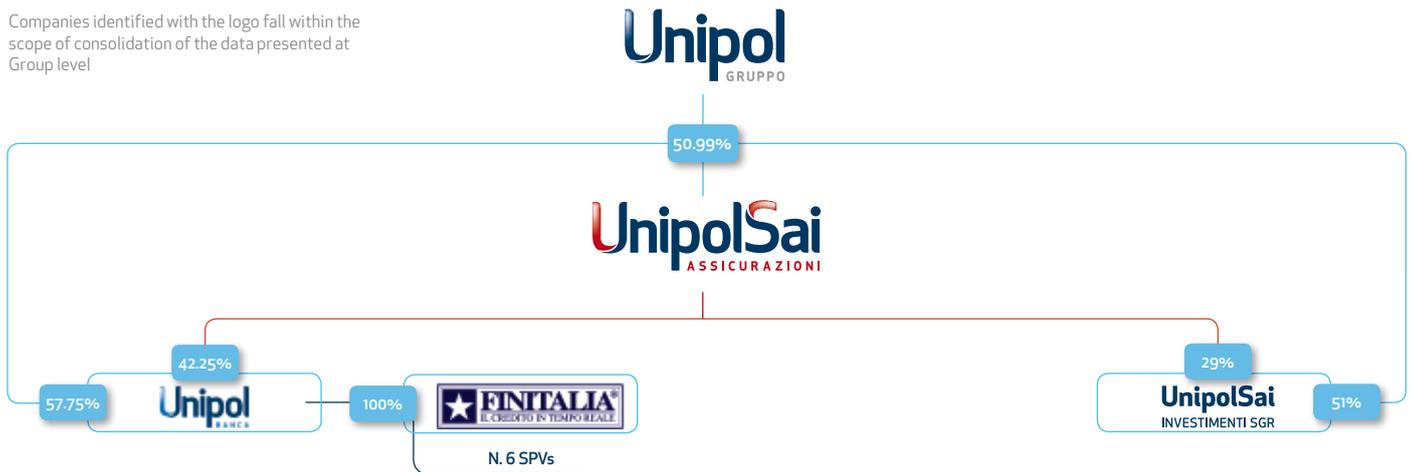




### Banking sector

In the banking sector, the Group carries out its activities mainly through the subsidiaries Unipol Banca and Finitalia (within the Unipol Banca Group) and UnipolSai Investimenti Sgr.

Companies identified with the logo fall within the scope of consolidation of the data presented at Group level

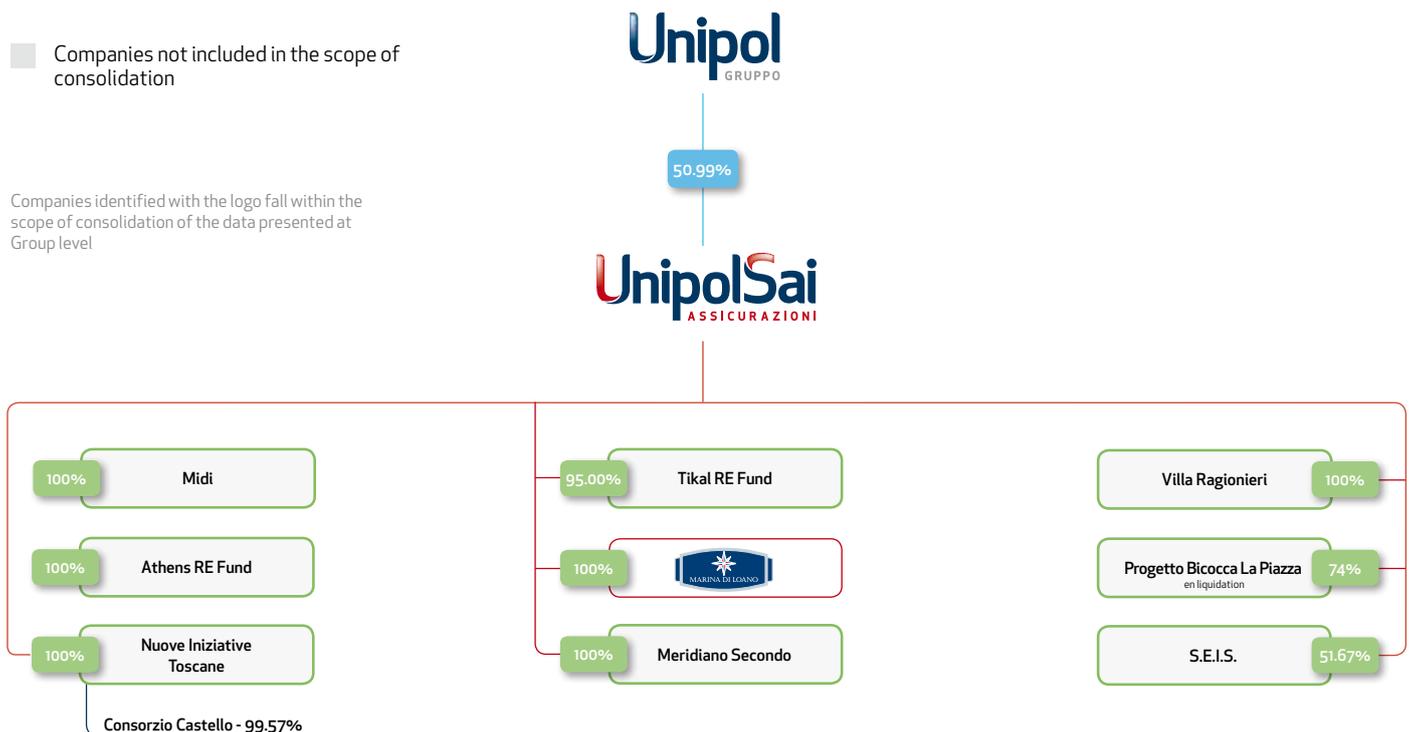


### Real Estate

In the real estate field, the Unipol Group is one of the leading operators in Italy in terms of extent of assets managed (over €4.3bn). UnipolSai also owns Marina di Loano, a Ligurian harbour facility.

■ Companies not included in the scope of consolidation

Companies identified with the logo fall within the scope of consolidation of the data presented at Group level

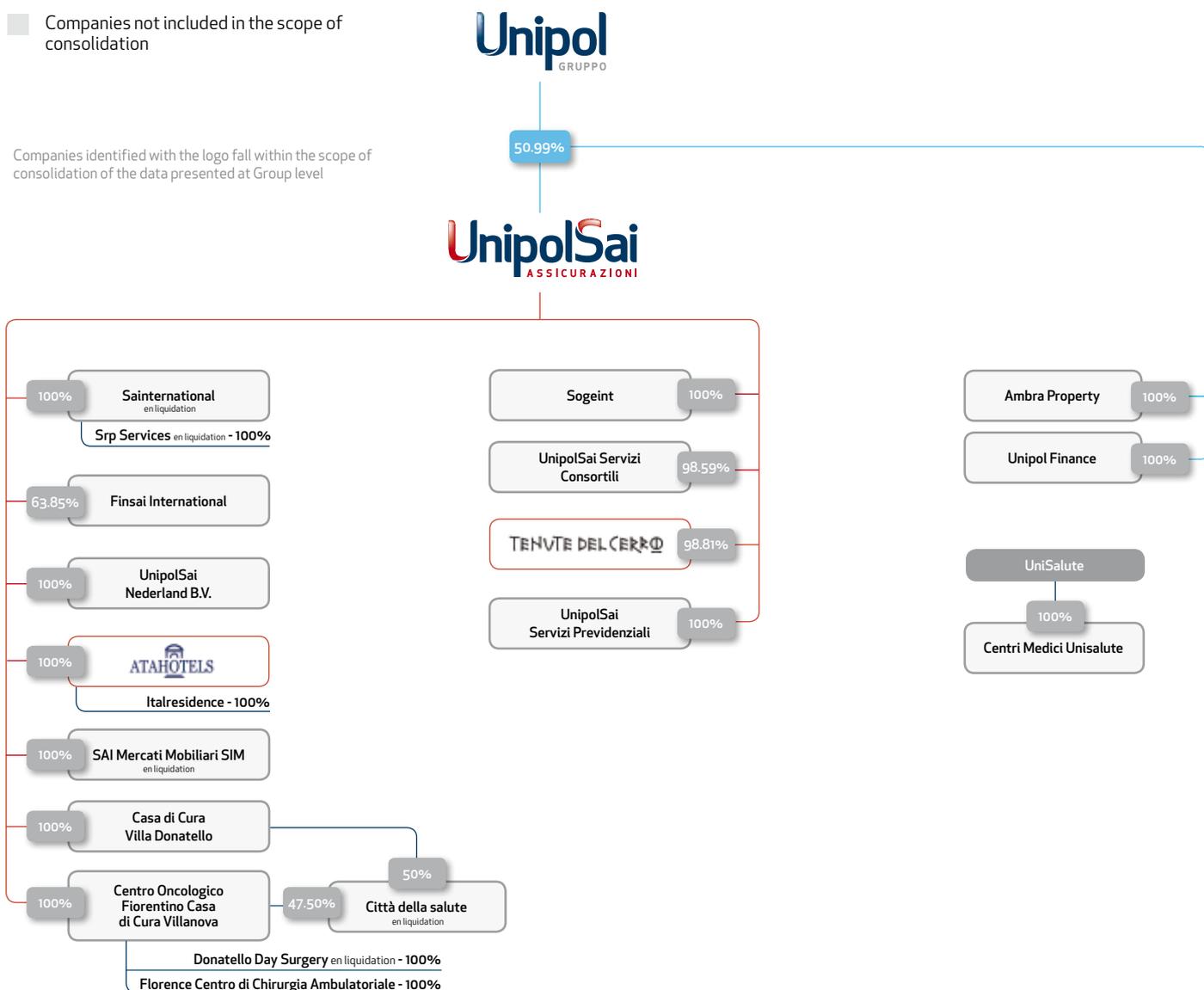


Other Businesses

In the Italian hotel sector the Group, through UnipolSai, has 21 facilities managed by its subsidiary Atahotels in several of the major cities and the most well-known Italian resort towns.  
 Tenute del Cerro, owner of approximately 5,000 hectares of land in Central Italy and a national reference in the production of high quality wine is active in the agricultural sector.  
 In the health sector the Group is present through the Villa Donatello nursing home in Florence and the Centro Oncologico Fiorentino, which is located inside Villa Ragionieri.

■ Companies not included in the scope of consolidation

Companies identified with the logo fall within the scope of consolidation of the data presented at Group level





## Organisation profile

The creation of value, to be consolidated in the medium to long term, by the Group for its stakeholders, involves not only the commitment to protecting the safety of individuals and of their property, but also the vocation to protect savings and to promote the sustainable and balanced development of the area where Unipol operates. During 2015, in line with its history, the Group has consolidated both its ability to confront and discuss with stakeholders, to respond to basic and concrete needs, and its ability to integrate distribution models of products and services.

### Market presence

Unipol, through its companies in the insurance and banking sectors, has adopted an integrated supply strategy, to cover the full range of insurance and financial products, and is particularly active in the fields of supplementary pension and health.

In 2015 Unipol Group's insurance and banking Companies had over 16 million customers and policyholders. That number is made up of customers, in the **Non-Life insurance**, of the UnipolSai Group at around the same amount of the previous year, of UniSalute, which confirms its upward trend of recent years and of Linear, which has declined due to the competitive dynamics of the industry.

In **Life insurance**, the number of customers was slightly down, also as a result of a market environment characterized by low interest rates and the Group's policy geared to prefer a production that allows a lower capital absorption also in view of the Solvency II directive.

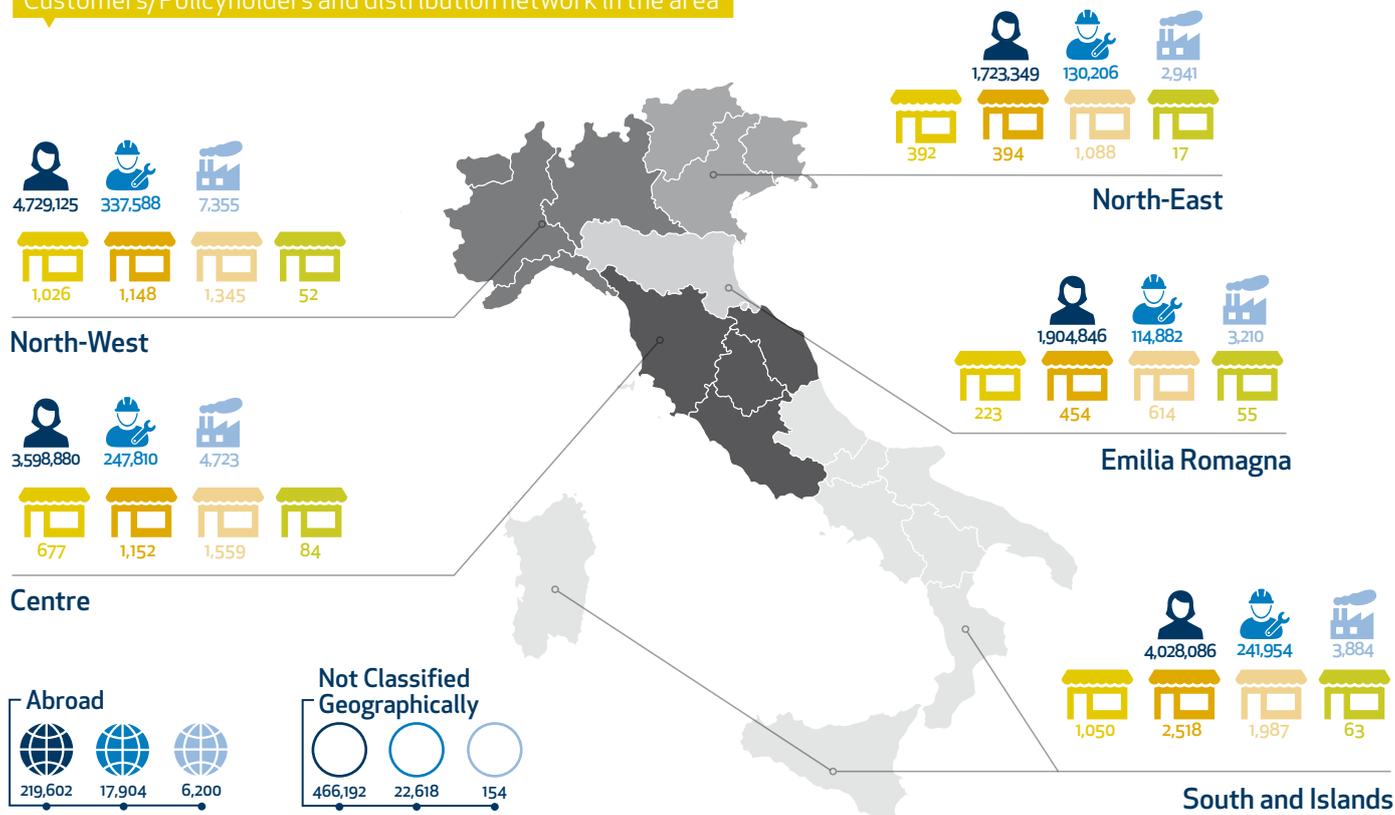
The **banking sector** is focused primarily on the retail segment, often made up of the same customers insured by UnipolSai, in addition to businesses of families, artisans or cooperatives, with the goal of supporting small entrepreneurs in their business by ensuring business continuity. Individuals and legal persons are about 1.3 million of our customers, slightly up compared with the previous year thanks to an improved market environment.

In the **insurance sector**, in the face of a macroeconomic framework characterized by many financial market tensions and strong competitive pressure in Non-Life insurance, the Group's trade policies were aimed at defending the contract portfolio and relaunching production. This direction has been pursued by offering a range of products and services that includes more guarantees so as to respond to both banking and insurance needs that are emerging, and committing to testing innovative distribution channels and making more use of digital tools.

Observing the characteristics of our policyholders, we notice first of all the prevalence of **retail customers**, which exceeds 90% for UnipolSai Assicurazioni, Incontra and Systema, while for Siat it is residual (5%). In all our insurance companies, policyholders tend to be male, with an average age above 50 except for Incontra which is characterized by policyholders under 45. The characteristics of the customers of **small and medium-sized enterprises** (SMEs), concerning UnipolSai Assicurazioni are heavily influenced by the relationships with the Member Organisations which include the main organisations of self-employed workers and small and medium-sized enterprises (CNA, Confesercenti and CIA) and cooperatives (Legacoop). Among the other Companies we note the predominance in this segment of Pronto Assistance that in 2015 offered coverage to over 230 thousand policyholders among small and medium businesses.

In the **Corporate** segment, defined based on turnover (above €50m) or on the number of employees (more than 200), Unipol offers a complete range of insurance products and solutions geared to the needs and characteristics of large companies. The presence of so-called "Large Customers" was particularly important, associated with the world of cooperation and medium-large manufacturing businesses. At the end of 2015, the Group's corporate portfolio exceeded 28 thousand customers. Just as important in defining the Corporate portfolio is the role played by UniSalute, the market leader in managing Health funds, with management of 29 industry National Health Funds. Beside the Funds, UniSalute acquired other prominent customers in 2015, including extremely important companies and institutions in Italy.

Customers/Policyholders and distribution network in the area



	Individuals	Total: 16,670,080
	Legal entities (SMEs)	Total: 1,112,962
	Corporate Customers	Total: 28,467

	Agencies	Total 2015: 3,368	Total 2014: 3,421
	Sub Agencies	Total 2015: 5,666	Total 2014: 6,828
	Bancassurance branches	Total 2015: 6,593	Total 2014: 11,411
	Bank branches	Total 2015: 271	Total 2014: 291

Source: UnipolSai Sales Management and Directorate-General for Other Companies; Distribution regulations Department and Directorate-General for Other Companies

Employees in the insurance, banking and bancassurance businesses are included. Employees in the real estate and other activities businesses are excluded

The breakdown of the **number of policies by class** highlights the Group's vocation to protect mobility, with a strong orientation toward developing new products and insurance tools in line with the technological developments, such as the "black box", which create the conditions for prompt customer service which aids the tariffing and settlement processes. In reference to a like-for-like scope of last year, the trend shows a decrease in the MV insurance segment, a substantial stability in the Non-MV segment, however influenced by a macroeconomic framework that is still weak despite a slight recovery, and a decrease in Life insurance.



### Geographical presence

Thanks to its experience in the insurance industry and with the support of a **sales network** that is present throughout Italy, the Group offers its customers and the market a range of products that provides complete and innovative coverage for the needs of individuals and businesses. With its new and enhanced national presence, the Group can ensure that it is close to its customers through a revamped distribution model, capable of satisfying needs and offering additional service elements: the depth of distribution remains a key guideline in our development strategy throughout Italy, making it possible to respond suitably and promptly to customer needs. Presence throughout Italy is guaranteed not only by the agencies of the UnipolSai Group, which remain our priority channel for the development of the traditional insurance business, but also by **bank branches** and **affiliated banks** of the Bancassurance sector that belong to both local and national banks.

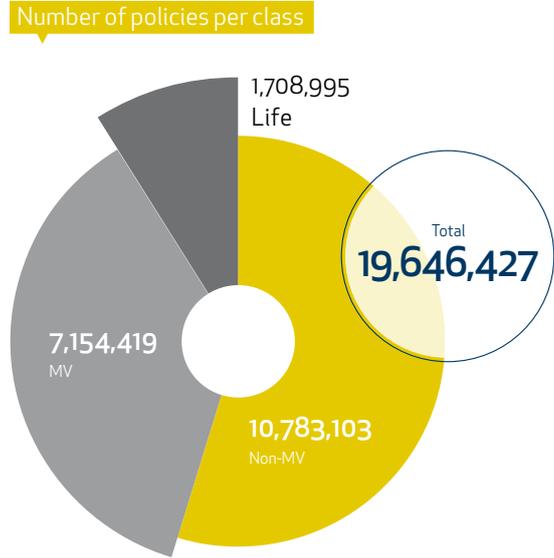
The decline in the number of agencies, with respect to 2014, is due to the path of corporate integrations taking place in the Group, which has become necessary to complete the territorial coverage optimization process both in terms of quantity (adequate number of agencies and secondary points of sale/sub-agencies), and quality (minimum number of agencies needed to ensure competitiveness, regional development capacity and ability of attracting the sales force).

The network of agencies is enriched with the presence of eight Corporate Agencies, the **Assicoops** that are direct investees of UnipolSai, and the Member Organisations throughout the country that supply their services through 302 points of sale. A total of 36,399 persons, among which 538 are multi-firm agents, are employed in the agency network of all Unipol Group insurance companies as agents and staff.

In both the insurance and the banking sectors, the physical network handles customer relations alongside the **virtual customer** relationship management channels in order to improve customer loyalty and to increase the opportunities for contact. The organization of the Group throughout Italy is also guaranteed by the presence of 4 head offices, 12 Macro Areas that include 9 metropolitan areas and 81 Settlement Centres which support the individual Settlement Units. Outside Italy, the Group operates in Serbia through a multi-channel network made up of both internal and external structures. The 108 points of sale which employ over 900 people, deliver their services mainly in the northern part of the country, supported by direct sales channels through the Internet.

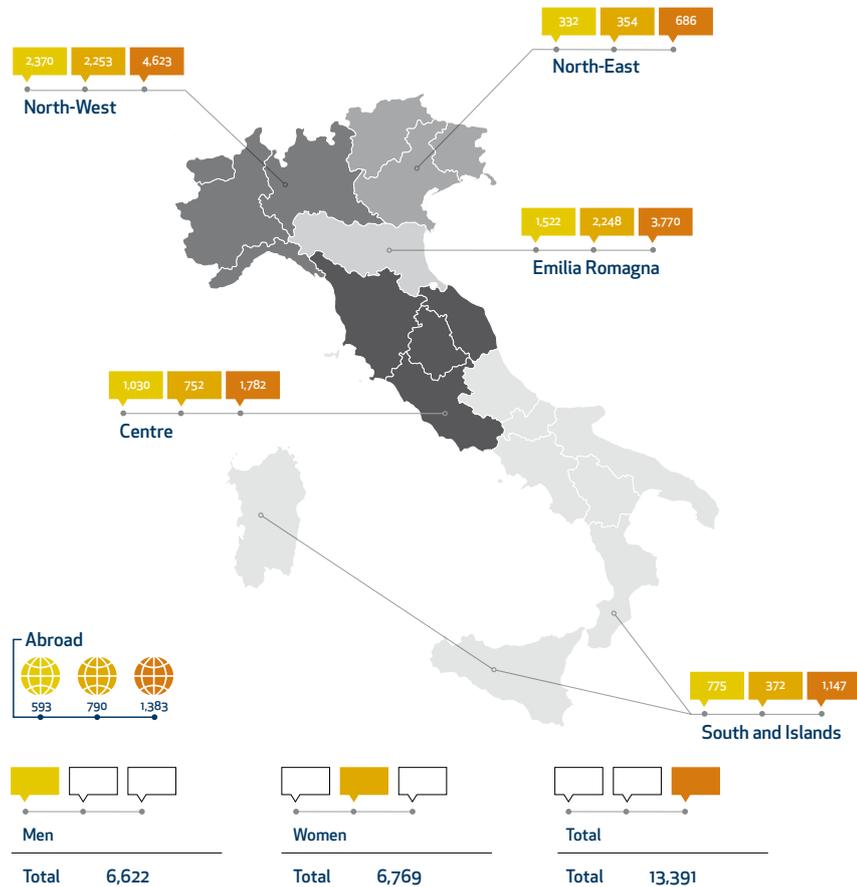
In the Italian hotel sector, in 2015 subsidiary **Atahotels** managed 21 facilities including hotels, apartments and resorts. Of these, fourteen are in the Northwest, one in the Northeast, one in Emilia Romagna, two in the Centre, three in the South and the Islands. The company, which is now engaged in a process to strengthen itself on the Italian market, in both of its two main areas of activity, business and vacation, serves several market segments (ranging from individual and group tour operators, to businesses) directly and indirectly, i.e. through sales intermediaries. In 2015 Atahotels hosted within its 21 facilities around 1,810,900 people, of which 94% adults and 65% Italian.

In the agricultural sector, **Tenute del Cerro** owns 5 estates in Central and Northwest Italy. The company sells through catering and beverage channels, at retail chains and through direct sales. Sales in Italy account for 53%, the rest is in 26 other countries, for a total of over 1,400 customers.



Source: UnipolSai Life Department, Directorate-General for Other Companies and Management and Fiscal Control and Directorate-General of UnipolSai

Number of employees by geographical area



In the **real estate sector**, the Unipol Group owns buildings, 50% of which are used for offices. In terms of geographical distribution, the majority of the buildings owned by the Group is concentrated in Northern Italy (72%), 23% in the Centre, and 4% in the South and Islands. Besides the property in Italy, a small percentage, 1%, is located in Serbia. The buildings that belong to the Group's assets are divided into two main categories:

- Property "used by third parties", buildings owned by the Group but not used by insurance Companies of the Group.
- "Instrumental" property, assets used mainly as insurance company offices or to carry out the business of the Diversified Companies.

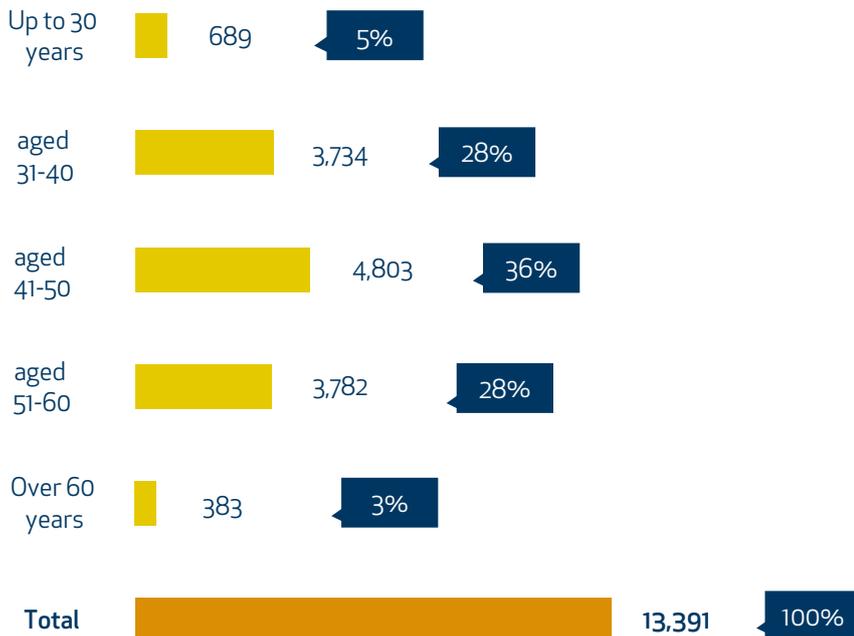
The presence of employees throughout Italy

The dynamics of relations with the Group's employees is also well structured: at the end of 2015 the total number of employees of the insurance, banking and real estate sectors, and of the real estate companies and other businesses, included in the reporting scope of the 2015 Sustainability Report, consisted of **13,391 people**, of which 51% were women. Among 6,769 women, 27% had part-time contracts. In addition, there are almost 400 seasonal employees in the tourism and agricultural sectors that, since they cannot be properly shown in a tally at 31 December, were not included in the scope.

Compared to the previous year, we see a reduction of staff due to implementation of the restructuring agreement which determined the redundancy of about 900 people from the merger plan, with the support of incentives to participate in the pre-retirement plan.

The Group's attention to stability is also confirmed by the marginal recourse to supply contracts: overall, **employees with permanent contracts are 97.8% of the workforce**, and 18 contract workers. Like the previous year, at the end of 2015 the demographic characteristics of the workforce show a

Number of employees by age brackets



Source: Directorate-General for Human Resources and Organisation



balanced breakdown among the various age brackets. The analysis of the employment distribution by region points to a predominance of Group employees in the North- West areas (Milan and Turin) and Emilia-Romagna (Bologna), where the head offices have been historically located.

## Mission and Values

Since its founding in 1963, the factors that the Unipol Group has promoted and supported to ensure long term sustainable growth accompanied by adequate profitability for the benefit of all stakeholders, have been transparency, rigour and competitive capability. In line with this approach, our original system of values has been gradually updated and innovated without losing touch with our roots.

Our **Charter of Values**, defined in 2008, with the participation of all employees and agency network representation, identifies the Values that inspire the conduct of the Group and of all stakeholders: Accessibility, Farsightedness, Respect, Solidarity and Responsibility.

Our Core Values are expressed in our Code of Ethics as behavioural principles towards the various Stakeholders: Shareholders and Investors; Directors; Employees; Agents; Staff; Customers; Suppliers; the Community; Future generations.

During 2015, the 2015 Edition of our **Code of Ethics** the Group has been reviewed and approved by the Board of Directors of the Parent Company and then by all subsidiaries. It reinforces its reference to human rights, gender equality, transparency and integrity versus international principles of ethics, and describes the role and behaviours of directors in greater detail. During 2016 the code will be the subject of a special training program focused on the ethical responsibilities that directors, employees and staff must observe in carrying out their jobs. More information about our Mission and Values is available at: [www.unipol.it](http://www.unipol.it)

## Dialogue with our Stakeholders

A sustainability-oriented management approach involves taking into account all the legitimate demands of the various categories of stakeholders, balancing them and integrating them into the company's strategy.

The location of choice for the company's dialogue with its stakeholders is the **Board of Directors**, characterized by the presence of representatives of its Member Organizations, traditional stakeholders of the Group. The key issues under discussion in the Board were stock performance, investor relations, corporate governance in line with best practices, the company's financial strength over the long term and the international presentation of the first Italian Cat Bond (catastrophe bond).

The representation of all major categories of stakeholders, by means of the activity of Board Committees and the Board of Statutory Auditors, influences and directs the company's management, ensuring agreed, transparent decisions.

Another element that characterizes the relationship with our stakeholders is the **Unipol Regional Councils (URC)**, made up of representatives of Member Organizations, which are the main organisations of employees (CGIL, CISL and UIL federated trade unions), of self-employed workers and of small and medium-sized enterprises (CNA, Confesercenti and CIA) and cooperatives (Legacoop), at regional level. The URCs meet regularly with Unipol leaders at the local level, to discuss issues of common interest. To allow URCs to play a leading role in the relationship with the Group, an institutional meeting is held annually with Top Management, during which the business and strategic guidelines are discussed and agreed upon.

Further listening, dialogue and consultation activities undertaken during the year concern the activities of the **"Welfare, Italy" project** that in 2015 attracted an audience of decision makers, administrators, businesses and experts to discuss the potential of the White Economy, the chain of public and private activities related to the care and welfare of people.

The customer listening activity is done by using **customer satisfaction** surveys, carried out for the Group's individual companies during the major stages of contact with their customers, to identify critical aspects and identify appropriate corrective actions.

Other important initiatives for dialogue and consultation concern Agents, with which the Group maintains a frequent and privileged relationship in order to build up an effective partnership, designed to achieve the stated strategic objectives. In this context, in 2015 we carried out three initiatives open to the entire network to discuss development guidelines and their operational application in terms of actions. Key topics of the 38 meetings of the initiatives were presenting the results of 2014 and the guidelines for 2015, the

2015 Plan of Action, the continuity of the relationship and commercial reliability. In addition to the institutional meetings, roundtables are in place for the representations of **8 Agent Groups** to agree upon and discuss the Company's main initiatives with impact on the sales network (e.g. product development, marketing programs, and improving business processes).

Specifically, activity in 2015 included 23 meetings with the Agent Boards and Agent Board Chairman Offices, 44 Technical Commissions, and 42 operational working groups.

#### Recognitions, awards and participation in external initiatives

Since 2009 Unipol has been a signatory of the **Charter for Equal Opportunities and Equality at Work** to cultivate a corporate culture and inclusive human resources policies free of discrimination and prejudice, and able to exploit talents in all of their differences.

In order to strengthen guidance to abide by principles and codes of conduct concerning economic, social and environmental performance, developed by national and international players, since 2011 the Unipol Group has been a signatory of the **Carbon Disclosure Project (CDP)**, an initiative aimed at urging companies to tackle the challenges related to climate change and to limit the scope of those changes by adopting an environmentally sustainable conduct.

The CDP also makes available to investors sensitive to the topic of climate change information on the strategies adopted and the environmental performance of the companies they invest in, or plan to invest in. This information is gathered using a detailed questionnaire sent to the leading listed companies of all sectors every year. The rating assigned to Unipol in 2015 was 97C, with an improvement of 13 points compared with 2014.

This year the rating of **Standard Ethics** attributed to Unipol Gruppo Finanziario was EE (*strong compliance level*).

During 2015, UnipolSai was included in the list of the 100 best companies committed to sustainability (ISR - International Standard Rating), which includes companies worldwide, based on their ability to innovate and oversee the issues using a ground-breaking approach. The motivation for Unipol Group's inclusion is the rapid process it carried out to integrate sustainability into its business.

In order to improve its practices also through continuous comparison and learning, the Group belongs to associations engaged in developing and promoting corporate social responsibility, such as:

- **Impronta Etica**, an association instituted to promote social responsibility in companies and to foster sustainable development through a network of companies and organisations that consider social commitment an essential part of their mission and business. [www.improntaetica.org](http://www.improntaetica.org);
- **Forum per la Finanza Sostenibile**, a non-profit association whose mission is "The promotion of sustainable finance within the Italian financial community". [www.finanzasostenibile.it](http://www.finanzasostenibile.it);
- **CSR Manager Network**, an association whose members are trade professionals who want to compare their experiences in a perspective of collaboration and mutual exchange. [www.csrmanagernetwork.it](http://www.csrmanagernetwork.it);
- **Acquisti & Sostenibilità**, is a non-profit organisation whose goal is to create social, ethical, economic and environmental value by informing and supporting private and public enterprises and non-profit organisations in the development of their sustainability initiatives along the extended supply chain (supplier-customer) [www.acquistiesostenibilita.org](http://www.acquistiesostenibilita.org);
- **ItaliaCamp Foundation**, the Foundation is experimenting a model of strategic interaction between the public sector, businesses and community organisations, to come up with initiatives which have an economic and social impact for Italy, by actions, projects and research, <http://italiacamp.com>.

At international level, our Group is a member of:

- **Clinton Global Initiative** - a network of businesses and associations aimed at creating partnerships and implementing innovative solutions on nine topics each of which represents a global challenge in which the members work to find effective and measurable actions. <https://www.clintonfoundation.org/clinton-global-initiative>;
- **CSR Europe** - main European network of companies for the social responsibility of companies that operates as a platform for companies that want to promote sustainable growth and make a positive contribution to society. [www.csreurope.org](http://www.csreurope.org);
- **AMICE** - Association of Mutual Insurers and Insurance Cooperatives in Europe where Unipol is responsible for leading the Corporate Social Responsibility Committee. [www.amice-eu.org](http://www.amice-eu.org);



- **ICMIF** - International Cooperative and Mutual Insurance Federation (ICMIF) in which Unipol participates in the Intelligence Committee. [www.icmif.org](http://www.icmif.org).

### Institutional Relations

Unipol Group's growth has led to a new strategy for its relationship with external stakeholders, to both consolidate an independent and distinctive positioning versus the insurance industry and its representation, and focus our actions even more resolutely on the strategic business areas.

In 2015 our approach led to consolidate our role as institutional partner for decision makers and stakeholders on issues regarding insurance, independently from industry representatives.

In 2015 our institutional relations activities focused on the need to overcome the traditional public-private partnership implementation model, preferring partnership solutions. New forms of collaboration and strategic cooperation among Governments and businesses can trigger a virtuous cycle: individuals are called not only to carry out, almost as if outsourced, the decisions taken by the public, but to work together to respond to the great global and local challenges. The need for new public-private partnerships to safeguard and protect the community has surfaced in several areas where the Unipol Group works: the identification of new mechanisms and ways to integrate the two supplementary welfare tools, the area's resilience to climate change shocks and the security of networks as key infrastructure elements.

Donations to political parties are not practised by any of Group's Companies.

## The Management of Ethical and Social Responsibility

Unipol Group's approach to ethical and social responsibility is clearly shown by its commitment to respect the values and ethics in its Code of Ethics, controlled by our **Ethics Officer**, on the one hand, and on the other by integrating sustainability into our strategic decisions and into the development of our businesses, striving to create common value for our stakeholders.

The **Sustainability Committee** of the Board of Directors of UGF implements this approach, providing guidance and control over sustainability issues, as well as acting as an Ethics Committee. The **Sustainability Function** implements the strategic priorities that concern corporate social responsibility and reports directly to the Chairman's Office of the Group. It promotes stakeholder engagement initiatives, supervises and carries out projects in the field of sustainability, and collaborates with a network of "Sustainability Representatives", about 20 people who work at their structures as facilitators to implement sustainability initiatives and spread the ethos of ethical and social responsibility in their respective business units or Companies. This system of widespread and coordinated governance, provides the management of reporting and communication on sustainability projects and initiatives.

2015 was characterized by three main activities in the field of ethics and social responsibility:

- **revision of our Code of Ethics**, to reinforce its reference to human rights, gender equality, transparency and integrity versus international principles of ethics, and to describe the role and behaviours of directors in greater detail;
- implementation of the **2013-15 Sustainability Plan** aimed at integrating, supporting, accompanying and guaranteeing attainment of the targets set out in the Group Business Plan.
- development of direction and scope of **Sustainability issues for the next three years**.

The three years of implementation and monitoring of the sustainability 2013-2015 plan led to developing projects and innovative products, but also consolidated policies already in place. The results are discussed in the "Medium-term sustainability" section.

For the next three year period, the level of maturity reached by the Group's path of sustainability and the increasing spread of accountability practices on the market, and our goal of developing an Integrated Annual Report for the next few years, have created the conditions to consider if it is time to do away with our Sustainability Plan and integrate its objectives and actions into our Business Plan.

The guidelines identified for further integrating sustainability in the growth drivers, are:

- creating shared value: policies and practical actions that strengthen the competitiveness of the company and that simultaneously lead

- to the advancement of economic and social conditions in the communities in which they operate;
- social innovation: the ability to read social and behavioural content, lifestyles, and the demand for new protection needs and to find innovative solutions;
- reliability and quality: elements that connote the trust relationship and the daily, informal exchange with stakeholders;
- multi-stakeholder organization: an organizational and cultural model that cares for and enhances the relationship with key stakeholders (Shareholders, Employees, Customers, Agents and Suppliers).

During 2015 we also initiated the study to complete an integrated report on the economic, social and environmental aspects of Unipol Group's activities, on the basis of our value and capital production model, in order to transparently and measurably represent financial and non-financial factors of the Group's long term creation of value.

### Unipol in Sustainability Indices

The centrality of Sustainability in Unipol Group's strategy, is recognized by the ratings issued by several specialized agencies for its acceptance in Sustainability Indexes. This depends on selection criteria and analysis methodologies that integrate environmental, social, and corporate governance aspects (ESG - Environmental, Social and Governance) alongside economic and financial assessments. Overall, the Group's recognized strengths concern:

- our policy on transparency in communications with customers and in the honesty of our sales practices;
- our consideration of environmental and social aspects in asset management of our investment portfolio;
- our advocacy process used to identify innovative public-private partnership solutions to the damage caused by climate change;
- our careful and responsible management of human resources.

Not in line with the best practices found in the sector were both the management of the direct environmental impacts, in particular those relating to energy consumption and associated emissions of all of the Group's operating buildings, and the integration of environmental concerns in the Non-Life offer of our insurance companies.

## Unipol Group materiality matrix

The 2015 Sustainability Report is focussed on the most important topics for the core business of the Group and for its stakeholders. These topics were identified through a process compliant with the reference standards: the Global Reporting Initiative guidelines and the AccountAbility AA1000APS standard.

The work done to analyse and select the content of this Report was particularly imprinted with the principle of materiality, as described in the GRI - G4 standard, with the objective of marking out the topics with regard to which, on the one hand, the interests and expectations of the stakeholders toward the Group and, on the other, the strategic priorities of the Senior Executives are concentrated.

The materiality analysis process breaks down into the following phases.

### Identifying the topics

The analysis was started by building a 'tree' of sustainability topics important for the sector and for the company. The work took also into account the analysis done by the Observatory for monitoring and managing reputational and emerging risks of the Unipol Group. Activities within this Observatory analysed documentary sources inside the Group and external sources at the sector level for the Italian context. Examination of the external sources also included an assessment of the global reference trends for the next five years and was carried out with the support of the University of Bologna, by "meeting point" analysis.

To supplement the survey, a benchmark was conducted in 2015 on the best sustainability reports at international level in order to capture any ideas for improvement.

### Identifying the priority topics

The order of the topics was determined according to two evaluation measurements: strategic importance for the Group and importance perceived by the stakeholders. The Strategic importance for the Group was identified with one-to-one interviews with the Senior Executives of the Unipol Group and of UnipolSai and of the main insurance and banking Companies. The interviewees were asked



to provide an assessment of the Strategic importance for the Group on the topics under their responsibility, on the basis of a qualitative-quantitative five-level scale that takes into account the following elements: strategic commitments undertaken by the Group, design/pilot activities started to meet these commitments and evaluation systems implemented to monitor the results attained.

A system for weighing the individual Companies was implemented when aggregating the data collected during the interviews in order to guarantee that the average values obtained have meaning. Every insurance Company was weighed using the 2014 total premiums data (Non-Life and Life businesses). Unipol Banca was instead weighed using the 2014 direct deposits data, the quantity deemed adequately comparable with the premiums of the insurance companies. The diversified Companies based on turnover.

The relevance perceived by stakeholders was determined on the basis of the evidence gathered by listening to, and discussing activities with the Group's stakeholders. These activities were conducted partly in 2014, partly in 2015, by the Sustainability structure and by the Group's structure responsible for managing relationships with the several categories of stakeholders.

In 2015, in particular, the Sustainability structure carried out ad hoc engagement activities of suppliers, third sector representatives and of civil society. In particular, suppliers were selected with respect to their presence in the Group's Register of Suppliers and taking into account the incidence compared to the Group's global expenses and the various product categories, and they were consulted by means of phone interviews.

Identification of opinion leaders included international Non-Governmental Organizations (NGOs) and interest protection associations with which Unipol does not have an active relationship. The engagement has been achieved through individual interviews.

In order to grasp the financial analysts' assessment, it was decided to analyse the reports drawn up by the various SRI rating agencies, the result of specific analyses on the Company over the past year. The analysis conducted by the Reputation Institute showed the framework for the Group's reputation for five different stakeholders: Institutions, Opinion Leaders, Customers, Citizens and Media. The results of the study showed a direct link to the issues of materiality analysis and have been aggregated with the observations of internal engagement activities.

Assessments collected from various stakeholders were weighed using a ranking on stakeholders based on their dependency and influence versus Unipol Group.

In terms of representation, it was decided to identify tools and trends that span multiple topics - represented outside the matrix - and described in more detail throughout this document.

The most important topics, i.e. with a high score on both axes of the matrix, are those on which the Group focussed its reporting in this document. The threshold levels on the two axes were identified on the basis of the meaning assigned to the different levels of the qualitative-quantitative scales defined for the two parameters.

It was also decided to include the areas with a very high score on at least one of the two axes in the report in order to account for the reasons that push the Group on the one hand to strategically concentrate itself on topics that at the time held no priority for the stakeholders and, on the other, to not invest in topics on which any stakeholder expectations focus.

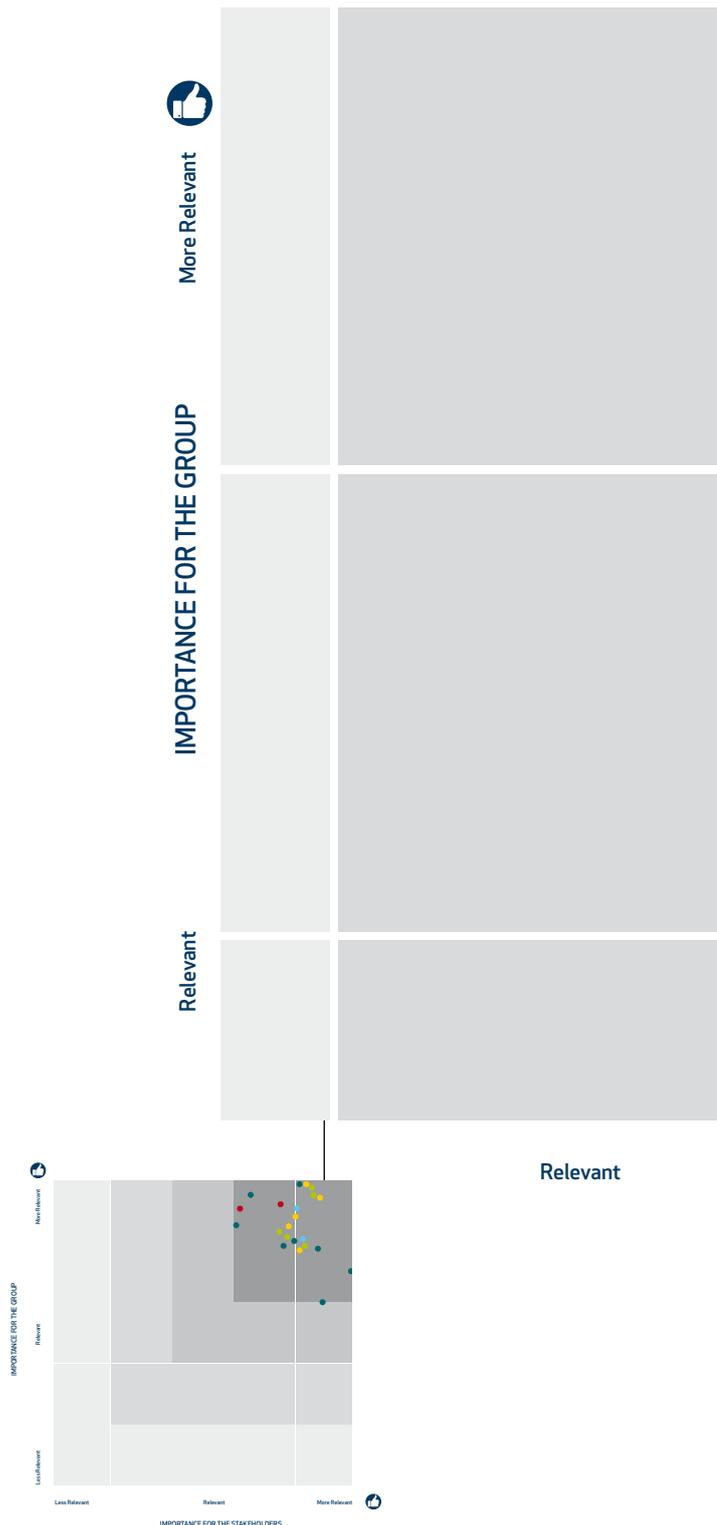
The matrix was discussed and agreed upon with both the Senior Executives and the Board of Directors' Sustainability Committee.

This document offers a brief view on the following for each of the topics in the materiality area: strategic commitments undertaken by the Group, management methods and actions implemented.

## Themes

-  Product innovation
-  Finance
-  Sales of products and services
-  Group Management
-  Employees

- 1 Innovation
- 2 Partnerships
- 3 Financial inclusion
- 4 Personal consultancy
- 5 Fairness in the sales of products and services
- 6 Group relations with the agency network
- 7 Integrated multi-channel operations
- 8 After-sales customer service
- 9 Customer loyalty
- 10 Farsightedness in capital management
- 11 Control and risk management culture
- 12 Transparency and clarity in the ownership and governance structure
- 13 Long-term approach to setting corporate objectives and to making investment choices
- 14 Fair and responsible competition
- 15 Raising regulatory compliance awareness
- 16 Transparency toward the Market and the Authorities
- 17 Development of resources
- 18 Well-being within the company
- 19 Profitability of the Group's activities
- 20 Responsible supply chain management
- 21 Relations with the local community
- 22 Reducing and optimising environmental impact





### Trends

Internet of everything

Sharing economy

Internationalization

New skills

Climate change

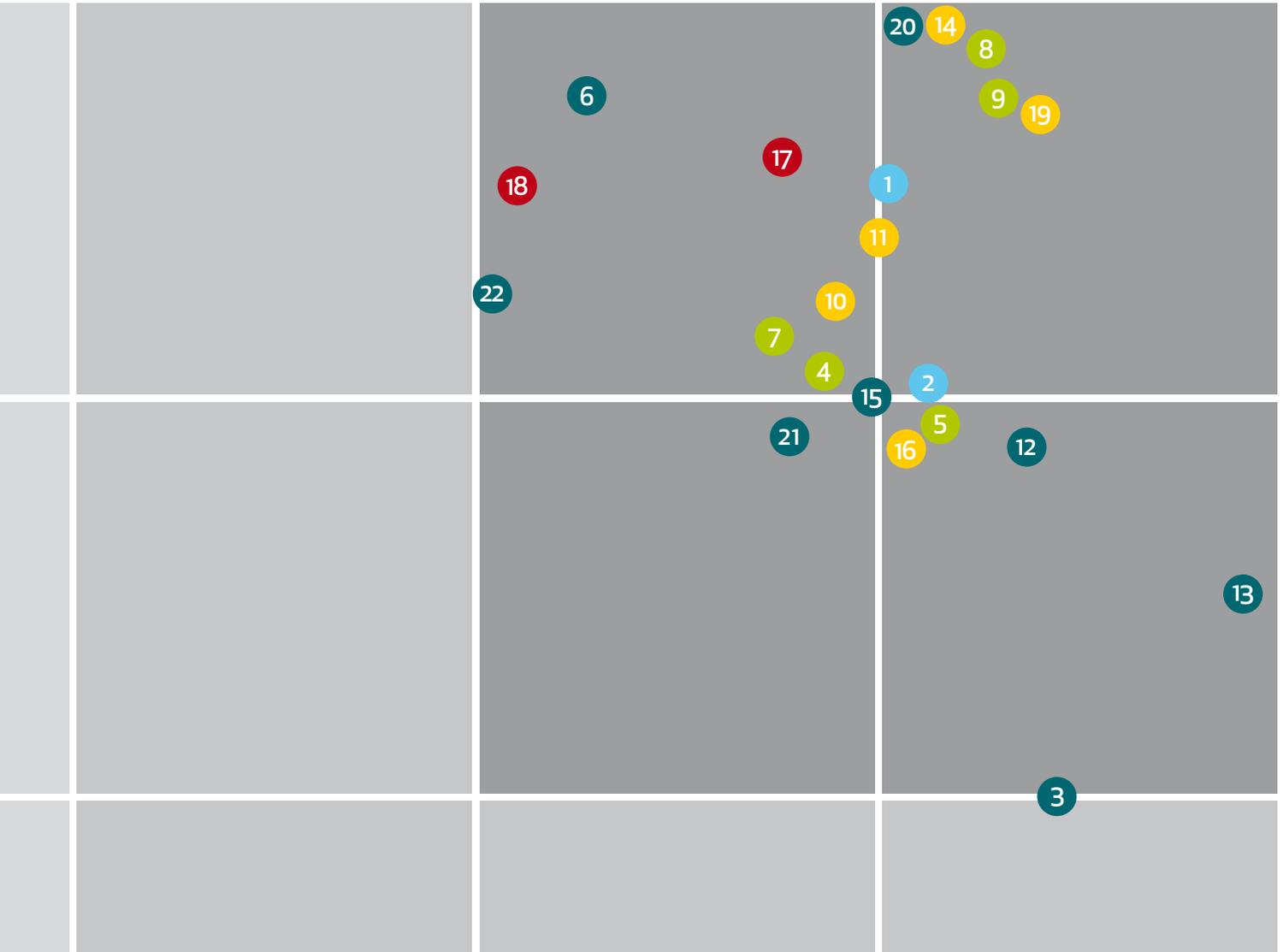
New mobility

The hybrid consumer

Human society

Well being

Lack of job security and polarization



IMPORTANCE FOR THE STAKEHOLDERS

More Relevant

Digitalisation and dematerialisation

Integrated reporting

Innovation of internal organizational models

Security of data and network transactions

### Instruments

## The Group's responsible approach to internal governance

2

### Transparency and clarity in the ownership and governance structure

#### Shareholding structure

The major shareholder of Unipol Gruppo Finanziario S.p.A. is Finsoe S.p.A., the holding company which currently holds 31.40% of its share capital and which in turn is held by companies of the cooperative movement that are leaders in different sectors (large-scale retail, agricultural and food, construction and services).

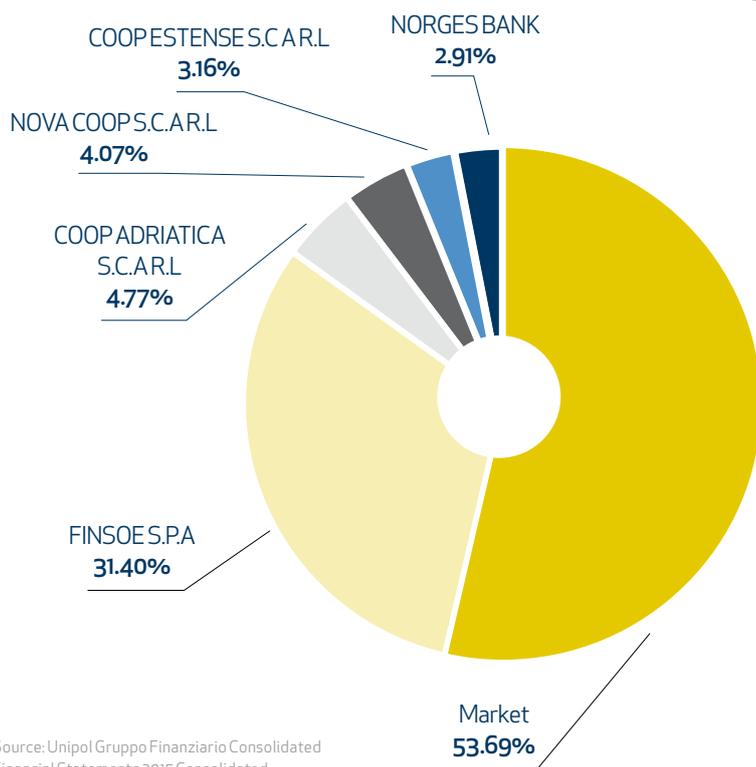
In implementing the resolutions of the Extraordinary Shareholders' Meeting held on 25 February 2015 and of the Special Meeting of preference shareholders of 26 February 2015, subject to checking all the conditions, UGF gave the green light to converting all 273,479,517 new outstanding preference shares into 273,479,517 new ordinary shares having the same characteristics of the outstanding ordinary shares based on the conversion ratio of one ordinary share having normal dividend rights for each preference share, without equalisation payment.

The last day of trading of the UGF preference shares on the stock exchange was 26 June 2015, and only ordinary shares of the Company have been traded on the Borsa Italiana S.p.A. MTA market since 29 June 2015.

#### Share capital

Main shareholders of Unipol Gruppo Finanziario as of December 31, 2015

% of holding



Source: Unipol Gruppo Finanziario Consolidated Financial Statements 2015 Consolidated

At 31 December 2015 UGF's share capital, subscribed and fully paid-up, was €3,365,292,408.03, divided into 717,473,508 ordinary shares with no nominal value.

#### Dividends

The financial statements of the Parent Unipol at 31 December 2015, drawn up in accordance with Italian GAAP, posted a profit of €165.5m. Unipol's Board of Directors proposed to the Ordinary Shareholders' Meeting to distribute €0.18 per ordinary share to its entitled shareholders. The total amount set aside for dividends came to €128m (77.35% of the profit).

#### The system of governance

The governance structure of UGF is based on the model of traditional management and control, having as the main bodies: the Shareholders' Meeting, the Board of Directors (operating with the support of Board Committees that offer advice and make suggestions) and the Board of Statutory Auditors.

#### Composition of the Board of Directors

- 12 Number of independent non-executive directors pursuant to the Consolidated Law on Finance
- 8 Number of independent non-executive directors pursuant to the Code of Conduct

#### Composition by sex:



#### Composition by age brackets:



With the exception of the Chief Executive Officer and the Chairman, who was assigned the functions of Director responsible for the internal control and risk management system, and therefore an executive director, the Board of Directors is made up of non-executive Directors.



In line with international best practices, Unipol Gruppo Finanziario places particular importance on the substantial independence of members of the Board of Directors by applying the principles of the Consolidated Law on Finance (Art. 147-ter, paragraph 4) and, in a more restrictive manner, the provisions of the Code of Conduct, in order to guarantee that the Board composition is in the interests of all majority and non-controlling shareholders.

Also note that on 10 February 2015 the Board of Directors adopted the "Fit&Proper Policy" to assess satisfaction of requirements to hold office pursuant to the regulatory provisions of the sector introduced in 2014. It describes, inter alia, the procedures for assessing the requirements to hold office - in terms of honourableness, professional expertise and independence, as well as the non-existence of prohibitive situations, causes for suspension and situations of incompatibility - of the members of the administration and control bodies. This Policy came into force on 1 April 2015.

In the previously mentioned "Fit&Proper Policy", with particular reference to the requirement that a Director be independent, the criteria that the Board of Directors adopted were supplemented by another requirement. It arises from the expectation of having to regard the annual remuneration of any professional services supplied to the company and/or subsidiaries if exceeding 5% of the annual turnover of the Company or Entity of which the Director has control or is in a prominent position, or of the Professional Firm or consulting company of which the director is a partner or, in any case, exceeding the amount of €200,000.

The BoD conducts its annual assessment on the fulfilment by non-executive directors of the independence requirements set forth in the Code of Conduct, also taking into consideration the instructions provided by CONSOB in its notice DEM/10046789 of 20 May 2010.

On the question of remuneration of the Board of Directors members, the Shareholders' Meeting of 30 April 2013 resolved gross annual remuneration for each Director equivalent to €40,000, in addition to a fee for attending each board and shareholders' meeting of the gross amount of €1,000. Non-executive director remuneration is not linked to the results achieved by the Company, nor are there any plans for share-based incentives or, in general, those based on financial instruments for members of the Board of Directors. During the year 2015, the Board of Directors defined the general policy for the remuneration of members of corporate bodies and key managers of UGF for the year 2015, in line with the previous year.

On 10 March 2016, the Board of Directors of the Company approved i) the new general policy for the remuneration of members of corporate bodies and key managers of UGF for the current year, ii) the Remuneration Report prepared pursuant to Art. 123-ter of the Consolidated Law on Finance and Art. 24 of ISVAP Regulation No. 39 of 9 June 2011, and iii) the Information Document relating to the compensation plan based on financial instruments pursuant to Art. 114-bis of the Consolidated Law on Finance, including the relevant Plan Regulations. All such documents will be submitted to the Shareholders' Meeting called to approve the 2015 financial statements. For more detailed information, please refer (i) to the annual Report on Corporate Governance and Share Ownership and (ii) to the Remuneration Report, which may be viewed in the Corporate Governance section of the company website <http://www.unipol.it/int/en/corp/pagine/home.aspx>.

The Chairman represents the Company within the limits set out in the By-Laws and has the power to provide impetus to the actions of the BoD, ensuring the promotion of transparency in the Company's business, and taking care to represent all Shareholders. He also supervises the internal control and risk management system.

The Chairman and the Chief Executive Officer, who are in continuous dialogue, single out opportunities and risks of the insurance, banking and financial, in general, businesses, on which the Chairman reports to the Board of Directors so that it can take decisions on the policy and coordination of the Company and of the Group that controls it.

The Vice Chairman replaces the Chairman in the case of his absence or impediment; in that function, he has access to all information within the structure.

The Chief Executive Officer identifies the strategies, examines the transactions having significant economic, equity and financial importance, ensures pursuit of the goals set by the Board of Directors and, in his role of General Manager, supervises management of the Group's business, in line with the Strategic Plan.

In order to increase the efficiency and effectiveness of its actions, the Board of Directors has formed six committees within it. Their

purposes are to offer advice and make suggestions. The BoD defined their tasks and duties also on the basis of the criteria contained in the current Code of Conduct of listed companies. The committees are:

- Management Committee;
- Appointments and Corporate Governance Committee;
- Remuneration Committee;
- Internal Auditing and Risk Committee;
- Sustainability Committee/Ethics Committee;
- Committee for Related Party Transactions.

For more information on the composition and members of the Committees, please refer to the mentioned 2015 Report on Corporate Governance and on Share Ownership, which may be viewed in the Corporate Governance section of the Unipol company website <http://www.unipol.it/int/en/corp/pagine/home.aspx>.

The Board of Statutory Auditors of the Company performs its duties pursuant to the By-Laws and to applicable legislation. All the Statutory Auditors are enrolled with the Register of legal auditors and auditing companies and possess all the requisites prescribed by currently applicable legal regulations and the By-Laws.

## Control and risk management culture

### The internal control and risk management system

In line with the principles of the Code of Ethics, the Group dedicated itself to developing organisation processes able to guarantee prudent and responsible company management.

The internal control and risk management system, defined in the "SCI Directives" (internal control and risk management directives) adopted and periodically updated by the BoD, comprises rules, procedures and organisational structures suitable to effectively control both the strategic decisions of the Group and its actions, and is also broken down into multiple levels.

**The Board of Directors** has final responsibility for the internal control and risk management system, and must ensure constant completeness, functionality and effectiveness. In this area, the Board approves – among other things – the organisational structure and the assignment of tasks and responsibilities to the operating units while ensuring an appropriate separation of functions. It also defines, with the assistance of the Control and Risk Committee, the guidelines of the internal control and risk management system, and assesses its adequacy, effectiveness and actual functioning once a year.

**The Board of Statutory Auditors** is responsible for supervising the completeness, functionality and adequacy of the organisational, administrative and accounting structure adopted and the comprehensive internal control and risk management system, and is required to ascertain that all functions involved in the system are adequate.

**The Board Committees** are formed within the Board of Directors of the Parent company. They offer advice and make suggestions, and play a role in the internal control and risk management system, particularly regarding relations with the Audit, Risk Management and Compliance functions.

**The Supervisory Body (SB)** has the task of monitoring the functioning and updating of the Organisation, Management and Control Model ("OMC"), a well-structured and organic prevention, deterrent and control system aimed at developing awareness of being able to give rise to sanctions not only for themselves, but for the Unipol Group Companies as well, if offences are committed by parties who either directly or indirectly work on sensitive activities (directors, senior executives, employees and partners). More specifically the general principles of conduct are highlighted in Special Section 2 of the OMC (which directly apply to the corporate bodies and employees and to partners by way of relevant contractual clauses), and the specific principles of conduct to prevent offences from being committed in relations with the Government, which include those corruptive in nature. One of the tasks of the SB is also checking personnel training programmes. On the whole, the training programme for employees was broken down as follows in 2015:

- on-line distance course ("FAD") relating to Decree 231 and the OMC ("OMC Course") provided through the Unipol Web Academy platform for employees and agents of UnipolSai, and their partners;



- meetings with Senior Management personnel – plan of specific meetings with the first line managers, their first subordinates and the “Risk Takers” (general managers, key managers and managers, and also personnel of the internal control functions of a higher level and the other personnel categories whose activity may significantly impact the company’s risk profile);
- classroom-based training – training plan for the prevention of the offences of so-called Market Abuse for employees permanently enrolled in the Register established in accordance with the Procedure for the Communication and Dissemination of Privileged Information, adopted in compliance with the applicable legislation.

This plan will continue in 2016 with specific classroom-based training as well. It is addressed to employees on the so-called “sensitive areas” concerning specific training regarding the risks/offences identified following the analysis and mapping activities.

For more detailed information on the OMC, please go to the following link <http://www.unipol.it/int/en/corp/governance/pagine/mog.aspx>.

**The Appointed Director**, who is the Chairman of the Board of Directors, performs the following functions with powers:

- a) identifies the main corporate risks while bearing in mind the characteristics of the activities carried out by the Company and its subsidiaries, and periodically submits them to the examination of the Board of Directors;
- b) implements the guidelines established by the Board of Directors and supervises the design, execution and management of the internal control and risk management system, afterwards constantly checking to ensure it is adequate and effective;
- c) adapts this system to the changes in operating conditions and in the legislative and regulatory scenario;
- d) can ask the Audit Function to perform checks on specific operating areas and on compliance with the internal rules and procedures in executing corporate operations, giving concomitant notice to the Chief Executive Officer, Chairman of the Control and Risk Committee and to the Chairman of the Board of Statutory Auditors;
- e) promptly informs the Chief Executive Officer and the Internal Auditing and Risk Committee (or the Board of Directors) on problems and critical issues that arise while the activities are being carried out or that have however been reported so that the Chief Executive Officer or the Committee (or Board) can take the appropriate initiatives;
- f) after consulting the Board of Statutory Auditors, submits to the Board of Directors proposals on the appointment or replacement of the managers of the Audit, Compliance and Risk Management functions, as well as their remuneration, consistent with the guidelines established in the general policies the latter has resolved, after having previously consulted and submitted these names to the Internal Auditing and Risk Committee.

**Top Management** (the Chief Executive Officer, General Manager and top management that performs management supervision tasks) supports the Director in charge of designing and implementing the Internal control and risk management system, including therein those deriving from non-compliance with the regulations, in line with the directives and the risk governance policies defined by the administrative body.

In particular, the Chief Executive Officer (also as the body with management function) implements the strategic guidelines, the RAF and the risk governance policies defined by the Board of Directors, and is responsible for adopting all measures necessary to ensure that the organisation and internal control system comply with the principles and requirements of the regulatory legislation of the sector and for constantly monitoring their compliance.

**The internal review** (so-called “third-level controls”) consists of verifying the completeness, functionality and adequacy of the Internal Control and Risk Management System (including the first- and second-level controls) and that business operations comply with the System.

This activity is carried out by the **Audit Function**, an autonomous, including hierarchically, structure with respect to the operating departments, which reports to the Unipol Gruppo Finanziario Board of Directors and is coordinated by the Director responsible for the Internal Control and Risk Management System. The Audit Function is responsible for assessing the completeness, function, reliability and adequacy of the Internal Control and Risk Management System in relation to the nature of business activities and the level of risks undertaken, as well as its updating, also through support and advisory activities provided to other company departments.

In fulfilling its duties, the Function’s activities are broken down into: (i) process audit (insurance, operational, financial, information technology and banking), (ii) the preparation of reports envisaged in regulations, (iii) compliance verification/audit of the insurance agencies, the bank branches, financial advisors and claims settlement services, (iv) verification of internal fraud by employees, appointed representatives and persons pertaining to the sales networks.

As established in the audit plan, the Function was involved in 120 activities (process and other audits) during 2015. During the period, the Function also carried out a variety of administrative activities and activities required by law, as established in the plan. The following inspections were conducted: 389 on the insurance sales network, 307 on the Unipol Banca sales network, 35 on the claims settlement networks and 46 anti-fraud audits. All critical issues that emerged from the process audits were shared with the management, which made efforts to address them by identifying individuals to manage them and setting deadlines. The Audit Function periodically monitors the status of the adjustments and checks the effective implementation of the corrective actions through follow-up activities.

**The risk and compliance controls** (so-called "second-level controls") aim to ensure, among other things:

- the correct implementation of the risk management process;
- the implementation of activities assigned to them by the risk management process;
- the observance of the operating limits assigned to the various departments;
- the compliance of company operations with the regulations.

The departments responsible for these controls are separate from the operating functions; they help define the risk governance policies and the risk management policy. Belonging to this level are:

**The Risk Management Function** is responsible for ensuring an integrated evaluation of the various risks at Group level, supporting the Board of Directors, the Appointed Director and Top Management in the evaluation of the structure and effectiveness of the risk management system, highlighting any deficiencies and suggesting ways of resolving them. Risk Management carries out this activity within the *Own Risk and Solvency Assessment* (ORSA) process to ensure that the activities of the various corporate structures dealing with risk management are coordinated.

During 2015, the Risk Management Function carried forward the activities to adapt to the new Solvency II regulations in light of its coming into force starting from 1 January 2016. More specifically, Risk Management continued the activities - still today in progress - aimed at completing the pre-application phase of the Partial Internal Model, preliminary to starting the actual authorisation process via talks with IVASS aimed at becoming gradually familiar with the various aspects of the Partial Internal Model. These talks are held during on-site visits and follow-up checks at the Company. Risk Management, which has maintained constant relations with the Supervisory Authority, implemented the necessary amendments to the Partial Internal Model and supplemented its documents with the analyses required by IVASS.

Moreover, the activities pertaining to the formal application to IVASS for use of the specific company parameters (*Undertaking Specific Parameters - "USP"*) to replace the subset of parameters defined in the Standard Formula for calculating the solvency capital requirement for the Non-Life and Health technical-insurance risks were also completed. To this regard, with its Measures dated 2 February 2016, the Supervisory Authority issued the Unipol Group as a whole, and UnipolSai, the above-mentioned authorisation to use USPs starting from 1 January 2016 to calculate the solvency capital requirement for tariff risks and Non-Life and Health underwriting.

As part of the Group capital adequacy assessment process, Risk Management coordinated the usual periodic quantitative analyses using stress tests based on Solvency II metrics for the Group and each company, with reference to 2014.

Activities concerning the project to implement quantitative and qualitative supervisory reporting (Quantitative Reporting Templates - QRTs) continued in 2015. The IT infrastructure and verifications of processes and procedures were completed during this stage, and the Solvency II supervisory reports required for the interim period of 2015 were produced and sent to IVASS.

Risk Management also monitored risks and prepared reporting on the results of its controls (risk appetite monitoring, checking limits set forth in the Investment and Liquidity Policy and the Credit Policy, etc.), which was submitted to the review of the Board of Directors of UGF and the Subsidiaries on a quarterly basis. In 2015, 342 UnipolSai employees were trained on Risk Management subjects for a total of 359 man-days (2,869 man-hours). In light of the coming into force of the Solvency II regulations, training activities above all focused on the structure and impacts that the new prudential supervision system has on the insurance sector and on our Group. To this regard, two major training courses were developed. The first one, specialised, is for those in the front line operationally and on an on-going basis in applying the new regulations, while the second one, basic level, sets out to continue spreading the risk culture throughout the sector. The Group's overall risk management system - ERM framework - also includes managing emerging and reputational risks with a proactive and strategic approach closely coordinated with the business. During 2015, coordination of the "Reputational & Emerging Risks Observatory" works continued and a reputational assessment in collaboration with Reputation Institut was started. This assessment is aimed at producing an action plan in order to improve the Group's perception



by its major stakeholders. For more information on the reputational assessment, please refer to the chapter, "Farsightedness in capital management".

**Compliance** is responsible for evaluating the suitability and efficacy of procedures, processes, policies and internal organisation according to a risk-based approach, its objective is to prevent the risk of non-conformity considered as the risk of judicial or administrative sanctions, sustaining losses or reputational damages as a result of failure to observe laws, regulations or measures of the Supervisory Authority or self-regulations such as By-Laws or codes of conduct; risk arising from unfavourable amendments to the legislative framework or case law decisions. The Compliance function takes a methodological approach based on techniques of identifying, assessing, managing and monitoring compliance risks, in keeping with the techniques used in risk management and audit processes. This approach involves:

i) the identification of potential compliance risks; ii) the evaluation of existing controls, in terms of adequacy for the reduction of identified risks; iii) the determination of the level of residual risk through the combined processing of the potential risk assessment and adequacy of existing controls results. It therefore represents a qualitative evaluation of the risk to which the company remains exposed downstream from existing controls. Corrective actions required to limit risks are identified and proposed on the basis of the results of this process.

**Anti-money laundering** is responsible for applying the Anti-money laundering regulations falling under Italian Legislative Decree 231/2007 (the "Decree") that are implemented within the Unipol Group for the Insurance Companies operating in the Life Business (UnipolSai Assicurazioni, Popolare Vita, BIM Vita, Liguria Vita, Linear Life and Arca Vita), for the companies of the banking sector (Unipol Banca and Finitalia) and for asset management (UnipolSai Investimenti SGR) companies. All of the Unipol Group Companies have a dedicated structure responsible for managing the risk of money-laundering and terrorist financing. The anti-money laundering activities aim to ensure proper compliance with the Decree as regards:

- customer due diligence;
- registration of transactions in the Centralised Computer Archive;
- reporting of suspicious transactions as defined in Art. 41 of the Decree;
- personnel training on the subject of anti-money laundering and of the fight against terrorist financing, which involved 764 people working at Group Companies in 2015.

**The figure of Manager** in charge of financial reporting was introduced in section V-bis ("Financial Information") of the Consolidated Law on Finance by the law for the protection of savings No. 262/05, "Provisions for the protection of savings and governance of the financial markets". The Manager in charge of financial reporting is responsible for preparing a dedicated report (to be attached to the annual financial statements, the interim report and, if applicable, the consolidated financial statements), which certifies the adequacy of the administrative and accounting procedures for the preparation of the separate and, if applicable, consolidated financial statements, as well as all other financial communications that the Company discloses to the market (including the interim accounting information), in addition to their correspondence to documented accounting results, books and entries. The Group has implemented a control model to support the Manager in charge of financial reporting to check the adequacy and effective application of the administrative procedures for preparing accounting and financial disclosures that is inspired by the international standards (COBIT and CoSo Framework), unanimously recognised as the reference standards for the implementation and evaluation of internal control systems.

The line controls (so-called "first-level controls") are aimed at ensuring transactions are carried out correctly. These are performed by the same operating structures (e.g. hierarchical, systematic and sample controls), also through the different units which report to the managers of the operating structures, or carried out as part of back office activities; as far as possible, they are incorporated in IT procedure. The operating structures are the primary bodies responsible for the risk management process and must ensure compliance with the adopted procedures for implementing the process and compliance with the established risk tolerance level.

Risk and Control Governance Model



Source: Internal Control and Risk Management System

Anti-fraud

The Unipol Group considers the activity of preventing and combating fraud an integral and unavoidable aspect with respect to the core business. As a result, the Anti-fraud activity (by virtue of the organisational model currently adopted) runs across the business processes in the insurance sector from the underwriting phase to the settlement phase and involves all related facilities affected. The activities for preventing and combating fraud break down into two levels:

- the Special Claims Area Function, which centralises the management and settlement of claims at risk of fraud of all types (except for transport, assistance, bonds, legal expenses and health), operates for all Companies of the insurance sector (except for Linear, Ddor Novi Sad, UniSalute and Arca, and the Subsidiaries) and reports to the Fraud function, where necessary, the claims subject to in-depth examination. During 2015, a total of **19,028 reports of suspicious claims** were reported (about 60% coming from the network), which led to **9,237 charges**. Compared to previous periods, there was a drop in suspicious claims automatically identified, which then proved authentic following investigations.
- the Anti-fraud Function, which carries out further investigations also aimed at possible criminal-law initiatives and deals with complaint-related activities, carries out (if necessary) the criminal proceedings and handles relations with the Police Authorities, also working to protect the other Group companies that do not have their own dedicated structures. The Anti-fraud Function managed a total of 3,115 reports at the **underwriting** level and 5,118 reports at the **settlement** level in 2015, for which it investigated 2,524 cases and lodged 1,156 **actions**, of which 834 at the underwriting level and 322 at the settlement level. Regardless of the year opened, total cases managed by the Anti-fraud Function were approximately 11,000 positions.

Added to the activities carried out by the Special Claims Area Function and the UnipolSai Anti-fraud Function are the analyses made by the same structure of the company operating in Ddor Novi Sad, Serbia, which handled 405 reports that led to 196 actions.

With regard to the **Non-Life Bancassurance** business, in 2015 Arca and Subsidiaries handled a total of **422 reports** (only 8 at the underwriting level), of which 403 referred to claims (over 95% coming from the settlement centres, the rest from ANIA), which gave rise to 252 charges.

As for the 422 cases reported, a total of 258 investigations were carried out. The **actions** lodged in 2015 totalled 35, 4 of which at the underwriting level and 31 at the settlement level.



### Personal data protection

The Unipol Group has established dedicated organisational controls, including a function devoted to providing legal assistance in the area of privacy (the "Privacy Function") in order to guarantee that personal data (of customers, employees and, in general, everyone who comes into contact with the various Group companies) is processed in compliance with the provisions set forth in the Personal data protection code.

The Privacy Function contributed towards defining, from the legal perspective, priority lines of action intended to guarantee compliance with regulatory requirements, particularly as regards IT security, data access by third parties and the generation of documentation required by law.

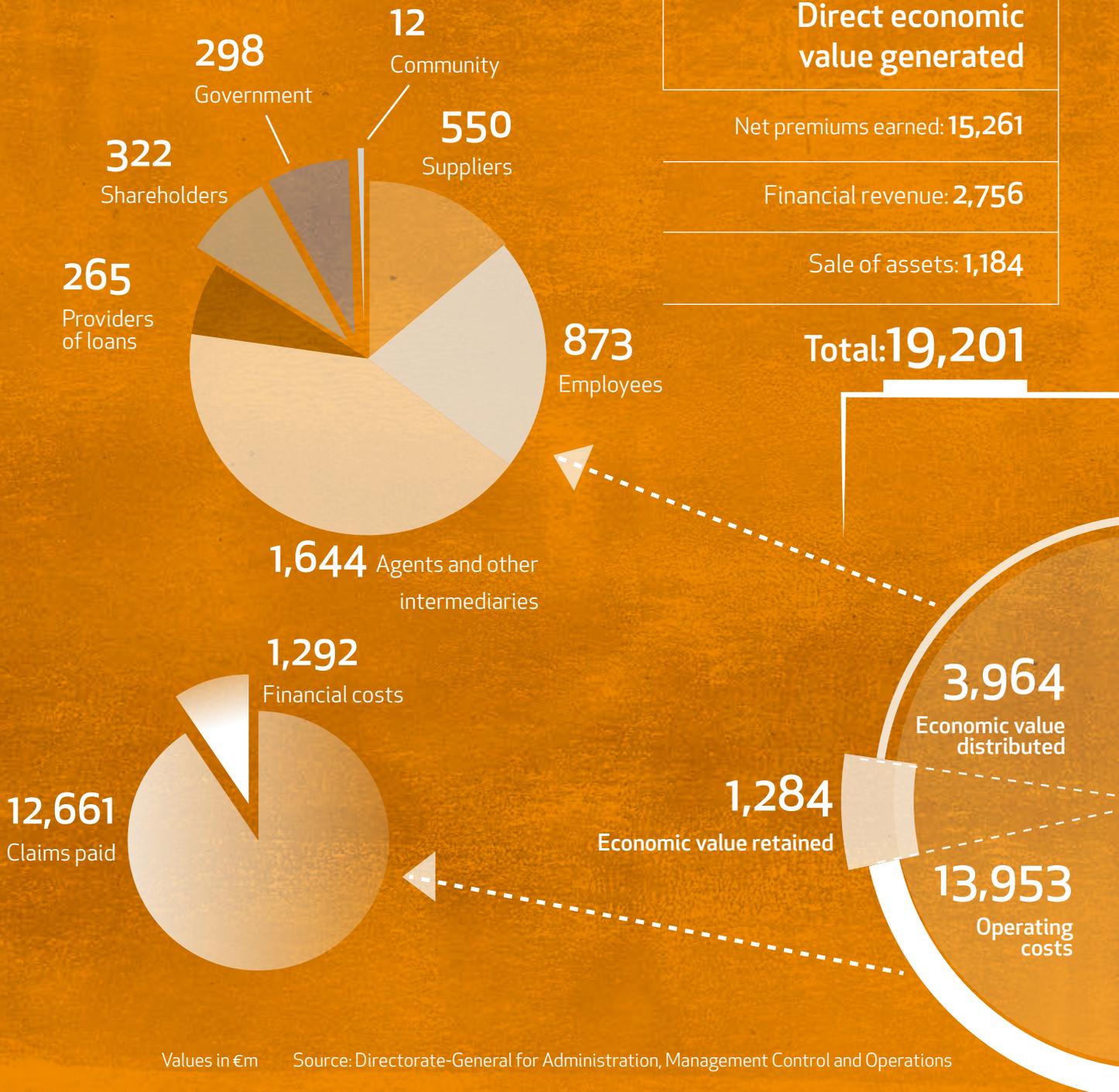
In this regard, some of the primary activities carried out by the Privacy Function in 2015 include:

- definition at each Group company of a Privacy Contact responsible for checking requests that should come from internal and external stakeholders;
- in cooperation with the other competent company departments, preparation of the "Single Data Security Document", which lays out the company policy on the topic of security measures (IT, physical and organisational) for all Group companies;
- response to requests for information sent by customers and other entitled parties regarding the personal data held by Group companies and how it is processed, as well as requests for deletion or updating of personal data;
- publication of Group Privacy Guidelines as part of sales and marketing promotional activities, as well as opinions on the use of biometric data relating to Advanced Digital Signatures, and the use of cookies on Group company websites;
- collaboration with Human Resources and Organisation to draw up the Guidelines on using electronic and Internet tools;
- updating the privacy Guide for the Privacy Contacts of the Group companies;
- organisation and preparation of the course for Video surveillance Coordinators and Managers and of the course for System Administrators.

# 2

## Financial performance

The direct economic value generated and distributed





### Long-term approach to setting corporate objectives and to making investment choices

The year 2015 was the last year of the 2013-2015 Business Plan, which in the aftermath of Unipol finalising the acquisition of control of the former Fondiaria-Sai Group was mostly focused on finalising the corporate project that led to the creation of UnipolSai S.p.A. and the implementation of the business integration program in 2014.

The following results were particularly achieved during the three-year period:

- rationalisation of the corporate structure by halving the Group companies (from more than 120 to about 60), with a flurry of activity in the authorisation process;
- integration of the IT systems by setting up a single IT Data Centre for UnipolSai (with completion of insourcing the IT infrastructure management activities), rationalisation and streamlining of the software tools, with a heavy halving of the number of systems (from 41 to 19) supporting the insurance and administrative processes, and finalisation of the process of migrating the Non-Life and Life underwriting systems (involving about 1,700 agencies of the former FondiariaSai network);
- convergence of the Group's head offices (plan started in 2014 after completing the merger), with a considerable halving of the offices (from 40 to about 20) and about 2,000 Group employees transferred. Added to this was the start-up of the rationalisation of the claims settlement centres throughout the country;
- reorganisation of the network's sales presence: the logic of structuring the sales resources in divisions was exceeded and the Company's presence throughout the country was reinforced with a sales structure organised by Local Districts;
- in meeting the obligations with the Antitrust Authority, finalisation of the sale of the business unit consisting of 725 Agencies and 470 employees to Allianz Italia.

During 2015 the Group started to prepare the new 2016-2018 Business Plan that will integrate sustainability objectives and actions.

### Farsightedness in capital management

Farsightedness is one of the Group's reference values as set out in the Charter of Values. This is why the commitment to recognise, manage and maximize all the capital used in its business model crosses through all Group activities.

It was decided to start an analysis of its value chain in order to better preserve and enhance the intellectual and relational capital in particular, starting from the 2013 consolidated financial statements, with particular focus placed on the social and environmental value produced. The interfunctional working group for development of the Integrated Financial Statements was activated in 2015 in order to best map and give evidence of the Group's ability to increase its capital. In addition to the foregoing, financial and human capital are considered strategic in this analysis.



Value chain



More information on the value chain is available in the Unipol Group consolidated financial statements: [www.unipol.it](http://www.unipol.it).

A Business Continuity Management process has been developed in keeping with the guidelines and operating rules of the ISO 23001 standard. The system has been developed to reduce the impacts of a disastrous event on business as much as possible by:

- selecting a limited number of processes to keep “uninterrupted” through a systematic and analytical approach based on the *Business Impact Analysis* (BIA);
- defining continuity strategies, that is, methods with which it is possible to keep the above-mentioned processes “uninterrupted”, even on the technological level (*Disaster Recovery*).

Unipol’s system has been developed both for the Holding and for the insurance sector Companies, in coordination with the Continuity Plan of the banking segment Companies and Arca.

The crisis scenarios that the system covers refer to the infrastructural, human, natural and intellectual capital, and they identify how interruption of the activities due to an adverse event affects business from the financial, regulatory and reputational viewpoints. More specifically, what have been analysed are the cases of destruction and inaccessibility of structures in which operating units or critical equipment are allocated; unavailability of essential personnel for operation of the Company; interruption of operation of the basic infrastructures and/or services (electricity, water, heating, telephone lines, telecommunication networks); altering of data or unavailability of the IT systems, whether partial or total.

### Group reputation

For a financial institution like Unipol, which operates in both the insurance and banking sectors, reputation is a fundamental asset in view of the fiduciary nature that distinguishes its relationship with its customers.

The Unipol Group is undertaking to monitor its reputation drivers and reputational positioning in an increasingly structured manner in order to manage this type of risk with a strategic and proactive approach.

A reputational and emerging risk management function was specially instituted within the Risk Management Department in order to:

- guarantee adequate protection from these risks by constantly bringing stakeholder expectations into line with the Group's answers;
- intercept the most significant phenomena in advance in order to develop elements of competitive advantage.

A **Reputational and Emerging Risk (R&ER) Observatory** was set up within the function and all of the business areas that, for various reasons, handle Group stakeholder relations are involved in it.

The Observatory:

- points out the topics that stakeholders concentrate on by summarising and rationalising their requests that make the largest reputational impact;
- defines the trends for the topics that emerge over a five-year time span using a predictive model;
- identifies any areas where stakeholder expectations and the answers the Group implements are misaligned and that may become sources of reputational and emerging risk that have to be tackled with customised plans of action.

In the study conducted in February 2015 by *Reputation Institute*, a leading company reputation measurement and consulting institute on a global scale, the Unipol Group obtained a 62.4 score, which placed it in the moderate score bracket (60-69).

The "**Reputational landscape**" project was launched together with *Reputation Institute* in 2015. Its objective is to implement a structured medium- and long-term approach to corporate reputation management while integrating it in the company's planning processes. This project was the first step on a path whose final objective is to take the Group into the strong reputation bracket (70-79) by 2018. The Landscape stage defined the initial reference framework of Unipol's reputation with five key stakeholders: opinion makers, institutions, customers, Italians and the media. The opinions gathered offered the opportunity to identify the areas and topics that are advisable to never stop listening to and to develop actions - consistent with the stakeholders' expectations - in order to reduce potential reputational risks on the one hand, and to strengthen positive perceptions on the other. In a general context marked by poor differentiation in the positioning perceived in the insurance-financial sector, where the insurance operators benefit from greater credit than the banks in reputational terms, Unipol is perceived by its stakeholders as a solid market leader that has demonstrated it keeps its promises in facts, thanks to the expertise and honesty of its actions and to the skill of its senior executives.

Besides its traits of leadership, ambition, reliability and expertise, a few features emerge that attribute Unipol with having a strong ability to stay close to its customers, along with an ability to be sympathetic and responsible, in line with the trait that has always distinguished Unipol in interpreting its role in society.

### Direct economic value generated and distributed

*Unipol generates wealth by contributing to the financial growth of the social environment where it operates. Even distribution of the value its activities generate to its stakeholders that they have directly or indirectly contributed to generating forms one of the foundations of sustainability of financial performance over time.*

The Consolidated Financial Statements of the year 2015 of the Unipol Group have been properly reclassified in order to identify the direct economic value generated by the ordinary operations, which expresses the value of wealth generated during the year and that amounted to €19,201m. The provisions of the EC1 Standard of the Global Reporting Initiative, GRI-G4, were adapted to the Group's dominant business operations:

The sale revenue was identified with net earned premiums, which totalled €15,261m. The other components of the economic value generated were financial revenue (€2,756m) and capital gains from sales of assets (€1,184m).



The wealth produced was distributed between the following parties who contributed to generating it after having covered the operating expenses tied to the main business, which were identified in the costs for paying claims (€12,661m) and financial costs (€1,292m).

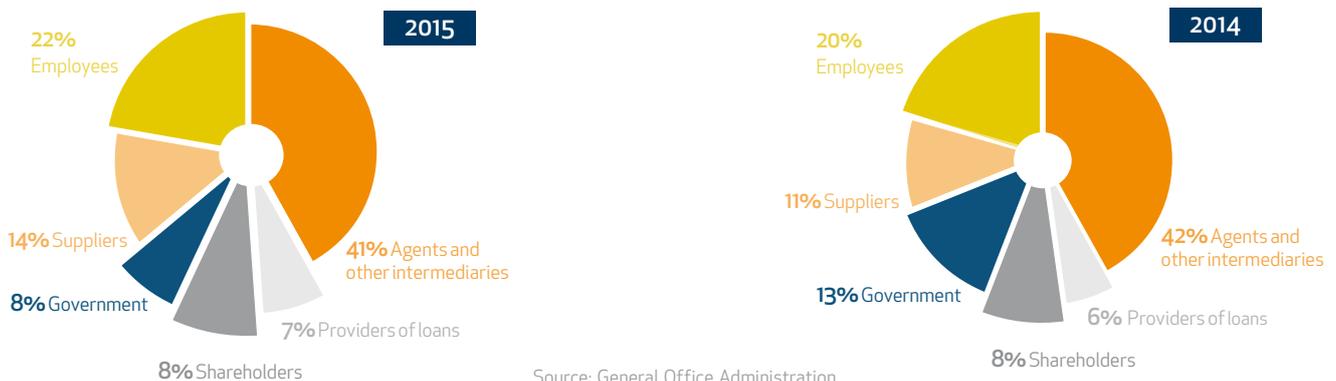
The wealth produced was then distributed outside the Unipol Group in 2015 for the amount of €3,964m (€4,836m in 2014) to:

- suppliers (€550m) through the purchase of goods and services;
- employees (€873m), considering the amount paid to employees in both the form of direct costs and indirect costs;
- agents and other intermediaries (€1,644m) with the payment of commissions for the purchase and collection of contracts;
- shareholders (€322m) after resolving distribution of dividends to the share capital suppliers;
- lenders (€265m) with the accrual of interest expense due to the debt capital suppliers;
- Government (€298m) through payment of income tax for the year and other taxes;
- the Community (€12m), considering the donations, investments in the community and sponsorships.

Like for the previous year, the value was distributed to the stakeholders in a balanced manner. The percentage of distribution of the value to the Government dropped compared to 2014, in line with the decrease in current taxes, and this also explains the increases (or non-decreases in relation to the decrease in absolute values) of the other value percentages attributed to the stakeholders. The absolute values of the value distributed to employees and agents, down compared to 2014, were influenced by the lower number of employees and amount of premiums earned.

By subtracting the value distributed and the operating costs from the value generated, we get the value retained in the company, which in 2015 was €1,284m (€2,208m in 2014). The value retained within the Unipol Group was allocated to the technical provisions (which represent the future commitments to its customers), to increase the Shareholders' Equity, and for depreciation and amortisation of the tangible and intangible assets. Other components of the value retained refer to economic items that are not connected with the Group's main business or that do not represent distribution to the stakeholders.

Economic value distributed net of operating costs



Source: General Office Administration, Planning and Control, Operations

### Profitability of the Group's activities

In a context marked by tensions on the financial markets and by an overall intensification of competitive pressure in the insurance sector, the Unipol Group made a healthy profit again in 2015.

In the insurance sector, which contributed to the consolidated profit with €871m, the competitive dynamics on MV TPL tariffs penalised Non-Life premium, which also felt the effects from the sale of the business unit consisting of former Milano Assicurazioni agencies to

Allianz. On the other hand, with regard to claims, the MV TPL business again recorded positive technical indicators, while the Non-MV classes, after the year started off with substantial material damages caused by an exceptional weather event, recorded a marked improvement in claims during the second half of the year.

Premiums in the Life segment were also slightly down. In a market environment characterised by low interest rates, the aim was to favour higher quality production and contain financial risks, also in compliance with Solvency II.

The banking sector recorded a €5m profit, confirming a prudential lending policy that resulted in the first signals of fewer impaired loans.

For Real Estate and Other Businesses, actions focused on selectively improving the real estate assets and rationalising costs continued. Note that Atahotels attained a profit of about €2m, and this was helped by the flow of tourists to the Milan structures for the Expo.

In a medium to long-term perspective, financial investment policies pursued general prudent criteria while retaining the quality of the assets, in line with the Guidelines defined in the Group **Investment and Liquidity Policy**.

The Solvency I consolidated solvency position was 1.68 times the required capital. The solvency capital requirement was also calculated according to the new Solvency II prudential supervisory regulations for the first time in 2015.

For more detailed information, please see the Investor Relations page on the website  
<http://www.unipol.it/int/en/investors/pagine/investorhome.aspx>

### Combined Ratio (Direct Business)

Non-Life Business	12/31/15	12/31/14
Loss ratio	65.6%	68.0%
Expense ratio	27.9%	26.7%
Combined ratio	93.5%	94.7%

Source: 2015 Unipol Group Consolidated Financial Statements

### Group Highlights

Amounts in €m	12/31/2015	12/31/2014
Non-Life Direct Insurance Premiums	7,883	8,969
% variation	-12.1	-8.7
Life direct insurance premium	8,593	8,915
% variation	-3.6	27.7
of which Life investment products	951	141
% variation	573.1	-16.2
Direct insurance premium	16,476	17,883
% variation	-7.9	6.4
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Banking business – direct customer deposits	10,015	10,261
% variation	-2.4	-5
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Consolidate profit (loss)	579	505
% variation	14.6	168.8
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Investments and cash equivalents	81,840	79,985
% variation	2.3	7.9
Technical provisions	63,150	61,895
% variation	2	8.8
Financial liabilities	15,571	15,459
% variation	0.7	-3.6
Shareholders' Equity attributable to the owners of the Parent	5,524	5,691
% variation	-2.9	5.1

Source: Unipol Group Consolidated Financial Statements

### Consolidated Solvency Margin

	12/31/15	12/31/14
Solvency I	168%	169%
Solvency II	150%	

Source: 2015 Unipol Group Consolidated Financial Statements



### Investment policies

In 2015, the investment policies implemented by the Unipol Group adhered, in terms of medium/long-term investments, to the general criteria of prudence and of preserving asset quality through a process of selecting issuers based on their strength and diversification, with a particular focus on the liquidity profile - consistent with the Guidelines defined in the Group **Investment and Liquidity Policy**.

The overall Group duration stood at 5.42 years, moderately up compared to the end of 2014 (5.23 years). The Non-Life duration in the Group insurance portfolio was 3.40 years (3.13 years at the end of 2014); in Life business, duration was 6.3 years (6.15 years at the end of 2014). The Holding duration was 0.96 years, down compared to the end of last year (1.05 years) due to the liquidity suitably held in the portfolio.

During the 2013-2015 three-year period, the commitment laid down in the 2013-2015 Sustainability Plan to combine economic and profit objectives with social, environmental and governance objectives (ESG - Environmental, Social and Governance approach) by assessing the individual investments was maintained. The methodology used to assess the actual degree of inclusion of ethics and sustainability criteria and objectives in the Group's investment portfolio is carried out with an independent quarterly sustainability screening conducted with the support of the external consultant ECPI S.r.l. ([www.ecpigroup.com](http://www.ecpigroup.com)). This consultant is an independent company specialised in assigning ESG ratings and building sustainability indices, which analyses issuer environmental and social performance and governance structure strength in accordance with its rigorous proprietary qualitative and quantitative research method. The exclusion criteria at the basis of the sustainability screening are supplemented by the assessment of the level of compliance to the ESG principles of each issuer (expressed by a rating that identifies its minimum acceptable standard<sup>1</sup>).

According to the methodology described in the document "*Regole Black List Portafoglio Proprietario*" in force since 2012, the rules at the basis of the sustainability screening are described hereunder.

1. Companies are excluded if, directly or through subsidiaries:

- they manufacture unconventional weapons of mass destruction such as cluster bombs, anti-personnel mines, nuclear weapons, biological weapons, chemical weapons and other controversial weapons;
- they are involved in serious or systematic infringements of human rights, such as homicide, torture and deprivation of freedom, and employment rights, such as forced labour and forms of child labour exploitation;
- they are involved in serious environmental damage, do not demonstrate that they have developed a strategy for the effective management of the company's environmental impact, do not place attention on the strategy and environmental management, or on the impact of products and the production process;
- they are involved in serious episodes of bribery and do not demonstrate that they have developed a social strategy and a system of governance for the proper management of relations with the various stakeholders;
- they are involved in activities linked to gambling to a prevalent extent.

2. Countries are excluded if, through the study of a series of indicators, they demonstrate insufficient regard to the principles of the *UN Global Compact*<sup>2</sup>, respect for human rights, employees, the environment and the fight against bribery.

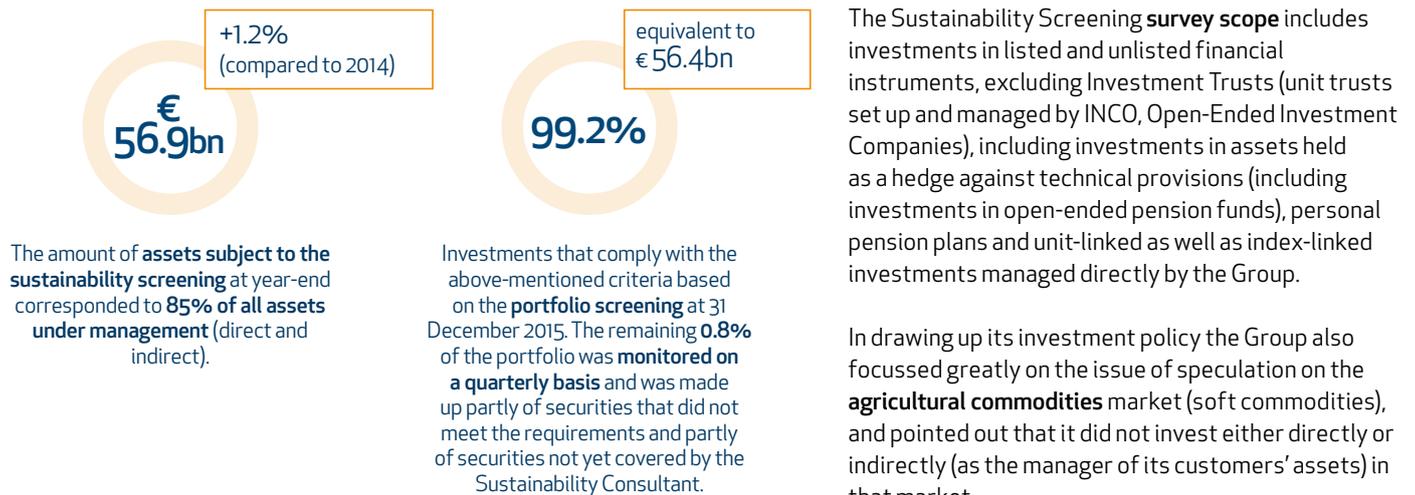
The indicators consider the following areas:

- **Environment:** ratification of the main environmental protection conventions drawn up by the UNFCCC - United Nations Framework Convention on Climate Change (e.g. the Kyoto Protocol adopted during Cop3 and subsequent agreements, like the one signed during the Cop21 Conference of the Parties) and assessment of overall environmental performance of the countries;
- **Society:** ratification of the main conventions regarding respect for human rights (e.g. the UN Universal Declaration of Human Rights) and workers' rights (e.g. the conventions of the International Labour Organisation);
- **Governance:** assessment of a country's institutional environment in terms of the presence of democratic institutions, economic freedom, ease of doing business and level of bribery and corruption.

<sup>1</sup> rating criteria - to assess compliance with the ESG principles of companies - were developed consistently with the "ICCR" ("Principles for Global Corporate Responsibility: Benchmarks for Measuring Business Performance") guidelines and draw inspiration from the principles developed by international responsible investment entities such as UN Global Compact ([www.unglobalcompact.org](http://www.unglobalcompact.org)), Global Reporting Initiative ([www.globalreporting.org](http://www.globalreporting.org)) and UNPRI - Principles of Responsible Investment ([www.unpri.org](http://www.unpri.org)).

<sup>2</sup> The UN Global Compact was drawn up in 1999 on the initiative of the Secretary General of the United Nations, Kofi Annan. It is a code of ethics aimed at encouraging the private sector, especially businesses, to sign up to ten global ethical criteria subdivided into four areas: human rights, protection of the environment, employee rights and the fight against bribery and corruption.

Also excluded are the countries publicly classified by the *ONG Freedom House* as “not free” or “partly free” in terms of civil liberties and political rights.



The Sustainability Screening **survey scope** includes investments in listed and unlisted financial instruments, excluding Investment Trusts (unit trusts set up and managed by INCO, Open-Ended Investment Companies), including investments in assets held as a hedge against technical provisions (including investments in open-ended pension funds), personal pension plans and unit-linked as well as index-linked investments managed directly by the Group.

In drawing up its investment policy the Group also focussed greatly on the issue of speculation on the **agricultural commodities** market (soft commodities), and pointed out that it did not invest either directly or indirectly (as the manager of its customers’ assets) in that market.

Also in the area of real asset investment, the Group took into consideration **land grabbing**, or the hoarding of “unused” land, which is sold to third parties

(companies or governments of other countries) without the consent of the communities that live there or cultivate that land for food. The Group did not invest in this area.

Unipol Gruppo Finanziario’s **financial asset management** activities envisage the use of derivatives, (OTC, or Over the Counter, for example) as defined by ISVAP Regulation No. 36 of 31 January 2011, only for hedging purposes, to reduce the risk profile of the assets/liabilities hedged, or to optimise their risk/return profile.

Therefore, Unipol Gruppo Finanziario’s recourse to OTC derivatives, which are traded bilaterally (directly between the two parties), aims to protect the value of the portfolio from undesired fluctuations in market prices and eliminate the asymmetrical and speculative component of the instrument, making this a prudent tool. In particular, the investment policies in force within Unipol Gruppo Finanziario Subsidiaries establish that a derivative may be sold, even not for hedging purposes, only if the underlying with which they are correlated is held at least in an equal amount, and if the derivative sold does not result in increasing exposure. If the underlying is not held, OTC derivatives may be used exclusively in purchase transactions, so as to automatically determine the maximum loss associated with the purchase of the derivative, which will be the cost of the derivative itself.

Risk hedges were set in place for the Life portfolio to hedge the risk of a rise in interest rates, through derivative contracts focused on specific ALM requirements of several Segregated Funds.

Operations in derivatives were also undertaken for the Non-Life portfolio to mitigate the risk of a rise in interest rates. Currency Operations were conducted exclusively to hedge the currency risk of outstanding equity and bond positions.

The Unipol Group’s attention to SRI (Sustainable and Responsible Investments) in 2015 ensured once again that it would retain various investments that combine the objectives of profitability and risk management with significant social and environmental sustainability characteristics of the investee company.

During the year, the Group retained investments in the **Green Economy** (called Themed Investments<sup>3</sup>), placing its faith in several companies in the renewable-energy sector:

- **Ambienta Fund**: Independent private equity fund specialised in investing in companies working in environmental segments and those

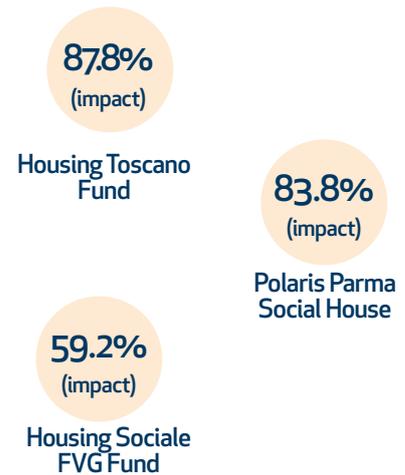


relating to renewable energies, energy efficiency, waste and water treatment, etc.;

- **Energheia Fund:** Real estate investment fund that invests primarily in photovoltaic systems acquired, developed and managed on its own behalf and on behalf of third parties by Energheia Italia S.p.A., a leading Italian operator in the renewable energies sector, which focuses specifically on solar energy;
- **F2i Fund – Italian Fund for Infrastructures:** Equity fund focussed on the Italian infrastructures sector, in which it invests about 7% in renewable energies;
- **Andromeda Finance S.r.l.:** Limited liability company established to issue asset backed securities (ABS). The assets are owned by Andromeda PV S.r.l., which designs, builds and manages photovoltaic system projects in Italy.

As regards investments of social interest, in the social housing sector investments were retained in the Housing Toscano Fund and the Polaris Parma Social House fund. The portfolio was enhanced during the year with an investment in the Housing Sociale FVG Fund. These funds carry out real estate development and management with a social approach, in order to support a new range of accommodation for those who cannot buy a house either for financial reasons or because of lack of availability. According to the classification of Eurosif<sup>4</sup> ethical and sustainable investment strategies, the above-mentioned funds are classified as Impact Investing<sup>5</sup>, whose actual impact percentage (corresponding to the value of the real estate investments<sup>6</sup>) is reported for transparency and due to the new Eurosif guidelines.

The total amount of the investments that followed sustainable and responsible investment strategies at the end of 2015 was €30.6m (+21% compared to 2014).



3 Investments in assets that better seize the opportunities offered by the greater trends associated with long-term sustainability and that will guide the value in all industries. The Themed Investments contribute toward tackling the social and/or environmental challenges, such as climate change or depletion of natural resources. The Themed Funds in particular focus on one or more themes, such as renewable energies, energy efficiency, eco-mobility, sustainable construction, waste and water management.

4 Eurosif (European Sustainable Investment Forum) is an international non-profit association whose mission is to develop sustainability through the European financial market.

5 Investments made with the intention of generating a positive social and/or environmental impact together with a financial return. Impact investments can be made in both emerging and developed markets, and have market returns or returns beneath the market, as the circumstances may be. These investments focus on specific projects and differ from philanthropy. For example, they induce microfinance, community investments, social investments, the French fonds solidaires funds, etc.

6 A portfolio of investments should always be diversified, meaning that in addition to the investments in social housing, it is necessary that it be made up of liquidity to make additional investments in real estate and that it be profitably invested in financial assets that present an adequate risk.

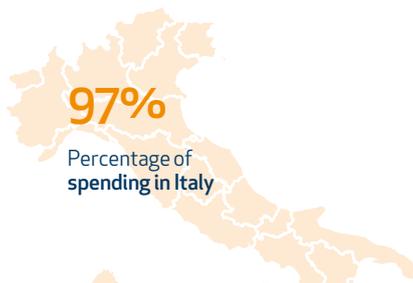
### Responsible supply chain management

Effective supply chain management has become increasingly important in light of the strong push from the Market as well as the Group's desire to achieve significant competitive advantages, both in the short and long term, from adequate management and control of the relative risks.

In particular, although the Unipol Group operates primarily domestically, the dense network of interdependencies in the supply chain exposes it to global vulnerabilities and risks, which it faces by adopting a model of long-term partnerships.

This approach sees the Unipol Group committed to orienting its supplier relations towards continuous improvement of assessment methods and dedicating particular attention to service quality. From this perspective, the Unipol Group has highlighted the topics of transparency, honesty and simplification in supplier relations as significant factors to take advantage of new business opportunities while preventing potential areas of risk.

The Efficiency Manager, taking a structured and global approach to operational efficiency, monitors compliance with the principles of honesty and fairness in the selection of and management of relations with suppliers. This approach is of course stimulated by financial variables, but it is also rooted in environmental sustainability and providing support to the local community, with the objective of privileging partners that are concretely committed to environmental and social topics deemed material for the Group. In this regard, the Group has initiated control activities to gradually improve the environmental and social performance of all its suppliers.



62%

Percentage of spending on suppliers registered in the list of suppliers

5,770

Number of companies with which the Group has traded

At the end of December 2015, the Group had traded with more than 5,700 companies. Of these, more than 150 are social enterprises, such as cooperatives, associations, foundations and other organisations offering socially useful goods or services.

An analysis of the distribution by category shows the clear predominance, in numbers as well as spending, of service providers, particularly in the 'miscellaneous

Total amount spent on Group suppliers

€ 550m

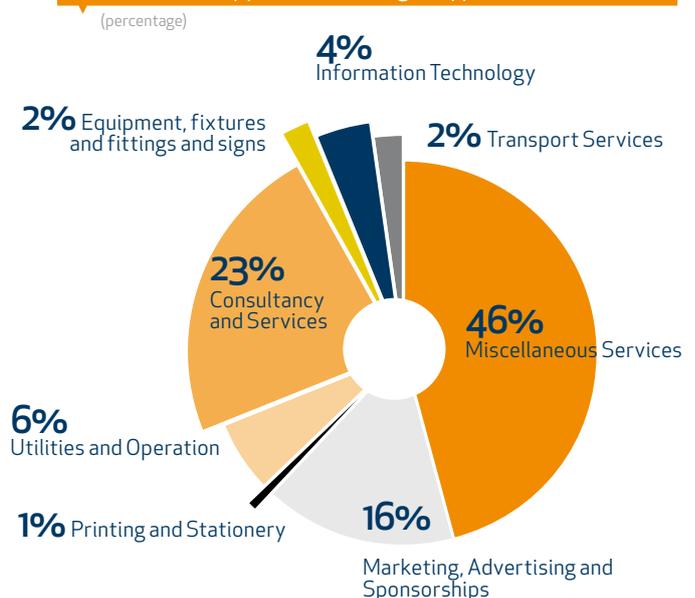
\*Excluding the foreign company Ddor Novi Sad due to different market conditions and the business model which cannot be integrated with the rest of the Group

services' category, which includes such heterogeneous services as training, telephone and Internet services, delivery and archiving.

In addition, the Marketing, Advertising and Sponsorships category represents 16% of suppliers, although it is not very significant in terms of the amount of spending.

The opposite applied in the case of suppliers of IT goods and services, which were not very numerous but invoiced the second highest percentage of expense. The significant portion of spending for IT systems is linked to the centrality of information technology within Group activities. In addition, the consultancy and services category, representing high value added services,

Breakdown of suppliers according to type

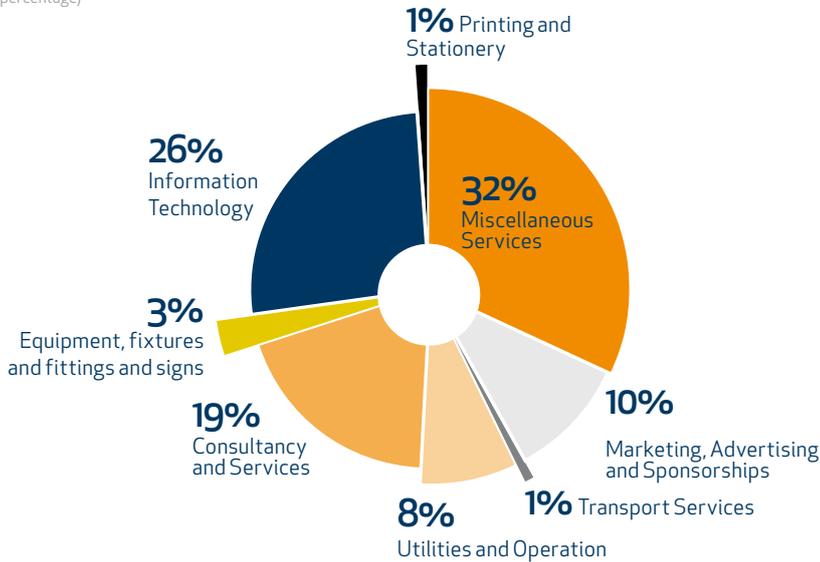


\*The chart does not include the Serbian company Ddor Novi Sad. It includes data relating to suppliers of the Fondiaria-Sai Group Services Consortium (GFSS). Source: Directorate-General for Administration, Planning and Control, Operations



**Breakdown of suppliers according to amount spent**

(percentage)



\*The chart does not include the Serbian company Ddor Novi Sad. It includes data relating to suppliers of the Fondiaria-Sai Group Services Consortium (GFSS). Source: Directorate-General for Administration, Planning and Control, Operations

accounted for roughly 20% of the total, in terms of numbers as well as spending, in 2015.

Compared to previous years, it is worth noting that the expansion of the scope to diversified and real estate companies had an impact of 15%. Spending on these sectors totalled roughly €73m, distributed across approximately 2,600 suppliers.

In line with the Unipol policy of generating positive impacts on the social and economic fabric of the communities in which the Group Companies operate, in terms of employment and economic promotion, overall 97% of spending on supplies takes place in Italy (if we take into account spending by Ddor Novi Sad, the percentage would decline to 95%). The net predominance in spending on supplies in regions in which the Group Company offices are located, Emilia-Romagna and the North-West, directly results from the importance placed on supplier proximity in the selection process.

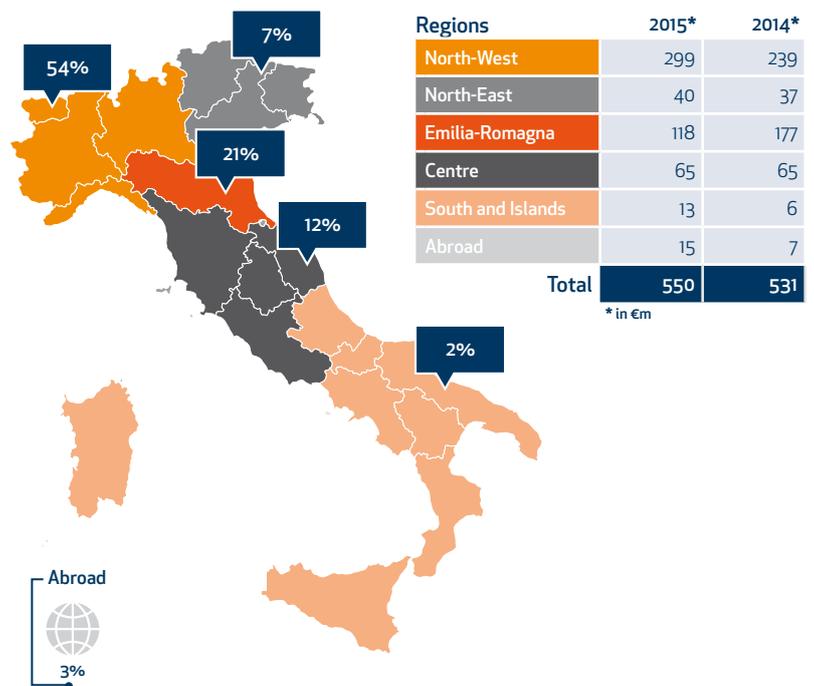
**Supplier relations: transparency, correctness and simplification**

The Group's Purchasing policy is meant to favour the creation of measurable value in the development of synergies and integration opportunities in risk management, cost containment and the limitation of social and environmental impacts. The policy applied to all Unipol Group Companies. In 2015, Group Purchasing activities aimed to rationalise the number of companies offering the same product or service and optimise logistics and distribution procedures. The Group's suppliers are regularly and accurately surveyed, monitored and selected with a view to establishing partnerships and long-term relationships that take shape in the **Supplier Portal**.

The Supplier Portal highlights the general financial status of registered companies, partners that meet professional requirements and have the economic/financial and technical/organisational capacity to align themselves with company policies.

The Group's commitments to sustainability are explained and outlined in the Portal. All buyers are aware of the requirements of ethical and

**Amount paid to suppliers by Regions\***



\*The figure does not include the Company Ddor Novi Sad. It includes data relating to suppliers of the Fondiaria-Sai Group Services Consortium (GFSS)

Source: Directorate-General for Administration, Planning and Control, Operations

social responsibility in purchasing, and integrate them within supplier evaluation and measurement procedures, which are marked by transparency, impartiality and reliability.

For management and selection, the Supplier Portal is supported and accompanied by the SAP and Joinet/MaNeM (Manufacturing Network Manager) platforms, through which suppliers can be assured of the commitments assumed by Unipol and, based on a reciprocal approach of partnership and clarity, partner companies are able to make commitments in the manners established and agreed upon in the contract. As regards the efficiency of the application platform (SAP), the supplier payment process is monitored through the integration of the Unipol accounts payable cycle with the supplier order management flow (MaNeM), which makes it possible to quickly incorporate all materials and information required to certify that the requested good or service has been effectively delivered/rendered.

This allows for immediate accounting in the SAP system, triggering payment authorisation and the resulting accounting closing. This automated procedure minimises errors as well as delays.

#### Supplier selection and evaluation criteria

The web-based Supplier Portal is a structured and clear approval and selection process, the aim being to reduce operating costs, optimise collaboration, increase integration with our partners and provide them with better access to information.

Registration in the Supplier Portal requires examining the Organisational and Management Model, the Code of Ethics, the Charter of Values and the main business procedures, especially the Companies' current purchasing procedures and the rules for Group suppliers. To strengthen control of the supply chain, internal policies studied in concert with the other company functions were drawn up to optimise services and use of the goods required in a perspective of savings, ethical and environmental sustainability, centralisation and rationalisation of the supplies and deriving services.

For Unipol, compliance with these principles is an essential element of supplier relations, in terms of the objective responsibility of the Unipol Group. It also means that suppliers must make efforts to fight against all forms of discrimination, comply with the anti-corruption measures, occupational safety regulations, current law and National Labour Agreements and ensure to the Group that they have enacted the necessary protections which govern the assignment of activities to external individuals/businesses. The contracts include precise and detailed contractual clauses on worker protection. Complying with occupational safety legal obligations to its workers (Italian Legislative Decree 81/2008), remuneration and contribution treatments - and, in the case they employ third-country citizens, the statement that they have regular work permits (Art. 25-duodecies of Italian Legislative Decree 231/2001) - are regulated by the specific articles of the individual contracts signed with the individual supply companies since the standard text used in these contracts requires the supplier company's commitment to shoulder the legal obligations described above.

In addition to the information ensuring legal regulatory compliance, financial solvency and qualitative performance, the approval process requires suppliers to provide information relating to their conformity with the **legality rating** and **commitment to sustainability**. This information is associated with the possession of environmental certifications, the measurement of polluting emissions, the use of non-discriminatory company policies, the promotion of diversity, the cultivation of work-life balance and the management of worker health and safety, in order to enhance the sustainability policies they have already adopted. All of these aspects contribute to the supplier's overall rating.

The Group uses this information to check the degree of sensitivity of its most important suppliers to these topics and incentivises a gradual assumption of responsibility as concerns environmental awareness and the development of the resulting measures. Alongside the formalisation of attention to these topics and their impacts on supplier performance, Unipol raises supplier awareness of their own selection and control criteria along the entire supply chain.



## Relations with the local community

*The Unipol Group supports and in so doing works to realise its desire to manage the indirect economic impacts on civil society of activities connected and functional to its core business.*

*By monitoring the economic and social conditions of the communities and regions in which it operates and carefully managing external drivers that contribute to determining its enterprise value, the Group makes an effort to enact an idea of protection that goes beyond daily business activities. This means contributing to building a safer and more cohesive society, playing its social role with a focus on innovation and supporting initiatives and projects in areas of value to the communities themselves.*

*In response to the continuation of the uncertain economic and political circumstances that generate critical conditions in the communities in which the Group carries on business, Unipol has selected tools to create a balanced economic and social environment which hinge on dialogue and engagement with commercial, private, institutional and tertiary sector partners. It is convinced that, together, it is possible to experiment and implement innovative processes with high social value.*

*In these areas, results monitoring is conducted on the expansion of the number of beneficiaries of community-focused activities, which over three years has grown by 50%, surpassing the target defined at the beginning of the Unipol Group's 2013-2015 Sustainability Plan.*

### Sponsorships and donations

**54%**

% increase in beneficiaries in the three-year period

**24%**

% increase in beneficiaries on an annual basis

**€ 11.8m**

Total amount of contributions to the community

**216**

Number of partnerships initiated with public and private entities

The Group implemented two types of socially valuable initiative: contributions to non-profit-making organisations and sponsorships to support the Group companies' brand and corporate image. The former include donations of money or in kind to non-profit-making organisations for occasional or long-term projects. Sponsorship initiatives, instead, are chosen to promote the brand and to support cultural, leisure, sporting and scientific activities.

The objectives guiding the initiatives to be implemented are directed towards promoting growth in response to people's actual needs, in order to promote improved well-being and to spread values of social cohesion and security.

Overall, donations totalled €2m, while sponsorships exceeded €8.2m.

In 2015 there was a considerable boost in donations as a result of the Group's role as main supporter of the Jubilee of Mercy, which began on 8 December and will continue throughout 2016.

As part of this unique global event, the Group is providing concrete support to several projects for women and men living in difficult conditions and socio-economic realities in developing countries. Aside from its donation, the Group is also providing insurance coverage for all Jubilee volunteers and making available a range of insurance solutions designed especially for pilgrims travelling during the Holy Year, individually or in groups, to offer them complete protection. The contribution to the Unipolis Foundation totalled €1.5m (as in 2014), which is used according to the areas of work defined by its Board of Directors, even though in line with the strategic guidelines regarding Group sustainability. The report on the Unipolis Foundation's activities is published in the Mission Report, available on the website [www.fondazioneunipolis.org](http://www.fondazioneunipolis.org).

Excluding the support provided to the Jubilee, community investments rose by 8% compared to last year.

Contributions in cash or in kind are governed by the **Corporate Sponsorship Program**, which concentrates Group donations within five areas: culture and artistic heritage, environment, scientific research and social utility, sports and leisure. In fact, the resources can be allocated differently by the individual companies: either to an initiative with a broad scope, or to a specific theme, or even split between a multitude of initiatives structured in different ways. For further details, go to <http://www.unipol.it/int/en/sponsorshipprogram/pagine/default.aspx>.

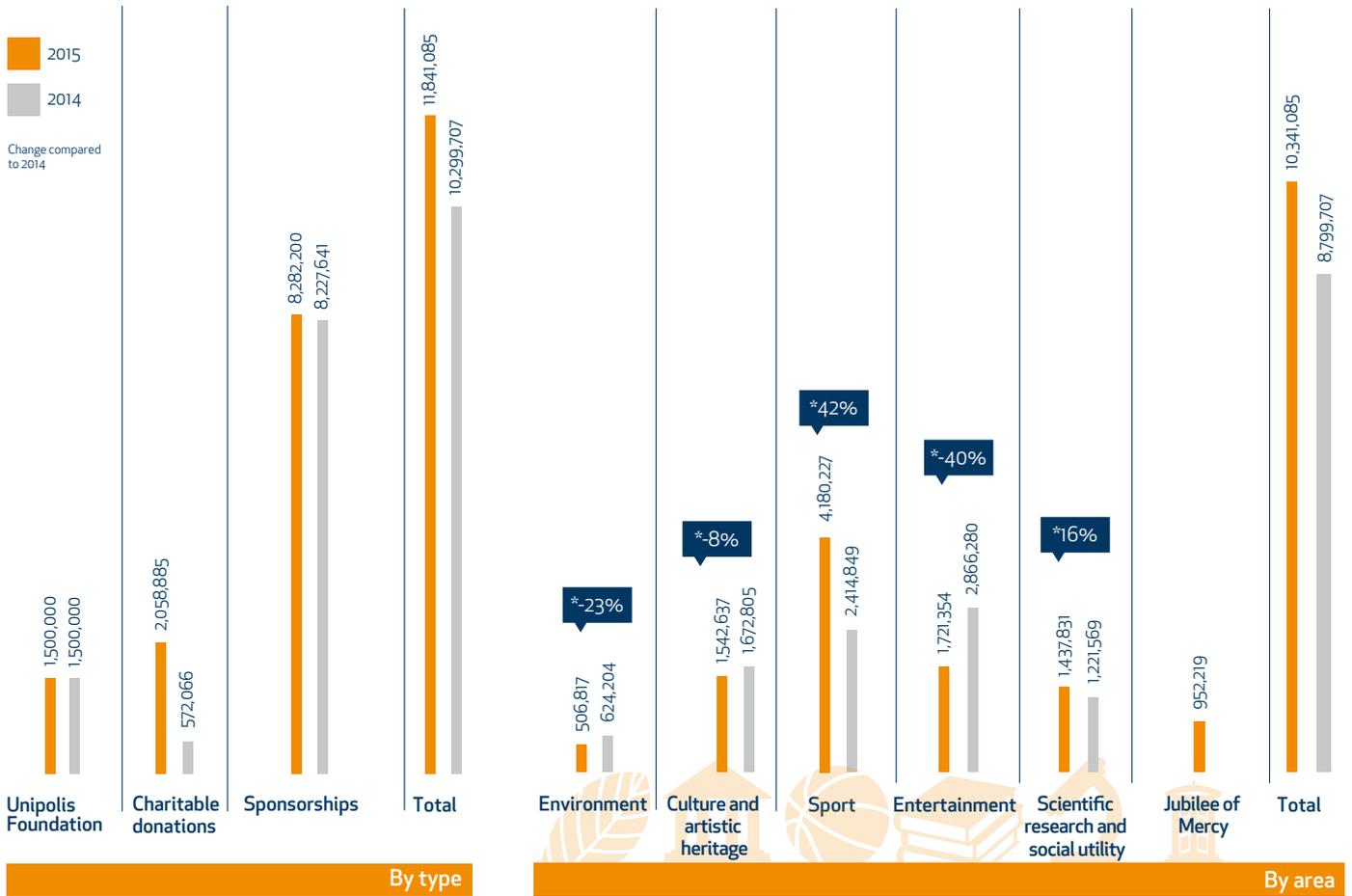
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With the adoption of the Corporate Sponsorship Program, the Unipol Group's internal policy on donations and sponsorships became clearly defined, making its interventions more effective and facilitating monitoring of the project approval process.

The breakdown of resources according to the areas of intervention highlights a significant change of their allocation: the contribution to sporting initiatives grew by 73% due to the important partnership with CONI and other national sporting federations; the amount allocated to scientific research and solidarity also rose; the contribution made to culture and artistic heritage basically remained stable, and amounts dedicated to leisure and the environment decreased.

Breakdown of contributions to the community by type and by area

in €



Source: Directorate-General for Administration, Planning and Control, Operations



### Culture and artistic heritage

One of the main initiatives supported was the exhibition of the works of MONET from the Musée d'Orsay Collections, held at the **Turin Gallery of Modern and Contemporary Art**. Also in this area, the Group sponsored "**Magnificent**", an innovative multi-sensorial journey through the history of the magnificence of the Renaissance, told through the commemoration of the great works of Florentine artists. The Group also played an active role in the exhibitions area of the Rimini Meeting for which, along with the organisers, it designed and developed a service to encourage widespread and full enjoyment of the guided tours of the exhibition areas. Amongst the activities traditionally supported by the Group, the year 2015 saw a continuation of the collaboration with **Fondazione Musica Insieme**, one of the major Italian concert companies, with the goal of promoting an original artistic formula - combining music and poetry - which aims to create high quality cultural events accessible to the wider public.

In addition to this initiative, Unipol Banca sponsored various cultural organisations including the Bologna theatres Arena del Sole and Teatro Duse (Duse Theatre) and the Teatro Alighieri di Ravenna (Ravenna Alighieri Theatre).

In the cinematography field, the Group confirmed its support for the Cineteca di Bologna (Bologna Film Library), a recognised institution of international prestige.

Lastly, the Unipol Group, together with the Unipolis Foundation, takes part with specific initiatives in the "internazionale" Festival held in Ferrara in the first few days of October: a journalism festival organised by the weekly of the same name, in collaboration with the Municipality of Ferrara, Province of Ferrara and Emilia-Romagna Region.

### Environment

The Group's commitment to supporting environmental projects and agreements with partners promoting sustainable models and lifestyles was concentrated in particular on partnerships. Of particular note was the "Bellezza Italia - Tuteliamo insieme le meraviglie del Paese" ("Italian Beauty - Let's protect the marvels of our country together") project implemented with Legambiente, a campaign to carry out recovery and redevelopment works in the rundown areas of country, putting them back into public use. During the year, activities were completed in L'Aquila at the Eco Villaggio Autocostruito and in Rome at Capoprati park, in addition to four projects supported within the Eppela.com crowd funding platform.

In particular, the fundraising campaign benefitted projects presented by the Legambiente clubs of Naples, Sarno (SA), Pisticci (MT) and Cuneo for the recovery and return to public enjoyment of environmental areas of particular value in terms of arts, landscape or animal life, by upgrading and properly equipping them.

In Naples, we contributed to the restoration of the Cap'è Napuli deconsecrated church, which is used for social and cultural activity. In Sarno, we supported the "Torniamo alla fonte" ("Let's return to the source") project to upgrade the path along the banks of the Rio Foce spring, where an educational site will be opened for the renewal of the area, proposing innovative solutions to protect the river ecosystem. And, in the village of Pisticci, we financed the activities of the "Imbianchini di bellezza" ("Painters of beauty"), pioneers of grassroots urban renewal efforts. These volunteers took turns maintaining the historical centre with the goal of laying the foundations, precisely based on the village's regeneration, for a new, sustainable regional development centred on the recovery of community identity. Lastly, in Cuneo support was provided to create "nests" of biodiversity for the protection of animal welfare.

Our cooperation also continues with **LifeGate**, the communication network that promotes a sustainable lifestyle through radio and web channels and the partnerships for "**Ecopatente**", an initiative designed to raise awareness of the environment and of eco-sustainable car use among young people. In late December, 1,300 driving schools and roughly 8,000 students, 10% more than last year, participated in the Ecopatente course, an integral part of theoretical driving lessons and totally free for both driving instructors and students. Participation was highest in the South and Islands, followed by Northern Italy.

### Sport

One of the most important initiatives in this area is the partnership with **CONI**, aligned with the Group's strategy to promote sport as a vehicle for individual and social growth and development.

**Team Young Italy UnipolSai** was created to support this partnership, a team of young athletes including Federica Pellegrini (swimming), Vincenzo Abbagnale (rowing), Eseosa Desalu (track and field - sprinting), Carlotta Ferlito (artistic gymnastics), Andrea Fondelli (water polo), Gregorio Paltrinieri (swimming) and Alessia Trost (track and field - high jump), standard bearers par excellence of the distinctive values of Italian sport worldwide.

Our commitment to promoting sports is also seen in our sponsorship of the **Italian Swimming Federation**, which also involves UnipolSai

guaranteeing insurance coverage to the Federation, its central and peripheral bodies, the companies and its members for the three-year period envisaged under the agreement (2015-2017).

For the eighth consecutive year, the Group sponsored the basketball section of the Associazione Sportiva **Briantea84**, committed for many years to the sporting development of differently abled persons.

The other collaborations include the sponsorship agreement with Lega Pallavolo Serie A (Italian Volleyball League) and Federazione Italiana di Atletica Leggera - FIDAL (Italian Athletic Federation), sponsorship of the youth section of Virtus Basket and of the American football club Warriors Bologna.

### Leisure

The sponsorship projects and charitable donations relating to leisure include, in particular, the partnerships with the Member Organisations, at both national and local level, solidified through the support for conferences, meetings and initiatives through the country, in addition to a number of local initiatives which involved the local bank branches, often in synergy with the neighbouring insurance agencies.

The activities promoted by Linear and UniSalute are also of note: the first for offering a lot of families good discounts on the purchase of car policies in collaboration with Coop Italia and Coop Voce, the second focused on medical research and prevention. The year 2015 saw a continuation of Unipol's sponsorship of the Futureshow Station in Casalecchio di Reno (Bologna), a huge, modern complex with spaces for sporting, cultural, corporate and entertainment events which, thanks to the long-term partnership, took the name "**Unipol Arena**".

### Scientific research and social utility

In the area of scientific research and social utility, the Group supported projects focusing on welfare, medical and scientific research, equal opportunities, support for the community and subsidiarity. The partnership with Fondazione Banco Alimentare (Food Bank Foundation) to support the **2015 National Food Collection Day** was particularly significant. In addition to the institutional commitment, employees were also directly involved in a free food collection initiative. During 2015, nearly 4 tonnes of food were collected in the main branches thanks to the support of 90 employees.

The project launched with Banco Alimentare to recover unused food from the San Donato Milanese canteen for social purposes continued, with the recovery of 6,838 meals for 11 associations.

For the second year in a row support was offered to **AISM** Associazione Italiana Sclerosi Multipla (Italian Multiple Sclerosis Association) as part of the "La Mela di AISM" campaign and to the **Fondazione ANT Italia Onlus** (ANT Italia Onlus Foundation), which provides free care for terminal cancer patients and develops cancer prevention projects throughout the country.

Also in the medical field, the "Crescere Insieme al Sant'Anna" Foundation was supported with the establishment of two study grants for young specialists in gynaecology and obstetrics, as well as support for clinical trials at the new Breast Unit at the Turin City of Health and Science.

Lastly, the Group began a collaboration with the "Nilde Iotti" Foundation to promote research, study and training activities regarding gender representation, the development of democracy and institutional reform and the partnership with the **Wing4Students** initiative, a national competition for university, technical school and business school students to win study holidays abroad as well as facilitations in the realms of culture, leisure and mobility.

### Social campaigns

Relations with the local areas were also characterised by the "**Eos. Conoscere l'assicurazione**" ("Eos. Understanding insurance") project launched by the Group to facilitate the building of economic citizenship awareness and skills throughout the generations, by disseminating knowledge about insurance risks, products and terminology.

The project is conducted in schools through the "I casi della vita" ("Cases of life") course, which is set up differently for the various academic disciplines chosen by the participating school. In 2015 the project involved roughly 600 students from 28 classes in the regions of the North-West, who completed 4 training modules supported by virtual modules allowing concepts and contents to be addressed in a digital and interactive way, such as personal risk experience, the decision-making process, the development of solutions and prevention. For adults, brief videos are provided through social media channels (<https://www.youtube.com/playlist?list=PLgCqnxCyhms4K60VhOP6UIRxxvXUYvlixX>) in addition to articles on the website <http://www.lamiafinanza.it/unipol-eos>, which summarise the terms to know and the opportunities and risks to pay attention to when entering into a contract, as well as emerging themes and the challenges that the insurance sector will face in the coming years.



Overall, in 2015 more than 10,145 people read all 22 articles published on the pages of the "Conoscere l'assicurazione" ("Understanding insurance") section, and there were 2.3 million page views.

Another effort aimed at improved governance of collective, household and individual resources, through which Unipol aims to increase the national level of social and individual well-being, is the campaign to promote the awareness and implications of gambling within society, "Per Gioco Non per Azzardo" ("For fun not for risk").

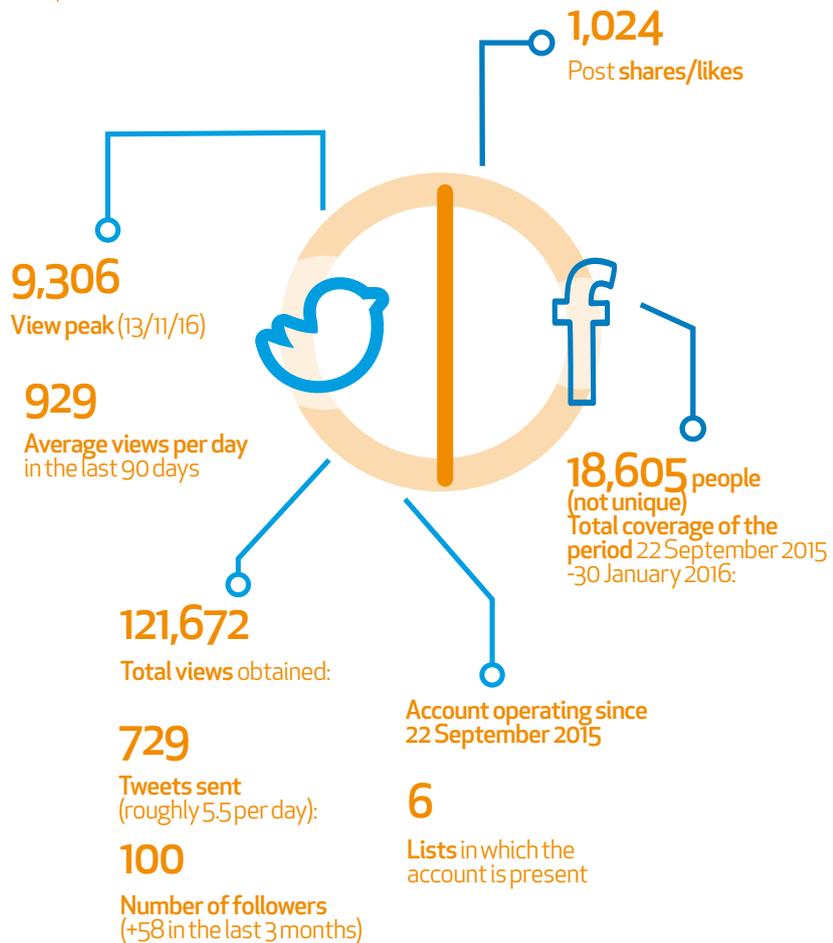
After conducting an analysis of the Group's exposure to this matter, the year 2015 was dedicated first and foremost to spreading awareness amongst the public. Starting in the second half of 2015, an exhibition of vignettes dealing with this topic from different points of view was set up in public spaces, bank branches and Group agencies, using irony as a tool to promote an indispensable cultural shift. A partnership was launched with Nomisma for the creation of a youth gambling observatory, along with Nomisma's "Young Millennials Monitor" survey, which each year will check the gambling habits, motivations and approaches of young people by interviewing 10,000 students between 14 and 19 years of age.

In December 2015, more than 300 secondary school students participated in the conference/show "Fate il nostro Gioco" ("Do our game"), an entertaining dialogue between a physicist and a mathematician to understand the risks of pathological gambling and to reveal the rules, secrets and truth behind the widespread phenomenon of gambling in Italy.

In addition, in 2016 the works submitted for the "Art for U" competition open to first and second level students at the Naples Academy of Fine Arts, launched in November, will be exhibited in various Italian cities and the winners will be announced. All of the campaign initiatives and research studies are brought to life through social media on Facebook <https://www.facebook.com/Per-Gioco-Non-per-Azzardo-1629275424017751> and Twitter <https://twitter.com/xgioconoazzardo>.

The collaboration, now more than a decade long, continued between Unipol and "Libera - associations, names and numbers against the Mafia", which was established in 1995 to affirm the principles and the culture of legality, against organised crime, to promote economic development and social cohesion. In this respect, the Group provided support and contributions to the cultural, social and economic development of places oppressed by the Mafia, operating on the basis of the local values of each individual place and solidarity between even distant communities. Unipol provided financial support for the cooperatives that operate in confiscated property through the campaign "One Euro for each new policy in agreement with the member organisations and for each new bank current account", thanks to which funds are paid aimed at creating businesses on the land confiscated from Mafia gangs and clans and whose products are processed and marketed under the brand "Libera Terra" (Free Land). Thanks to this campaign, hundreds of honest, law-abiding jobs were created, especially for young people, in local areas controlled by the Mafia and having very high levels of unemployment. The 2015 campaign raised around €220k, €160k from new policies and €57k from Unipol Banca for new current accounts. In the course of 10 years, through the "One Euro for each new policy in agreement with the member organisations and for each new bank current account" campaigns, more than €1.7m has been allocated to the Libera cooperatives.

Use of social media in social campaigns



<https://www.facebook.com/Per-Gioco-Non-per-Azzardo-1629275424017751> e [twitter https://twitter.com/xgioconoazzardo](https://twitter.com/xgioconoazzardo).

These were augmented by soft loans granted to the cooperatives belonging to the Consorzio Libera Terra Mediterraneo (Mediterranean Free Land Consortium) and the dedicated insurance agreement, as well as the participation in the Cooperare con Libera Terra Agency, which provides professional support to the cooperatives.

Special attention was also paid to making the employees of all Group companies aware of issues concerning legality and fighting the Mafia. In 2015, for the fourth consecutive year, the Unipol Group partnered with the Bologna Employees Club in the E!State Liberi volunteer initiative. 30 people participated in this year's edition: 21 employees, 3 minors and 9 mentors.

Lastly, significant commitment to the partnership with "Libera. Associations, names and numbers against the Mafia" is represented by the on-going and constant support provided by the Unipolis Foundation, with €70k per year provided to the association's activities in the most important social and cultural initiatives, including the "Remembrance and commitment national day for mafia victims".

The commitment of the Group and Unipolis to spreading the culture of legality in areas where growth of awareness and social engagement become important deterrents to the spread of the Mafia also took the form this year of the support provided to the "La luce vince l'ombra" ("Light beats shadows") exhibit organised by the Uffizi Museum in Florence at Casal di Principe, in the home confiscated from Don Peppe Diana. The exhibit welcomed more than 38,000 visitors, also including a delegation of employees, organised by the Bologna Unipol Employees Club.

#### The Unipolis Foundation

In addition to promoting legality, the Unipolis Foundation also carries out activities in the areas of culture and road safety.

Of the former, one of the most significant is "**Culturability - spaces for social innovation**". The 2015 edition was dedicated to the renewal of abandoned or neglected urban spaces, creating occasions for urban regeneration and cultural as well as socially impactful development. Non-profit-making organisations, social enterprises and cooperatives, primarily consisting of young people under 35 years old, presented 996 projects for the competition. Six projects were chosen after the assessment process, each of which received €40k in the form of a financial contribution and €20k in training and mentoring activities, amounting to a total of €360k allocated by Unipolis. This commitment has been renewed for 2016 as well - culturability/ regenerating spaces to be shared - with €400k made available for innovative cultural and social projects to upgrade and breathe new life into spaces, buildings or former industrial sites that have been abandoned or are in a phase of transition.

With respect to road safety, the "**Sicurstrada**" project to raise people's awareness of road safety and sustainable mobility was broken down into initiatives that are regularly carried out in the area, known as "Sicurstrada Live", and the management of the road safety and sustainable mobility web portal [www.sicurstrada.it](http://www.sicurstrada.it).

In 2015, Sicurstrada Live had a presence in six Italian regions and nine cities: Bari, Bologna, Empoli, Ferrara, Florence, Lucca, Olbia, Senigallia and Venice; where in-depth examinations with experts and representatives of social and economic associations and local institutions were organised in high-traffic public spaces regarding road dangers for young people and urban mobility for the elderly. Several schools also hosted events.

Unipolis implements and promotes wide-ranging and important economic, social and cultural research, studies and analyses, covering the huge transformation taking place at all levels, both nationally and globally, including changes in markets and society. In 2015 it carried out the "From the Sharing Economy to the Collaborative Economy: the impact and opportunities for the world of cooperatives" research study and was also engaged with Demos in the Observatory on social security and insecurity.

To read in detail about all of the Unipolis Foundation's activities and projects, please refer to the Foundation's Mission Reports available at <http://www.fondazioneunipolis.org/>

#### CUBO

The initiatives promoted by CUBO – Centro Unipol Bologna, through which the Group describes its identity, values and corporate culture, providing everyone with a wealth of documents, images and historical material collected from 1963 until the present day, also contribute to making culture accessible throughout the country and strengthening social cohesion. CUBO, as well as being a Unipol multimedia museum, is a meeting place structured on the basis of interactive, emotional, animated and hi-tech processes where the visitor can enjoy experiences linked to culture, art and road safety. There are many laboratories dedicated to children and young people to teach them

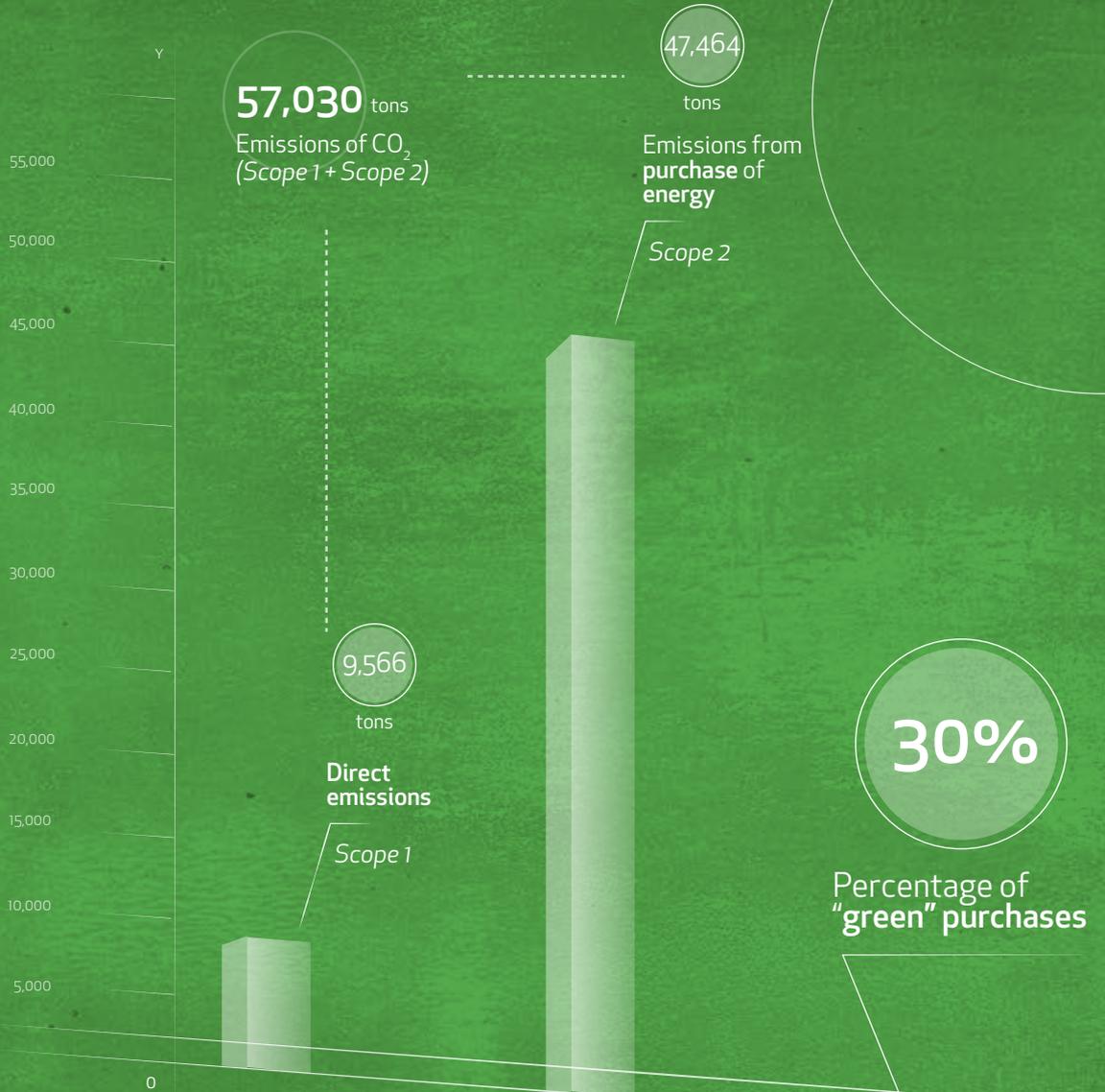


about art and culture in an entertaining way while also transmitting values of sustainability and ethics. In 2015, 2,200 young people were welcomed by CUBO, including guests of the community from the Bologna juvenile detention centre, who participated in a dedicated road education course.

For adults, CUBO is also a place for the arts, with exhibits that shine a spotlight on the Group's assets and emerging contemporary artists, which hosted 4 exhibitions this year. And CUBO also provides space for in-depth analyses for the city at large, regarding topics such as climate change, the sharing economy, literary and gastronomy tours and film showings for employees, and in the summer it transforms into a place for shows and concerts as part of the Bè (Bologna Estate) programme of events. More than 25,000 people took part in the initiatives.

## CO<sub>2</sub> Emissions

2015 Report structure – tons of CO<sub>2</sub>



# 3

## Environmental performance



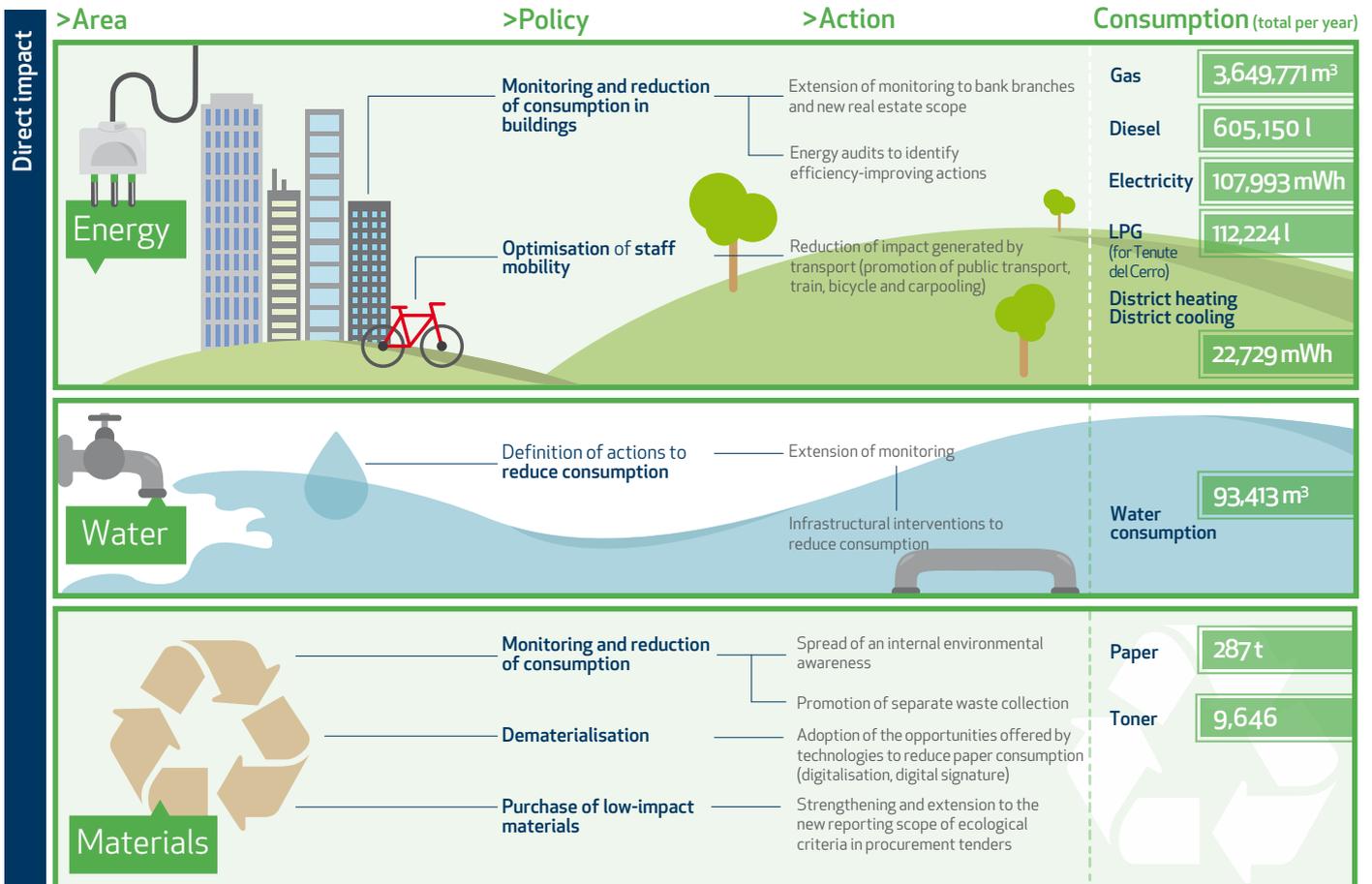
## Managing environmental impact

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### Reducing and optimising environmental impact

The materiality analysis showed that, in terms of the environmental performance, it is a strategic priority for the Group to reduce the direct impacts generated by the activities carried out at both its offices and the bank branches it owns. This strategic vision is in line with the United Nations Sustainable Development Goals (SDGs) pertaining to efficient use of resources and reduction of CO<sub>2</sub> emissions. In fact, over the years, specific commitments and policies have been defined to obtain a reduction in the direct and indirect effects on the environment, to be implemented also with the involvement and commitment of employees, associates and suppliers, that Unipol incentivises and supports in this area.

As regards consumption and greenhouse gas emissions, the responsibilities, objectives and the associated policy documents are distributed amongst the various departments, whose activities directly impact the environment. This relates, in particular, to the Real Estate Department (in which the Energy Manager works), the Purchasing Department (in which the Efficiency Manager works) and the Human Resources Department (in which the Mobility Manager works). The objective of the first department is to manage, monitor and reduce direct energy consumption, that of the second department is to reduce the environmental impact of its suppliers, with a particular focus on the most significant effects of the production process, and lastly the third's is to draw up strategies aimed at improving urban mobility and encouraging the use of alternative means of personal travel to the private car. The Sustainability Department coordinates and supervises activities and projects, ensuring they are consistent with the company mission. The Group is also committed, in particular, through its Information Services Department, to identifying innovative technological solutions to be implemented at both its head offices and at the bank branches and agencies in order to reduce the environmental impact. Particular attention was also paid to the issue of dematerialisation; the current objective is to extend, as far as possible, all dematerialisation tools implemented up until now and to increase the digitalisation of new services. The monitoring activity highlighted a positive trend in the reduction of direct Group emissions over recent years; this trend is essentially in line with the European trend relating to the attainment of the Europe 2020 objectives on the reduction of CO<sub>2</sub> emissions.





### Energy and energy efficiency in buildings

Unipol has, for many years, taken a meticulous and structured approach to monitoring energy efficiency: consumption management and control measures have been implemented, which ensure transparency and the capacity for constant monitoring. In particular, 2015 continued a process to certify the consumption management of all the buildings owned by the Group, according to standard **ISO 50001**, obtaining the certification for 17 buildings. For the certified buildings, quantity targets were established for the reduction of consumption in 2015, which required the Group to cut electricity and heat energy consumption by 2% compared to 2014. Interventions were carried out on the existing technologies that will help attain ISO 50001 objectives as part of the activities required for certification. This was done following the Energy Diagnoses carried out in 2014 on the first three sites in Bologna, in via Stalingrado 37 (Porta Europa), and via Stalingrado 45 and 53, and in San Donato Milanese in via dell'Unione Europea 3 (E-Tower), starting from the energy efficiency proposals they contain.

These targets, which are verified annually by the certification body, are augmented by the objectives for the reduction of directly related CO<sub>2</sub> emissions, which are outlined in the Sustainability Report. The savings objective planned for 2016 in terms of percentage is again 2% for both electricity and heat energy consumption.

Other significant policies are targeted at incentivising eco-sustainable behaviour by employees. With this in mind, an internal communication was issued which outlines the proper behaviour to observe at work and the savings margins that can be obtained thanks to taking simple precautions, in order to develop greater sensitivity to energy saving and protection of the environment.

In terms of monitoring, buildings that fall within the relevant perimeter are selected on the basis of "control", i.e. the consumption of the buildings over which the Group has direct control is reported. As of today, the reporting boundaries include the Group's instrumental buildings of both the banking and insurance sectors, and those of the diversified companies sector, especially Tenute del Cerro, Marina di Loano and Atahotels. The bank branches (over 250 buildings) are all monitored thanks to an agreement with the energy provider. Lastly, the insurance agencies do not fall within the reporting boundaries, given the buildings are managed directly by agents and do not fall under the control of the Group. Since 2015 100% of the energy provided comes from a renewable source after signing framework supply contracts. On the whole, consumption (Energy + Water) still do not cover all the instrumental offices, even though the reporting scope is progressively expanding. The energy is approaching the complete scope, but however does not cover all of it. The year 2015 saw a continuation of the initiatives to improve the efficiency of the information technology structures, among the main sources of energy consumption, after the heating systems, in relation to Unipol's business.

The **server virtualisation** process continued in 2015 and allowed a further reduction of around 11,764 MWh/year in electricity consumption for the feeding and cooling of IT equipment, corresponding to 4,725 tonnes of CO<sub>2</sub> not emitted.

Group Company hardware upgrades also continued, with 8,189 replacements (6,710 PCs, 471 notebooks and 1,008 printers) in 2015, characterised by increasingly better energy performance. The migrations of the "host" and the "open" of Stalingrado/Costituzione were completed at the new Data Centre in the new Pilastro headquarters, which envisages the unification of several structures previously scattered throughout the area. Transfers of the "open" of Porta Europa and San Donato Milanese are on the other hand in progress, scheduled for completion on 30 June 2016. The Data Centre obtained Tier IV certification, the highest level of guarantee that makes it possible to handle serious technical incidents without ever interrupting server availability, proof of the Centre's level of innovation and security.

### Mobility

In terms of transport, attention is focused on both employee work journeys and work-home travel. As for employee work journeys, 2015 saw the travel management policy renewed, which defines the guidelines that employees must follow in order to reduce consumption and optimise use of the means of transport during work. The document envisages that conference calls must be preferred to face-to-face meetings and, where travelling is necessary, public transport should be used as a priority. In continuity with the policy of simplifying remote collaboration of the functions, which is also aimed at reducing the necessary work journeys (with their costs and environmental impacts) and at improving the quality of the professional life, in 2015 new **video conferencing** systems continued to be installed, with the introduction of 43 new systems at the Group offices and discarding 3 of them, for a total of 228 systems managed on the total scope.

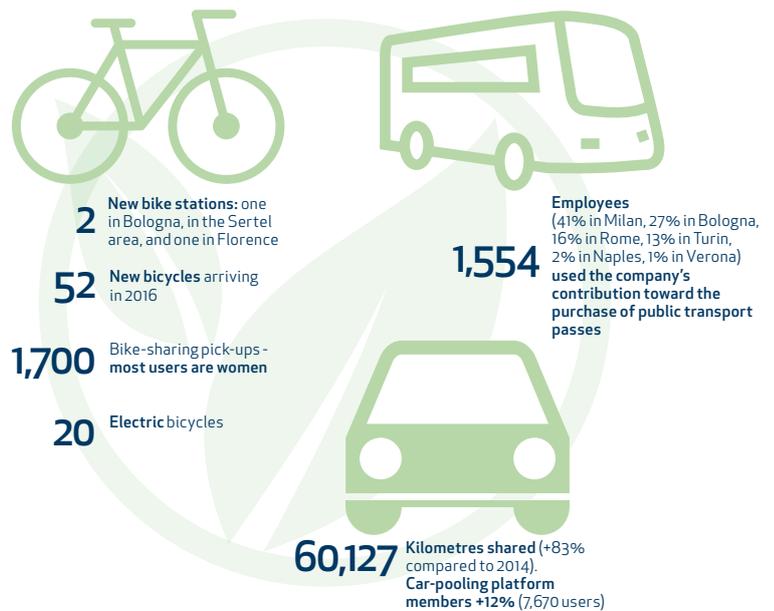
The year 2015 was marked by a statistical survey for the employees of the Bologna offices regarding home-work travel. The study of traffic flows coming from the city, metropolitan and regional area was started by processing the questionnaire. Thanks to the study, it was possible to learn the transport habits and leanings toward the intermodal change. The survey forms the foundation for building a new **organic sustainable mobility plan** for the eight Unipol Group offices in Bologna.

At the same time, the mobility plan for all the other towns where the Group has offices is being defined. The plan for the city of Bologna

contemplates an articulation along four lines that will develop in the next few years: reduced private transport, increased use of public transport, identification of mobility cycle interventions, and investment in infomobility.

One of the tools already adopted is **car-pooling**. It has been in use since 2011 through an online platform ([www.carpooling.partnerdellasostenibilita.it](http://www.carpooling.partnerdellasostenibilita.it)) and aids interaction between people and the sharing of itineraries and routes. Carpooling was also included in the aforementioned travel policy, indeed with the aim of spreading a culture of sustainability throughout the entire workforce. Over the last few years, the platform has also been opened to Group suppliers participating in the Sustainability Partners Project.

Another mobility action pursued in 2015 is the experimental **bike-sharing** project. In Bologna, 20 electric bicycles are at the disposal of employees for daytime and home-work travel. The success of the initiative has convinced the company, on the one hand, to purchase other electric bicycles available in 2016 and, on the other, to build two new bike stations, one in Bologna in the Sertel area, and the other in Florence where the 120-bike capacity can accommodate not only the electric bicycles, but those of private people as well. Twelve of the electric bicycles available starting in 2016 will be in Florence, and 20 will be in Bologna. Twenty mechanical bicycles are at the employees' disposal at the Verona offices.



On the theme of infomobility, to promote good conduct, the on-line portal Unipol ECOMobility was developed, where employees can find information on all the initiatives, projects and benefits conceived for them, together with an information bulletin board on sustainable mobility with updates on travelling between the different offices. Given the size and scope reached by Unipol, this information is actually needed to simplify execution of the work activities. Lastly, the travel agency which handles the booking of employee tickets is required, on an annual basis, to send a summary of the kilometres travelled, broken down by means of travel used, and the equivalent CO<sub>2</sub> emissions. This makes it possible to monitor the impacts more closely, and to verify the effectiveness of the policies adopted on a regular basis. In 2015, the employee road safety training initiative continued, and it included: the basic classroom course (about 300 participants in 2015), the e-learning course and the classroom course for the most highly exposed employees, those who travel over 20,000 km a year (56 participants in 2015).

As regards travelling to home and work, the commitment goes beyond merely increasing awareness: to increase the use of collective transport, a system of financial incentives to use public transport has been in place for many years, structured differently depending on the city and the types of travel passes available. The increase in investments Unipol makes in this is consistent with the extension of the mobility model to other offices. Furthermore, employees who buy a railway pass and purchase a bicycle at the same time are given an economic contribution plus a discount on the list price of any electric bicycle.

**Climate-changing emissions**

Unipol has already had a CO<sub>2</sub> emissions monitoring and control system in place for several years, overseen by the Energy Manager, given that the majority of emissions derive from energy consumption. The Energy Manager collaborates with the Human Resources and Purchasing departments in relation to transport-related emissions. The Sustainability Plan includes a 5% reduction of direct emissions (Scope 1) and 10% of indirect emissions (Scope 2) for 2013-2015. On a half-yearly basis, the Sustainability area, with the other Functions involved, supervises and verifies the progress made with respect to the objectives.

In relation to reporting, the decision was already taken many years ago to adopt the calculation method set out in Directive EU/86 of 2003, relating to the emission trading scheme and the international classification proposed by the GHG Protocol standard as Scope



1, Scope 2 and Scope 3. This decision was dictated by the desire to make environmental data more transparent and comparable, even compared with other Companies, and to promote an ethos of environmental data transparency, which was not very common in the sector, instead deemed important by the Group in order to be able to fully evaluate its performance and responsibility.

The subdivision into scopes reflects the degree of control the organisation has over its emissions. Scope 1 includes all direct greenhouse gas emissions produced by sources owned by the company. In the case of the Unipol Group, these include emissions from gas boilers installed in some of its buildings and from diesel boilers still installed in the other buildings of the Companies in the former Premafin Group. In Scope 2, the emissions caused by the purchase of electricity from external providers are classified, therefore it includes the electricity purchased and the energy produced by district heating.

### Raw materials and waste

The type of activities carried out at the Group's offices involve, in terms of the consumption of raw materials, the use of office consumables in particular. For this reason, making employees more aware of respect for the environment and promoting attention to waste may generate hugely positive results. Unipol has had specific policies in place since 2011 aimed at more efficient use of raw materials, especially paper.

In addition to this activity, the Purchasing Department has adopted internal regulations which require special attention to be paid to sustainability characteristics when making purchase decisions, guaranteed by the appropriate labels. The required labels include:

- FSC (Forest Stewardship Council) certification and Ecolabel for the purchase of paper;
- EPD (Environmental Product Declaration) certification;
- ISO 14001 certification.

Requesting FSC certification has become a common practice, with 100% of paper purchased in 2015 having these characteristics.

UnipolSai has developed and made available to its agents a system for using the Advanced Electronic Signature (AES). In this way those customers who want can sign insurance contract documents on an electronic tablet connected to an agency PC using a special stylus. Introduction of the AES is one of the most important initiatives in the Unipol Group's dematerialisation policies area, and is aimed at reducing environmental impact and at increasing efficiency in the use of resources. The tool considerably reduces the amount of paper documents printed when entering into an insurance contract and at the same time ensures simple use and high levels of security. The progressive extension of Advanced Electronic Signature to the entire - agency network, which continued throughout 2015, prevented about 560,000 pages from being printed. The AES project will be extended in Unipol Banca as well, starting from January 2016.

Another good environmental practice was the enrichment of the Purchase catalogue. The number of products in the multi-catalogue in 2015 totalled 1,994, of which 313 were green products (30%). These products were identified with a green leaf and their environmental certification. Green products orders from the multi-catalogue in 2015 totalled 44,371 (23%), out of a total of 194,960 products purchased.

Collection of paper, toner and printer materials, cans and plastic, and sanitary waste from infirmaries located in the Group's facilities with differentiated methods continued.

**99.2%**  
Assets compliant with  
sustainability criteria

**€ 56.9bn**  
Assets subjected to  
ESG screening

**24%**  
Women managers

**€ 1,389m**

Amount of the products and services with  
specific environmental and social value

**€ 10.2bn**  
Assets managed in  
supplementary pension  
schemes

**51%**  
Women

**13,391**  
Employees

**583,208**  
Members

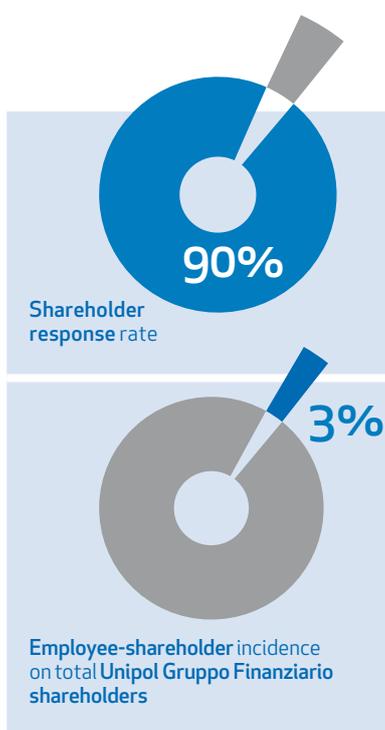
**4**

Social  
performance



## Transparency toward the Market and the Authorities

The Group pays particular attention to the topic of transparency toward the market by providing adequate and detailed disclosure on the company's economic and financial information in full compliance with relevant regulations. No less important is the goal of improving the visibility and appeal of the Group with investors, to ensure that information is disclosed equally and on a continuous basis and to thus facilitate the proper valuation of outstanding financial instruments. Based on these guidelines, the department responsible for investor relations contributes to strengthening both continuous dialogue with the financial analysts and proactive dialogue with the shareholders and potential investors. In this way Investor Relations concretely implements the Group's corporate governance principles defined in compliance with the shareholder's rights and in the long-term perspective. These principles pragmatically fuel all of the shareholders' inclination to participate and become involved.



Investor relations activities, carried out consistently across Unipol Gruppo Finanziario and UnipolSai, in 2015 were basically in line with those of the previous year (which witnessed a particular increase in the investors' interest in the Group's financial instruments following the launch of UnipolSai) in terms of meetings held (de visu or by conference call) with institutional investors and brokers, roadshows and conferences, confirming the net increase over the years prior to the acquisition of the Premafin/Fondiarria-Sai Group.

A total of 229 meetings and/or conference calls were held with analysts and investors (-3% compared to 2014), during which 319 companies were met with (-14% compared to 2014). The majority of these investors are headquartered in the United Kingdom (46%), the US (15%), Italy (14%), 22% in other European countries (France, Germany, etc.), and in the rest of the world (3%). It also participated in 7 public conferences (JP Morgan, Mediobanca and UBS in Milan; BAML, Morgan Stanley and ESN/Banca Akros in London; and Goldman Sachs in Rome), and 18 roadshows were organised with the aid of specialised brokers (5 in Italy, 3 in the UK, 2 in the US and 8 in other European countries). The Company met with a total of 391 individuals. There were also 19 meetings with financial analysts that cover the Group's securities, and informal occasions for contact and information exchanges with those analysts take place almost daily.

During the year, 10 financial analysts covered the Unipol Group's securities. Over 220 notes were written on Group securities, specific studies and comments on press releases and news published by the media.

With regard to the Unipol Ordinary securities, 7 analysts had a very positive recommendation, and one was neutral, at the end of 2015. No negative opinions were recorded. The average target price was €5.66.

### Performance and capitalisation

The market performance of Unipol ordinary shares was highly satisfactory in 2015: +16.2 against capitalisation of €3,418m at 31 December 2015.

### Rating

The rating agencies Standard & Poor's and Moody's continued to monitor the ratings of the Unipol Group Companies. This activity assigned the UnipolSai, UGF and Siat ratings. As for Unipol Banca, the rating agency Standard & Poor's confirmed the ratings and changed the outlook from negative to stable in 2015. On the other hand, the rating agency Moody's initially placed the ratings on the long-term deposits under review in 2015 following the update of the bank rating methodology and then confirmed them with a stable outlook. The agency also placed the rating of the senior debenture stock with ISIN IT00051068098 assigned in June under review for a possible downgrade.

Please also note that during 2015 the Group started collaboration with the following rating agencies:

- AM Best, which on 11 September 2015 assigned the public rating to Unipol Re for the first time;
- Dagong Europe Credit Rating, which on 27 November 2015 assigned the public ratings to the following companies for the first time: UGF, UnipolSai, Siat and Unipol Banca.



## Raising regulatory compliance awareness

*The complicated nature of financial products makes correctness and transparency in the business a fundamental topic, and one of strategic importance connected with the enormous interest in these subjects shown by all the main financial operators, and also with the recent events, which took place during the Group's merger with the former Premafin Group. In drawing inspiration from the international best practices, the Group implements organisational policies and controls in order to operate on the market in compliance with the applicable Italian and foreign regulation. It focuses its attention on anti-bribery, anti-extortion, anti-money laundering and other themes relating to observance of antitrust policies. There are organisational controls at Unipol that apply deontological principles contained in high-level instruments and that take a broad view over a range of matters handled, such as the Code of Ethics, for managing relations with the Supervisory Authorities and the public institutions. Others are specialised and focussed on specific issues, such as those found in the Organisation and Management Model, the Procedure for the performance of related party transactions and in a number of ad-hoc internal regulations that formalise the procedures implemented to adequately control these themes.*

*Therefore, the prevention of these offences is assured not only by the dissemination of a culture oriented toward paying attention to compliance, but also to the definition and implementation of control mechanisms and tools to prevent deviant behaviour and the prompt adaptation of processes and products to the regulatory changes that the corporate bodies, employees and collaborators are required to know and observe.*

In order to ensure a standard approach to communications with the Supervisory Authorities (IVASS, Bank of Italy, CONSOB, COVIP, AGCM), and to guarantee they are exhaustive and prompt, the appropriate function was set up at Group level. At the end of 2011, the Unipol Group also drafted an internal regulation for the management of communications with the Supervisory Authorities, which is applicable to all Group companies. An integrated and structured communication process was formalised, which the different company departments must observe with the responsible Authorities in order to ensure homogeneous behaviour and the required promptness in the management of requests coming from the Supervisory Authorities.

The sanctions are nearly all attributable to the Claims area of the insurance sector, both in terms of frequency (92%) and of economic impact (94%).

Although in 2015 the insurance segment posted a significant increase both in number of complaints (+10% for UnipolSai, the most representative company) and in terms of follow-ups the first complaint (+15% for UnipolSai), and at the same time an increase in requests for information pursuant to Reg. 35, IVASS interventions and penalties nevertheless dropped. Almost all of them (91%) were attributed to recent cases (last 3 years), and this shows how the Supervisory Authority - when involved in the complaint - has cut the time of its investigation activity.

UnipolSai Assicurazioni recorded a 0.037% ratio between penalties and premiums at year-end 2015.

Compared to 2014, both the number of orders of injunction and the average total cost of the penalty proceedings sharply fell in 2015. The decrease in the number of orders was partly due to the changes introduced to the operations within IVASS, while the reduction in average cost depended on the fact that in 2015 penalties of a lower



### Number of penalties and amount paid

**€ 1,707,439** amount of penalties paid 2015

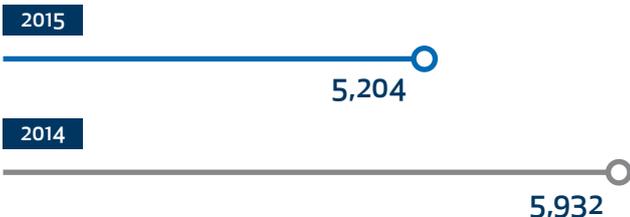
○ 341

**€ 3,477,804** amount of penalties paid 2014

○ 492

Source: Legal, Equity Investments and Institutional Relations Department

Number of IVASS



Source: Legal, Equity Investments and Institutional Relations Department

Management Models (“Models”), as well as the prepared corporate and Group procedures. The control system, which prevents the offences of bribery and fraud detrimental to the State or another public entity, is based on the following factors:

- defined roles and responsibilities;
- separation of duties;
- control activities;
- traceability of the process both on the IT system level and in terms of documents.

With regard to the offence of extortion, the structures of the Companies and the collaborators, who for any reason are involved in activities that involve relations with Directors, General Managers, Managers in charge of financial reporting, Statutory Auditors and Liquidators of private companies (whether customers, potential customers or suppliers), or with parties subject to their management or supervision, are required to observe the procedures set out in the respective Models and in the prepared corporate and Group procedures.

As part of the corporate restructuring process and the wider scope of the initiatives targeted at strengthening its identifying, value and corporate governance elements, after adopting the new Organisation and Management Model (“OMC”), a special training course has been developed and started since 2014 that in 2015 reached 52% of the staff. In order to ensure that the OMC is effectively implemented, its “examination” was requested of both agents and suppliers, which was completed by 53% of agents and 61% of suppliers, in proportion to their turnover.

During the year updating of the OMC of the other major Companies continued (in July 2015 that of Unipol Banca was published), and it will conclude with the revision of the one adopted by Unipol Gruppo Finanziario.

During 2015, the specific training on the themes “The Organisation and Management Model and prevention of offences pursuant to Italian Legislative Decree 231/2001” was started for UnipolSai senior managers and first line managers. The possible offences to which each area might be exposed, also including bribery, were explained during these workshops specially organised for each Department. Training will end in 2016.

The senior managers of other Group Companies, including Atahotels, Liguria Assicurazioni and Liguria Vita, BIM Vita, Popolare Vita and UnipolSai Investimenti SGR, were involved with the same methods in 2014.

average amount were imposed.

Considering all the sanctions that UnipolSai Assicurazioni recorded during the year, also from entities other than the Supervisory Authorities, the bulk related to the Non-Life sector: 98% of total sanctions recorded in 2015 (€2.5m) related to Non-Life business, 2% to extraordinary operations and a negligible amount to Life business.

Policies to combat corruption and extortion

In their relations with the Government, the senior management, employees and collaborators of the Group Companies are required to follow the procedures set out in the respective Organisation and

Percentage of employees trained on anti-bribery policy and procedures



Source: Directorate-General for Human Resources and Organisation



## Fair and responsible competition

In November 2012, the Italian Antitrust Authority started preliminary proceedings against Unipol Assicurazioni and Fondiaria SAI (today UnipolSai Assicurazioni), and Assicurazioni Generali and INA Assitalia (both part of the Generali Group) to ascertain the existence of alleged violations of competition regulations, in the assumption of coordination between said insurance companies aimed at distorting competition in the local public transport MV TPL policy sector.

It is the opinion of the Antitrust Authority that the agreement would have consisted of the non-participation in a given number of tenders called by several Local Public transport Companies to assign MV TPL insurance services for the purpose of preventing a competitive comparison and retaining the historically served customers through bilateral negotiations, with a substantial increase in premiums over the years.

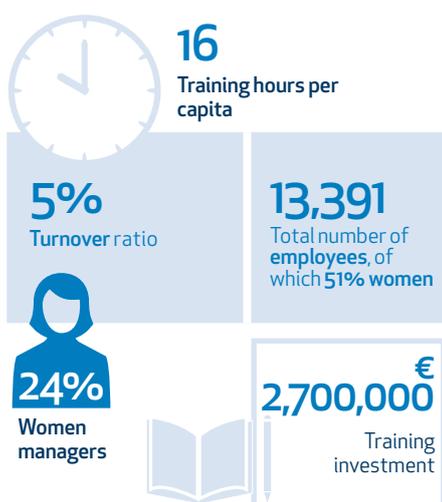
UnipolSai has always rejected this accusation as it deems it groundless and void of objective probative value, as well as disclaimed by the correct reconstruction of the facts and results of an in-depth economic and actuarial analysis.

Upon conclusion of the proceedings, the Antitrust Authority however issued a penalty provision and ordered UnipolSai and the other Companies involved to pay an administrative penalty that amounted to €16,930,031 for UnipolSai (which the Company promptly paid).

UnipolSai lodged an appeal before the Regional Administrative Court of Lazio to challenge the aforesaid decision. With its judgement of 2 December 2015, the Regional Administrative Court fully annulled it after upholding the grounds of challenge submitted by UnipolSai.

The significant changes that characterize the current competitive scenario of the financial sector, and that came about as a result of the main trends in terms of consumer behaviour and demographic trends and social evolution, demand the development of new professional skills, not only technical and specialistic skills, but also related to operations and management, geared especially to greater leadership skills and guidance, a more efficient management of complexity and a broader and more precise strategic vision. Training and continuing education programs developed by Unipol are placed in an environment designed to foster collaboration between generations and to promote mobility that, with the new Business Plan, has also seen the formation of the Unipol Corporate Academy as a training centre for the entire Group, for employees, agents and their collaborators, becoming an important connection between the company and university institutions.

In this context, a further competitive challenge relates to the issues of meritocracy and professional growth, which led, in 2015 to launch an initiative for the staff to self-assess technical and professional knowledge, and that will involve implementing development programmes as part of the new Plan, and launching a structured process to plan the evolutionary dynamics of key positions within the organization.



### Personnel training

In a constantly evolving market, for the Unipol Group it is critical to rely on professionalism that is always kept up to date and that is consistent with its business strategy. Especially during a period of significant organizational changes, such as Unipol is dealing with, training is designed to promote, in all job groups, access to increasingly sophisticated methods and tools, helping to strengthen the capabilities and organizational behaviours needed to fulfil the required role with a high degree of professionalism.

In 2016 Unipol's training was further enhanced with the foundation of Unipol Corporate Academy, which will focus training for employees and agency networks on a single corporate entity.

Technical and managerial training aimed at improving employee skills and promoting professional growth, will be supplemented, of course, by the training required by law to respond to the provisions relating to health and safety, insurance and banking compliance and governance requirements.

Course attendance in 2015, including distance learning, recorded over 31 thousand presences.

As for the training hours for the different professional categories, the average pro rata figure is higher for officers and middle management, reaching an average of 18 hours, as a result of significant investment in spreading a business culture geared to enrich the individual technical-specialist know-how and to improve social and behavioural skills, consistent with their role and their professional specialization. Altogether 52,595 hours of training were provided to directors and officers/executives. The 18 hours per capita provided on average to call centre operators, testify to the Group's efforts aimed at improving the quality of the service.

In terms of educational content, the training focused both on technical/specialistic regulatory and procedural aspects and on managerial, commercial and behavioural issues.

During the year, the training activity addressed to companies in the insurance sector was mostly technical, specialistic and regulatory. Among the major projects, we point out two seminars on Solvency II, the first being a specialist course aimed at the people within the Group that are at the forefront in the application of the new prudential supervisory system, the second a basic course, aiming at continuing to spread the culture of risk within the entire sector in view of the entry into force of the legislation.

Besides courses for the Claims and Commercial area, designed to support the reorganization processes, targeted projects were carried out to strengthen behavioural and relational skills. These include, for example, the training course for call centre staff, aimed at providing tools to manage stressful situations. In the banking sector, the training activity was characterized, above all, by a commitment to continuously update technical and mandatory knowledge, needed to carry out business on a daily basis, particularly concerning provisions in IVASS Regulation 6/2014, for the knowledge of insurance products.



In both the insurance and banking sectors, a training program was started for staff with hearing disabilities.

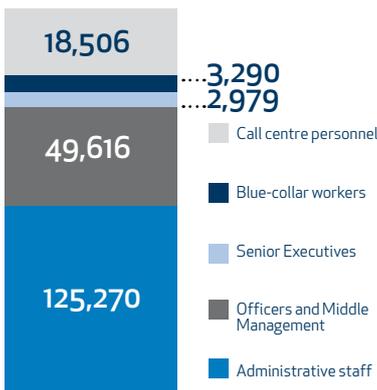
Technical and regulatory training were the main types provided to real estate and diversified Companies. Considerable space has been devoted to Safety-related training.

### Training of employees by gender

Data in man/hours

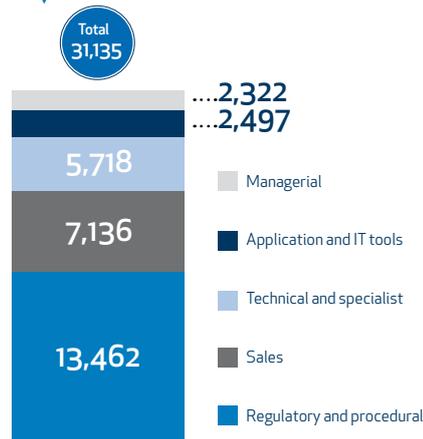


### Training provided by job-level category



Source: Directorate-General for Human Resources and Organisation

### Participants by educational area\*



Source: Directorate-General for Human Resources and Organisation  
\* Includes the training provided to seasonal workers/temporary workers/interns

### Development systems

The commitment of the men and women of the Group is essential to Unipol's strategy. The enhancement of real professional skills and the recognition of actual real individual abilities are strategic assets that must be supported and rewarded with fairness, consistency and transparency.

The development of incentive systems in several areas of the company promotes a real and direct accountability concerning the achievement of concrete, measurable and clear objectives, encouraging everyone to live their role with commitment and a sense of belonging.

**Development measures** include several instruments to monitor and develop the abilities and professional expertise of the Group. In line with the requirements of our initiative on Self-assessment of technical and professional knowledge, we have started professional courses, Assessment centres, and coaching projects. The main purpose of the different methods is to support the professional development of the people, periodically checking their progress.

The increase of the share of women managers and executives in the Group fits within this scenario: this share is about 24% of the staff in management positions, equal to 5% of the total number of employees.

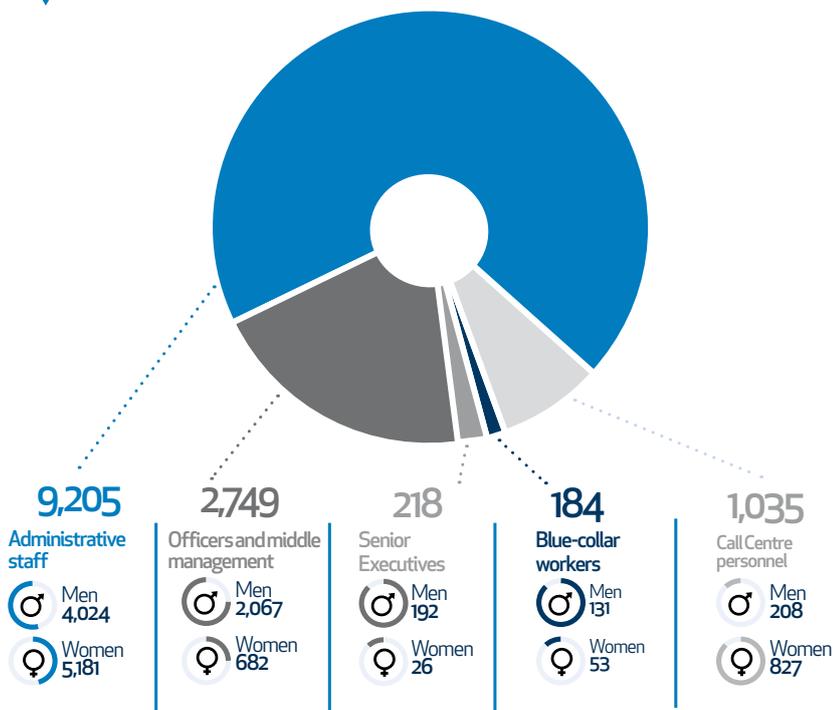
The processes at the foundation of the formation of growth reservoirs and managerial appointments also consider age differences: the percentage of middle managers under 45 is 35%, in line with the target set by our 2013-2015 Sustainability Plan.

Employee enhancement is also supported by a substantial use of internal mobility, already in progress for several years within the Unipol Group. This helps the company meet most potential staffing needs, enhancing the internal professionalism and making it possible to seize new employment opportunities consistent with their skills and aspirations. In 2015 over 3,950 employees, amounting to 29% of our staff, changed their role or organizational position within the same Company, while 211 (nearly 2% of the entire workforce) found a new position within the other Companies of the Group.

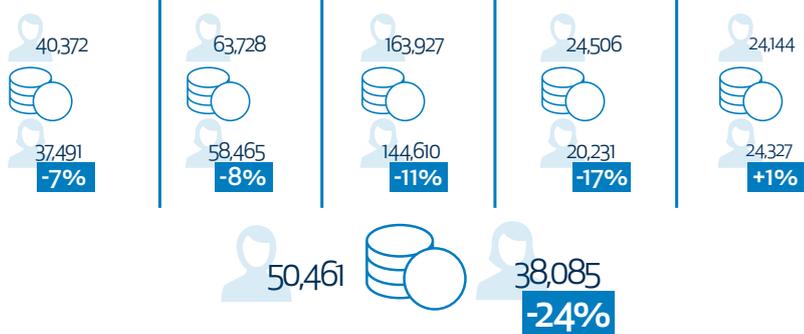
Keeping an eye on skills and professionalism also carries implications on measuring professional performance at the root of the **bonus schemes**. In addition to a rigid economic base, envisaged by sector Collective Agreements, by Supplementary Company Agreements and by any other bilateral agreements, and determined according to the job level and seniority of service, the Group, consistent with its principles of internal equity, competition and appeal, meritocracy and responsibility, determines the allocation of economic integrations, consolidating them in time. Of the non-senior executive personnel, in 2015 the number of people singled out as potential recipients of bonus schemes came

Presence of women in the Group

Number of staff by job-level category



Average Women/Men salary difference in percentage by job category\*



Source: Directorate-General for Human Resources and Organisation  
 \*The data in euro represent the median value of salaries

to 5,817, i.e. 43% of the corporate population of reference.

With regard to the **pay gaps** between women and men, the levels were calculated without including any type of variable compensation nor the top management in the Board of Directors. The Group figures show a salary differential to the advantage of women among call centre personnel, due to the responsibilities they currently have at present. Vice versa, for the other job categories the average salary of women is lower than that of men. As a result of this trend, the Group carries out constant vigilance to reduce this gap and to promote equality of opportunity between men and women.

Reorganisation

Involvement and empowerment are the guiding principles in labour relations within the Gruppo Unipol. Through dialogue, exchange of views and consultation, these principles have been implemented and designed to effectively strike a balance between corporate objectives and the central role played by workers.

In the insurance sector, discussions with trade union organisations focused on an agreement to supplement the trade union agreement signed at year-end 2013 with all of the trade union organisations.

In this context, rules, methods, timing and tools have been identified to achieve the objective of workforce downsizing and resulting labour cost containment associated with about 900 redundancies following Group's merger with the former Premafin Group.

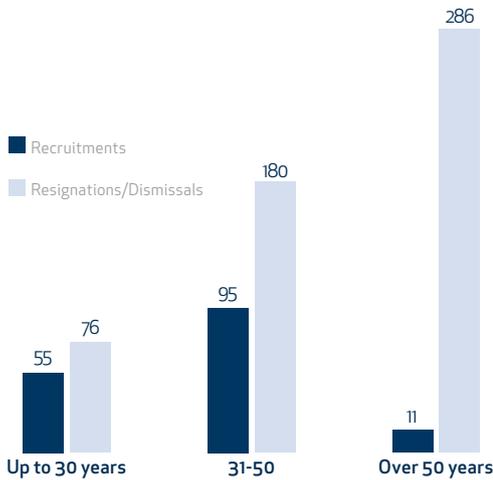
After the voluntary participation phase, there is a further phase of voluntary redundancy through incentives for employees that have already

met the retirement requirements, by giving the staff that were less than five years from achieving the retirement requirements access to the extraordinary section of the Solidarity Fund for the insurance sector. Despite this further phase of voluntary redundancies, during 2015 the objectives of the rationalization agreements were not achieved. Within the reorganization program, an agreement was signed with all unions to rationalize and unify the claims settlement sites throughout Italy, motivated by gradually overcoming the divisional model and by developing a new settlement model based on specialization by branch.

In the banking sector, discussions with the trade unions concerned mainly restructuring the distribution network of branches and the need for a significant cost reduction, including the cost of personnel. In particular, an agreement was found to govern the effects on staff, by establishing forms of early retirement incentives for employees that have already met the retirement requirements in June 2016 and activating the Solidarity Fund for the credit sector, in favour of those who will meet the pension requirements between 2016 and 2019.



Turnover by age brackets



Source: Directorate-General for Human Resources and Organisation

ratio between the sum of the number of people taken on and those leaving and the total number of employees, was 5%. With regard to the gender, there are no significant differences, while a relationship between that index and the early retirement incentives can be seen in the further increase (of 7%) of the over 50 personnel turnover ratio.

In a year of complex corporate restructuring, there were around 13,000 hours of strikes amounting to 0.08% of the hours worked in the year. All of the Group's employees are employed under collective agreements for the sector, while the percentage of union membership stands at 59%. In support of and as guarantee for union activities in the workplace, 178,762 hours of paid leave for union business were taken in 2015.

If problems arise in the relationship between the company and its employees, the Group has made employee relationship management more formal and transparent, reducing, by doing so, the litigation with its employees to a few cases, about 1% of the workforce.

In addition to the requirements of the collective and corporate agreements, employees may directly contact the Head of Ethics about any alleged violation of the rules of conduct published in the Group's Code of Ethics. All cases are analysed and acknowledged with complete confidentiality for the employee who has asked for clarification.

As a result of the events described above, the turnover ratio, i.e. the

Turnover 2015

	Recruitments	Resignations/Dismissals
Men	83	293
Women	78	249
<b>Total</b>	<b>161</b>	<b>542</b>

Source: Directorate-General for Human Resources and Organisation

Fundamental levers for the professional development of employees are engagement, sharing values and promoting a sense of belonging to the company, in order to direct energy to successfully face the challenges that are looming in the near future. In this context, the Group's priority is to improve the business climate by investing to achieve the satisfaction of the role played by its employees, to balance personal time and work time, to reach greater confidence in performing their duties and less risk of stress. Unipol has always been attentive to these issues and has pursued a number of structured programmes and initiatives that make up a welfare system aimed at creating an inclusive work environment that is able to help individuals express their potential.

The Unipol welfare system involves provisions that have been in place for many years and that are the result of negotiations with the unions, such as employee pension funds, health assistance funds, preventive health care and others which over the years have been added or have expanded, including new elements in the Supplementary Labour Agreement such as starting and ending flexibility, additional leaves for health-related reasons, study and volunteer work.

Thanks to the possibility of bringing services offered locally to the intranet, making agreements and enhancing the opportunities for its employees, Unipol Group facilitates the access to services, working to match supply and demand which stimulates the latter to provide a range of services that is as broad, flexible and differentiated as possible, on the basis of the varied requirements

### Percentage of members and contributions paid into the Pension Funds and Welfare Funds\*

2015

Pension Fund	Senior Executives	Employees
Percentage of members	97%	87%
Contributions paid by members (€)	2,190,164	37,666,551
Contributions paid by the company (€)	3,030,216	20,167,572
Impact of company contributions	58%	35%
<b>Total contributions (€)</b>	<b>5,220,380</b>	<b>57,834,083</b>
Welfare Fund	Senior Executives	Employees
Percentage of members	97%	93%
Contributions paid by members (€)	11,790	1,764,428
Contributions paid by the company (€)	2,386,881	16,796,029
Impact of company contributions	99%	90%
<b>Total contributions (€)</b>	<b>2,398,671</b>	<b>18,560,457</b>

Source: Directorate-General for Human Resources and Organisation  
\*the figure does not include the Lawrence Life company

### Corporate welfare

Welfare in the Unipol Group consists of two levels: the first, so-called "historic" level, regards the initiatives related to health assistance and the supplementary pension funds. These benefits which were introduced as a result of negotiation with the unions, have become a firm asset in the relationship between the company and its employees. Health assistance and supplementary pension fund services are currently supplied through 9 Pension Funds and 19 Welfare Funds covering workers in insurance, banking, agriculture, sales, tourism and service sectors.

11,877 people are enrolled in the Pension Funds, including employees and former employees who continue to participate voluntarily in the supplementary pension plan. Altogether, including executives, the contributions paid by the companies of the Unipol Group were over €23m. With reference to all Employee Pension Fund members, in 2015 €57,8m were paid, including contributions borne by the Companies, for the Workers and post-employment benefits paid out; the contributions paid in the same year for all members of the Senior Executives Pension Fund amounted to €5.2m, including contributions borne by the Companies, for the Senior Executives and post-employment benefits paid out. The regulations of the Pension Fund provides that it is possible to maintain membership and consequently make voluntary payments into it even when personnel is no longer employed by the Group Companies. At 31 December 2015, 1,152 former employees and 77 former executives of the insurance and banking sector companies of the Unipol Group were enrolled in Pension Funds.

The Group Welfare Funds have 12.602 members, including senior executives, and the companies paid contributions



for a total amount of €19.1m, in 2015. Contributions paid into the Employees Welfare Funds in 2015 for the total number of members amounted to over €18.5m; the payments made for the Senior Executives Welfare Funds totalled €2.4m. According to the specific conditions and durations governed by the contracts, by the collective agreements and corporate regulations, members can continue to benefit from health assistance coverage even if no longer employees of the Group Companies.

On the subject of optional corporate welfare there are 3 particularly noteworthy areas: the **Time-Saving Services, the Services for Individuals and Integration and Volunteer Projects.**

**Timer Saving Services** are designed to assist employees in their daily activities and free up time to devote to activities with higher added value. With this aim, in the last two years, we have tested the Time-Saving Services in the Bologna head office for: delivery of pharmaceuticals to the office, shoe repair, laundry, small tailoring repair services, home maintenance and car maintenance services. In 2015 the model was exported to the San Donato Milanese head office, (for delivery of pharmaceuticals to the office) and Turin (pharmaceuticals delivery and laundry and tailoring services).

Overall over 8,294 pharmaceuticals were delivered, over 319 collections and deliveries were made for footwear repair, over 1,693 collections and deliveries were made for laundry, tailoring of garments and home maintenance for a total value of approximately €6k.

**Services for Individuals** were designed to respond to family care and support needs, from child care to support for the elderly, aimed at facilitating access to expertise, personnel, and reliable selected service providers. The activities that were introduced included home care and assistance services for children and the elderly, the intercompany nursery, summer camps for children and teenagers up to 16 years of age during the school closure period, study and work orientation programs for graduates and undergraduates.

During 2015 we continued to **support the education of the children of employees** of Unipol Group companies and Assicoop through UnipolSai scholarships and those of Intercultura. The former rewards the best results achieved in junior high schools, high schools and universities. 124 scholarships were provided in 2015 for a value funded of €128k. Intercultura scholarships are aimed at students of secondary schools between 15 and 17 years and include study abroad in over 140 countries worldwide. For Intercultura, in total, 10 scholarships were provided amounting to €58k.

As to **Integration and Volunteer projects** we worked mainly on three areas: disability, volunteer work and home-work integration. In 2015, disability has been addressed on several paths.

One path concerned colleagues that are partially or totally deaf and has provided a training programme aimed at their managers and colleagues to promote a greater knowledge of the characteristics of that disability and to facilitate their integration; a further training module was addressed directly to the deaf, on assistive technologies and aspects of interpersonal relationships. Lastly, a pilot project was also set up for this workforce in one of the Group's offices, including a Lynch video conferencing system configured to allow workers with hearing disabilities to integrate more easily. To further facilitate colleagues with hearing disabilities, there is an LIS translation and subtitling service, both provided remotely, which can be activated for meetings or special events, starting in 2016.

Specific support services are provided to blind and visually impaired employees if they are relocated, designed to provide training for their orientation for moving between their new home and their workplace and getting around their new workplace.

On the subject of integration, to facilitate sharing values and creating an inclusive work environment over the years, a number of initiatives has been set up aimed at boosting participation and involvement but which are the expression and the vehicle of corporate culture. Among the many initiatives "A day at the office with mom and dad" is noteworthy. It is the traditional event in which the daughters and sons of employees visit their parents' offices and corporate volunteering initiatives, in partnership this year with Stop Hunger Now in Bologna, Turin and Verona and the shelter house refugees Monlué in Milan, attended by 150 employees.

It should be noted that the participation in voluntary activities is facilitated by the possibility of using unpaid leave. In this context, our human resources office, in line with the Unipol Group's history, has implemented a number of measures to protect people's work/life balance, such as allowing timetable flexibility due to personal or family reasons, also related to the needs determined of commuting, and leaves to study. Providing time-related flexibility in the organization of employees working time, promotes equal treatment, equal opportunities and improves the quality of their work.

Further initiatives were taken to support the safety and health of workers, in addition to routine actions such as environmental inspections and health monitoring, and in addition to the activities related to proper compliance with applicable legislation. Initiatives continued during the year, related to seasonal influenza (480 participants) and visits for cutaneous melanoma (144 participants). Initiatives also continued at the San Donato office, for cardiovascular prevention (194 participants), blood tests (241 participants) and pap tests (224 participants). To ensuring that offices and workplaces are liveable, analysis has taken into account systems and logistics related factors, and also environmental parameters (microclimate, lighting, noise, risk of legionella).



## Group relations with the agency network

9

The sharp increase of the customers' awareness, often as a result of technological innovation, and the openness to new habits and consumption styles, significantly impacts the "company - customer" relational model. Unipol Group's agencies constitute an essential reference throughout Italy for direct contact with customers, and yet it becomes crucial to offer responses that are digitally suited to the advanced requirements of individuals and companies.

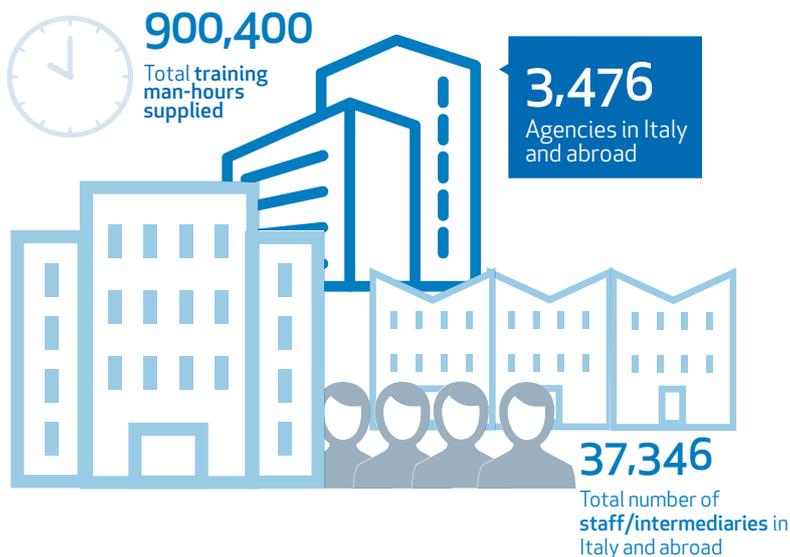
The dynamism of customers makes it necessary to provide prompt access to key information to satisfy their insurance needs, and from this point of view the Unipol Group is focusing its efforts to extend and adapt the presence and the service capacity of its sales network. In that regard, the Group's strategy is structured along three axes:

- Communication simplicity and transparency, to strengthen responsible selling practices by defining fair and shared objectives for the network, monitored according to an organisational model that ensures the agent's loyalty and determines greater attention to reputational risk.
- Development of human resources and of expertise: to address the need to develop the most strategic asset for the Group's insurance companies both in terms of technical capabilities and propensity for change, the Group is acting to change its corporate culture to provide to its network of agencies all of the tools necessary to add value to the service provided and to evolve in the direction of the customer.
- Information systems: in order to work as well as possible in this phase of renewal and innovation, the Group is investing in both an effective dematerialisation of underwriting processes, and in the management of sales and service data, in order to make better use of customer information (profiling, segmentation) and translate them into concrete consumption behaviours, simultaneously ensuring continuity of service and security of data and transactions.

## Physical agencies

Our **agency network remains the priority channel** for development of the traditional insurance business. The depth of coverage is ensured not only by UnipolSai Group's agencies, but also by bank branches and by bancassurance affiliated banks that belong to both local and national banks.

The sales network is consistent throughout Italy, with a significant presence also in southern Italy. To make our commercial presence more effective and efficient in quantitative terms, in 2015 we reduced the number of the UnipolSai Group's agencies in Italy by 53 units, amounting to 1.5% of the total, as a result on merging different companies to support growth in size and increase the robustness of our network of agencies and sub agencies. In terms of quality, considering the minimum size of the agencies needed to ensure competitiveness, and regional development capacity, the Group continued its reorganization and integration course leading to a single UnipolSai Assicurazioni network marked by the same rules, same tools, and the same opportunities, rights and duties. The integration



involved organisational and logistics aspects and the preliminary activities for sharing the underwriting systems and IT systems among the various agency networks. During 2015, in line with these principles, a commercial action plan was launched, to increase the support and services offered to small and medium-sized enterprises and to new workers, aimed at building customer loyalty.

### Agency network-support services

The Group's distribution strategy is based on the centrality of Agents and of their sales force as the priority channel of contact with the customer. The Group believes it is paramount to maintain a frequent and privileged relationship with the agency system, and with its sales force, in order to build up an effective partnership, designed to achieve the stated strategic objectives.

In this context, in 2015 we carried out initiatives open to the entire network to discuss development guidelines and their operational application in terms of actions. In the course of the year dialogues continued with the Agent Boards on topics of common interest ranging from the creation of new products and the improvement of operating procedures, to sharing sales and marketing initiatives and, more generally, all innovation processes being developed by the Group.

To help agencies achieve their objectives, Unipol is committed to ensuring adequate support. We completed the reorganization of the sales network for 4 territorial districts and put in place a change management program for all operating figures based on programming tools, guidance to the agency's resources and monitoring of the results. Concerning organizational support to the development and management of business plans, during 2015 we completed personnel recruitment for agencies with specialized professionals: **Family Welfare advisers** and **SMEs tutors**.

To ensure that the network is equipped with the tools it needs to achieve good organisational and commercial performance, the Group's policy also involves setting up a bonus system in line with the financial commitments made by Unipol and providing pricing flexibility on specific targets. From this point of view, the implementation of the **Agency Models project** continued throughout the year. The main project activities include the definition of evolution processes agreed with the agencies, to strategically reposition them to business models that are sustainable over the medium/long-term. In terms of maximisation of the ability to provide increasingly adequate answers to the specific needs of the customers, the goal of this course is to adapt the agency's offer capabilities to the type of customers it serves.

Efforts are now focussing on implementing methods for assessing the effectiveness of the actions carried out within the Project. Indeed, the Business Plan calls for setting up a structured system to periodically monitor the results attained. At the end of 2015, 140 agencies shared a Three-Year Plan with the Company. Most of them included plans to hire new salespersons and the professional growth of the Agency's sales force.

During the year we carried out several initiatives to strengthen the commercial effectiveness of the agency network. The maintenance and the development of the portfolio are the main elements monitored by the Companies of the Group to achieve the desired results, aimed at encouraging a portfolio mix that is balanced in terms of types of customers and insurance sectors.

Regarding monitoring tools, the **Customer Relationship Management (CRM)**, adopted by the Unipol Group to support marketing initiatives and customer management, was released to all agencies, corporate and private, during 2015. The CRM system is continuing its course of development according to a development plan consistent with the defined commercial strategies, and consolidated use by the entire agency network is at the same time being pursued.

The **training offer** addressed to the agency network was standardised on UnipolSai with courses addressed to the entire sales network aimed both at fulfilling training obligations and enriching the skills of its intermediaries using the "Training" platform, a tool shared by UnipolSai Assicurazioni. By accessing the "Training" platform, agents can fulfil the IVASS training requirements, increase their knowledge of the products on the market, of the applicable regulations (such as direct compensation), and of the other available operational tools (such as zero-interest financing, the Liquid platform for customer service processes), or to provide advice to their customers (e.g. on taxation, or on inheritance).

During the year, we also extended the "Virtual classroom", and introduced **webinars** as a new training option. In this virtual mode matters that primarily deal with Agency processes and work tools will be covered, such as the



Directorate-General for Human Resources and Organisation and Directorate-General for Diversified Companies

\*Attendees are counted as anyone attending a course, regardless of whether they have already attended other training activities



training scheduled to support reaching the objectives set out in the Company's Plan of Action, including using the quality comparison tool and the "receipting" sales process.

The offer also includes a new catalogue of managerial courses, among which there is the Agents Master's degree that Unipol has already extended for several years to the entire network. The goal of these courses is to improve the entrepreneurial capabilities of the agents in terms of recruiting and managing staff, knowledge of agency sales processes, with particular focus on the Agent's leadership abilities, leading working groups and managing meetings, in particular sales meetings. Specific courses have been designed to accompany the customer in the perception of risk for the individual and for the family.

## Integrated multi-channel operations

10

Customers are now accustomed to establish relations with Group companies directly, more or less instantaneously, through the call centre, the web and new technologies that make it possible to:

- find information, especially according to "comparative" logic;
- purchase products and services also through distribution channels that are free from "physical points of contact" and accessible throughout the entire day;
- manage the "on-going" after-sales relationship through a variety of methods of contact (i.e. online, on mobile devices) free of the constraints of the opening hours of physical outlets.

In this scenario, Unipol Group is investing to provide the same level of service across all its contact channels to make their services available on a large scale and adapt them to emerging needs, including through the redefinition of its offline and online contact points. In order to make the different channels complementary and in synergy with each other, the Group is translating its multi-channel integrated strategy into operational projects. The projects are designed to monitor the level of service provided and ensure freedom of choice for its customers, on one hand to achieve increases in commercial effectiveness (broaden the market both in terms of new customers and of greater impact on existing customers), and on the other to improve operational efficiency and reduce the cost of service.

7,605

Advanced Electronic Signing (AES) pad devices installed between July 2014 and September 2015

290,898

Sheets saved by using advanced electronic signing (AES)

€1.3m

Investment for implementation of advanced electronic signing (AES) in 2015

559,449

Sheets saved due to the de-materialization

The growing competition and the widespread use of new technologies has led the Unipol Group to rapidly develop its approach to an integrated multi-channel system to support its agency network, designed to personalize communications, improve customer retention and increase opportunities for interaction.

Multi-channel integrated tools have been applied to all customer-related processes, to expand the channels and frequency of contact, primarily by **digitalization of the Agency's processes.**

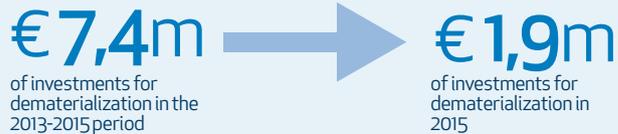
To renew the sales model and reinforce the idea that the Agency is a central location for accompanying customers, professional specialisation courses highlighting the different services and solutions that the Group offers were launched to enable agents to support customers with adequate assessments and targeted, personalised services. 42% of the agents involved followed courses related specifically to the new technologies. This direction is aimed at increasing the average productivity of the network and ensuring greater sustainability for the agencies. In this context, in 2015 we note the start of simplification and evolution of the receipting process at agencies, of the management of electronic payments

at agencies and on mobile devices and the activation and the re-launch of advanced electronic signing, improving process efficiency and usability for the intermediaries. The use of AES involved over 70,000 Non-Life insurance policies, about 2% of the total policies of the sector. With similar goals, the Group has enhanced its information systems for claims handling and continued its efforts to streamline the

postal services. Orientation towards the integrated multi-channel system is further strengthened by the adoption of information and communication services, such as Home Insurance and Banking, to provide information that goes beyond what is required by the supervisory authority to provide additional guidance to customers. In order to improve and strengthen its presence in the Internet, the Companies of the Group have developed innovative, digital tools, seeking

customer communication methods that were easy to use, readily available and capable of reinforcing the message of keeping close to customers.

Among these we note the UnipolSai app and the "In più la tua Salute" (Your health, too) programme that allows all UnipolSai customers to sign up free to take advantage of discounts for access to specific medical tests at UniSalute's partners.



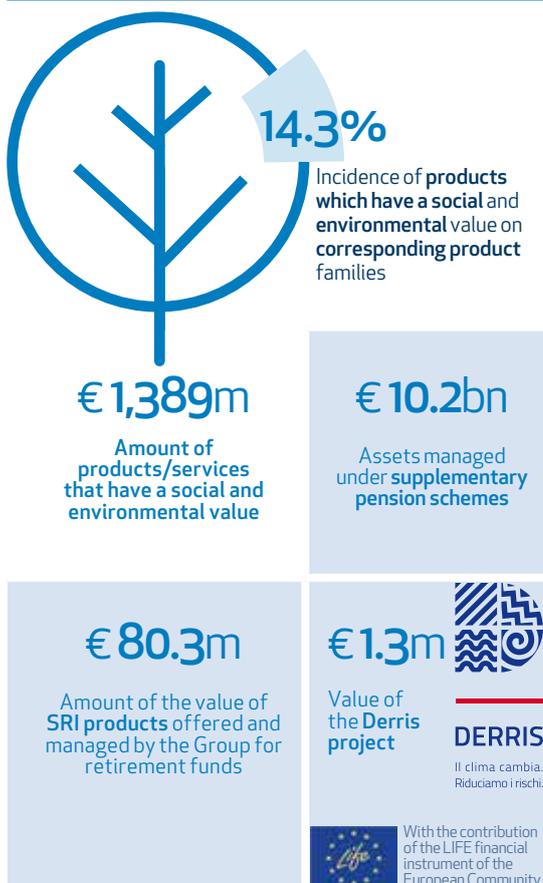


Aspects such as longevity, the resulting ageing of the population, the dynamics related to immigration and multiculturalism, as well as the evolution in the composition of households, unemployment and lack of job security, the growing importance of health protection along with the reduction of public welfare, are changing the demands of increasingly dynamic customers, that are increasingly aware of issues related to welfare.

In response to these changes, Unipol is expanding and adapting its products and service models, with investments to enhance and expand the breadth of its current offer (e.g. Healthcare), defining welfare projects that have a national impact and ensuring accessibility to the most vulnerable strata of the population.

Investments which depend on the replies to be provided to the customer, are aimed at improving the customer's ability to anticipate and manage risk by integrating environmental and social aspects, to increase awareness of the need to care for one's health and the role that the insurance product can have, and therefore are instrumental to re-launch topics related to welfare and integration of public support.

The implementation and effectiveness of all of these processes is constantly monitored by the strategic planning structure using performance indicators defined in the business plan.



### Financial inclusion

Unipol Group's offer aims to protect and support the implementation of customer projects by promoting a more cohesive and sustainable society. To do so, the Group carries out research and studies to anticipate the needs that arise from social and demographic changes in the field of insurance, fully acknowledging the social value of insurance to ensure well-being and development. In 2015, these studies have led to the development and marketing of products and services suited to the new requirements, especially for new workers that have different risk profiles that span generations and new distribution methods. The progressive adaptation of tools and services based on new concerns that customers report, highlights Unipol Group's strategic commitment towards sustainability at all stages of production and marketing of products and services, directed at raising the customers' awareness to embrace responsible conduct.

### Innovative guarantees with a direct social benefit

Thanks to our partnership networks with the social economy players, the Group offers products that have voluntarily low minimum premium amount, independently of the impact of operating costs. Examples of these are the policies that respond to the needs of specific categories and of new risk profiles. In brief, they may include young people with discontinuous and temporary jobs, adults without training that have lost their jobs, single parent families with a female head of household and small children, non-self-sufficient elderly people living alone, separated fathers, immigrants.

The "Aca 3 for you" accident policy is addressed to immigrants. For a fixed premium of €48, it provides a lump sum in case of death or compensation for permanent total disability resulting from accidents on the job and outside the work environment.

The Group pays special attention to the concerns arising from lack of job security and the resulting reduction of purchasing power, by offering accessory guarantees **SalvaPremio** and **SalvaBenessere**. The former, for example, is applicable to MV TPL policies and

to Accident Premium policies and can be used for events that make it difficult for the policyholder to pay the policy, guaranteeing compensation equal to the most recent gross annual premium paid. In 2015 over 7,500 policies were sold that included this coverage, amounting to €4.5m. The second, that collected €186k is present in the house-insurance policies and provides concrete financial assistance in the event the policy-owner loses his/her job, to support the family's standard of living by providing a compensation to manage the family's current expenses: bills, mortgage payments, rent, condominium expenses, etc.

To protect the purchasing power of both families and Small and Medium-sized Enterprises, the insurance services can also be purchased **paying monthly instalments with no added charges**. In particular, loans granted across all insurance classes for which premiums were payable in interest-free monthly instalments amount to €674m at year-end 2015, of which €614m were for MV TPL policies, €58m for other insurance classes and €2m for Life insurance policies amounted. At the end of 2015, the number of MV TPL policies paid with the instalment plan amounted to roughly 9% of the total new production.

**UnipolSai Risparmio Giovani** is aimed at young people and its purpose is to accumulate a lump sum over time to help a child or grandchild continuation its education or start a profession; the product also offers insurance coverage for death or disability of the relative-policyholder: upon the occurrence of any of these events, the company will cover the completion of the savings plan.

Other banking products are targeted on the one hand to stimulate the propensity to save (**L'Albero passbook and Idea Young**), on the other, to support the growth of mainly female businesses and of self-employed women (Finanziamenti Imprese Femminili).

In the banking sector, we note over €50k of **loans for start-up cooperatives**, to partner with newly formed cooperatives or those that have started up within the last 36 months. As part of the support to cooperatives, it is noteworthy that 9.8% of Unipol Banca's uses concern funds allocated to cooperatives, down by half a percentage point over the previous year.

**The loans granted to the "Libera Terra" cooperatives** to manage land and assets confiscated from organised crime are also particularly significant, coordinated by the Libera Terra Consortium. In this context, at the end of 2015, 6 projects had been supported worth a total funded amount of €3.1m, of which €2.3m of funding had been used at 31 December 2015. Also reported within this context is the financial support of "Calcestruzzi Ericina" through a 20-year interest-free and guarantee-free loan of €700k, that the Bank granted to build a new inert material recycling plant. The company had previously been confiscated from the organised crime of Trapani, and is today managed by a cooperative of six partners who formerly worked at the company before the seizure.

Other initiatives to report regard working buyout projects, the financial support offered to workers of companies suffering from financial difficulties that set up cooperatives in order to create for themselves alternative employment and to protect their acquired know-how. At the end of 2015, 13 cooperatives were engaged in **working buyouts** totalling over €3.2m of support provided.

We also continue to offer, both for businesses and for retail stores (UnipolSai Impresa and UnipolSai Commercio products) and for individuals (UnipolSai Casa and UnipolSai Condominio products), the Earthquake risk coverage. During the year, we issued almost 68 thousand Earthquake insurance policies, (+30% compared with the previous year) amounting to over 135m (an increase of 285 per cent compared with 2014).

Consistently with the insurance offer, in order to support victims of natural calamities during 2015 Unipol Banca allocated credit lines to aid the populations struck by floods. They were aimed at restoring damaged moveable assets and property, for which financing products were created and credit lines for retail customers were allocated.

In this context, it is worth noting that UnipolSai placed on the Italian market the first **catastrophe bond** against earthquake risk in Italy and neighbouring countries. The mechanism transfers the technical risk from the insurer to the investors: investors who decide to purchase such bonds receive a periodic return and the return of their principal at maturity, but if a natural disaster occurs, the capital is partly used to release the resources needed to deal with the damage caused by the catastrophic event.

The bond was a great success, and since the amount of the issue was initially intended to be €150m it was increased to €200m, and orders came from 23 different investors, all foreigners, and particularly American, British and Swiss.

#### Public Welfare – Healthcare integration

In the field of health, the Group, through UniSalute, has implemented a business model focused mainly on providing collective healthcare insurance through healthcare funds (Fondi, Casse and Mutue) addressed to groups and companies of all sizes and in all sectors: craft businesses, banks and credit institutions, political institutions, supervisory institutions, trade associations and social security and welfare organizations, as well as industry supplementary health funds. In 2015 UniSalute handled the healthcare coverage of **29 industry**



**National Health Funds.** 70% of Fund members are in the following regions: Piedmont, Lombardy, Veneto, Tuscany, Emilia Romagna.

In view of the significant changes in the public service and in the needs of citizens, the innovation promoted by the Group is distinguished by the development of partnerships with the public administration, with the professional categories and Member Organisations to adapt the services, and also the world of reference of these services.

A key element of the Group's health care related offer is the **integrated health care** model that offers the personalised management of medical care and consultancy of excellence in cases of non-self-sufficiency and post-hospitalisation. Unipol Group long-term goal is to allow citizens to provide themselves with adequate tools and resources to support the needs of old age, coping with the problem of increased healthcare services tied to the ageing of the population.

This commitment is evidenced by a 13% increase on a yearly basis of the number of Life and Health policyholders (aggregated figure of the Unipol Division of UnipolSai and UniSalute).

As part of the Life/Health offer, continuing the approach aimed at proposing solutions to help in case of loss of self-sufficiency, 888 new **Long Term Care** policies were sold in 2015 for a total of €468k. Also, for coverage of situations involving serious disability, the "Stato Comatoso" coverage offers compensation to support those who must care for a loved one in temporary state of coma and, if the coma condition lasts over 180 days, it is considered as death, resulting in settlement of its compensation.

#### Public Welfare – Pension Fund Integration

In Life insurance, all forms of supplementary pension schemes have a special social value. Unipol Group plays an important role in this market, and is present in all the **supplementary pension schemes** for both salaried and self-employed workers, managing total assets of over €10bn, for over 583 thousand members.

#### Pension performance values of Life insurance policy related funds

	2015				Total	2014	Ch. %
	Occupational Pension Funds	Pre-Existing Pension Funds	Open-Ended Funds	PPP's		Total	Total Change %
Number of members	336,636	87,470	45,568	113,834	583,508	536,718	9%
Assets managed (in millions of euro)	2,807	5,863	720	819	10,209	9,438	8%
Number of funds	14	47	8	9	78	79	-1%
New funds gained	3	-	-	-	3	1	200%

Source: UnipolSai Life Department, Directorate-General for Other Companies

**Occupational Funds** managed by Unipol Gruppo are divided in Pension Funds and Pre-Existing Pension Funds. Amongst the various sub funds managed, 3 feature an equity portfolio with an ethical mission. These are: FondoPoste (Guaranteed), Fonte (Guaranteed) and Solidarietà Veneto (Prudent).

With reference to the Funds set up by the Group Companies, two supplementary pension schemes are offered to customers: **Open-Ended Pension Funds** and **Personal Pension Plans (PPP)** pursuant to Art. 13, paragraph 1 of Italian Legislative Decree 252/05.

On the whole, there were 78 funds and 583,508 members for Life policies, marking a 6% increase over the previous year. In addition there are 7 other Occupational Pension Funds not backed by a guarantee for an amount of managed resources of €893m.

With regard to the Open-Ended Pension Funds, Unipol Group's insurance segment was the first in Italy (in 2001) to offer an SRI - Sustainable and Responsible Investment supplementary pension fund product managed with a view to social and environmental sustainability: the

“Protezione Etica” sub-fund. The second product appeared on the Pension Funds market five years later in 2006. The “Protezione Etica” sub-fund is one of the four sub-funds of the Unipol Insieme Open-Ended Pension Fund (no. 112 in the COVIP register) managed by UnipolSai Assicurazioni, is classified as “mixed bond” and invests in a diversified portfolio of primarily bond, and marginally equity, instruments of the Eurozone.

The assets of Unipol Insieme “**Protezione Etica**” are entirely managed with ESG (Environmental, Social and Governance) criteria and amounted to €80.3m (compared with €73.7m in 2014), representing 9.5% of the retirement fund sector corresponding to SRI products offered and managed by the Group. The objective of this sub-fund is to strike a harmonious balance between economic performance and the social and environmental performance of the investee companies and countries, giving preference to the securities of companies characterised by “sustainable and socially responsible” conduct and activities.

Besides the securities eligible for investment, the Group has worked to boost information transparency: for many years it has been publishing for the “Protezione Etica” sub-fund a voluntary report - the first in Italy for a supplementary pension fund product - dedicated to current and potential subscribers, which adheres to the model of the “European SRI Transparency Code” issued by Eurosif - European Sustainable Investment Forum. Likewise, also for Individual Pension Schemes (IPSS)<sup>1</sup> and Personal Pension Plans (PPP), the obligatory documents required under the Covip regulation show the percentage (calculated for each individual IPS and PPP) of the investments that satisfy the ESG criteria.

#### Innovative guarantees that directly benefit the environment

Promoting adaptation to climate change and protection against risks arising from an increase in catastrophic events is a strategic innovation area for the Unipol: the working group, launched at the end of 2014, studied the technical methods to set up a valid **insurance coverage for the risk of flooding and catastrophic events** and, especially for SMEs, strengthened the capacity assessment of vulnerability to flood risks. This made it possible to address the flood risk from the fundamental aspect of the geographical location of the policyholder’s assets; a procedure has been set up to provide that information directly at the underwriting stage. For further information on the progress of the working group on climate change, see the “Innovation” section.

Unipol Banca, besides marketing financing products for upgrading energy management in buildings, is also the lead bank of a financing pool transaction thanks to which environmental value projects worth over €6m are being financed. Added to these are loans outstanding aimed at building photovoltaic systems for the residual amount of approximately €20m in the area of farm credit loans granted by the Bank pursuant to Art. 43 of the Consolidated Law on Banking.



Amount of **premiums** collected with the **Photovoltaic guarantee**

## Partnerships

In addition to research to anticipate the needs arising from social and demographic changes, Unipol has developed innovative coverage products with valuable partners. Combining our extensive experience in insuring people with the knowledge of in-depth and/or niche distribution channels, gives the Group an opportunity to regularly update its risk selection policy and consider new forms of demand aggregation and supply for goods and services.

To adequately respond to the needs expressed by the world of work, the Group has established strong links with Member Organizations. This relationship is developed particularly through their participation in **Unipol Regional Councils (URC)** and by entering into specific agreements, which represent a specific relational model focusing on the aggregation of demand by the members and associates. Due to the increase in the Group’s size, the URC structure extended its activity to organisations that were not traditionally part of the Unipol Regional Councils, such as Confcommercio, Confagricoltura and Confcooperative. For these Organisations, as well as for Confindustria,

1- A PPP (Personal Pension Plan) is a supplementary individual pension scheme compliant with the requirements of Legislative Decree no. 252/2005. An IPS is an individual pension scheme/an insurance product comparable to a pension fund not compliant with Legislative Decree no. 252/2005. Both are implemented through class I and class III life insurance contracts (unit-linked type only) having social security purposes. In this respect it should be noted that the different insurance lines are classified in accordance with Art. 2 of Legislative Decree no. 209/2005.



the URC structure launched an activity regarding the proposal of general agreements, on the lines of those already tested throughout many years of business. Agreements of various types have always been one of the main ways to enhance the Group's relationships with Member Organisations, both in terms of the products and services offered at special conditions, and in response to specific needs. At the end of 2015, the premiums from national agreements with Member Organisations exceeded €1bn, with an increase of almost 1%. The substantially stable trend was mainly due to the premiums from CIA and Legacoop, followed by CISL and UIL. Overall, the amount of premiums collected based on agreements with member organisations accounted for 8% of UnipolSai Group's premiums.

Our partnership with Belfor, a leading supplier of post-event property restoration as result of fire damage, flooding and environmental accidents, is aimed at providing the best possible services to our policyholders, but also to limit damage. Whenever emergency situations or natural catastrophes occur, the damage for a productive activity is, in fact, both direct (to machinery, building, etc.) and indirect, particularly resulting from interruption of production as a result of the event. This condition, for weather events accentuated by climate change, can cause a domino effect, the risk of which increases with the increase of the size and geographical distribution of the company, which greatly amplifies the exposure and the extent of the damage. To cope with this condition, Unipol launched an experiment in Lombardy and Piedmont to test a new service aimed at business customers (SMEs in particular), which includes preventive activities based on the definition of a **Disaster Recovery Plan and post-event support services**, such as emergency response and rescue, to minimize recovery time. In case of damage, the company can count on immediate support that is highly specialised in the technical management of the specific event, to limit and eliminate the material damage.

Another relevant partnership in the health sector is the one with **Faremutua**, a mutual aid society at the territorial level. Its founders include Coop Alleanza 3.0, Coop Reno, LegaCoop Emilia Romagna and their territorial organizations. Thanks to UniSalute, Faremutua members can have a range of dedicated healthcare plans and access health services and quality social and health care at affordable prices, to supplement the National Health Service. After the success of a pilot phase in the second half of 2014 the project became fully operational and continued in 2015, reaching 904 policyholders by year end.

In fact, the offer includes three health plans, with a range of costs and levels of social and health coverage, which may be obtained directly at the members' point of shops and paid at the cashier of the point of sale. A specific feature is the possibility of accessing supplementary healthcare through other channels, using the territorial catchment area as aggregation criterion. Special attention is given to people facing chronic diseases and problems related to loss of self-sufficiency, and in general to the less protected classes such as self-employed workers, workers with discontinuous jobs, those who have lost their jobs, and housewives.

## Innovation

During 2015 our commitment continued to develop innovation processes and models within the Group, to contribute to strengthen the Group's competitive position and to develop an economy based on knowledge and innovation as promoted by Europe 2020.

The Group's approach to innovation is open and collaborative, and its objective is to systematically consolidate internal know-how together with the leading universities and research organizations, with the world of innovation and creation of new businesses. It is one of the forms through which Unipol builds its business model based on the interconnection between business and society.

In Unipol's opinion, innovation has a social value. That is both because it is aimed at improving the quality of life of its customers by protecting them from their risks more and more effectively, efficiently and with automation and at comprehending the new emerging needs, and because it is a collective growth engine for the country.

The innovation directly linked to business for the next few years aims to innovate processes and products, leveraging the power of digitalization, of sensors and big data.

The projects that are being studied include: use of the data in the '**black boxes**' to improve the service and contribute to improving the quality of life of cities (smart cities), the adoption of supporting sensoristics and home automation (Internet of Things) and that of Web Real Time Marketing.

That of sensors is a trend that Unipol, first among insurers, has followed since 2005 thanks to the installation of "black boxes" on cars. This device can monitor driving habits, ensuring immediate action in the event of an accident and recovery of stolen cars, reducing the risk of fraud, and in the future will make driving safer, more comfortable and informed. In this market, the Unipol Group has an important position thanks to the 2.5 million devices installed in Italy.

During 2015 Unipol's activity related to innovation was significant and diverse, and involved many components of the organization of the Group.

In particular, we strengthened the Research and Development activity under the Chief Risk Officer, with the main task of promoting innovation in models at the basis of the insurance business.

The activity of the IT Innovation Lab continued as part of the information systems department, dedicated to research and experimentation of new ICT (Information and Communication Technology) technologies and solutions that can support business innovation.

Thanks to the collaboration between Linear and the insurance services department, whose role is to industrialize and disseminate the service solutions that have been identified, customer pilot tests were carried out on house "boxes", which simultaneously act as alarms in case of thefts, water and gas leaks, and the tests evaluated wearable device options to promote personal well-being.

Offering the customer the possibility to access the services offers and to interact with Unipol from different devices is the focus of another project carried out by the Sales&Marketing Department, in particular for the wide-scale implementation of "integrated multi-channels". During 2015 we made available to our customers an app that provides insurance information services on mobile devices, which also allows you to access a free support service for healthcare services: by partnering with the Group's specialist company UniSalute, we made available to all UnipolSai MV TPL customers advice and discounts for specialist diagnostics, the range of health services most used in Italy in private healthcare.

Lateral and disruptive innovation increased thanks to **Unipol Ideas**, which works to identify, promote and create networks with start-ups that offer services and products for today's needs of safety, transportation and protection for individuals.

In particular, the residential acceleration program, organized directly by the Group at Villa Cicogna ended, after having assisted a total of seven start-ups and over twenty young people. The Group directly funded the capital of two of the eight businesses, to support their development also by including in our offer the services the companies had developed. During 2015 Unipol Ideas also participated in the tender StartCup partnering with I2P, the incubator of the Polytechnic of Turin, set up to reward the best business idea that combined home automation and personal safety. Lastly, UnipolSai supported the first global incubator in the insurance industry, organized by Startupbootcamp and in which the leading European and global players in the insurance field participate.

The selection process included a world tour to discover the most innovative and interesting ideas, the latest technology and most sophisticated algorithms to address emerging security needs. The meetings in various world capitals also served as a stimulus to encourage young talents, entrepreneurs and researchers to think about the needs of the new insurance markets, thereby promoting innovation. The selection ended in December and in January 2016 the acceleration section started in London, which will last until April.

The impact of **climate change** on the insurance sector is another area of significant research and development for the Group. It is, on the one hand, a market opportunity that requires a great dose of product innovation, both technological and digital, but that also increases the company's risks, but especially those of its customers and of the Public Administrations with which it interacts. To better monitor these dynamics that, among other things, requires rebuilding a mutuality concerning catastrophic events that has been historically missing in Italy, at the end of 2013 we set up a workgroup with skills and roles that spanned the organization and which, throughout 2014, worked to study of the topic of climate change and its effects on the territory and to define an action plan capable of qualifying UnipolSai, within its next Three-Year Plan, as the reference company on these issues. The actions that have already been implemented are:

- drafting of a strategic Group positioning document on climate change. This work was accompanied by intensive advocacy activity aimed at defining a clear and unambiguous regulation (and practice) to manage natural disasters. Unlike most European countries, in Italy the traditional model for managing damage caused by catastrophic events is solely public in nature, and has demonstrated its absolute unsustainability;
- launching a technical working group for the preparation, together with the Polytechnic of Milan, of databases and electronic media in order to offer the market valid insurance coverage for flooding risk and catastrophic events;
- building a public-private partnership model to disseminate (especially to SMEs) knowledge of risk assessment and emergency management, and to find virtuous and innovative mechanisms to improve the resilience of local areas.

In line with these objectives, we submitted a project to the European Commission, partnering with the Municipality of Turin, ANCI, the Coordinamento Agende 21 Locali association, Cineas and UnipolSai. The project, led by Unipol Gruppo Finanziario, was approved and started in September 2015. The **DERRIS** (Disaster Risk Reduction Insurance) project, aims to promote resilience to climate change



and catastrophic events as related to Italian SMEs, by transferring knowledge and developing tools to assess and manage risks and catastrophic events. The project includes a test pilot in the Municipality of Turin, and by 2017 it will be extended to 10 other Italian cities who will, through a multi-stakeholder partnership, work together with the project partners to increase the resilience of the local entrepreneurial fabric.

To further increase the focus on innovation, in a particularly dynamic market environment in which the traditional barriers between different product sectors are rapidly declining under the technological pressure of digitalization, sensors and big data, starting from early 2016, all major organizational areas involved in the most innovative projects were incorporated into the new Innovation structure under a **Chief Innovation Officer** and a specific **Innovation & New Business Solutions Department**, which deals with innovation networks, scouting and start-ups, analytics and big data, market research, design, development and testing of new prototype solutions mainly related to the following areas: digital evolution, evolution of the Internet of Things, big data, and new services and solutions for customers.

To better address the advanced activities relating to Internet of Things we also formed the AlphaEvolution company that will deal with automobile, home and personal telematics.

Innovation is an asset also for whoever works inside the company and it increases partnership relations. To maximise aptitudes and natural bents of people, Unipol promotes and raises awareness on change, undertakes to create dynamic working conditions, even if within the scope of the necessary rules of organisation peculiar of large and complex companies. It has those qualifying factors that support this process: a budget, structures and places given over to innovation, teams working on prototyping, and structured partnerships with the world of research. In particular, to further strengthen this aspect, the new Innovation Department will also deal with the dissemination of the culture of innovation among the Group's employees, with a specific structure and initiatives.

Increasingly connected customers and with a variety of ways to access information and services are an opportunity to develop new services and to strengthen the trust relationship in the long term. For this reason the Group's strategy, which includes multiple channels for customer relations, including traditional networks, direct sales, internet and banks, centres on a continual analysis of the needs, the habits and the expectations of its customers.

For Unipol Gruppo the objective is to offer high level digital solutions which integrate all the many distribution channels, and contribute to the evolution of the relationship with the customers of traditional networks. This challenge brings with it the responsibility to ensure that customer's privacy is protected, everywhere and at all times.

To do so, for the Group, the basic levers of customer relationship are simplification, transparency and innovation focused mainly on two aspects: channelling and insourcing.

Simplicity and transparency to accompany the customer to an appropriate and personalized risk management, as proven by "niche" solutions offered to cover emerging risks, the protection of businesses and of family welfare which are not covered, due to lack of funds, by the public service.

Innovation because a broader offer, that is more digital and more suited to individual needs promotes at the same time the spread of responsible behaviour and the access to coverage of new risks.



### Fairness in the sales of products and services

Relations with end customers must however take account of the structural asymmetry of information which exists with the Insurance Company or Bank. The Unipol Group aims to reduce this asymmetry through the growing qualification of the products offered, by promoting simple and transparent communication to allow customers to make informed choices. For Life insurance products in the Investment line, UnipolSai Assicurazioni has developed a certification process in collaboration with Bureau Veritas, a company specialised in control, compliance verification and quality certification services. The certification requires the verification, by Bureau Veritas, of UnipolSai's compliance with the technical specifications of the product according to the values of **transparency** (complete, understandable and traceable information), **fairness** (clear and balanced cost) and **value** (protection of capital and investments selected). The certification body checked compliance with these values by monitoring requisites and indicators running along the entire process, ranging from identification of needs to after-sales management, thanks to transparent organisational practices

traced in every phase.

The significant aspects are, on the one hand, the respect for the balance between meeting the interests of the final customer, the Company and the community, and, on the other, the search for simple and transparent communication allowing customers to make informed choices. At present, the range of Life insurance products of UnipolSai affected by certification is the "Investimento" line, except for class III products which will be audited in 2016. An e-learning course on the technical specifications and requirements that make it up has been completed by 33% of the sales network authorised to sell Life insurance policies. In terms of sales, in 2015, products subject to certification accounted for 33% of sales of new Life insurance products.

In order to improve the completeness and, above all, to make communication between UnipolSai and its customers comprehensible and accessible, the "Albero" project was launched, which involves analysing the language used in sales documents to make them clear, transparent and effective. The initiative concerned the letters sent to customers when their policies expired and sending them their MV TPL risk certificates: the communications concerning charges to customers who used, in the event of a claim, the Auto Presto & Bene authorised repair shops, and annual yield reports of Life insurance products and claim procedure initiation reports for MV TPL.

Unipol Group's commitment is set in a context of increasing attention to the financial services market: the European Council adopted last 14 December the Insurance Distribution Directive (IDD) adapting the previous directive 2002/92/EC to the new trends of the



market in terms of distribution channels and sales methods: Member States now have 24 months to transpose it. The Directive aims to establish the necessary conditions for fair competition between distributors of products, increase the level of customer protection (especially with respect to "investment" grade Life insurance products), to identify, manage and mitigate conflicts of interest and lastly to improve the adequacy and objectivity of insurance consulting services.

The same commitment to ensure transparency and integrity in the customer offer is shown in customer care directions taken by the Diversified Companies, both in their direct offering and through the intermediary of Atahotels, and in the product catalogue of Tenute del Cerro.

Overall, for the Unipol Group, the banking and insurance Companies managed over 3.8 million contacts in 2015, of which about 3 million are attributable to Specialist Companies operating in the direct channel. The contacts resulted in managing 913 thousand formal

requests for information and assistance for the direct channel, which were almost entirely sales-related. The following chart shows the distribution of those requests for the traditional insurance companies and for bancassurance.

Requests for information and assistance by type

	2015	Impact%
Technical	158,072	39%
Life	61,010	15%
Sales	84,779	21%
Claims	74,426	19%
Other	25,783	6%
<b>Total</b>	<b>404,070</b>	

Source: Directorate-General for Legal, Equity Investments and Institutional Relations

All information collected by the Assistance Services of the Group companies is catalogued and used to improve the quality of the services/products provided according to a specific structured process for each entity.

Complaint management

The approach of all Group Companies to litigation management is geared to protecting the interests of customers, and aims to avoid, as much as possible, recourse to the judicial authorities if disputes arise with customers. Out-of-court solutions are preferred, also in order to avoid costly lengthening of dispute management time and of related costs charged to customers.

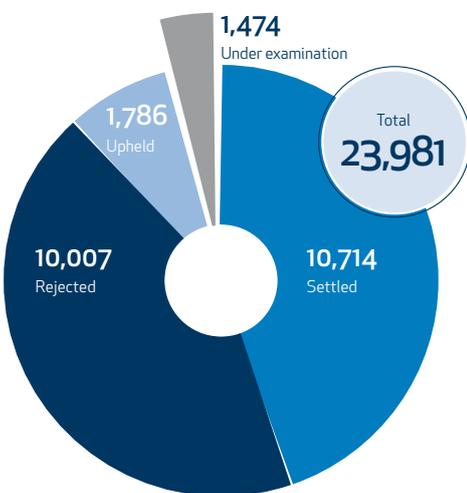
Recourse to judicial proceedings mainly occurs in the event of a clear attempt to speculate, of excessive and/or unjustified demands for compensation and other fraudulent conduct.

Therefore, the function that receives complaints and provides specialist assistance to customers is particularly important, not only to prevent or reduce the occurrence of sanctionable cases, and therefore limit the cost of sanctions resulting from claims, but especially to make customers feel that their rights are respected and protected and support the image of a Company that is authoritative and efficient so as to consolidate the good relationship over time, in particular involving contact with the Agent, the "player" that is closest to the Customer.

Claims concerning Ddor Novi Sad are not included in representations by management and area, because the allocations laid down by IVASS do not apply. 2,177 complaints were registered in 2015 by Ddor Novi Sad with an impact on the number of policies of 0.39%.

Overall, complaints increased in 2015, in particular complaints from users concerning the Claims Area increased by 17% for UnipolSai Assicurazioni compared with a like reduction of reports of claim events; Life insurance related complaints, albeit on a not particularly relevant quantity, increased by 20%.

Complaints management



Source: Directorate-General for Legal, Equity Investments and Institutional Relations

The complaints accepted, which fully recognized the user's arguments, increased by 58% also as a result of a broader reporting scope. Only considering UnipolSai, the percentage of complaints solved after the first contact was 82.8%.

Group companies have various channels through which they receive information on the needs and the level of satisfaction of their customers: the employees of the branches or the dedicated call centre operators, feed monthly statistics on the results of telephone contacts that they have with customers, and research and surveys assess the degree of satisfaction of our customers. For companies that operate in the direct channel, there are "listening" tools to grasp what is discussed on the net.

UnipolSai Assicurazioni, constantly monitors the satisfaction of customers (external) and sales contacts (internal) and has appointed to do so the market research firm AstraRicerche in order to devote maximum attention to its Customers, and to provide personalized feedback, assessing where possible the global weight on the company's portfolio using CRM analysis tools.

Furthermore, during 2015, a **customer satisfaction** survey was carried out by Cerved Group, by way of telephone (CATI) and web (CAWI) interviews, on MV TPL policyholders, specifically focused on the quality of the relationship with Agents, as concerns the service offered by the Company. The company showed a good level of satisfaction (95.9%) overall in line with the industry standard of traditional companies (95.0%). The assessment is positive also for claims management and, in particular, we note an excellent level of satisfaction in the simplicity of handling the claims.

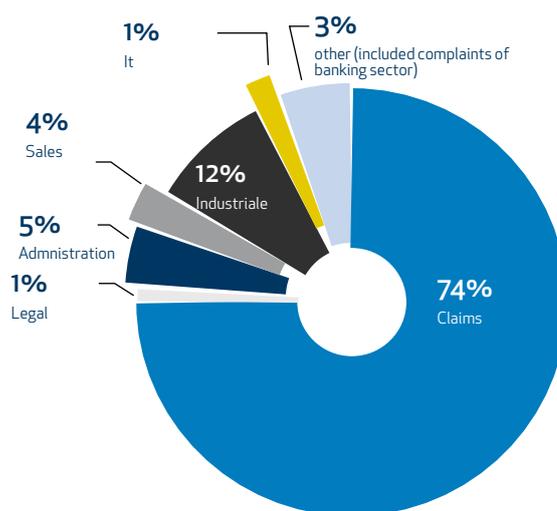
For Diversified Companies the work done by Atahotels via the "Atahotels Quality Satisfaction" (AQS) system is of special importance since it allows customers to express ratings and review the various reasons for their stay. In particular, to assess the expectations of its guests, Atahotels created a service assessment system based on the integration of internationally recognised hospitality standards and a management and operational rules model that privileges quality and the environment. In 2015 15 internal audits were carried out to verify compliance.

### Security of data and network transactions

Unipol Gruppo protects its IT and paper-based databases from the risks of loss, theft, destruction, abusive access, alteration, unauthorised circulation of data, unauthorised handling or which does not conform to the objectives of the collection, through the adoption of security measures and the definition and application of policies.

All the above activities are conducted on the basis of a periodic assessment of risks targeted at an analysis of vulnerabilities, prior to the annual planning of security initiatives in compliance with the legislation governing the security of information and personal data protection. The security measures and policies adopted primarily concern the technological infrastructures, the individuals responsible for privacy; the company documents and communications regarding measures targeted at ensuring the security of documents containing personal data, in both paper and digital form, and the documentation dedicated to agencies and to all employees in sales areas. Furthermore, all users of the technological infrastructures owned by the Group receive a Guide which, for employees, constitutes an integral part of the company regulations on protocol and the internal provisions of the Companies governing privacy. The Guidelines contain specific indications regarding the objectives and methods of the processing of personal data generated by the employees' and associates' use of the electronic tools allocated to them. Unipol Banca directly processes the personal data of third parties - actual and potential customers, associates, suppliers, etc. - and has always taken all the necessary steps to ensure the confidentiality and security thereof. The employees who process personal data are provided with specific instructions and are the recipients of constant training and refresher courses and they only acquire the personal data strictly necessary for performing the required services or for fulfilling the purposes for which the data have been collected,

Percentage breakdown of complaints by area



Source: Directorate-General for Legal, Equity Investments and Institutional Relations



by providing specific information/consent. For the insurance segment, the guidelines also incorporate the principles of conduct and the obligations for agents. It should be noted that in 2015, our Companies active in Italy received 52 complaints concerning personal data protection, with a prompt replay given. Of these complaints, 16 (5 for UnipolSai and 11 for UniSalute) were sent by the complainant to the Authority for the protection of personal data. There was also a single complaint concerning the protection of personal data related to Ddor Novi Sad.

## Personal consultancy

To help customers properly choose products, a complete, transparent and accessible communication is the first requisite. A wide range of tools was used for communications with Customers, to maximise the information made available to them and to strengthen confidence. To this end, the websites of the Group and of all the Companies are updated on a daily basis. To increase the transparency and completeness of the information provided to customers, the Group's companies have developed communication models that are consistent and support the integrated multi-channel system. Low emotional impact systems are suggested, for example within UnipolSai where the customers are invited to use the online quote generator to independently calculate their quote, and then take it to the Agency, so as to base the relationship not on a suggestive description but rather on an objective service pact. The quote generator, which has been operational since October 2013, works in observance of the complete anonymity of the potential customer, so as to avoid the use of invasive methods in the individual decision processes and, at the same time, improve the efficiency of the process by promptly providing a comprehensive and reliable response.

Over the past few years some innovative digital solutions have also been developed. The new apps have been designed to be used on mobile devices to access all services made available to them by the insurance companies, from displaying the active guarantees, the due dates and the Agency contacts, to allowing access to the most frequently used functions for instant answers 24/7. The sites were upgraded by adding new pages to support of customer services and by redesigning the product pages in order to make them more accessible. Over the past year, direct companies have added more functions to the site, to the app and also to social media, such as Linear did, to simplify access to services for customers (lodging a claim, updating documentation etc.), make them up-to-date and complete, and provide the proper answers to requests for clarification.

Digitalisation is an additional tool to accompany customers in their choice process. Therefore both the banking and the insurance sector have implemented a web-based system, respectively as home banking and home insurance, which ensures rapid response to customers and effective management of the contractual documentation. By adopting these solutions and using, for example, digital signatures and innovative tools such as smartphones and tablets, ways have been developed to support customers in choosing the appropriate products and to reduce bureaucracy and paperwork.

The Group companies use these channels to promote accurate, balanced forms of communication that cannot be misunderstood. Thanks to the new technologies, customers can obtain the opinions of experts and specialists, especially during the purchasing phase, transparently showing how cost are calculated, the conditions, premiums, commissions and the correct information on the risks related to the products.

The commitment to establish a transparent relationship, providing customers with products that suit their needs, is a fundamental topic for Unipol Group: customer retention depends on the treatment, on the services and on responsible marketing. Group companies are also present in the main social media, Facebook, Twitter, YouTube and Instagram, where commercial and useful content is provided in an informal and bidirectional manner.

On the other hand, the more traditional solutions are retained, such as the quarterly statement for marketing commercial banking products and to update customers on cultural and social initiatives.

For the specialist companies operating in the direct market, web-based communication is particularly important and therefore, more than ever, the innovation process is continuous in order to grasp the challenges posed by the market. As concepts such as clarity, transparency, speed and intuitiveness gain importance, we intend to pursue the objective of establishing a closer relationship with our customers.

Besides Internet-based activity there is a telephone Operations Centre with specialized operators and doctors always present, and

the Assistance Operations Centre.

Websites have become a fundamental element also for the direct relationships of Diversified Companies: Tenute del Cerro has set up a dedicated e-commerce portal, while Atahotels has redefined its site, paying special attention to the development of direct functionality. Lastly, to improve the ability to support our customers to understand their needs and find the right insurance solution also at agencies, UnipolSai has chosen to develop two specialized professional figures: the **SME Tutor**, to help companies to identify potential risks to which it is exposed and to find the best opportunities, and the **Family Welfare** adviser, a figure dedicated to helping people choose the appropriate solutions at different stages of their lives.

## Customer service during management and settlement

*The ambition to offer to all customers, from both traditional and mobile channels, services that match their real, individual needs, is reflected in the constant search for moments of listening and dialogue, and in support and assistance for the proper understanding and use of those products and services.*

*To this end, the Group is committed to deal with integrity and fairness in each stage of the customer relationship through timely support and precise assistance.*

*For all companies of the Group it is important to handle the after-sales phase with transparency, fairness and distinctiveness, and in the insurance sector doing so implies efficiency in the claim settling process, a fundamental moment in the construction of the value and the trust relationship with customers.*

*Support and assistance are designed to offer maximum customer satisfaction. For this purpose, we have organized training programmes for agents, focused on proper handling of customer relationships, in addition to specific support services the references of which are always stated within contracts, compliance evaluation systems of contractual documents at each stage of product development and a number of structures that evaluate quality of service, which must concern not only policyholders, but also the company's relationship with agents and partners. The set of initiatives will help us to obtain a clear view of customer satisfaction.*

*The policies put in place to ensure the process efficiency of settlement processes will ensure alignment with the best practices used by the Group and the diffusion of forms of repair directly managed by the Companies to reduce the settlement times and facilitate direct interaction with the damaged party, thus avoiding unnecessary and costly intermediation.*

*As part of the claim settling process, the Unipol Group has set up planning and control tools to guide the selection of improvement projects and to assess their effectiveness. The section dedicated to the 2013-2015 Sustainability Plan highlights the progress against the objectives identified in this regard.*

### Customer loyalty

Customer loyalty is a key lever to maintain its leadership position in the market, which is why the Unipol invests to **identify valuable services and solutions** that can provide uniquely valuable solutions, through synergies among companies of the Group.

Since 1 January 2015 UniSalute has been handling all the settlement processes of all the active health products of Unipol Group, both for the direct and indirect claims, through the use of its partner network, and will continue to manage all the new production of the Group's health policies. The choice to merge health-related activities for the entire group is due to the specialization, to the improved results and to the management capability of UniSalute. Also, in 2015, UniSalute continued to provide advice to its damaged parties, involved in accidents with Linear policyholders, to offer them free use of integrated health and social care and assistance to address the physical and psychological damage resulting from an automobile accident.

**9.8**

**Net Promoter Score** (at UnipolSai S.p.A.)  
on a market standard of 13.5 of traditional  
companies

**75.7%**

**- 1pt%** compared with 2014  
**Settlement speed of the current year**  
(at UnipolSai S.p.A.)

**29.4%**

**Compensation channelled to repairs** directly  
managed by the Company of the total  
compensation (at UnipolSai S.p.A.)

In managing minor physical damage UniSalute offers the services of its participating physiotherapy centres to Linear MV TPL policyholders, which can then therefore benefit from this innovative service. Our Diversified Companies are also committed to innovation in customer care. For example, during the 2015 Expo period Atahotels tested a multilingual "Guest Relations" function to support receptions in order to provide personalized, proactive and effective assistance to their guests during their stays.

The best measure of customer loyalty is the average length of the relationship: 25% of UnipolSai's policyholders have been loyal for over 15 years, and the percentage exceeds 67% when considering policyholders who have been customers for over 6 years. The stability of the relationship between the Group and its customers is also shown by the cross-selling ratio: again for UnipolSai at the end of 2015, each customer owns 1.67 policies on average, considering both the Life and Non-Life sectors.

Among the metrics, the Net Promoter Score (NPS, rate of promoters minus detractors) is surely also important. At UnipolSai it is positive and is 9.8 although it has a number of promoters lower than the industry average, a factor that penalizes the indicator. At Linear the NPS project underlies the relationship with its customers, every verbatim is read and used to act upon the processes in a timely and innovative manner.

## After-sales customer service

### Integrity and fairness in the response in the event of a claim

During 2015 the actions continued to make settlement and management processes more efficient and to reinforcing customer service methods and relations with the agency network.

We started the reorganization of Claims Department, that involves both the head offices and those located throughout Italy, based on the specializations by branch, with the aim of standardizing the claims handling procedures. This process is justified by the high specificity of individual insurance classes and involves the identification of a unique responsibility and a settlement process that is more focused on achieving corporate objectives. The Claims Department of UnipolSai Assicurazioni carries out settlement activities for the classes MV TPL, General TPL, Accident and Property (Fire, Theft, Technological Risk, Mechanical Breakdowns and Other Damage to Property), while for specific types of claims (e.g. Bonds, Goods in Transit, Hail, Legal Expenses, Assistance) settlement is assigned to centralised structures reporting to the Insurance General Directorate or to external providers (mainly under particular contracts intermediated by brokers or for the Assistance class). For the Health class, settlement is carried out by UniSalute. To support administrative activities, special administrative support tools have been developed for each MV and General TPL/Accident settlement macro area. Settlement activity makes use of different structures depending on the type of claim: the Call Centre, four head offices, twelve territorial macro areas that include nine metropolitan areas and 81 Settlement Centres which support the individual Settlement Units.

Settlement activity involves different parties whose actions contribute to the accuracy, efficiency and quality of the service provided. For UnipolSai Group, adjusters, claims handlers, and physicians were involved, with whom the Group decided to sign partnership agreements in the area. The result is, in Italy and abroad, a network of approved representatives, 1,347 adjusters, 488 medical experts and 1,430 lawyers.

Control and limitation of the average cost are the actions required by the Business Plan. The "black box" project with experimentation on electronic settlement is a contributor: the implementation of the use of the information contained in the black box during settlement (checking the consistency between the declarations and the actual dynamics of the event) determines

multiple benefits, first and foremost it discourages fraud (by strengthening prevention), it reduces the time needed to handle the claims and decreases settlement litigation.

Again with the aim of improving customer service, the **CPM (Medical Booking Centre)** was extended and implemented. The CPM is the reservation centre that allows coordination between the approved specialist physician and the damaged party in order to plan the medical examination to be carried out at a surgery for the timely evaluation of the physical damage suffered by the customer. The benefits of the service involve all stakeholders in the process thus reducing settlement time, encouraging direct contact with the damaged party and avoiding unnecessary and costly intermediation.

Improvement in the management of the repair process is pursued also by developing a new computer system for claims called **"Liquido"**, which makes it possible to enter data, retrieve and share information and get detailed reports so as to make the work of the claims handlers more fluid, dynamic and effective. "Liquido" is also integrated with other internal and external systems (accounting, ANIA, appointed representatives portal and many more), making it possible to profile each individual claim and to incorporate information from the portfolio on various levels of aggregation with gradually increasing detail. The introduction of the new claims system had a positive impact on all main organisation processes underlying claims acquisition, management and settlement. In particular, it offers advantages for the individual operations in terms of timely monitoring of the activities to be performed for claims handling, making it easy to understand the progress of the case. New anti-fraud management models were designed into the system, to allow timely and certain identification of fraudulent behaviour. Overall, the implementation of more careful, accurate and timely claim payment terms led to wide-ranging systemic benefits which took shape, for example, in the adjustment of tariffs in favour of the customer.

In recent years, in the face of an increasingly competitive market, characterised by strong price competition, UnipolSai has reinforced its offer to customers of a broad and high quality after sales service thanks to the expansion of Specialized Companies. Within this context, with the aim of maximising direct control over the entire claim handling process, the Company uses an innovative management model entailing the direct purchase and logistics management of spare parts, thereby controlling their procurement in a timely manner, and allowing repairs to be internalised.

In particular, through **Auto Presto & Bene**, the purchase of spare parts may be handled in a centralised manner, ensuring a quality intervention and at the same time maximising efficiency, but also further strengthening the relationship with authorised repair shops. In fact, the repair shops managed with the Auto Presto & Bene model are selected according to strict quality criteria using tools for supervising and controlling all vehicle repair activities. Altogether, compensation channelled to repairs directly managed by the Company amounted to 29.4% of the total compensation, increasing by one percentage point compared to the previous year. Auto Presto & Bene directly takes in charge the damaged vehicle and ensures the repairs made for 10 years.

In 2015, this innovative repair model was further spread. In view of the impact of the cost of spare parts on claim compensation and economies of scale achievable by the centralised management of these purchases, the financial benefits, for the company and for the customers, which may be achieved are important. Moreover, thanks to the **My Glass network**, specialising in the repair and replacement of car glasses, not only a direct service is provided to UnipolSai policyholders, but a more equitable relationship between producers and customers is guaranteed, offering an alternative to the extremely concentrated market offer.

An emblematic example of the after-sales oriented approach is provided by the **UnipolSai Service Centre**, which was an initial example of direct monitoring of the entire claims-handling process. Customer satisfaction is at the centre of various activities, which are no longer limited to settling the damage, but accompany the customer from the moment of the claim, according to his/

#### Settlement rate Non-Life business - Current year

75.7%

UnipolSai

76.2%

Liguria

81.0%

UniSalute

77.4%

Linear

68.7%

Arca Assicurazioni

Source: Management and Fiscal Control and Directorate-General for Other Companies



her preference, up to solving all the problems related to the repair and return of the vehicle. At the end of 2015, the percentage of claims settled and repaired in the Unipol Services Centre of Bologna amounted to 12% out of the total amount settled in the province of Bologna.

Lastly, the decrease in the overall number of claims reported continued in 2015, while the settlement rate<sup>1</sup> for the current period of Non-Life business was altogether down by about one percentage point.

<sup>1</sup>Settlement rate means the ratio between claims settled and claims to be settled (net of claims closed without follow-up).

Our 2013-2015 sustainability plan ended on 31 December 2015. The Group has divided the Plan for the three-year period into ten policies, one for each KPI, and the progress thereof is reported every six months and disclosed to the public on Unipol Group's website.

The three years of implementation of the Sustainability Plan were an opportunity to continue the strategic approach to sustainability in order to integrate it into the business and make it span the decision making and management processes of the Group's Business Plan. During the year, the progress statuses of the indicators making up the Business Plan and Sustainability Plan are presented at the same time, every six months, to the Senior Executives and the Board of Directors' Sustainability Committee, on which only independent directors sit.

Seven objectives out of ten were achieved: in particular we widely exceeded the targets for marketing innovative welfare services and models, which have led to the increase of 20% in the number of Life/Health policyholders; and of the number of beneficiaries of support offerings for the territory, in partnership with other social players, which increased 50%.

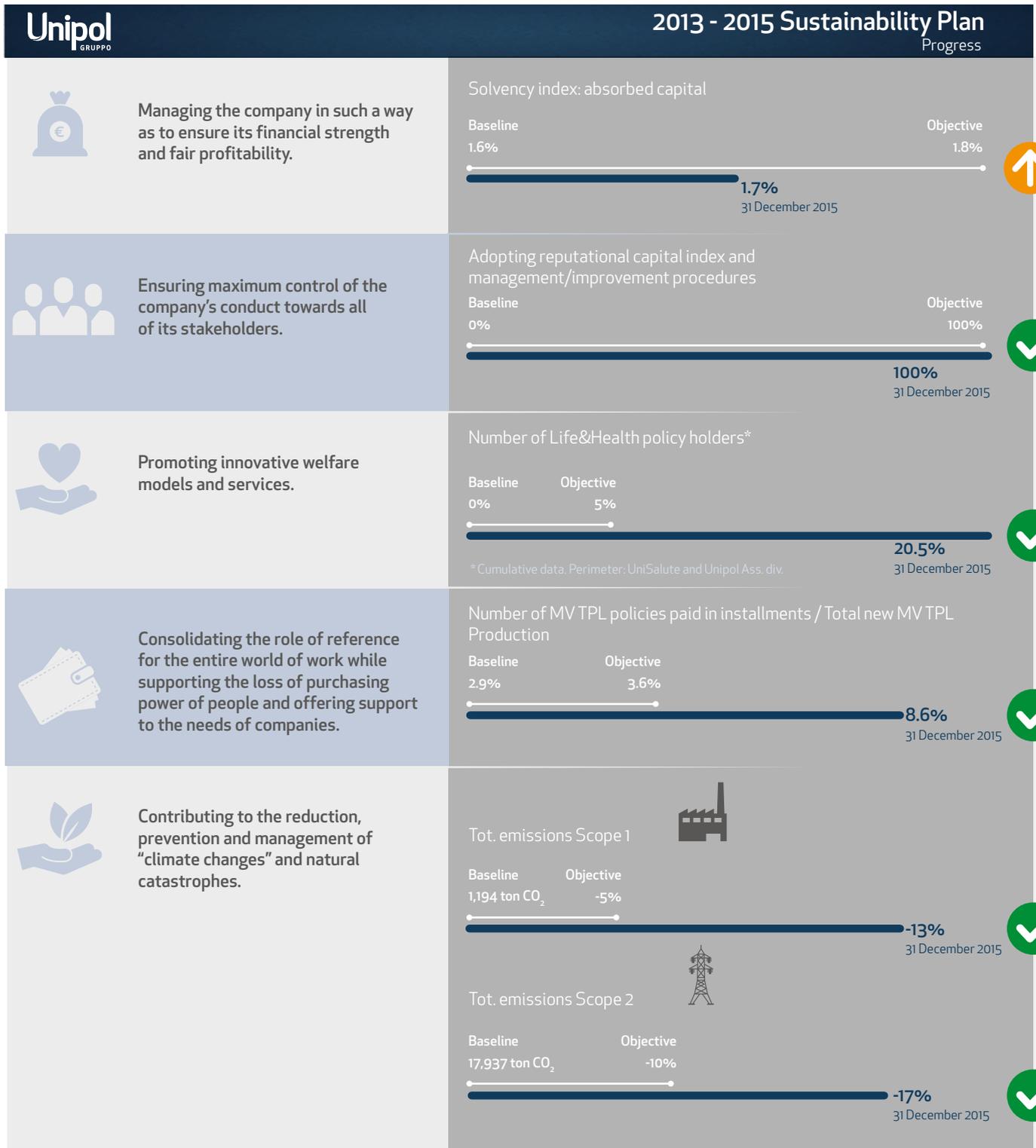
We achieved equally positive results in limiting the environmental impact, thanks to a reduction of direct CO<sub>2</sub> emissions for a consolidation area equivalent to that of 2013, amounting to almost double the goal; in selling policies payable by instalments to support the loss of purchasing power of people and businesses, which reached 9% of new policies; in the increase of customers with in-kind compensation to innovate customer service in terms both of content and of form of use.

The initiative to promote employ of young people into the world of work also reached its target, as measured by the amount of individuals under 45 in middle management and the introduction of indexes to assess reputational capital, by creating positioning maps which take into account stakeholder expectations and the responses from the Group's management, identifying strong points and areas of potential reputational risk. Among objectives that are on-going or that will end, although behind schedule, there are: exceeding the market average of the Net Promoter Score for MV TPL which is taken as a reference to innovate and improve customer relationships, and the presence in at least eight of the main sustainability indexes. In both cases the three-year period's trend is upward, but not enough to make this achievement completely achieved.

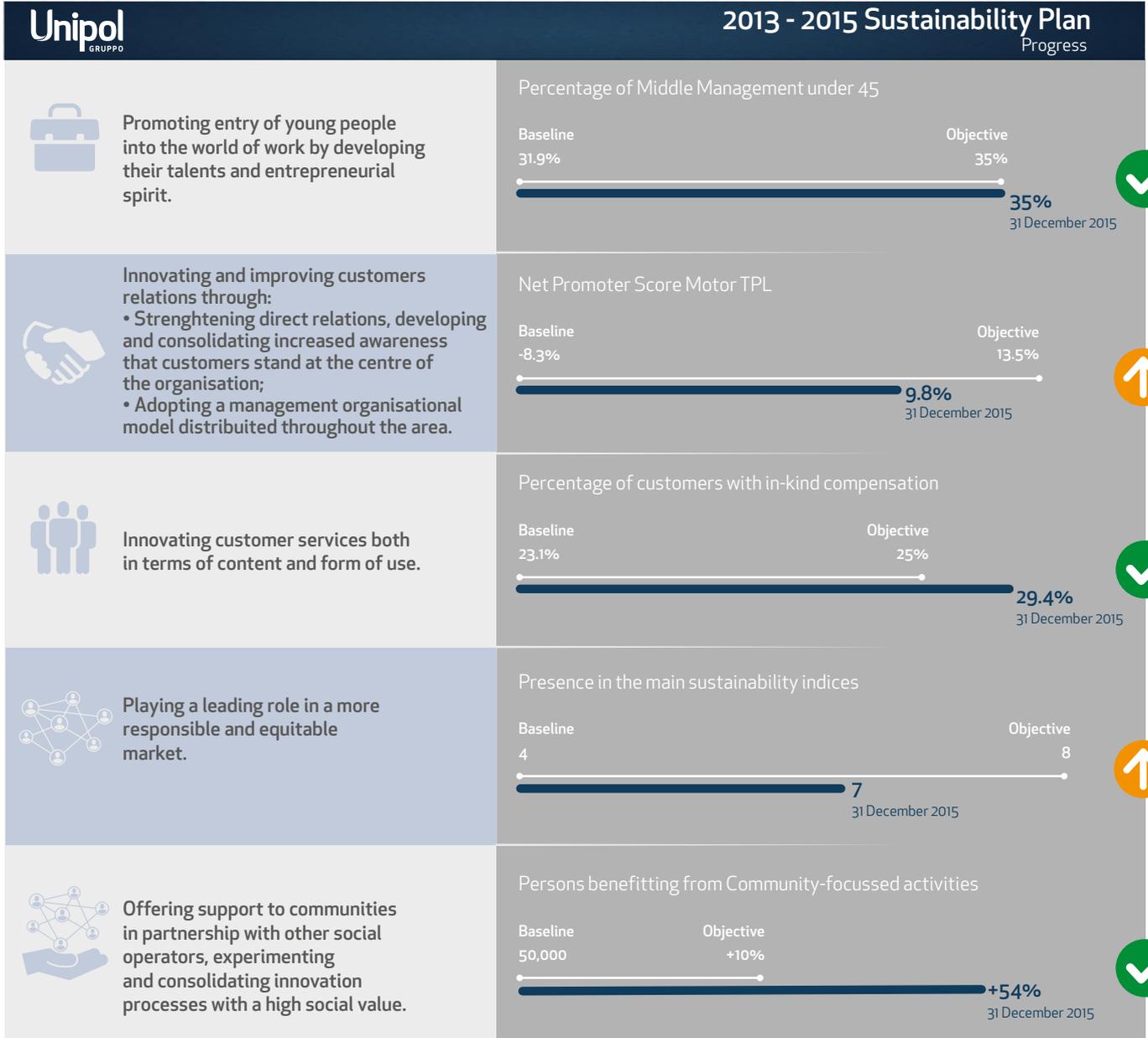
Failure to achieve the target set by the Plan in the Managing the company in such a way as to ensure its financial strength and fair profitability must be assessed in the light of the changes introduced by the Solvency II directive. Starting on 1 January 2016, the Solvency index, that at the end of 2015 was 1.70, will be determined using completely different metrics, that involve the use of Undertaking-Specific Parameters (USPs) to quantify the solvency capital requirement for technical insurance risks for Non-Life and Health, while we wait to be able to apply our Internal Model, for which pre-application work is in progress.

Actions were taken to implement each policy, and in turn they were monitored using progress and effectiveness indicators. It is made up of one hundred internal quantitative indicators that complement the current set that is already available, more and more aligned with that included in the Sustainability Report. Among the 48 actions described by the policies, 72% were successfully completed, progressing as scheduled, 28% instead have not been concluded: of these, 18% are formed, in equal measure, by actions that were abandoned and actions never undertaken, while the remaining 10% consists of actions that showed a negative trend with critical aspects concerning progress towards their sustainability objective.

Among the specific actions identified to support the implementation of the 10 policies of the Plan and successfully completed, we highlight in particular: initiation of the DERRIS (DisastEr Risk Reduction InSurance) project, funded by the EU Life fund; the end of the incubation path of "Unipol Ideas" with corporate involvement in two of the eight start-ups that participated and with their gradual involvement in the Group's activities; the launch of the "Per Gioco Non per Azzardo" ("For fun not for risk") campaign aimed at raising awareness on the risks of indiscriminate and compulsive gambling; the continuation of the activities of "Eos. Conoscere l'assicurazione" ("Eos. Understanding insurance") and the study to complete an integrated annual report of the economic, social and environmental aspects of the activities of the Unipol Group.



Baseline figures correspond to final 2013 figures  
Progress figures as is 31 December 2015



Baseline figures correspond to final 2013 figures  
Progress figures as is 31 December 2015



Target reached successfully  
OR  
Action completed successfully



Target in progress  
according to the Sustainability Plan

### Preamble

The Sustainability Committee met four times in 2015 in its role of **Ethics Committee**.

The activity carried out during the year was focussed on examining and assessing the reports that the Head of Ethics received regarding alleged infringements of the Code of Ethics as well as updating the Code itself based on the revision guidelines already established and provided by the Ethics Committee.

The need to make updates - as also highlighted in the 2014 Ethics Report - arose from the experience of actually applying the Code of Ethics from 2009 to date, as well as the need to supplement the document with clearer and more explicit references to (i) behaviours that are consistent with the most advanced and innovative international standards regarding ethics and sustainability, in accordance with the ESG – Environmental, Social and Governance criteria, (ii) a more precise description of the principles of conduct that inspire the Unipol Group in its stakeholder relations, (iii) a more specific and precise definition of “conflict of interests” and of the commitment to avoid all situations that result in such conflicts, and (iv) a more precise specification of the parties, procedures and motivations based on which the various stakeholders may send reports on alleged infringements of the Code of Ethics.

In the process of updating the Code, meetings were held with the company departments and functions most involved to discuss the various topics as well as the procedures for making the most appropriate and impactful changes to the Code. For its part, the Ethics Committee dedicated three meetings to examining revision proposals which, once they were approved, were submitted to the Unipol Group Board of Directors, which approved them at its meeting on 5 November 2015.

Following that approval, the process was immediately launched for the approval of the Code of Ethics by the administrative bodies of the various Unipol Group Companies, which will be completed next March.

Lastly, at the proposal of the Ethics Committee, at its meeting on 17 December 2015 the Unipol Gruppo Finanziario S.p.A. Board of Directors appointed the new Head of Ethics for 2016-2018.

No reports on alleged infringements of the Code of Ethics brought to light particularly critical situations, in terms of number or content. The foregoing all took place within the context of the further advancement of the process of integrating the Group Companies following the merger of the former FonSai companies and the subsequent streamlining and simplification of the corporate structure.

### Management of contacts and reports

The Head of Ethics received a total of **101** various types of requests and reports in 2015 (105 in 2014), and they were almost always received in the dedicated electronic mailbox.

They are communications and reports structured in various ways with regard to the content, reasons and aims indicated.

Specifically:

- the reports pertaining to alleged and specific infringements of the Code of Ethics totalled 4 (9 in 2014);
- reports concerning disruptions, delays and disputes in commercial relations between Group Companies and/or agencies and customers, in the settlement of claims, as well as in relations with Unipol Banca, amounted to 69 (65 in 2014). Usually these are not cases that the ethics department is responsible for, however it is standard procedure to reply to the reporting party and report that the question will be handed over to another office. If the complaint contains specific references to the Code of Ethics or if the situation presented makes it advisable, the reply is more detailed, however without extending into the heart of the matter. It should be clarified that in 2015 no situations in which reference to the Code of Ethics was well-founded were identified in this field. It can be pointed out that the reply in itself is often appreciated by the reporting party as it is consistent, in a broad sense, with the principles of conduct set out in the Code, with consequent positive repercussions on the Group's reputation;
- there were 28 contacts of various kinds (requests for information, activities referring to the corporate social responsibility topics, etc.).

### Reports of alleged infringements of the Code of Ethics

The reports received and explicitly attributable to alleged infringements of the Code of Ethics were broached and managed according to the instructions given in the Code and to consolidated practices.

The situations presented underwent in-depth examination and the other corporate structures concerned and/or drawn into them

were consulted and involved if necessary, however always taking care to maintain the utmost confidentiality as to the identity of the reporting party as well as the issues highlighted.

The following four situations were faced, in brief:

1- The tenants of a building owned by the Group (UnipolSai Assicurazioni) reported a series of issues regarding the Group's management of the building, deeming them "unfair", also in terms of a possible infringement of the Code of Ethics. The report, which moreover noted no specific infringements of the Code of Ethics, was submitted to and addressed with the Group's Real Estate Department for the appropriate investigations and responses. In this manner solutions were identified and adopted to respond to the requests put forward by the tenants, who indicated that they approved of and appreciated them.

2- In a subsequent report, separate from the previous, the tenants of the building mentioned in point 1 reported alleged improper conduct by the employees of the Group's Real Estate Department with reference to the management of activities for the sale of parts of the building. Also in this case, the situation was evaluated and managed in agreement with the Group's Real Estate Department. The situation reported, which was indeed characterised by a lack of propriety by Company employees, was dealt with promptly by the company departments concerned (Audit and Personnel), based on which severe disciplinary measures were taken against those who had acted contrary to the group's ethics and regulations.

3- A UnipolSai employee reported a particular personal situation in which discrimination and unequal treatment were alleged, involving failure to recognise the proper role. The report was checked on and investigated with particular care and attention with the Human Resources Department. It was thus confirmed that, also in relation to the delicacy of the specific situation of the party concerned, the Personnel Department dedicated and continues to dedicate particular attention and effort to this matter. Without underestimating the specific and problematic situation reported, the Ethics Committee in any event ruled out that the company adopted conducts or made choices infringing the principles of the Code.

4- A Bank employee, who in the past had repeatedly claimed infringements of the Code against his person, again reported one of the issues regarding him, within a rather complex and problematic situation characterised by a string of disputes and reconciliations. Also in this case, investigations were conducted with the Unipol Banca Personnel department to evaluate the validity of the violations alleged by the employee. It was again found that the company had done nothing to violate the Code of Ethics. Moreover, the Bank's personnel department confirmed its willingness to deal with the requests submitted by the employee on the basis of regulatory provisions and in relation to the technical and organisational requirements of the Bank, excluding any damaging and discriminatory behaviour with respect to the employee. Therefore, the Ethics Committee again notified the party concerned, as in the past, that no infringements of the Code of Ethics subject to the report had been observed.

#### Final considerations

The year 2015, the last of the three-year Business Plan launched in 2013, coincided with the completion of the integration process in the wake of the acquisition of the former FonSai Group, which led to the formation, inter alia, of UnipolSai Assicurazioni.

The Charter of Values and the Code of Ethics were confirmed as necessary points of reference for the cultivation and affirmation of a shared culture amongst all employees, agents and consultants of the entire Unipol Group and also with respect to all stakeholders.

This is even more important in this new context, which has seen Unipol Group take on a leadership role in the insurance sector and an increasingly important position within the country's economy, while also being committed to new challenges to respond to new needs and new requirements for the protection and safety of individuals and businesses, within a strategy of sustainable growth and development.

In this framework, the Code of Ethics and its implementation will make it possible not only to contribute to laying to rest the disputes and problems arising between the company and its stakeholders, but especially to spread and affirm, amongst all those who work in and for Unipol Gruppo, a corporate culture rooted in transparency, integrity, respect and responsibility.

Therefore, a particularly important decision has been taken in agreement with the Chairman's office and the Directorate-General for Personnel to embark upon a path of understanding, awareness-raising and training on the topics of ethics and sustainability in 2016, with the engagement of the entire Group and its Companies and, especially, all of the people who work and collaborate with them, starting with the senior executives.

Bologna, 10 February 2016



Unipol Group Sustainability Report is drawn up every year and in keeping with a time schedule lined up with that of the Consolidated Financial Statements. The reported figures regard the period 1 January 2015 - 31 December 2015. Some data after the year ended have been added if available and significant. With a view to better responding to the expectations of stakeholders, particularly investors and the rating agencies dedicated to SRI (Social Responsible Investing) finance, for the 2015, a summary and abstraction activity was carried out so as to prepare only one Sustainability Report of Unipol Group, which contains specific booklets dedicated to the main Companies, i.e., UnipolSai Group (with details on the businesses of UnipolSai Real Estate, including Marina di Loano, Atahotels and Tenute del Cerro), UniSalute, the Unipol Banca Group, Linear, Arca and the Subsidiaries.

While last year the reporting scope included all of the Group companies operating in Italy in the ordinary financial/insurance business segment, this year it was expanded to include the Ddor Novi Sad Group operating in Serbia, the real estate sector and the diversified companies of the hotel and agricultural sectors, excluding the medical clinics, as their specific business process requires the development of a special system of commitments, objectives and indicators. However, in the economic performance, for reasons of comparability with other reporting tools, the scope is broader, therefore coinciding with the scope of Unipol Group's Consolidated Financial Statements.

To ensure the comparability of the indicators deemed most important over time, in some cases the 2015 data have been compared with those of 2014, while the comparison is omitted when the expansion of the reporting scope made the comparison insignificant. Data prior to 2014 have not been published since the comparison would have been rather insignificant due to the profound changes that the Group structure has undergone following acquisition of the former Premafin Group.

There are no differences in the consolidation criteria applied to financial information compared to those used in Unipol Gruppo's Consolidated Financial Statements, and there is a breakdown by sector (insurance, banking, real estate and diversified) instead of by segment as in 2014.

To gather data and prepare the document, the SapSuPM information system was used with the involvement, each to the extent of their own roles and skills, of more than 160 people, including data sources and approvers.

Collecting the data and processing the document were coordinated by the Sustainability Department and involved all corporate Departments and Group companies. In certain cases, limited to a few specific areas linked to the availability of information and Report completion timing, estimates adopted based on prior year values were used. The Managers checked and approved the draft Report, which was afterwards approved by the Board of Directors.

## Document structure according to the GRI G4 Guidelines

Unipol Group's Sustainability Report has been drawn up in agreement with the GRI G4 guidelines. Its content was therefore determined following a proper analysis of materiality conducted in compliance with the guidelines. The methods adopted and the activities carried out to build the matrix are described in the "Identity" section, which also contains all information helpful for understanding the nature and size of the Group. This is followed by three sections on economic, social and environmental performance, which are internally structured based on the topics that have been classified as material following the analysis made and the information required by the GRI G4 guidelines and by the main SRI funds.

In applying the **GRI-G4 guidelines**, the topics in the Unipol Group **materiality matrix** were associated with the aspects predefined by G4 "Specific Standard Disclosure" (G4-19). Then the scope was defined (inside the organisation G-20 and outside the organisation G-21). As far as the internal scope is concerned, the material aspects were associated with the different business activities based on their importance and significance. With regard to the external scope, the analysis was made by evaluating the degree of impact of the stakeholders on the material aspect identified by Unipol and vice versa. Table GRI Content Index, available in the next chapter, provides details on the association made between material topics in the Unipol Group matrix, aspects predefined by G4 "Specific Standard Disclosure" and KPIs indicated by the GRI G4 or by other SRI analysts taken into consideration.

The materiality matrix was developed and updated based on the strategic themes for the organisation that emerged from the new 2016-2018 Business Plan, identified with the involvement of all managers and department heads between the end of 2015 and the start of 2016. At the same time, the group of stakeholders was expanded to the community and suppliers, with new engagement initiatives to identify their priorities, and the assessments of other stakeholders were also taken into consideration, such as those of financial analysts and opinion leaders, based on surveys conducted by the company throughout the year. The document's structure has been updated accordingly.

Based on the current coverage of the "Specific Standard Disclosure" indicators associated with the material aspects, the level of adherence to the GRI-G4 standard is 'In accordance' - Core.

## Assurance

In order to check conformity of the Report with the GRI4 guidelines, in line with the best international practices, it was deemed advisable to submit the 2015 Sustainability Report to a limited assurance process according to the ISAE3000 standard. Assurance is the statement provided by a third party based on explicitly referred to professional auditing principles and standards that regard observance of stated principles of accounting, in their various components.

## Additional information

This Report contains Standard Disclosures required by the GRI - Sustainability Reporting Guidelines.

Like the Financial Report, the document was published only after its approval by the Unipol Gruppo Finanziario Board of Directors on 10 March 2016. The content of the Report is supplemented throughout the year with additional information published in the sustainability section of the website [www.unipol.it](http://www.unipol.it).

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G4-FS07, G4-FS08	10, 11, 12, 13, 75, 76, 77, 79
G4-FS08	75, 76, 77, 79
<b>Active Ownership</b>	
G4-FS11	39, 40, 41, 78
<b>Local Communities</b>	
G4-FS14	48, 49, 75



## INDEPENDENT REPORT ON THE LIMITED ASSURANCE ENGAGEMENT OF THE SUSTAINABILITY REPORT 2015

To the Shareholders of  
Unipol Gruppo Finanziario S.p.A.

We have carried out a limited assurance engagement on the Sustainability Report (hereafter the "Report") of Unipol Group (hereafter the "Group") for the year ended December 31<sup>st</sup>, 2015.

### Responsibility of the Directors for the Report

The Directors are responsible for preparing the Report in compliance with "G4 Sustainability Reporting Guidelines", defined in 2013 by the GRI - Global Reporting Initiative, as described in the paragraph "Approach and methodological check" of the Report, and for that part of internal control considered by them necessary to prepare a sustainability report that is free from material misstatement, whether due to fraud or unintentional events.

The Directors are also responsible for defining the sustainability performance targets of the Group and for reporting the sustainability results, as well as for identifying the stakeholders and the significant aspects to be reported.

### Auditor's responsibility

We are responsible for the preparation of this report based on the work performed. We conducted our engagement in accordance with the "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)", issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The standard requires that we comply with applicable ethical requirements, including professional independence, and that we plan and perform our work to obtain limited assurance that the Report is free from material misstatement.

These procedures consisted in interviews, primarily with company's personnel responsible for the preparation of the information presented in the Report, analysis of documentation, recalculations and other verification procedures.

The procedures carried out on the Sustainability Report consisted in verifying its compliance with the principles for defining the contents and the quality of the Sustainability Report, set out in the "G4 Sustainability Reporting Guidelines structure". The procedures are summarized below:

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- comparing the financial information reported in the Report with the information included in the Group's consolidated financial statements as of December 31<sup>st</sup> on which we issued our audit opinion in accordance with articles 14 and 16 of legislative decree 27.1.2010 n°39, on April 5<sup>th</sup>, 2016;
- analysing, through inquiries, the governance system and the process for managing the sustainability issues relating to the Group's strategy and operations;
- analysing the process aimed at defining the significant reporting areas to be disclosed in the Report, with regard to the methods for their identification, in terms of priority for the various stakeholders, as well as the internal validation of the process findings;
- analysing the process underlying the generation, recording and management of quantitative data disclosed in the Report. In detail, we carried out:
  - interviews and meetings with the management of Unipol Gruppo Finanziario S.p.A., UnipolSai Assicurazioni S.p.A., Bim Vita S.p.A., Popolare Vita S.p.A. e Tenute del Cerro S.p.A. to achieve a general understanding of the information, accounting and reporting systems in use to prepare the Report, as well as of the internal control processes and procedures supporting the collection, aggregation, processing and submission of the information to the function responsible for the Report preparation;
  - a sample-based analysis of the documents supporting the preparation of the Report, in order to obtain evidence of the reliability of processes in place and of the internal control system underlying the treatment of the information relating to the objectives disclosed in the Report;
- analysing the internal consistency of the qualitative information described in the Report and its compliance with the guidelines identified in the preceding paragraph "Responsibility of the Directors for the Report" of this report;
- analysing the engagement of stakeholders and its results through the existing documentation concerning the significant matters arisen during the Group's dialogue initiatives;
- obtaining a representation letter, signed by the legal representative of Unipol Gruppo Finanziario S.p.A., on the compliance of the Report with the guidelines identified in the paragraph "Responsibility of the Directors for the Report", as well as the reliability and completeness of the disclosed information within the Report itself.

Our limited assurance work resulted in a less depth scope than a reasonable assurance engagement performed in accordance with ISAE 3000 ("reasonable assurance engagement") and, consequently, it does not provide us with a sufficient level of assurance necessary to become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

**Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Unipol Group as of December 31<sup>st</sup>, has not been prepared, in all its material aspects, in compliance with the "G4 Sustainability Reporting Guidelines" defined in 2013 by the GRI - Global Reporting Initiative, as disclosed in the paragraph "Approach and methodological check" of the Report.

**Other aspects**

During 2015, the Group has started a process in order to strengthen the reporting and internal control system on environmental performance data.

We suggest to maintain an active commitment to achieve this improvement which is the basis for a continuous improvement process.

Turin, April 21<sup>st</sup>, 2016

PricewaterhouseCoopers Advisory SpA

Signed by  
Paolo Bersani  
(Partner)

*This report is an English translation of the original independent report, issued in Italian. This report has been prepared solely for the convenience of international readers.  
We have not performed any controls on the Sustainability Report 2015 translation.*



**Unipol Gruppo Finanziario S.p.A.**  
Ethical and Social Responsibility

**Head**  
Marisa Parmigiani

The 2015 Sustainability Report  
was edited by:  
Daniele Giorgetti  
Andrea Saleme

Contributions to the Sustainability Report  
were provided by all the departments, units  
and companies in the Unipol Group.

Edition of 21 April 2016

The Sustainability Report  
can be improved by  
contributions from readers.  
Anyone wishing to give an opinion  
or make a suggestion may contact the  
Ethical and Social Responsibility Unit  
by sending an e-mail to:  
[sostenibilita@unipol.it](mailto:sostenibilita@unipol.it)

Revised by  
PricewaterhouseCoopers Advisory S.p.A.



Forum per la Finanza Sostenibile

Unipol Gruppo Finanziario is a member of CSR Europe, Impronta Etica and Forum per la Finanza Sostenibile

**Unipol Gruppo Finanziario S.p.A.**

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Parent of the Unipol Insurance Group  
Entered in the Register of Insurance Groups – No. 046

Parent of the Unipol Banking Group  
Entered in the Register of Banking Groups

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