



**Unipol Gruppo Finanziario**  
2013 Sustainability Report  
*Summary*



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Unipol Gruppo Finanziario  
**Sustainability Report**

■ 2013

*Summary*



## Letter from the Chairman



*"(...) The Sustainability Report 2013 – latest in a series of business reports which started way back in 1993 – tells us, with the help of precise figures, how in recent years the efforts of the people who work in and for Unipol, as employees, agents, consultants and suppliers, have continued to focus on aligning the relationship between the values fundamental to the life of our Group, the strategies, the policies and the business decisions adopted to meet the requirements of so many millions of customers – individuals, families, businesses. The results achieved encourage us to continue and redouble our efforts in the future. We are fully aware that the expansion of the Unipol Group has generated greater expectations and therefore imposes new and greater responsibilities on us. The choices that are at the centre of the Business Plan, together with the policies and objectives of the new Sustainability Plan we shall be presenting over the next few months, have the following aim and ambition: to provide a suitable response to the demands and requirements of our Stakeholders, and to take our responsibilities seriously. (...)"*

**Pierluigi Stefanini**

## Letter from the Chief Executive



*"(...) Despite the many burdensome bureaucratic and regulatory requirements, the long, demanding and laborious process that led to the birth of UnipolSai Assicurazioni safeguarded a wealth of expertise and experience. Secondly, it gave rise to the largest Non-Life insurance group in Italy – and one of the largest in Europe – able to fulfil, honestly and rigorously, its role of protecting millions of customers and the entire country from risks. We promoted and carried out this operation at a time when Italy was suffering a very serious financial and economic crisis during which hardly anybody was investing, either at home or abroad. We, on the other hand, made a different choice. For Unipol and for our country. A choice in line with our values, with an entrepreneurial philosophy that always seeks to combine the essential requirement for efficiency and profitability with social objectives by governing and managing the enterprise transparently and respectfully, whether dealing with the market or individuals. Essentially with a sustainable and hence long-term strategy. Our fundamental principle is that our duty is to maximize the value of the undertaking in order to hand it over even stronger and more competitive to those who come after us. This means pursuing growth and profitability together with an equal relationship with all the Company's Stakeholders. (...)"*

**Carlo Cimbri**

## The Unipol Group's main Sustainability factors for 2013

**€4,543m**  
distributed to Stakeholders

**41%** to agents  
**21%** to employees

### CORPORATE WELFARE

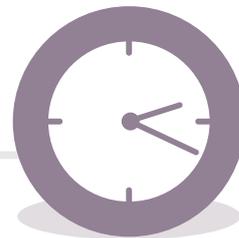
- 👍 Intercompany Kindergarten
- 👍 We Unipol - a service to improve employees' work/life balance
- 👍 Pension Fund for employees: **more than €35m** in contributions
- 👍 Welfare Fund: **more than €12m**

**410,900**  
agents  
took part in

**168,287**  
training days

in order to  
guarantee the  
professionalism of **4,313**  
agencies

**& 7,200**  
subagencies



**ESG**  
screening extended  
to investments  
in the whole portfolio  
of the former  
Premafin Group

**€50 bn**  
**99%** compliance  
with the  
criteria

OUR MANUAL  
checked by **BUREAU  
VERITAS**  
for compliance  
with the

TRANSPARENCY  
FAIRNESS  
VALUE OF THE  
LIFE PRODUCTS:  
"YOU INVESTMENT **COUPON**"  
"YOU INVESTMENT **PLUS**"

THE **1<sup>st</sup>** claims-handling  
**SERVICE  
CENTRE  
IN ITALY**  
opened in  
**BOLOGNA**

ALMOST  
**€2.5m**  
INNOVATION  
in MV insurance

IN LOANS GRANTED  
UNDER THE  
**POLICY  
PAYABLE**  
by instalments at  
**ZERO**  
rate scheme

THE NUMBER OF **POLICYHOLDERS**  
COVERED BY THE **Km Sicuri**  
(Safe Miles) Policy  
rises to **3.738.877**



**CO<sub>2</sub>**  
Emissions  
MONITORED

SCOPE 1 - 1,194 ton  
SCOPE 2 - 17,938 ton  
SCOPE 3 - 8,220 ton

ALMOST  
**€10m**  
allocated to community initiatives,  
BENEFITTING MORE THAN  
**30,000** PEOPLE



## Identity

The Unipol Group's primary objective is to improve the quality of life of its customers by providing them with protection, assistance and security throughout their lives. In order to promote and support its objectives Unipol recognises that its **Values of Accessibility, Looking ahead, Respect, Solidarity and Responsibility**, and the guidelines laid down in the Code of Ethics, which reaffirms the pursuit of policies for growth and an entrepreneurial strategy based on transparency, enable the Company to monitor its activities seriously and strictly and thus make its mark in the market and in the community.

Unipol's identity emerged even stronger from the complex merger operation with the former Premafin Group that led to the birth of UnipolSai Assicurazioni: its size and its ranking in the insurance and financial market were radically altered but the new ethics and values introduced led to its original values, which had been gradually updated and improved, being enriched and at the time same confirmed.

The work of implementing the strategic guidelines of the Joint Business Plan 2013-2015 based on improving the Unipol Group's leadership as an innovator began in 2013; highlighting the traditional brand names used in the insurance market; streamlining departments and procedures (purchasing centres, range of suppliers, single agents' agreement) in order to benefit from simplified operations and corporate structure and to bring about a complementary range of skills in Health, Pensions and the direct channel.

## Managing sustainability

Strategic priorities for sustainability were also based on the process of merging the businesses of the former Premafin Group into the Unipol Group, giving a new impulse to the gradual incorporation of sustainability when making choices of strategic importance.

In fact the two instruments provided for in the **Merger Plan**, a “Platform” and a “Workshop”, enabled the Unipol Group to make sustainability part of its identity, its vision, systems, policies and decision-making processes. The main pivotal aspects on which the Managers of all the Business Areas and the Sustainability Contacts, key figures within the Departments, concentrated were:

- Drawing up the **Sustainability Plan 2013-2015**, which supplements, assists, accompanies and guarantees the achievement of the targets of the Merger Plan, setting measurable and verifiable operational objectives for all the company departments. The principal objectives of the Sustainability Plan are innovation in procedures and products in order to offer solutions that respond to the requirements of individuals and families, extending the model of sustainable business management to the new companies in the Group in order to make sustainability a strategic lever for competitiveness in the market, focusing on the environment in risk-management and business performance and consolidating staffing policies by means of programmes for developing aptitudes and individual skills that focus on ethics, diversity, leadership, dialogue and welfare.
- Drafting the **2014 Sustainability Budget** in order to reinforce senior executives’ commitment to and awareness of sustainability.
- Redefining the scope and structure of the **2013 Sustainability Report**. As a result of the growing attention paid to sustainability by the market, institutions and international bodies, in order to lay down standards<sup>1</sup> and with twenty years’ experience of reporting non-financial information, the Unipol Group introduced into its Consolidated Financial Statements 2013 elements that comply with general drafting criteria supplemented with important information, both financial and non-financial, on strategy, governance, performance and the medium- to long-term outlook. To support the work of reporting, in 2013 more emphasis was placed on the use of SAP Sustainability Performance Management, an automated and computerized system for gathering and processing data and figures for Sustainability that guarantees an inclusive, transparent and effective process of accountability. Three activities are very important here: auditing the Sustainability Report 2013; analysing the facts in order to identify and prioritize the themes to be included in the Sustainability Report; identifying accurately the data sources for extending the scope of the Sustainability Report to include the former Premafin Group companies.
- Coming up with various ways of **promoting Ethical and Social Responsibility in the new Group** in order to raise the awareness, particularly of internal Stakeholders, of the Unipol Group’s ethos. The principal objective of both activities is still extending the governance of Ethical and Social Responsibility to the entire Group, fully integrating sustainability into daily activities and effectively communicating shared values and the principles of sustainability to Stakeholders.
- Progress of **product innovation**. In particular work continued on integrating climate change into strategies and the range of products, and the Finance Department continued to improve the management of environmental and social risks by drawing up policies to regulate sensitive sectors. Particular attention was paid to developing ways of supporting and accelerating social innovation in order to sustain and promote the founding of start-ups linked to Unipol’s core business.

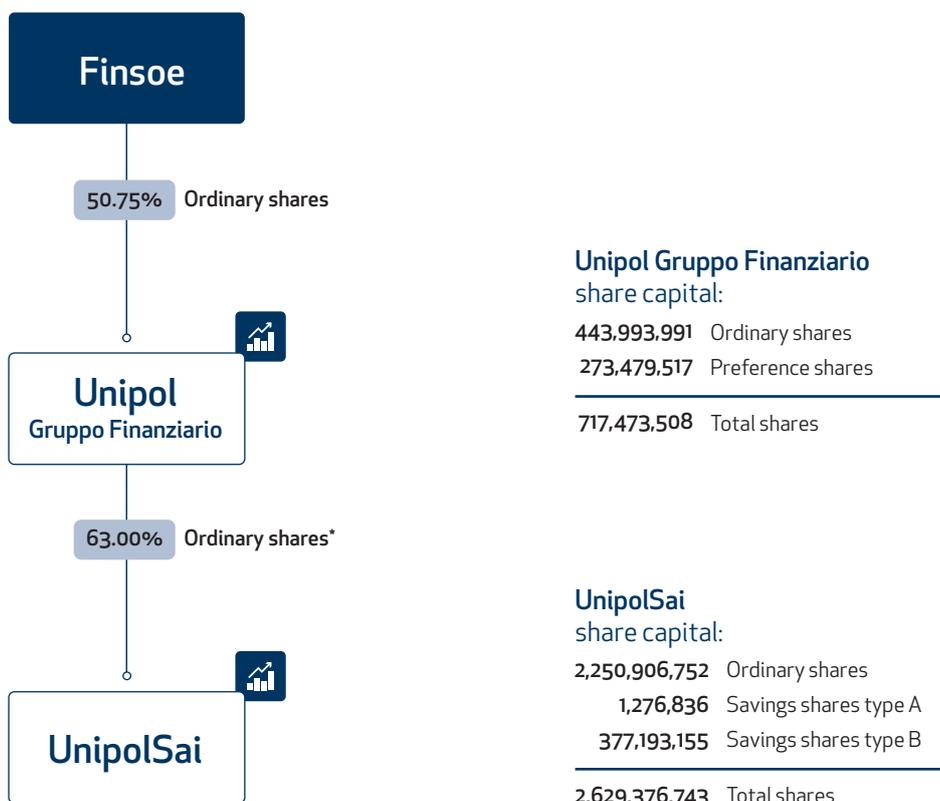
<sup>1</sup> - At European level, in addition to the Commission’s 2011 Communication on CSR, which mentioned the direct correlation between companies’ sustainability and competitiveness, a draft European Parliament Directive for reporting non-financial information in order to increase transparency was published in October 2013. Other major factors during 2013 were the publication and approval of the new version of the standard for reporting non-financial information, Global Reporting Initiative (GRI-4) and the developments on integrated reporting made by the IIRC (International Integrated Reporting Council), which provided a framework for combining financial, environmental, social and governance information clearly, concisely, coherently and comparably.

## Group structure

Unipol Gruppo Finanziario S.p.A. is controlled by Finsoe S.p.A., which has consistently held 50.75% of its ordinary share capital. In turn Finsoe is controlled by businesses that belong to cooperatives and are leaders in various sectors (large retailers, construction and services).

Unipol Gruppo Finanziario S.p.A. holds 63% of the ordinary shares of UnipolSai, founded on 6 January 2014 from the merger of Unipol Assicurazioni S.p.A., Milano Assicurazioni S.p.A., Premafin S.p.A. and Fondiaria-SAI S.p.A.

## Shareholder structure



\* Unipol Gruppo Finanziario also holds 67.75% of savings shares type B issued by UnipolSai through the subsidiary Unipol Finance.

 Listed companies

Unipol Gruppo Finanziario S.p.A., listed on the Stock Exchange, is the holding company at the top of the Unipol Group and manages and coordinates all the other subsidiaries.

The Unipol Group operates in three segments: Insurance, Bancassurance and Banking. Insurance covers the subsidiary UnipolSai Assicurazioni S.p.A., which is also listed on the Stock Exchange,

Linear Assicurazioni, UniSalute, Linear Life, Liguria Assicurazioni and Dialogo.

In Bancassurance the Group operates through the Arca Group with Arca Vita and Arca Assicurazioni and with BIM Vita, Incontra Assicurazioni, Popolare Vita and Lawrence Life Assurance.

In Banking the Unipol Group operates through the Unipol Banca Group and the BancaSai Group.

Details of the companies are shown in the organization chart included in the full version of the Sustainability Report (see <http://www.unipol.it/CSR/Pagine/CSRHome.aspx>).

## Governance and control system

Unipol Gruppo Finanziario's system of **governance** is based on a clear distinction between management functions and those of guidance and control and on a traditional organizational model with a Board of Directors, a Board of Statutory Auditors and a Shareholders' Meeting as its principal corporate bodies.

The new organizational structure of UnipolSai Assicurazioni S.p.A., arising from the merger by incorporation of Unipol Assicurazioni S.p.A., Premafin HP S.p.A. and Milano Assicurazioni S.p.A. into Fondiaria-SAI S.p.A., was drawn up in line with the organizational structure of the Group and based on the model already implemented in the merged companies. The various business areas were reorganized during 2013, replicating the same organizational model in Unipol Assicurazioni, Fondiaria-SAI and Milano Assicurazioni in view of the merger and at the same time also standardizing the power structure.

For more detailed information please see the Corporate Governance section of the website [www.unipol.it](http://www.unipol.it), which contains the By-Laws, the Regulations governing Shareholders' Meetings, the Code of Corporate Governance, the Annual Reports on Corporate Governance and the composition of the company bodies.

However the Self-Governance Code is on the website of Borsa Italiana S.p.A., [www.borsaitaliana.it](http://www.borsaitaliana.it).

The Unipol Group's **internal control system** includes rules, procedures and organizational structures and is split into several levels: the **Internal Audit** department, the **Compliance** department and the **Risk-Management** department. The first carries out an annual audit of Unipol Gruppo Finanziario and the subsidiaries and reports to Unipol Gruppo Finanziario' Board of Directors, which fixes its duties, powers, responsibilities and reporting procedures.

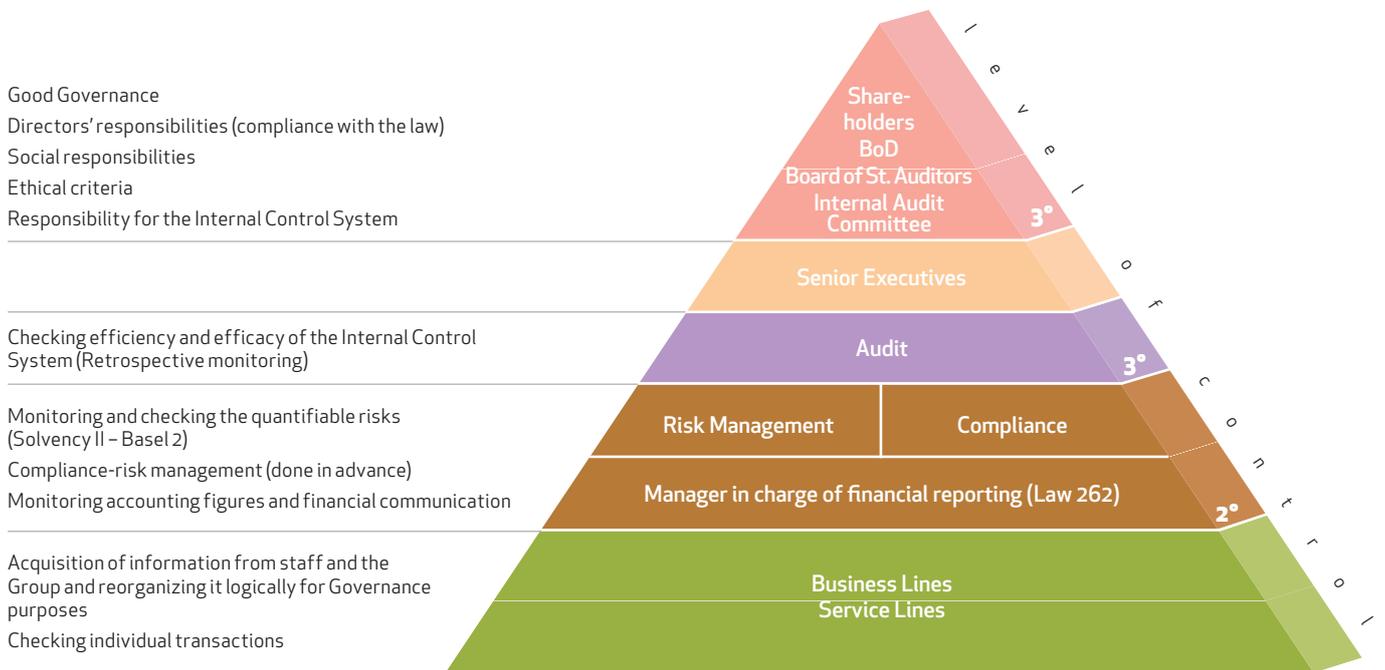
The aim of the **Compliance** department, which is responsible for evaluating the suitability and efficacy of procedures, processes and internal organization, is to prevent the risk of incurring penalties, loss of equity or damage to the Group's reputation. In implementing the internal control system the Compliance department liaises with the Anti-Money-Laundering section, which continuously monitors activities to ensure that the provisions of Legislative Decree 231/2007 are observed, and with the Manager in charge of financial reporting.

The **Risk-Management** department reports to the Board of Directors and is responsible for evaluating the combination of the various risks at Group level, helps Senior Executives to evaluate the structure and efficacy of the Risk-Management System, reports its conclusions to the Senior Executives and the Board of Directors, highlights any deficiencies and suggests ways of resolving them in line with the best market practices and in accordance with the regulations laid down by the Supervisory Authorities. As well as monitoring risks and drawing up regular reports on the results of controls (monitoring risk appetite, Investment Policy limits etc.),

during 2013 the Unipol Group continued to refine the Solvency II internal model and to use it to calculate and monitor the risk and to support the various business departments.

A unit dedicated to managing emerging and reputation risks was set up within the Risk-Management department. The management of these risks is in fact part of the Group's overall risk-management system (ERM framework). The approach to emerging-risk management was strategic in that both risk and opportunity were considered and risks were managed with the dual objective of ensuring that the Group would be protected from future threats and at the same time enabling the Group to be proactive by grasping fresh business opportunities, anticipating the most significant trends in order to develop a competitive edge.

### Model of Risk and Control Governance



## Consolidated Financial Statements

The Unipol Group ended 2013 with a consolidated profit of €188m, which, in addition to the loss in Banking, was affected by the €145m set aside for the agreement on the Plan of access to the Community Fund for the insurance sector relating to rationalizing the workforce entered into with the union representatives and by the €73m increase in tax as a result of the Government raising IRES by 8.5% at the end of 2013. From an operational point of view this result cannot be compared with 2012 (€426m), which had included the contribution of the recently acquired companies for only the second half of the year.

In Insurance business there was a significant fall in the number of claims, partly as a result of a year in which there were no natural disasters of note but mainly owing to an improvement in the level of the provisions for previous years' claims resulting from substantial increases made to them in recent years. The following results were achieved during 2013:

- In **Non-Life business** direct premiums exceeded €9.8bn. MV TPL premiums amounted to €5,226m, €2,052m from the companies in the Group before acquisition (-7.3% compared with 2012) and €3,174m from the recently acquired companies (-12.8% compared with 2012 on a like-for-like basis). Non-MV premiums totalled €3,835m, €1,702m from the companies in the Group before acquisition (a slight increase of 0.1% compared with the previous year) and €2,133m from the recently acquired companies (-3.5% compared with 2012). The decrease was linked to the completion of the work of reorganizing the portfolio of Fondiaria-SAI's corporate segment.
- The expense ratio<sup>2</sup> for direct business, which was 24.7%, was affected by the recording of several merger costs, already provided for in the business plan, and, in the case of MV TPL, the costs associated with the "black boxes", this year entirely borne by the companies, and the costs of commissions on the "zero-rate finance" product granted through a Group banking company. There was also a greater incidence of Unipol Assicurazioni variable commissions linked direct to the improvement in core business. The Group recorded a combined ratio<sup>3</sup> (direct business) of 92.9% on 31 December 2013 compared with 101.1% in 2012.
- In **Life business** direct premiums showed particularly high growth, reaching €6,983m at the end of the year, €3,024m from the companies in the Group before acquisition (+20% compared with 2012) and €3,958m from the recently acquired companies (+8.3% compared with 2012 on a like-for-like basis). These increases were also helped by the reduction in market interest rates, which made the range of insurance products with guaranteed minimum yield very attractive. This type of business benefited in particular from the increase in the Bancassurance channel (+17.7%).

As for **asset management** in Insurance business, the financial markets' renewed trust in the country together with prudent investment policies aimed at maintaining an appropriate balance between risk and yield and hence between assets and liabilities to policyholders generated a significant gross return through profit or loss for the Group of more than 4.6% of the assets invested.

In **Banking** direct customer deposits remained largely the same as on 31 December 2012, with an improvement in the balance between sources of funds and lending to customers, compared with a slight drop in receivables from customers in accordance with guidelines that continue to give preference to rebalancing equity and the focus on retail and small businesses. Lending to customers amounted to €10,398m on 31 December 2013 whilst customer deposits totalled €10,809m.

As a result of the robust policy of accruals to provisions on receivables and thanks to a total write-down of goodwill recorded by the Bank, largely attributable to costs for past acquisitions of bank branches, the result for the period of both the Unipol Banca Banking Group and the BancaSai Group was negative, though there was a substantial improvement in the level of cover of deteriorated loans which, in the case of bad and doubtful debts at Unipol Group level, exceeded 50% at the end of 2013 compared with 36.9% in 2012.

<sup>2</sup> - The incidence on direct written premiums of operating expenses gross of commissions received from reinsurers and investment-management expenses.

<sup>3</sup> - This indicator measures the balance on Non-Life core business and is the sum of the expense ratio (the ratio between total operating expenses and direct premiums written) and the loss ratio (the ratio between the cost of direct claims for the period and direct earned premiums).



Amounts refer to  
Unipol Group and  
former Premafin Group

## Summary of the most significant Group figures

Source: 2013 Consolidated Financial Statements

<i>in €m</i>	<b>2013</b>
Direct insurance premiums	16,804
Direct customer deposits	10,809
Net premiums	16,581
Net commissions	89
Net returns on investments (*)	1,661
Net charges relating to claims	-14,016
Net administrative costs	-3,083
Pre-tax profits	520
<b>Consolidated result</b>	<b>188</b>
<b>Net result for the Group</b>	<b>-79</b>
<b>Comprehensive result</b>	<b>450</b>
Investments and cash equivalents	74,109
Technical provisions and financial liabilities	72,916
<b>Equity attributable to owners of the Parent</b>	<b>5,414</b>

(\*) Excluding net income from financial assets and liabilities recorded at fair value in the Life sector.

As for **Property**, 2013 was dedicated to becoming familiar with the assets acquired, primarily by recording their features and specific nature, as well as drawing up the relocation strategy to be implemented over the next three years. The total value of the Group's property assets in 2013 was €4,862.8m, almost 50% of its offices. Approximately 75% of these assets were acquired as a result of the merger with the former Premafin Group. The property assets are characterized by a significant proportion of buildings that require upgrading in order to function in the best possible way. The processes of upgrading property have a considerable effect on sustainable development in three areas:

- the commitment to upgrade not only buildings but also skills and the surrounding areas;
- abandoning the predominant model of purpose, which has seen an unsustainable increase in the proportion of property used as offices, and replacing it with policies of using urban spaces, both public and private, for living and for work;
- the complete overhaul not only of property facilities but also of infrastructure in order to promote and carry out ecologically sustainable construction, particular attention being paid to reducing consumption and CO<sub>2</sub> emissions.

## Added value

**Net total added value was €4,543m** in 2013. This figure, the ratio between production revenues on the one hand and the costs of providing insurance and banking services and purchasing goods and services on the other, is not comparable with previous years since 2013 was the first year in which the Unipol Group had been considered as a whole.



Amounts refer to  
Unipol Group and  
former Premafin Group

### Distribution of added value

in €m

Source:  
Administration, Planning and  
Control, Operations Dept.

	2013
Staff	990
Agents and other intermediaries	1,937
Contractors	556
Government	562
Financial backers	177
Shareholders and members	355
Retained by the Company	-167
Community	132
<b>Consolidated net added value</b>	<b>4,543</b>

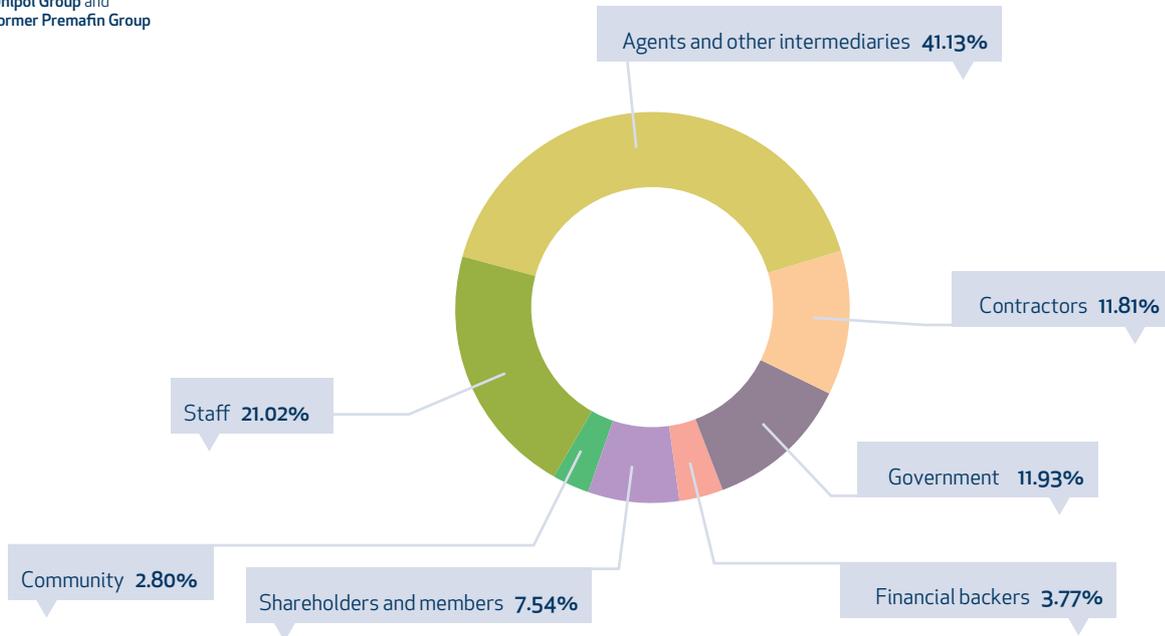
As for the **distribution of added value** to the various categories of Stakeholder, the **greatest proportion was redistributed to agents and distributors (41%) and to employees (21%)**: the agents' share was due to the fact that insurance uses a sales network consisting of third parties who operate on the basis of a mandate. This year the added value for shareholders and members was 7,5% despite the added value retained by the Company being slightly negative, having been affected by the loss made by the Unipol Banca Group and the Parent's negative IAS result, compared with a positive unconsolidated result that made it possible to distribute dividends. The added value distributed to the Government, mainly corporation tax, was positive this year since the Companies in the Group ended 2013 with positive results that brought them above the tax threshold.



Amounts refer to Unipol Group and former Premafin Group

### Percentage distribution of added value in 2013 (\*)

Source: Administration, Planning and Control, Operations Dept.



(\*) Only the categories of Stakeholder to whom added value was actually distributed were taken into account when the percentage was calculated.

### Shareholders

At the end of 2013 Unipol Gruppo Finanziario's share capital was €3,365.3m and consisted of 717,473,508 shares, 443,993,991 of them ordinary shares and 273,479,517 preference shares.

Fondiaria-SAI's share capital was €1,194.6m and consisted of 920,565,922 ordinary shares, 1,276,836 savings shares A and 321,762,672 savings shares B.

Milano Assicurazioni's share capital was €373.7m and consisted of 1,842,334,571 ordinary shares and 102,466,271 savings shares.

As a result of the merger with the former Premafin Group, UnipolSai's share capital amounted to €1,977.5m, subdivided into 2,629,376,743 shares, 2,250,906,752 of them ordinary shares, 1,276,836 savings shares A and 377,193,155 savings shares B.

Unipol's **market value** almost tripled in 2013, from approximately €1bn to almost €3bn. The market value of Unipol ordinary shares rose from €675m to €1,929m whilst preference shares rose from €366m to €1,004m.

As for the **performance of the shares** on the Stock Exchange, all the Unipol Group's securities recorded a substantial rise during the year.

Unipol's ordinary shares were 189% up at the end of 2013 and its preference shares 174%.

Fondiaria-SAI shares also performed positively (ordinary shares being 151% up, savings shares A 129% and savings shares B 208%), as did Milano Assicurazioni shares (ordinary shares 157% up and savings shares 209%) and, to a lesser extent, Premafin shares (39% up).

Business profitability and the strength of the solvency benchmarks made it possible to **distribute dividends** for the year:

- in the case of the Unipol Group a total of €120m (a payout of 82.3%), corresponding to €0.1615 per ordinary share and €0.1815 per preference share;
- in the case of UnipolSai Assicurazioni S.p.A. a total of €550m, corresponding to €0.19559 per ordinary share, €19.64133 per category A savings share and €0.22497 per category B savings share.

### Unipol in Sustainability Indices

In the world of share indices, Sustainability Indices concentrate on the financial performance of securities that use social, environmental and governance criteria (*ESG analysis*). For Unipol to be admitted to this specific category of share index it was important to obtain a positive external score for sustainability policies adopted; it was also important to provide investors in pension funds and managers of ethical funds with standardized tools for choosing in which businesses to invest.

Unipol has figured on three sustainability indices for several years:

- The AXIA Sustainable Index, an index consisting of the companies listed on the Italian market that have high standards of environmental, social and corporate-governance policies. The rating allocated to the Group is 69.1 points, or A++.
- ECPI EMU ESG Equity consists of 300 highly capitalized companies in the Eurozone that have high scores based on approximately 100 ESG indicators.
- The FTSE ECPI Italia SRI benchmark covers a group of securities made up of the sum of the FTSE MIB and the FTSE MID CAP INDEX (100 securities).

In July 2013 Unipol was also admitted to the Standard Ethics Italian Banks Index, which measures the quality of governance of listed Italian banks on the basis of 11 major indicators the benchmarks of which are recognised as being equivalent to the institutional and voluntary information provided by the EU, the OECD and the United Nations and based only on official and accessible documentation. Unipol's weighting in the Index is 4.7% and it is ranked tenth out of 23. Unipol's rating is 32 points out of a maximum of 55.

The value of shareholders' investments was also increased by means of a prudent **financial-management** policy: in 2013, in accordance with the guidelines laid down in the Investment Policy, preference was given to investing in bonds. However in the non-government component of the portfolios the focus was on investing in securities characterized by low volatility and expectations of a high dividend.

Confirming its commitment under the Sustainability Plan 2013-2015 to combine economic and profit objectives with social, environmental and governance objectives (ESG approach), the Group extended the **evaluation of the level of inclusion of criteria and objectives of social responsibility and sustainability in the Group's investment portfolio** to the former Premafin Group companies.

The survey related to investments in listed and unlisted financial instruments, excluding Investment Trusts (unit trusts set up and managed by SGR, Open-Ended Investment Companies), made direct by UnipolSai Assicurazioni S.p.A., on its own account or on behalf of the companies in the Unipol Group and the Parent, Unipol Gruppo Finanziario S.p.A., including investments in assets held as a hedge against technical provisions, consisting of investments in open-ended pension funds and unit-linked investments managed direct by the Group. Also included were investments in the equity of the companies in the Banking Group.

On this basis almost €50bn of investments were subjected to sustainability screening (€23.5bn belonging to the former Unipol Group and €26bn to the former Premafin Group) compared with €21bn in 2012.

On 31 December 2013, 99% of such investments fulfilled the exclusion criteria on which screening is based (98.8% of those belonging to the former Unipol Group and 99.2% of those belonging to the former Premafin Group).

The remaining 1% of the portfolio (1.2% belonging to the Unipol Group before acquisition and 0.8% to the former Premafin Group) was constantly monitored and was made up partly of securities that did not meet the requirements and partly of securities not yet covered by the Sustainability Consultant.

In drawing up its investment policy Unipol also paid a lot of attention to the question of speculation on the agricultural commodities market, (soft commodities), which is responsible for the volatility in food prices. The Unipol Group publicized its total lack of speculative interest and investments of any kind in the agricultural commodities market. The Group has not operated in these markets either on its own behalf or on behalf of customers. Nor in its entire history of investing in property has the Group ever acquired land in any emerging country, and it can therefore affirm that it has never carried out any land grabbing, in other words large-scale coercive expropriation of land in developing countries. The Group prefers to adopt a precautionary approach and to protect the rights of the weakest.

More details of the Group's Socially Responsible Investment policy are given in the Sustainability in Practice section of the website <http://sostenibilita.unipol.it/BilancioSostenibilita>.

At the same time as attention was being paid to the ESG criteria, in 2013 the Group also continued to invest in businesses that reconcile profitability and risk-management objectives with social and environmental sustainability. In particular Unipol maintained its presence in businesses active in the green economy, mainly renewable energy, and continued to invest in social housing through the Housing Toscano Fund and the Polaris Parma Fund 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. At the end of 2013 this type of investment amounted to approximately €24m.

Pension Funds are another indirect way of promoting a sustainable and ethical economy, since by investing prudently they reward businesses and countries that meet certain ethical and environmental standards. As for Supplementary Pension Schemes, the Unipol Group manages both Occupational Pension Funds (with total assets of approximately €3.7bn), €1.4bn in subfunds with a specific ethical mission, and Open-Ended Pension Funds, where more than €60m of assets were managed according to socially responsible criteria, an increase of 13% compared with 31 December 2012 (€53.8m). More information is shown in the "Your Savings" - "Pensions" - "Unipol Division" - "UNIPOL INSIEME" sections of the website [www.unipolsai.it](http://www.unipolsai.it).

Finally, Unipol pays a lot of attention to being proactive in its role of shareholder in order to foster values of sustainability and social responsibility within the companies in which it invests. Unipol takes a particularly active part in Euresa, advising the general meetings of shareholders of four Italian listed companies on how to vote. Another way of communicating with the investor community in order to ensure that the features of investment are absolutely transparent and fully understood is by holding meetings between senior marketing managers and customers of Unipol Assicurazioni's Supplementary Pension Schemes and between the Finance Department and customers with funds administered by Unipol Banca.

# Social performance

## Staffing

### Staffing trends

On 31 December 2013 the Insurance and Financial companies in the Unipol Group in Italy had a total of **12,249** employees, 4,547 of whom worked in the former Premafin Group companies. To this figure must be added 2,981 employees of the diversified companies, foreign companies and other companies not included in the scope of the Sustainability Report.

**The turnover index**, which is the ratio between the sum of new recruits and leavers and the total number of employees, is 4.4% and is similar in both types of company. In the Unipol Group before acquisition it was 4.2%, down from 7% in the previous year.

In carrying out the reorganization that was a feature of 2013 the Group deemed **internal mobility** to be an opportunity for professional development and for expertise to be recognised. There were 526 transfers in Insurance business and 438 in Banking business in the Unipol companies alone.

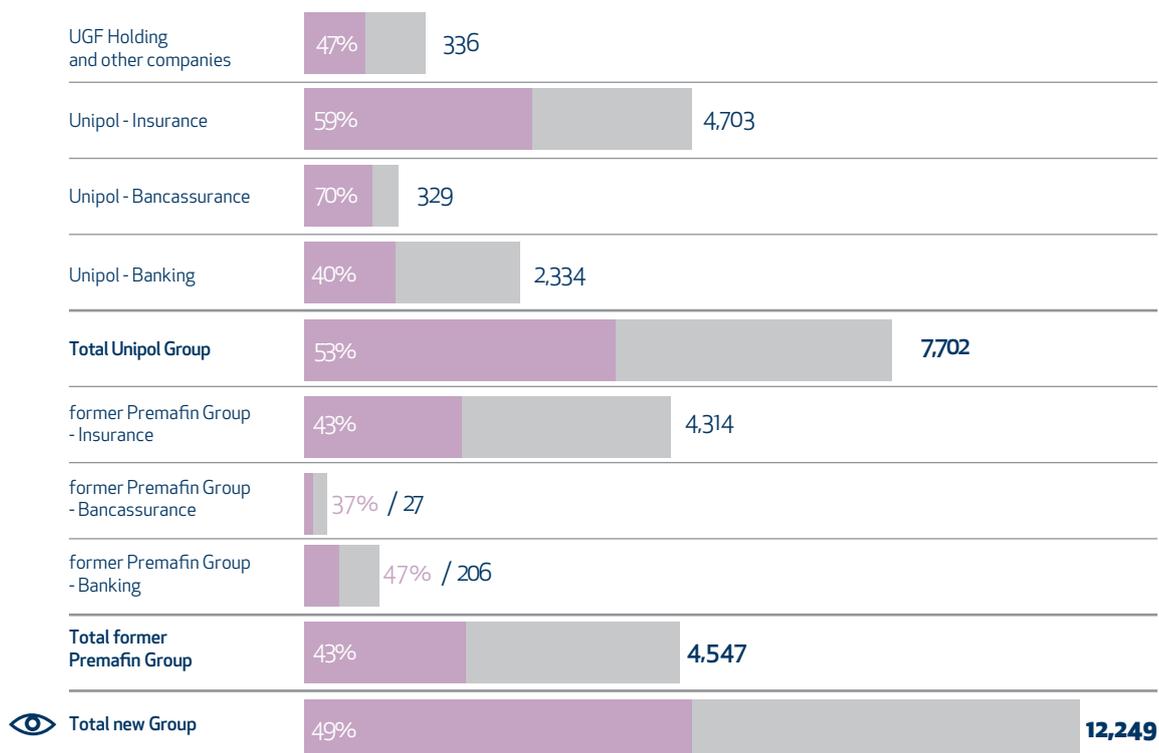


Amounts refer to Unipol Group and former Premafin Group

Total  
% women

### Employees by type of business

Source: Human Resources and Organization Dept.



Despite the difficult macroeconomic situation and the organizational changes introduced in 2013, which required the maximum possible integration between the various companies in the Group, Unipol continued to invest in new jobs, recording an increase of 40 employees in the Unipol companies pre-merger compared with 2012 and 317 new recruits in the whole Group.

## Employee health and safety

In order to ensure health and safety in the workplace, the Health and Safety Department develops and coordinates risk assessment, monitoring and problem-solving associated with preventing the ill-health and safeguarding the health of employees on behalf of all the companies in the Group.

As well as monitoring property, which led to improvements being carried out to buildings and facilities, **voluntary health initiatives** continued in 2013. Throughout 2013 more than 2,300 initiatives to prevent the ill-health and protect the pre-merger Unipol Group employees were carried out, with campaigns targeted at employees and their families as a complimentary service. The campaign against skin cancer reached 1,183 people, the prevention of cardiovascular disease 246, cervical smears 104 and vaccination against seasonal influenza 449.

In 2013, as part of the structured programme of **training courses on Safety** for all employees, classroom-based and e-learning sessions were organized and involved 2,285 participants throughout the Group and a total of 1,612 participant days.

A total of 2,766 regular **health checks** were carried out in the Unipol pre-merger companies and 159 examinations were carried out by specialists in the Insurance companies alone.

## Security training

Source: Human Resources and Organization Dept.

	2013	2012
	Unipol Group total	Unipol Group total
<b>Classroom based</b>		
<i>Participants</i>	1,593	959
<i>Participant days</i>	1,310	1,603
<b>Distance learning</b>		
<i>Participants</i>	692	7,413
<i>Participant days</i>	302	1,446
<b>Total participants</b>	<b>2,285</b>	<b>8,372</b>
<b>Total days</b>	<b>1,612</b>	<b>3,049</b>

There was a distinct drop in absence because of **accidents at work** in 2013 (2,425 days compared with 3,333 in 2012). There was also a considerable drop in the number of accidents, from 152 the previous year to 120 in 2013, bringing the percentage of the number of accidents as a proportion of the number of employees down to 1.6%. The incidence of accidents while on the move remained high, as a result of which the Group once again offered specific training to raise employees' awareness of road safety.

## Number of working days lost to accidents

Source: Human Resources and Organization Dept.

	2013		2012		2011	
	Total	While on the move	Total	While on the move	Total	While on the move
Total Unipol Group	2,425	1,698	3,333	2,940	2,698	2,353

# Social performance

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## Corporate welfare

All Group employees, whether or not in a managerial grade, are encouraged to join both a **Pension Fund** and a **Welfare Fund**.

The Pension Fund for Unipol Group employees and the Arca Previdenza Open-Ended Pension Fund had 5,125 members on 31 December 2013, 220 of them former employees who continued to be voluntary members of the supplementary pension scheme. Contributions paid by both the companies and the members amounted to approximately €25m.

The Welfare Fund for Unipol Group employees had 5,166 members on 31 December 2013. Approximately €9m was paid in contributions in 2013, €1m of it by employees.

Supplementary pensions for Unipol Banca employees are provided by the Sector Pension Fund, which had 2,255 members in 2013. Total contributions paid (for 2013) by the Company and employees and for employees' leaving entitlement amounted to more than €10m. Unipol Banca's supplementary health assistance scheme is based on membership of the Assicassa International Welfare Fund, to which 2,209 employees belong, with payments totalling more than €3m, €300K paid by employees.

## Inclusion and recognising value

Amongst the HR policies implemented by the Group aimed at sustainability were initiatives that recognised the value of individuals, and women in particular, in various ways. Within the scope of the Sustainability Report **women accounted for 49% of the total workforce** and the proportion of women in the companies in the Unipol Group before acquisition rose to 53%, confirming that women were in the majority, as noted in 2012.

15.5% of women were in positions of responsibility (junior executives and managers), 18% before the merger and 13% in the former Premafin Group.

Women made up most of the call-centre staff (more than 81%) and there was an increase in both absolute and percentage terms.

In the Unipol Group before acquisition alone the number of employees working part-time rose, continuing the trend of the previous three years, 89% of them women, as in 2012.

As well as consolidating key elements during the last few years, such as flexible working and an intercompany kindergarten for employees in the Bologna offices, the new 'we Unipol' project was developed in order to improve the **work/life balance** by offering employees services to make it easier to balance professional requirements and those of private life. There are two new corporate-welfare services, designed in partnership with local individuals and membership organizations, Services for Individuals and Time-Saving Services. At this stage these services have been introduced in the Bologna area only but the intention is to extend the model to all the Group's main offices.

During 2013 **training courses** for the employees of all the companies in the Group were developed and coordinated with the dual aim of continuing and completing the training courses already begun, including those in the former Premafin Group, and at the same time supporting the initial initiatives drawn up under the merger with Unipol. Training for all the companies in the Group had involved a total of 22,692 participant days by 31 December 2013. Participant days in Unipol before acquisition totalled 17,670: 7,755 in Insurance and 9,915 in Banking. If e-learning is included, the total was more than 26,000. Total investment before acquisition was €2.1m, which provided an average of 26 hours of training for each employee (including those in the Call Centres). The average investment in training per employee was €273 and the average number of hours of training provided per employee was 18.

Another feature of 2013 was the introduction of **remuneration policies** intended to constitute fair ways of paying variable remuneration, based on measurable targets linked to medium- to long-term indicators, taking account of the Company's risk profiles and its financial position.

Under the scheme proposed for the three-year period 2013-2015 for the entire Group the variable-remuneration package for staff in the higher brackets continued to be transparent and promote employee loyalty and was split in such a way that a significant proportion was paid after some time had elapsed and in the form of financial instruments, in line with the regulations introduced by the Regulators – including CONSOB, IVASS and Banca d'Italia.

Bonus schemes based on specific targets for staff throughout the Group other than Senior Executives affected approximately 2,000 individuals in 2013.

## Customers

### Customer relations

The merger with the former Premafin Group and the consequent birth of the new company, UnipolSai, led to changes in the Group's policies and relations with its policyholders. As a result of these changes the Unipol Group worked on two key areas: its whole customer-relations service and developing of the use of a variety of integrated channels.

In the first case, where the aim is to be a trusted partner for its customers, able to understand their requirements and identify innovative solutions, attention focused on the entire claims-handling procedure and offering additional services.

In the second case the use of a variety of channels is the key to integrating the various customer-relations channels, retaining the agent's primary role in the purchasing process but at the same time developing various methods and procedures for providing information that customers need in order to fulfil their requirements.

In 2013, before the merger, there were more than 10 million policyholders and banking clients, slightly up on 2012, as a result of the significant increase (+12%) in holders of UniSalute Group policies. Added to these were just over 7 million insurance and banking customers of the former Premafin Group companies.

The new Company, UnipolSai, will have some 11 million policyholders from Unipol Assicurazioni, Fondiaria-SAI and Milano Assicurazioni. In absolute terms there were 1,000,959 Life assurance policies and 18,395,016 Non-Life policies, more than 60% of them MV policies. 36% of Unipol Assicurazioni customers and 10% of Linear and UniSalute customers had more than one policy.

In Banking there was an improvement in the effectiveness of cross-selling between Insurance and Banking business: in fact almost 33% of Unipol Banca current accounts originated from the insurance channel.

The main change as far as the type of customer was concerned was the increase in the number of large businesses, previously restricted, in most cases, to membership organizations (CGIL, CISL, UIL, CNA, Confesercenti, CIA and Legacoop), with which the Group has agreements.

In 2013 work continued on promoting national agreements, where premiums exceeded the threshold of a billion euro (more than 20% up on 2012). Added to these were premiums from workplace policies, which reached a total of more than €1bn on 31 December 2013, approximately 60% of it from the former Premafin Group companies.

The corporate clients of Fondiaria-SAI and Milano Assicurazioni were mainly medium-large manufacturing businesses and retailers. The most representative part of the portfolio (approximately 60-70%) was made up of businesses with annual turnover of more than €50m and more than 200 employees.



Amounts refer to Unipol Group and former Premafin Group

### Total number of customers per company

Source: UnipolSai Insurance Directorate General and other Companies' Directorates General

	2013	2012	2011
Total Insurance Business - Unipol	5,036,869	5,133,550	5,299,131
Total Banking Business - Unipol	415,754	481,169	432,763
UniSalute (*)	4,837,333	4,304,857	4,149,900
<b>Group Total - Unipol</b>	<b>10,289,956</b>	<b>9,919,576</b>	<b>9,881,794</b>
Total Insurance Business - former Premafin Group	6,846,304		
Total Banking Business - former Premafin Group	366,879		
<b>Group Total - former Premafin Group</b>	<b>7,213,183</b>		

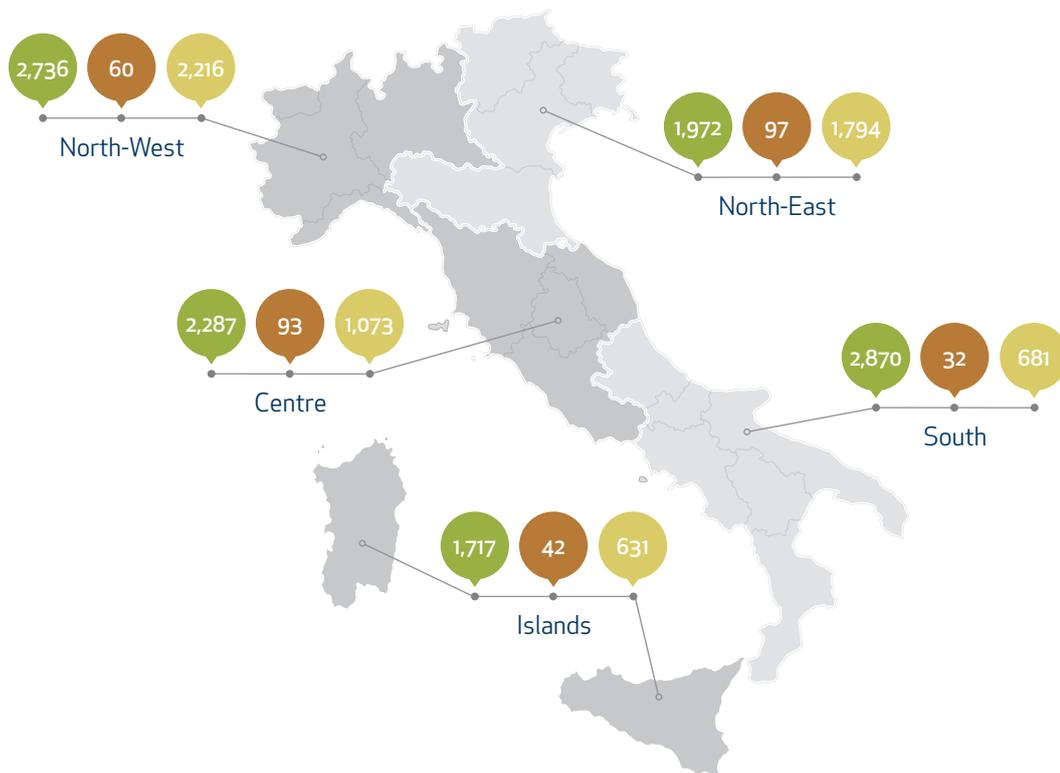
(\*) UniSalute figure indicates number of people covered.



## Local sales network

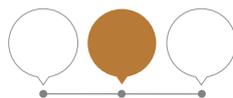
Source: UnipolSai Insurance Directorate General and other Companies' Directorates General

Amounts refer to Unipol Group and former Premafin Group



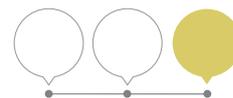
### Insurance agencies and subagencies

<b>Total</b>	<b>11,582</b>
former Premafin Group	6,879
Unipol pre-merger	4,703



### Bank branches and finance shops

<b>Total</b>	<b>324</b>
former Premafin Group	5
Unipol pre-merger	319



### Approved Bancassurance branches

<b>Total</b>	<b>6,395</b>
former Premafin Group	3,944
Unipol pre-merger	2,451

## The range of products

The Companies in the Group continued to develop an innovative range of high-quality products, particular attention being paid to introducing new services and meeting individuals' new requirements. For this reason, the Companies in the Unipol Group tried to identify new solutions by adapting the range of products and introducing new ones.

The most significant innovation in Insurance was allowing policyholders to pay MV premiums in **monthly instalments** for no additional charge. Credit granted amounted to almost €2.5m on 31 December 2013. This investment led to premiums on 2.1% of Unipol Assicurazioni and 1.9% of Fondiaria-SAI and Milano MV policies being paid in instalments starting from July 2013.

## Social performance

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In the case of **natural disasters**, in addition to the option of including **earthquake benefit** in all new Non-Life policies launched in 2012, a major project affecting the whole organization was started at the end of 2013 involving Unipol Assicurazioni's technical Departments (and as from 2014 those of UnipolSai), dealing with **Climate Change**. The objective is to encourage end customers, both individuals and businesses, to adapt to and cope with climate change.

**Life business** focused on non-self-sufficiency, including developing You Autonomy, a Life policy that offers a monthly life annuity in order to guarantee that assistance will continue in the event of loss of self-sufficiency.

The Unipol Assicurazioni division had two Life assurance products certified for compliance with transparency, fairness and value: You Investment Coupon and You Investment Plus. A third-party checked that the products complied with procedural requirements described in technical regulations detailing the organizational practices characterized by Unipol's values of social and environmental sustainability (see <http://sostenibilita.unipol.it/BilancioSostenibilita/sostenibilita.php.html>).

Continuing its strategy based on highly personalized tariffs and paying great attention to quality of service, **Linear** strengthened its collaboration with UniSalute by marketing a no-fault Health product that guarantees cover for physical injury even if the policyholder is to blame.

**UniSalute** continued to introduce innovations to products and services by marketing two new products that are characterized by being very modular and simple: Diaria Plus and Domiciliary Support. By using approved providers Diaria Plus guarantees advantageous quality/price ratios and received recognition for its innovative features in the Health category of the MF Innovation Award 2013.

In Bancassurance, in order to protect its customers' purchasing power, Arca Assicurazioni once again allowed them to pay MV premiums monthly by direct debit, in this case under the Zero-Rate Revolving Card scheme, which enables MV policyholders to pay monthly at no extra cost.

In Banking, Unipol Banca introduced MyUnipol, the new free on-line current account, for managing banking requirements using the internet and mobile banking. A smartphone and tablet app for mobile banking was also developed and put into operation.

Unipol Banca designed a specific credit line for carrying out energy-saving measures in residential property to help to combat climate change.

Finally, as a result of an agreement with Microcredito per l'Italia (MxIT), Unipol Banca set aside €5m for individuals and businesses in the areas affected by the 2012 earthquake in order to grant microcredit, guaranteed by the social network.

The Group continued to be an important player in the **Supplementary Pension Schemes** sector, partly owing to the merger with the former Premafin Group.

In the **Occupational Funds** segment, Unipol Assicurazioni managed 23 funds with total assets of approximately €3,681m (an increase of 6% compared with 2012). 13 of these mandates were for accounts 'with guaranteed capital sum and/or minimum return', i.e. with limited risk and possibly a guaranteed return. These mandates covered approximately 300,000 people, slightly more than in 2012, and had total assets of €2,260m. Five of these subfunds, totalling €1.4bn, had a specific ethical mission (€1.3bn on 31 December 2012, an increase of 10%).

The former Premafin Group companies managed 21 funds with approximately 40,000 members and total assets of €2,740m on 31 December 2013.

**Open-Ended Pension Funds** had approximately 25,000 members in the two pre-merger Unipol Group funds and approximately 20,000 in the six former Premafin Group funds, totalling €723m (Unipol Group pre-merger €370m and the former Premafin Group €353m). The 8 funds that made up the Group's range of Open-Ended Pension Funds included the €60.6m in the 'Ethical Protection' subfund, managed using ESG criteria, an increase of 13% compared with 31 December 2012 (€53.8m).

Unipol Assicurazioni's **Personal Pension Plans** had approximately 29,000 members and total funds of €186m. The former Premafin Group had three Personal Pension Plans with 35,698 members and total funds of €223m on 31 December 2013.

### Claims handling

The Group mainly worked on the following aspects:

- making specific improvements to the procedures for monitoring claims handling;
- finishing developing and testing the new computerized claims system;
- innovating the service model.

In the first case the approach consisted of setting up the **UnipolSai Service Centre**, which was an initial example of monitoring the entire claims-handling process direct.

Technological innovations and new processes were introduced to the claims system in order, inter alia, to integrate the various IT systems that dealt with claims-handling, with the final aim of adjusting tariffs for the benefit of the customer.

There was **a drop in the total number of claims** reported and a significant **increase in the settlement rate** in 2013, as in the previous three years.

During the year a total of 1,059,265 claims for all years were handled for the Unipol Group insurance companies, excluding Arca Assicurazioni, compared with 1,168,831 in 2012 (approximately 9% fewer); 683,526 claims were settled (9% fewer), 315,133 of them in the MV TPL class.

At the same time, the settlement rate<sup>4</sup> continued to increase during the year by more than one point on average in all classes, reaching 77.4%.

4 - By settlement rate is meant the relationship between claims settled and claims to be settled (net of claims closed without being followed up).



Amounts refer to Unipol Group and former Premafin Group

## Non-Life claims-handling figures

Source: UnipolSai Insurance Directorate General and other Companies' Directorates General

	Current year's claims		
	Claims reported	Claims settled	Settlement rate
<b>Unipol Group</b>			
Insurance	710,515	506,187	77.4
% var. 13/12	-6.7%	-4.9%	1.3 p.p.
Bancassurance	649,245	466,398	78
% var. 13/12	0%	0%	1 p.p.
<b>former Premafin Group</b>			
Fondiarria-SAI Assicurazioni and Milano Assicurazioni	1,292,543	872,687	75.30
% var. 13/12	0%	0%	0 p.p.
Liguria Assicurazioni	37,735	37,735	73
% var. 13/12	-0.17%	-0.16%	0.56 p.p.
Dialogo Assicurazioni	9,336	9,336	77
% var. 13/12	0%	0%	0 p.p.
SIAT	4	4	33
% var. 13/12	0%	-1%	-7 p.p.
Europa Tutela Giudiziaria	317	317	3
% var. 13/12	0%	1%	2 p.p.

## Anti-fraud measures

The Group strengthened its commitment to pursue fraud and other criminal behaviour by preventing and combating fraud in order to protect not only the interests of the Company and the insurance market but also those of the customer and consequently of society as a whole.

According to the figures for 2013 the Unipol Group pre-merger recorded a considerable increase (approximately 32% compared with the previous year) in reports of the forgery of documentation used when taking out insurance policies and MV TPL identification. The offices concerned carried out 740 checks on 1,349 reports (combined figure for Unipol Assicurazioni and Linear).

1,185 detailed files were opened following 5,519 reports of claims-handling fraud (combined figure for Unipol Assicurazioni and Linear), approximately 3% fewer than in 2012.

The different operational and IT procedures used by the former Premafin Group companies made it impossible to process reports systematically using the same criteria as the Unipol Companies pre-merger. 16,081 checks were carried out on cases reported in former Premafin Group Insurance business.

There was a 30% drop in the number of **complaints** received in writing by all the Companies in the Unipol Group pre-merger (Unipol Assicurazioni -24%, Linear -28%, UniSalute -47%). This decrease can be put down to the improvements made to claims-handling procedures some time ago.

All the Companies continued to deal with complaints within a reasonable time, well within the legal limits (Unipol Assicurazioni had an average response time of 20 days, UniSalute 30 and Linear 25).

Complaints received by the former Premafin Group companies fell 11.9% compared with 2012. 77% related to claims and in particular to claims handling. The average response time was 21.6 days (Fondiarria-SAI 19, Milano Assicurazioni 27, Liguria Assicurazioni 15).

In Bancassurance there was a considerable fall in the number of Non-Life complaints (-14%), even though the total number remained high. On the other hand there was an increase in the number of Life complaints received, though the total number was still low. Most complaints continued to be about claims handling. The average response time to complaints for the Arca Group was 30 days whilst in the case of the former Premafin Group's Bancassurance business it was 15 days.

In Banking, Unipol Banca received a total of 818 complaints (approximately twice as many as in the previous year) and the cost of dealing with complaints in 2013 amounted to €323,975, almost four times as much as in 2012 (€88,740).

The former Premafin Group received 133 complaints in 2013 relating to banking and costs incurred amounted to €48,882.

Comparison with the previous year showed a considerable fall in the number of times the Supervisory Authority **IVASS** had taken action against the Companies in the Group (-35%).

The number of penalties for complaints that the Group had already paid was also well down (-59%).

There was also a decrease for the Companies of the former Premafin Group (-27%) compared with 2012 in the number of requests for information that the Supervisory Authority sent to almost all the Companies.

A total of €2,527,624 was paid out, 52% less than in 2012.

## Agents and agencies

### Geographical presence

The Group had a network of more than 4,300 agencies by the end of 2013 (Unipol pre-merger 1,404 and the former Premafin Group 2,909), approximately 40% of the total number of insurance agencies in Italy, plus more than 7,200 sub-agencies.

Unipol Assicurazioni's sales network, down by 6% mainly because of the merger of the smaller agencies, covers the whole of Italy and is particularly well represented in its region of origin, where the Assicoop agencies also operate.

More Assicoops were merged during 2013 in order to improve geographical coverage and make marketing more effective.

The Company currently has eight agencies, five in Emilia-Romagna and three in Tuscany. The Assicoops have 228 branches in Emilia-Romagna and 72 in Tuscany.

The Insurance sales network of the former Premafin Group consists of the Fondiaria-SAI, Milano Assicurazioni, SIAT and Liguria networks and has a huge presence throughout Italy. This enabled the Insurance Companies of the former Premafin Group to respond adequately and swiftly to their clients' requirements in a country such as Italy where physical brokers and agencies still predominate.

Geographical analysis of the distribution of the entire Group network showed, on the one hand, a substantial presence in the regions of the North-West, with a third of all the Group agencies, and on the other hand the significant proportion of the network in the Central and Southern regions of Italy – Lazio with 364 agencies, Campania with 230 and Sicily with 308 – a total of approximately 21% of the total number of agencies. The geographical distribution also confirmed that the Group was still well represented in the regions where its presence has traditionally been strongest, such as Emilia-Romagna and Tuscany, which had 15% of the entire network.

# Social performance



Amounts refer to Unipol Group and former Premafin Group

## Distribution of agencies

Source: UnipolSai Insurance Directorate General and other Companies' Directorates General



2013

### Agencies 4,313

former Premafin Group  
Unipol pre-merger

2,909  
1,404

## Network-support services

In order to strengthen the relationship on which its partnership with the agencies is based, the Group provides them with IT services and support, which give them a better link to internal processes and enables them to be an active part in the life of the enterprise, both at the product-design stage (Product Committees) and in deciding what methods to use.

One of the ways in which the Group supported sales during 2013 was to allow the whole network of Unipol Assicurazioni agencies to use the Group **CRM system (Customer Relationship Management)** to manage customers, run marketing campaigns to support the agencies' work and check their progress towards incentive

targets. There are currently more than 1,600 agencies and subagencies, including 124 branches of the Company agencies. 109 CRM training courses were run in 2013, attended by approximately 670 agencies.

Also worthy of mention was the continuing implementation of the “**Agency Models**”, the aim being to align the help given by the Company to the various requirements of the Unipol Group’s agencies. 222 agencies had a Three-Year Plan in place at the end of 2013. 58 of them drew up the Plan during 2013, to become operational as from 1 January 2014. The 164 agencies already operating in 2013 had increased receipts in Non-Life business by more than 3 percentage points by 31 December compared with the other agencies of the same channel and had achieved an increase of 52% in Life business, 26% more than the other agencies.

One significant innovation was the introduction of the **Authorized Electronic Signature**, which enables customers to sign computerized documents and has the same legal validity as a hand-written signature. The project was launched in 2013 and involved an initial sample of 30 agencies in the Unipol Assicurazioni network. It was then extended to more than 1,000 agencies during the first quarter of 2014. It is expected that the new system will be available to all the agencies in the Unipol Division of UnipolSai Assicurazioni by the end of the year and to the other divisions during 2015.

### Training the network

The Company provided training for the entire sales network during 2013, partly to fulfil its duty to do so but mainly to develop the expertise of its intermediaries. Most training, in terms of number of participant days, was devoted to updating the network of subagencies (classroom 67,155 and e-learning 63,141), which accounted for more than 60% of the Company’s sales network. There were 410,900 participants altogether, both those taught in the classroom and those taking advantage of e-learning; total participant days of training provided 168,287. The most important activities were the master’s degree in managerial training for agencies that had launched the “Agency Models” project, and Next, the business community set up to enable approximately 1,100 employees of the Fondiaria-SAI agencies to share their most significant sales experiences and report on customers’ main problems with and objections to the range of products.

### The Bancassurance network

The Group markets its products through the branches of various lenders with which it has entered into agreements. Considering the full scope of the Sustainability Report, agreements covered a total of 6,395 branches throughout Italy, most of them in the North.

Both branch and head offices received regular information and training. As for Unipol Bancassurance, Arca Vita and Arca Assicurazioni operate through 2,451 branches of approved banks. The approximately 9,625 bank employees throughout Italy were provided with 677 training days in 2013. The best example was “Opera”, the project to provide approved insurance training for bank employees authorized to sell insurance policies.

## Suppliers

The Unipol Group did a lot of work during 2013 on expanding the Supplier Portal, in which Unipol had already invested significantly in previous years, to include the suppliers of the Fondiaria-SAI Group Services Consortium (GFSS) and those of Fondiaria-SAI and Milano Assicurazioni.

The principal instrument for maintaining relations with suppliers is the **web-based Supplier Portal**, which is a structured and clear process of approving and selecting them, the aim being to reduce operating costs, optimize collaboration, increase integration with our partners and provide them with better access to information. Becoming a Group supplier requires examining and accepting the Charter of Core Values and Code of Ethics of the Management and Organization Model and the main business procedures, especially the Companies' current purchasing procedures. In addition to the information required by law the **approval process** now contains an element of sustainability illustrating the extent to which suppliers take account of and observe social and environmental aspects.

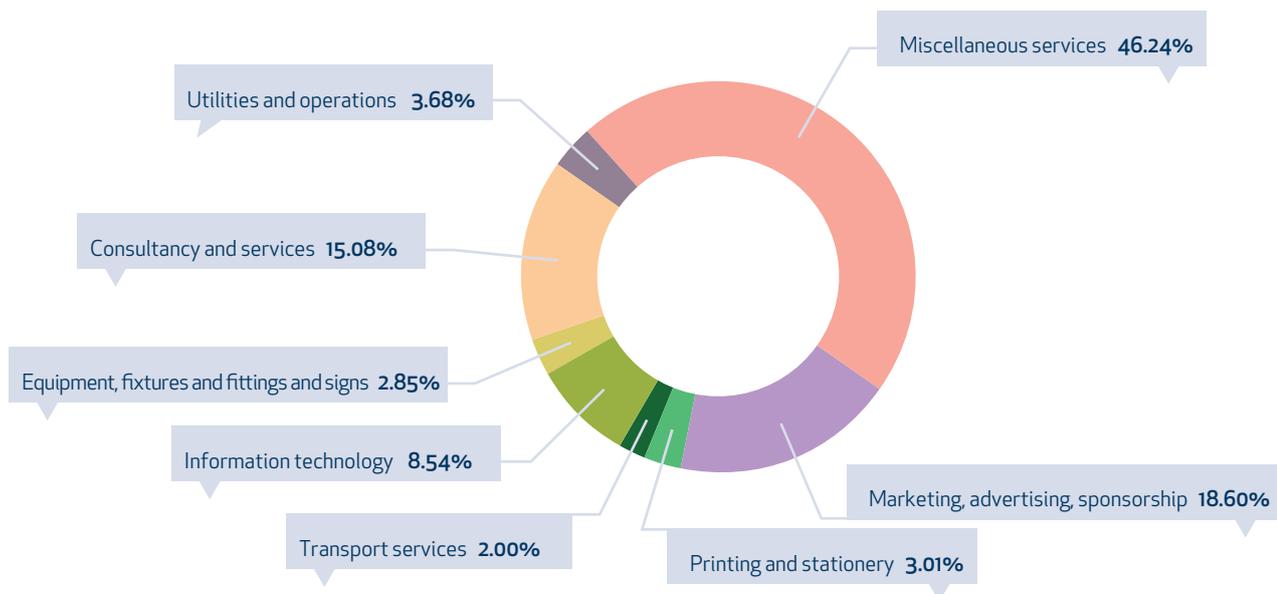
A total of approximately €512m was transferred to the 603 suppliers listed in the Register in 2013, more than 98% of it in Italy. Most of the suppliers were in North-West Italy and Emilia-Romagna, the regions in which the companies in the Group have their registered offices, and together they accounted for 68% of expenditure, which confirmed the importance given to the proximity of the supplier. Analysis of the distribution according to category shows that the number of suppliers in the category of Marketing, Advertising and Sponsorship was not commensurate with value. The opposite applied in the case of suppliers of IT goods and services, which were not very numerous but invoiced a higher percentage of expense.



Amounts refer to Unipol Group and former Premafin Group

### Suppliers according to type (percentage)

Source: Administration, Planning and Control, Operations Dept.



The Unipol Group continued to involve its suppliers in the “**Sustainability Partners**” project in 2013; this is the community of suppliers that uses the possibility for participation and collaboration offered by Internet 2.0 to arrange meetings of suppliers, Unipol and experts.

One of the measures proposed was the launch of the scheme “**Only 30 days for Sustainability**”, which consists in reducing the deadlines for paying Unipol’s suppliers to 30 days provided they can provide documentary evidence that they manage their supply chain properly. In introducing the scheme Unipol undertook to improve suppliers’ cash flow by paying on time and also endeavoured to improve supply procedures.

## The Community

### Social initiatives

Support for the Community is an essential part of Unipol's business activities, enabling it to fulfil its social role based on the principle of mutuality and promoting a vision of clear, sustainable and socially balanced development.

In 2013 social initiatives were developed and coordinated in the light of the merger with the former Premafin Group, leading to an overall increase of 23% in financial resources allocated to the Community to almost €10m. Donations from the whole Group were almost a million and a half euro and sponsorship exceeded €7.2m.



Amounts refer to Unipol Group and former Premafin Group

### Contributions to the community (according to type)

Source: Administration, Planning and Control, Operations Dept.

Amounts in €

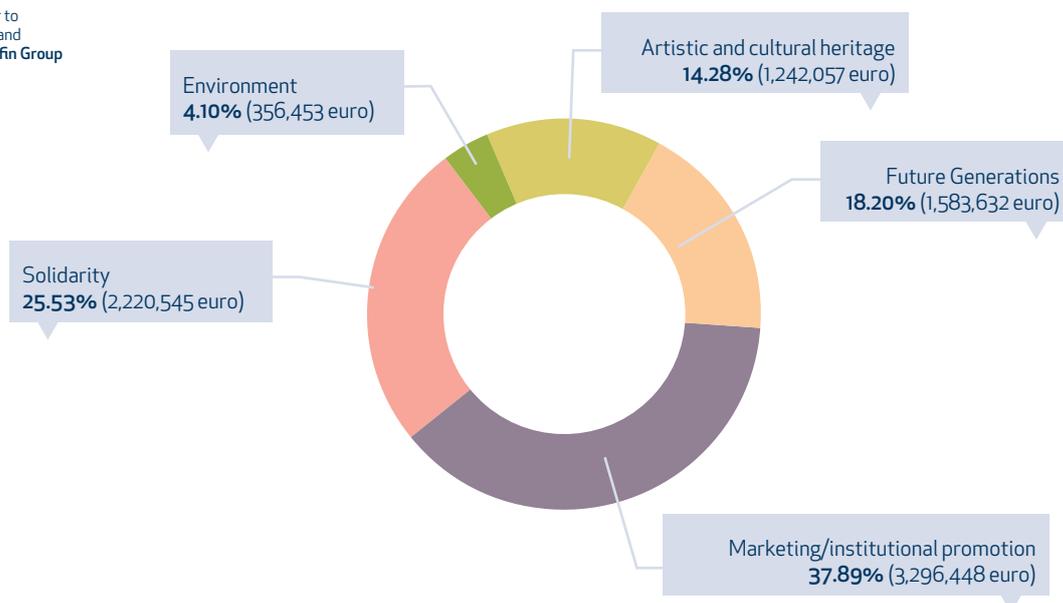
Type of activity	Description	2013	2012	2011
Donations	Contributions and donations of money or in kind to non-profit-making organizations for short-term projects	1,469,281	612,512	424,259
Sponsorships	Projects selected to promote the Company's brand (with a commercial value) - cultural, sports and local membership organizations (local sponsorships provided by branch/agency)	7,229,854	6,212,702	4,244,888
Unipolis Foundation	Contribution to the Unipolis Foundation	1,200,000	1,200,000	1,200,000
<b>Total</b>		<b>9,899,135</b>	<b>8,025,214</b>	<b>5,869,147</b>



Amounts refer to Unipol Group and former Premafin Group

### Contributions to the community (according to type)

Source: Administration, Planning and Control, Operations Dept.



With reference to the Group structure before acquisition both donations and sponsorship rose significantly: the former exceeded €1m, an increase of 75% (because of support for the areas and communities affected by a number of natural disasters that hit Italy – flood in Sardinia and the final tranche of contributions for the people affected by the earthquake in Emilia in 2012); the second reached €6.5m, an increase of 6%.

## Purposes

As well as the priorities laid down in the guidelines that the Group set itself, when funding was awarded account was also taken of the social relevance of the proposed initiative. There were four areas of intervention:

- **Artistic and cultural heritage** – measures to expand and preserve the artistic, historical and cultural heritage of the areas in which Unipol operates and to allow individuals to enjoy it. A total of €1,242K was allocated to this in 2013. The most important activity supported in terms of both resources and number of people reached was sponsorship of the exhibition “Renoir. From the collections of the Musée d’Orsay and the Orangerie in Paris”, which brought the works of one of the main exponents of Impressionism to Turin from 23 September 2013 to 22 February 2014. The exhibition was seen by more than a quarter of a million people.
- **Environment** – initiatives to protect the environment and raise awareness of matters such as climate change, energy savings, separate collections of waste and reducing pollution. The Group committed around €356K to supporting initiatives relating to the environment in 2013. One of the most significant initiatives was the partnership with Mercedes Benz for the eco-mobility project, which promoted electric vehicles. Under the project, Mercedes provided customers/businesses in Rome, Pisa, Milan and Bologna with 150 electric vehicles that could be recharged at 400 public and private recharging points provided by Enel.
- **Future Generations** – sport for young people, both amateurs and professionals, and recreational and cultural activities for young people. Unipol allocated €1,583K to this scheme. Among the many memorable initiatives were the three-year partnership with the Italian Swimming Federation and the partnership with Briantea84, an association that promotes the integration of people with disabilities through competitive activities.
- **Solidarity** – grants to various non-profit-making organizations for projects to improve all aspects of society, particularly activities that raise awareness of, for instance, road safety, health and voluntary work. These initiatives also included support for research, especially medical, scientific and economic. The main themes of the community initiatives, for which the Group provided more than two million euro, were promoting a culture of legality, road-safety and voluntary work.

Unipol’s commitment to promoting road safety was split among numerous initiatives ranging from awareness-raising to developing specific initiatives and continuously innovating its products and services. The Unipol Group’s main project was Sicurstrada, developed by the Unipolis Foundation in collaboration with a number of specialist and local partners.

As for legality, Unipol’s collaboration with “Libera. Associations, names and numbers against the Mafia” took the form of contributing 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 campaigns “One Euro for each new policy in agreement with the member organizations and for each new current bank account”. The 2013 campaign raised €199,422, €160K from new policies and €39,422 from the bank for new current accounts, which was allocated to setting up a new cooperative in Castelvetrano (Trapani, Sicily) in memory of the late Rita Atria, who in 1991, at the age of only 17, testified in court against the Mafia. To this must be added soft loans granted to the cooperatives belonging to the Mediterranean Free Land Consortium.

Distinctive from the cultural point of view, however, was the “E’Istate Liberi” voluntary-work initiative, attended by 25 people, 16 of whom were employees and one an agent, providing direct help for the “Terre Joniche-Libera Terra” cooperative in Crotona (Calabria).

Other corporate voluntary-work initiatives of note were National Food Collection Day, which resulted in more than five tonnes of food being collected, and collaboration with Stop Hunger Now, which enabled the NGO to distribute 40,000 meals to schools in Burundi.

## Social performance

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A large contribution to community activities was provided in 2013 by **CUBO - Centro Unipol Bologna** which, as well as being the Group's museum, offers the city of Bologna and its inhabitants a place and an opportunity to meet. In order to put on the events and workshops in which almost 16,000 people took part, CUBO developed numerous purely social partnerships with many groups and organizations: social cooperatives and non-profit-making associations whose aims were in line with the Group's values and commitments and in cooperation with which CUBO was aiming at contributing to local cultural and social development.

To the activities carried out direct by the Company must be added the initiatives promoted by the agents' associations, by the Assicoops and by individual agencies, which in accordance with Group guidelines carried out initiatives to promote and raise commercial visibility and to support bodies and associations engaged in social, cultural, environmental and voluntary work.

One of the most powerful tools for carrying out social, civic and cultural initiatives is Unipolis, the Unipol Group's foundation, which shares all its values. Once again €1,200K was contributed to the Foundation in 2013.

### The Unipolis Foundation

In 2013, the Foundation used around €1,300,000 of its funds to promote initiatives in the four areas covered by its mission:

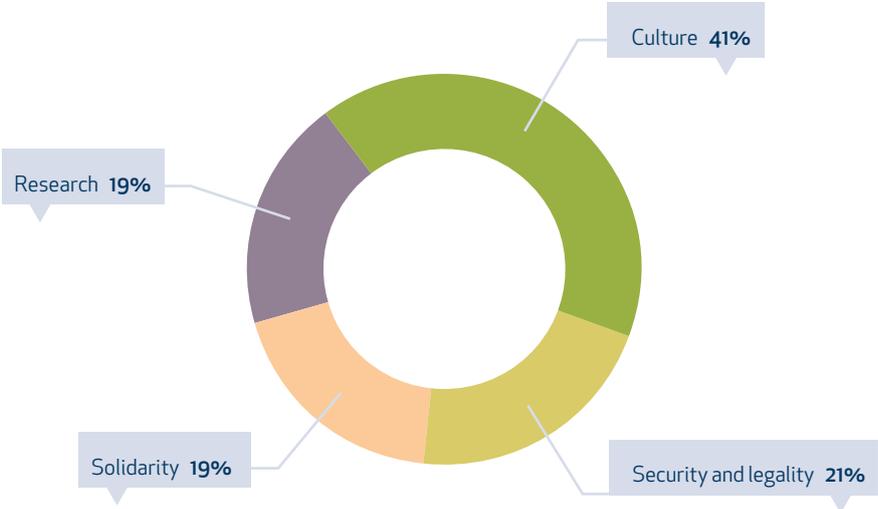
- **Culture** – the Foundation develops and carries out projects, both independently and in partnership, that provide fresh opportunities for expression and, in particular, make access to culture, knowledge and education easier for vulnerable and disadvantaged individuals who for various reasons are excluded from such opportunities.  
Of particular significance in 2013 was progress with the project “**Culturability – culture's responsibility for a sustainable society**”, which supported the setting up of new cooperatives in the cultural and creative sectors. The Unipolis Foundation allocated an unsecured amount of €300K, to be shared among the 15 projects selected by the Evaluation Committee, each of which received €20K. In addition to the financial contribution support and mentoring were provided when the new businesses were being set up and getting a foothold in the market. The fifteen projects selected involved 66 young people, thus forming the basis for creating the same number of jobs, which may rise as these business ventures take off.
- **Research** – 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 2013 the Foundation renewed its links with Demos and the Osservatorio di Pavia research institutes, resulting in the annual “**Report on Security in Italy and Europe as a whole – Perception, representation and reality**” which illustrated the most significant changes in individuals' social (in)security, including the role played by the provision of information. The Foundation's booklet on 'Governance and social responsibility' was made available on the Unipolis website at the beginning of 2013. The publication contains details of the two research projects sponsored and carried out by the Foundation on the ways in which businesses approach values and ethics as well as CSR and sustainability policies.
- **Security and legality** – core issues to the Unipolis Foundation, intrinsic to Unipol's mission and social role.  
On the topic of Safety, the “Sicurstrada” project covered both web-based and local initiatives, focusing on protecting vulnerable road users, mainly pedestrians and cyclists, and on promoting alternative methods of transport that can improve the quality of life in towns. Road safety is one of the areas in which the Foundation has traditionally worked, in particular through the 'Sicurstrada' project. The measures introduced in the previous year were expanded and intensified during 2013, using an innovative approach that combined road safety and sustainable transport.  
As regards legality, in 2013 the Unipolis Foundation continued to work closely with “Libera. Associations, names and numbers against the Mafia”. The Foundation sponsored Libera, providing funding and support for its work, mainly with young people, to raise awareness, provide educational opportunities and promote cultural and civic growth.

- **Solidarity** – understood by the Foundation as active commitment to organizations that help the most vulnerable people in our society. Under this heading, funding was provided for various initiatives such as the Ivano Barberini Foundation for the History and Culture of Cooperatives, and for members of cooperatives who had lost work and therefore found themselves in financial straits.

For more detailed information please see the full version of the Unipolis Foundation Mission Report at <http://www.fondazioneunipolis.org>.

### Percentage distribution according to type

Source: Unipolis Foundation 2013 Mission Report



## Environmental impact

For the purposes of the Sustainability Report, the environmental impacts of the Group's business activities were split into direct impacts and indirect impacts, in accordance with international procedure. The former related to work carried out direct or controlled by the companies in the Group, whilst the latter arose out of work that was connected and useful to core business but not controlled by the Company.

A feature of 2013 was the considerable amount of work done to standardize procedures for monitoring **energy consumption** and to extend reporting to the offices belonging to the former Premafin Group.

The condition and type of the facilities in the buildings housing the offices of the former Premafin Group companies were examined and analysed in 2013 in order to draw up a schedule of work for an energy upgrade in the next few years, in line with the Unipol Group's policies of improving efficiency and reducing its carbon footprint.

Approximately 100 MWh of energy was produced from renewable sources during 2013 by equipment installed on the buildings owned by the companies in the pre-merger Unipol Group. Total electricity consumption, measured on the same scope of reporting as in 2012, was 14% up, partly as a result of the Unipol Tower in Via Larga in Bologna being monitored for the first time. At the same time work began on installing a new technologically advanced DPC (Data-Processing Centre) in the Pilastro building for use by the whole Unipol Group. In fact, the special nature of the work carried out by the Unipol Group meant that the IT equipment used by employees and in the Data Processing Centres was one of the areas with the greatest impact on energy consumption and therefore on the production of greenhouse gases.

However there was a 29% fall in the consumption of gas during 2013.

## CO<sub>2</sub> emissions

The Group's CO<sub>2</sub> emissions were calculated in accordance with EC Regulation 601/2012 relating to the emission trading scheme and classified in accordance with the international Greenhouse Gas Protocol Initiative as scope 1, scope 2 and scope 3, which reflected the level of control that the organization had over its emissions<sup>5</sup>. This decision was imposed by the desire to make environmental data more transparent and comparable, even to our competitors, and to promote an ethos of environmental disclosure, which was not very common in the sector, and the Unipol Group deemed it important in order to evaluate its performance and responsibility in full.

The emissions of the former Premafin Group companies were also included in 2013 but, as not all the data was collected, monitoring was not completed and therefore emissions were estimated. The aim was to begin to extend the culture of transparency and commitment to the environment to the companies acquired.

<sup>5</sup>- Scope 1 covers all the direct greenhouse-gas emissions actually produced by sources owned by the business. In Unipol's case they include the emissions generated by the gas boilers in several buildings and the diesel boilers still installed in several buildings where the former Premafin Group companies have offices. Scope 2 covers the emissions caused by the purchase of electricity, therefore it includes the electricity purchased and the energy produced by district heating. Scope 3 covers all the emissions that, though linked to Unipol's core business, are not under its direct control. In particular it includes the emissions generated by staff travel.



Amounts refer to  
Unipol Group and  
former Premafin Group

## CO<sub>2</sub> emissions (tons)

Source: Real Estate and Diversified  
Companies Dept.

	2013			
	Total emissions		Emissions per m <sup>2</sup>	
	Unipol	former Premafin Group	Unipol	former Premafin Group
Scope 1	667	527	0.004	0.004
Scope 2	14,264	3,674	0.09	0.02
Scope 3 (*)	4,260	3,960	0.03	0.03
<b>Group Total</b>	<b>19,191</b>	<b>8,161</b>	<b>0.11</b>	<b>0.05</b>
<b>Total new Group</b>	<b>27,352</b>		<b>0.086</b>	

(\*) In the case of the former Premafin Group, the figure for car journeys refers only to journeys made using employees' own cars; the figure for journeys made by train and air does not include Bancassurance.

## Initiatives to reduce our carbon footprint

Environmental sustainability also manifested itself as the optimal use of resources within the Group and was put into practice in actions that had the dual target of reducing the impact and promoting a "culture of sustainability". This approach took the form of constantly monitoring the Company's consumption and environmental performance. Thus the three principal types of intervention laid down in previous years continued:

- **Reducing energy consumption**, which involved upgrading various buildings (including carrying out a feasibility study on replacing the diesel boilers in the buildings of the former Premafin Group companies) and installing new methods of storage, which once fully operational will reduce electricity consumption by approximately 65%.
- **Reducing water consumption**, the aim being to add another 4% decrease to the 4% decrease achieved in 2013.
- **Dematerializing procedures and documents** in order to continue the process launched in previous years and extend it to new business tools and new customers.

The Group's policies on limiting the impact on the environment of staff travel focused on providing incentives and making it easy for employees to use public transport and bicycles instead of using private cars and sharing cars. Under agreements with the public-transport companies in Bologna, Milan, Rome and Naples, annual season tickets can be bought at a discount as an incentive for group travel, and, in order to cut down on work-related journeys, video-conferencing facilities were installed in meeting rooms and software to enable individuals to send messages, make conference calls, take part in video-conferences and share documents was installed on PCs.

### Procedural note

The 2013 Sustainability Report contains two main changes compared with the previous year: a change in the scope of reporting and achieving the certified Sustainability Assurance qualification.

**The scope of reporting** has changed in that it includes all the companies in the Unipol Group, including those of the former Premafin Group now part of UnipolSai Assicurazioni, which has been operational since 6 January 2014. It does not include the diversified companies that operate very differently, whilst in view of their significance and direct link with core business operations in property are described separately.

In order to ensure that the figures are comparable over time, the performance of the former Premafin companies in the Group is reported separately from the Unipol Group's pre-merger performance. The figures for the extended corporate scope are identified and recognisable by means of the following graphic:



Economic Performance, Suppliers, the Community and Environmental Performance are sections where operations were carried out jointly throughout 2013 and it was not possible to report the figures separately.

The reporting areas that include the former Premafin Group were identified on the principle of significance based on a preliminary internal assessment of the facts using the analysis procedure laid down in the **G4 Sustainability Reporting Guidelines** issued by the Global Reporting Initiative.

When drawing up the Report, the Ethical and Social Responsibility Department involved all the Managers in identifying the priorities and principal elements that had been a feature of the year, whilst the Sustainability Contacts, appointed for each Department and Company in the Group, collected Sap Sustainability Performance Management data from the various people in charge of the work and helped to process it.

Information on external assurance is contained in the full version of the document available on-line at <http://www.unipol.it/CSR/Pagine/CSRHome.aspx>.

# Key performance indicators

Area	Indicator	Figure 2013	Scope of reporting
Financial performance	Direct insurance premiums	(€) 16,804,000,000	New Group
	Direct customer deposits	(€) 10,809,000,000	New Group
	Bank lending to customers	(€) 10,398,000,000	New Group
	Non-Life premiums	(€) 9,857,000,000	New Group
	Life premiums	(€) 6,985,000,000	New Group
	Ratio between claims and premiums in direct business	68.2%	New Group
	Combined ratio	92.9%	New Group
	Solvency ratio	1.6	New Group
	Consolidated net result	(€) -79,000,000	New Group
	Consolidated net added value	(€) 4,543,000,000	New Group
Shareholders	Performance of security - UGF Holding ordinary shares	189%	UGF Holding
	Performance of security - Fondiaria-SAI Assicurazioni ordinary shares	151%	Fondiaria-SAI Assicurazioni
	Performance of security - Milano Assicurazioni ordinary shares	157%	Milano Assicurazioni
	Number of investors met (companies)	281	UGF Holding, Fondiaria-SAI Ass. and Milano Ass.
	Number of analysts met (companies)	10	UGF Holding, Fondiaria-SAI Ass. and Milano Ass.
Employees	Total number employees	12,249	New Group
	Number new recruits	317	New Group
	Percentage of women	49%	New Group
	Percentage of women managers	10%	New Group
	Turnover	4%	New Group
	Accidents as a percentage of number of employees	1.6%	Unipol
	Average number of hours of training provided per employee	18.00	Unipol
	Average investment in training per employee	(€) 273	Unipol
	Graduates as a percentage of total employees	44%	Unipol
	Customers	Number of policyholders - insurance (excl. UniSalute)	11,883,173
Number of customers - banking		782,633	New Group
Number of policyholders - UniSalute		4,837,333	UniSalute
Ratio between lending to customers and direct customer deposits		0.988	New Group
Claims-settlement rate - Insurance		77.4%	Unipol
Number of reports of fraud		41,585	New Group
Percentage increase in the rate of response to complaints within the regulation deadline		4.4%	Unipol
Number of complaints received (percentage of the number of policies)		0.1%	New Group
Amount of fines paid to IVASS (percentage of total Non-Life premiums)		0.05%	New Group
Agents	Number of agencies	4,313	New Group
	Number of branches of company agencies	300	Unipol
	Number of bank branches selling bancassurance products	6,395	New Group
	Total number of participants in training courses	410,900	New Group
	Total participant days of training provided	168,287	New Group
Suppliers	Total number of suppliers	3,854	New Group
	Total amount paid to suppliers	(€) 511,822,275	New Group
	Percentage of amount paid to Italian suppliers	98.96%	New Group
Community	Total amount of contributions	(€) 9,899,135	New Group
	Value of contributions to protecting the artistic and cultural heritage	(€) 1,242,057	New Group
	Value of contributions to protecting the environment	(€) 356,454	New Group
	Value of contributions to Future Generations	(€) 1,583,632	New Group
	Value of contributions to solidarity	(€) 2,220,545	New Group
	Contribution to the Unipolis Foundation	(€) 1,200,000	New Group
Environmental performance	Consumption of electricity purchased (MWh)	(MWh) 59,155	New Group
	Consumption of gas by boilers (m³)	(m³) 516,578	New Group
	Water consumption (m³)	(m³) 98,883	Unipol
	CO <sub>2</sub> emissions - Scope 1	(tons) 1,194	New Group
	CO <sub>2</sub> emissions - Scope 2	(tons) 17,938	New Group
	CO <sub>2</sub> emissions - Scope 3	(tons) 8,220	New Group

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

**Head**

Walter Dondi

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The Sustainability Report  
can be improved by contributions  
from readers.  
Anyone wishing to give an opinion  
or make a suggestion may contact  
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Translation from the Italian original  
which remains the definitive version.



Forum per la Finanza Sostenibile



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