

2019 ETHICS REPORT

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2019 Ethics Report and Report to the Board of Directors concerning, *inter alia*, the general consistency between the principles declared in the Code and company management

1. *Introduction*

During 2019, the Ethics Committee met on 7 February, 21 June and 13 December.

In the meeting of 7 February, the 2018 Ethics Report and the related Report to the Board of Directors were approved; the meeting of 21 June concerned the establishment of the new Ethics Committee and updates on the function's activities; the meeting of 13 December reviewed the progress of the reports received in 2019 and the activities carried out to train employees and agents on ethical issues.

2. *Reports and requests received*

Note that the Code of Ethics envisages that any person can submit a report by writing to the Ethics Officer, through ordinary mail or e-mail to the address responsabile.etico@unipol.it, regarding criticisms, suggestions and alleged violations of the Code of Ethics.

In 2019, 143 requests and reports (compared to 111 in 2018), were received in the email inbox of the Ethics Officer, an increase also in comparison to the number received in the previous three-year period.

The increase is essentially due to the growing number of reports regarding a "complaint" (106) or "other" (22), while those attributable to possible infringements of the Charter of Values and Code of Ethics (9) or requests for opinions/information on ethical issues (6) are essentially stable.

In detail, the reports and requests received may be broken down as follows:

Requests received	2019	2018
2.1 Reports of alleged and specific infringements of the Code of Ethics	9	8
2.2 Opinions requested of the Ethics Officer (Business/Values consistency; consistency of models of conduct; various clarifications)	6	6
2.3 "Complaint" reports (relating to disruptions, delays, disputes, also with presumed ethical aspects)	106	82
2.4 Other contacts of various kinds	22	15
Total	143	111

2.1 *Reports of alleged and specific infringements of the Code of Ethics*

Of the 9 reports received in 2019, in only one case was a violation, though minor, of the Charter of Values and Code of Ethics found: a Group employee reported that a colleague had made disrespectful statements towards the employee, in a business context and in the presence of other colleagues. As the conditions were met, the Ethics Officer, at the end of the investigation, having determined that there was a violation (value of respect for the individual), and after informing the Chairman of the

Ethics Committee, communicated his decision to the Human Resources Department for any disciplinary measures falling under its competency.

The other 8 reports did not find any infringements:

- 2, which were not submitted in a detailed manner, were archived without follow-up, as the reporting parties did not provide the necessary required elements;
- 6 were analysed and evaluated by the Ethics Officer, who also proceeded to resolve them, in compliance with the Committee Regulations, discussing the more delicate cases with the Committee Chairman.

Investigations, in some cases particularly complex, were conducted by carrying out detailed verifications of the situations reported and calling upon and engaging the company structures concerned, always with a focus on safeguarding the confidentiality of the individuals involved.

The cases handled were the following:

- 1) a former UnipolSai agent complained of the alleged violation of the Code of Ethics (and the right to health) in UnipolSai's conduct in relation to his position as co-agent (agency with 3 partners, dissolved upon the decision of two partners due to an unresolvable internal conflict, decision communicated to UnipolSai and accepted); the reporting party pointed out that he had not received valid work alternatives from UnipolSai based on his serious health problems; at the conclusion of the investigation, no behaviours or facts in violation of the Charter and Code were found, so the Ethics Function sent the reporting party a response in which it communicated the absence of violations;
- 2) a former employee of a UnipolSai agency, through a union representative, reported his alleged discriminatory dismissal by the agency to the Ethics Officer; in the meantime, the reporting party filed a civil lawsuit against the agency, challenging the dismissal and later reaching a settlement in court. The Ethics Officer suspended the investigation and archived the report, as (i) the Code of Ethics is a self-regulation tool adopted voluntarily by the Group to put its Values into action with regard to - and among - its stakeholders, and (ii) reporting to the Ethics Officer is an alternative tool with respect to appealing to judicial authorities;
- 3) a condominium reported that a series of resolutions by a real estate management Consortium relating to the use of common areas were adopted in violation of governing regulations and, consequently, of the Codes of Ethics of all Group companies (including UnipolSai) represented by the Consortium; following the investigation, the Real Estate Department of UnipolSai sent a report from the Chairman of the Consortium, from which it emerged that a civil lawsuit had been filed regarding the same issue, for which the Ethics Officer informed the reporting party that the pending lawsuit meant that the report could not be further processed;
- 4) an employee of a Group company reported to the Ethics Officer a series of behaviours by the Company, in his opinion in violation of the Code, in relation to his unjustified dismissal, specifically accusing the CEO and his closest associates of harassment and threats, however without specifically indicating the facts and circumstances. A report was requested from the Company on this matter, which responded promptly and thoroughly to every statement made by the reporting party.

The Ethics Officer replied to the reporting party that (i) following the investigation, his report was determined to be unfounded, (ii) the disciplinary procedure launched is among those that the Company is entitled to undertake, (iii) the appeal to the Ethics Function in a unjustified and specious manner, with accusations against individuals that are not based on demonstrable facts, represents in itself a behaviour in violation of the Charter of Values and Code of Ethics, which may be brought to the attention of the Ethics Committee for its evaluation. Given that the reporting party did not support the allegations with facts and documents, the report was closed;

- 5) an employee of a UnipolSai agency reported a violation of the Charter and Code, as the party would have been forced by the agency to switch to the role of sub-agent in another office that would have been more inconvenient for him. A verification was requested from the Sales Department, from which it emerged that what had been stated did not correspond to the truth and that a difficult situation had arisen within the agency as a result of aggressive behaviour by the employee, events which were subject to a disciplinary procedure. The matter was then concluded with a settlement between the parties through the union representative. The Ethics Officer responded to the reporting party, stating that he had not detected any violations of the Charter of Values and Code of Ethics;
- 6) a tenant of a building reported an alleged violation of the Code of Ethics due to conflict of interest, as the administrator of the building had stipulated, without prior authorisation from the condominium, a global building policy with a UnipolSai agency, in which one of the agents was a relative of the partner in the building's administration office. An investigation was launched, which concluded that a conflict of interest did not exist, as (i) the insurance relationship had been in existence for many years, (ii) the familial relationship was known and accepted by the condominium residents, as is clear from the condominium meeting minutes, and (iii) the policy had an annual expiration and could be freely cancelled by the condominium. The Ethics Officer responded to the condominium, stating that the report had been archived.

2.2 Opinions requested of the Ethics Officer

As in previous years, in 2019 the Ethics Officer was also consulted on issues related to his specific competence, for opinions on specific issues or simple requests for information/clarifications regarding the Code of Ethics. Of the 6 cases addressed, it may be appropriate to highlight the following, due to the importance of the relevant ethical issues:

- the opinion requested from the Ethics Function and the Sustainability Function by the Technical Non-Life Deputy General Manager regarding possible reinsurance coverage for military instruments supplied by two Israeli companies to Azerbaijan. Thus, the matter was jointly evaluated, also consulting the Chief Risk Officer, who emphasised that granting the coverage could expose the Group to reputational risks (particularly due to the controversial position regarding respect for human rights of the country receiving the instruments). This conclusion was communicated to the relevant Technical Area, indicating that it would be inadvisable to give positive follow-up to the underwriting request. The structure accepted this response and the request was rejected;

- another opinion was requested by a Group company, which in 2018 had exercised the right of withdrawal in relation to a contract stipulated with a service provider, as one of the shareholders had been investigated for a crime related to the supplier's typical business activities. The service provider then requested to be reinstated in the supplier list, based on the sale of the ownership stake by the individual under investigation. In 2018, the Ethics Officer, having confirmed that the relationship between the individual under investigation and the supplier had continued under a different form, rejected the request for reinstatement, in accordance with the Code of Ethics. The new opinion requested from the Ethics Officer in 2019 noted that the reasons that precluded the reinstatement were no longer applicable, as the criminal proceeding had concluded with a dismissal and therefore with the cancellation of the accusations against the former partner of the supplier.

2.3 *"Complaint" reports (relating to disruptions, delays, disputes, also with presumed ethical aspects)*

In 2019, there were 106 reports regarding disruptions, delays, and disputes (in general in the sales or settlement sector) relating to Group companies.

This also includes the interventions carried out by the Ethics Officer in response to reports from employees concerning internal inefficiencies or other issues.

Generally these were not issues under the strict responsibility of the Function which moreover, as the recipient of the report, provided a response to the reporting party, generally with the information that the issue would be sent to the Complaints Function. In this regard, note that the Ethics Officer also collaborates with the Complaints and Specialist Assistance to Customers Function, if the complaint contains generic references to the Code of Ethics (even if they do not configure an actual report of alleged specific infringements thereof) or if the situation reported makes this appropriate, reviewing and supplying his contribution in developing the related responses. In this regard, in 2019 no situations were identified in which the reference to the Code of Ethics was grounded.

In other cases, the intervention of the Ethics Function contributed to improving business processes, highlighting possible unlawful conduct undertaken in the market that is damaging to the Company, or critical issues in the relations between the Company and stakeholders, restoring, where possible, trust. It should be noted that this type of reporting appears to be constantly growing, as the use of the Ethics Function is increasingly perceived by stakeholders as a tool to ensure that a problem (even if not connected to an assumed violation of values and principles) will reach the competent structure and be resolved. A need that, when it appears justified, cannot be ignored or disregarded by the functions themselves.

The following cases provide an example:

- a UnipolSai policyholder, whose son was involved in rather complex claim, appealed to the Ethics Officer, asking for help in understanding how to handle the situation. The Claims and Broker structures were informed of the matter and contacted the reporting party, an elderly person who was very worried about what had happened, and provided him with useful suggestions. The reporting party was grateful for the attention and advice received;

- a disabled person appealed to the Ethics Officer (via email with a copy sent to the Councillor for Equal Opportunities) to report that, due to the prolonged breakdown of an elevator in a building owned by UnipolSai, he was unable to go to the gym. The Ethics Officer checked with the Real Estate Department, from which it was determined that a series of technical problems had slowed down the repair, which was promptly completed. The reporting party thanked the Ethics Function.

2.4 Other contacts of various kinds

Finally, there were 22 contacts of various kinds (requests for sponsorships, requests for professional collaboration, etc.) which were redirected to the appropriate corporate functions.

3. *Training*

In order to ensure widespread awareness of the Charter of Values and Code of Ethics within the Group, the Function has planned to develop an on-line training program for employees, agents and agency staff in 2019/2020.

The program was launched in collaboration with “Unica-Unipol Corporate Academy” and is currently at an advanced stage of definition, with the involvement of all the relevant structures, so that the teaching methods chosen can be widely shared and the topics covered can be presented. The fundamental objective is to encourage internal and external collaborators to move from a theoretical and passive understanding of the Code of Ethics to development of participatory reflection regarding the values and principles contained in the Unipol Charter of Values, encouraging everyone to translate them into reality in daily life.

In 2020, after launching the company intranet (Futur@ for employees and Ueba for agencies), the course will be delivered in e-learning mode.

The program will make it possible to extend training on ethical issues to the entire company, supporting the classroom training path, which started in 2017 and to date has involved around 1,450 hierarchical managers out of a total of around 1,800.

4. *Final considerations and assessment on the general consistency between the principles declared in the Code and company management.*

In 2019, the Function focused its commitment on the obligations inherent to its reference institutional role regarding compliance with the Group Charter of Values and Code of Ethics for all of its stakeholders, as well as on the training program intended for both managers and internal and external collaborators.

Through the dynamics created in the classroom sessions as well as on the basis of the increasing use of the Ethics Officer by employees for support in managing collaborators in the event of ethically sensitive situations, it is already possible to understand how the evolution of this training activity is progressively raising awareness of values and ethical issues, enabling the understanding of the undeniable importance of their concrete application in daily operations.

To ensure widespread understanding of these matters in the Group, in addition to the completion of courses for hierarchical managers (scheduled for 2020), the Function has decided to extend ethical training to all Group employees and agency staff, with on-line delivery methods, also to stimulate an increasing consistency between the Group's values and concrete behaviours.

To conclude, the role of the Charter of Values and Code of Ethics within Unipol Group strengthened during 2019 as an inescapable point of reference for the growth and success of an innovative, transparent and socially responsible culture common to all employees, agents and partners within the Group and with all stakeholders.

Therefore, I note to the Ethics Committee, including pursuant to Art. 2.2 of the Code of Ethics, the general consistency between the principles declared in the Code and company management.

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