

UNITED NATIONS
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2019

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Statement of continuing support for the Global Compact

In this second annual communication on progress in the areas addressed by the Global Compact, Unipol Gruppo describes the tangible actions and initiatives undertaken to respect the commitment made when it became a signatory to the Global Compact.

In recent years, social needs have grown in complexity and reciprocal interdependence. The reduction in welfare spending by many governments and the increasingly frequent and severe implications of climate change, combined with the consequences of the economic crisis, have revealed the limits of more traditional approaches to dealing with the great challenges of our time.

As a result, the development of an economy with social and environmental impact - complementary to traditional paradigms - that is also socially innovative, is taking on an increasingly central role in the definition of Unipol Group's strategy.

The Unipol Group has adopted the principles of the Global Compact by encouraging conduct consistent with international standards on human rights, gender equality, transparency and integrity in its activities and in business management, through procedures and practices for continuous improvement.

In the Integrated Consolidated Financial Statements, as well as in its Sustainability Report, Unipol Gruppo reinforces its commitment to supporting and enacting the 10 principles of the Global Compact within its sphere of influence and aligning its strategy, culture and operating processes with them.

Pierluigi Stefanini
Chairman of Unipol Gruppo S.p.A.

Introduction

In the 2019-2021 integrated strategic plan, the Unipol Group measures its impact on the community, defining the economic and financial decisions that determine the value it creates and shares with the country.

Through the actions planned in the course of the Plan, it is estimated that a total of €24bn in value is produced for customers, employees, intermediaries, suppliers and the community. For example, for customers, thanks to more prompt and fair settlements; for the community by working on reducing the emissions generated by our real estate assets.

Achieving this objective requires consensus, collaboration and innovation, to guarantee the participation of a broad range of stakeholders and construct fundamental tools capable of improving well-being in vital areas such as health, safety and environmental protection.

The following pages describe all of the business conduct consistent with the principles of the Global Compact that the Unipol Group as risk manager, as well as in its role as insurer and investor, is enacting to make its own contribution to respect for human rights, labour, the environment and anti-corruption, generating economic growth and access to financing and insurance solutions.

Assessment, policies, objectives and implementation of the Human Rights Principles (Principles 1 and 2)

Through its insurance business, the Unipol Group contributes to promoting conditions favourable to the advancement of human rights.

One example of this is **access to quality health care**, which is an industrial and strategic pillar, also with a view to providing services that are ancillary/supplementary to the core insurance business. These include the non-insurance social and health care assistance services offered and the support provided by the Group to its owned or affiliated medical facilities equipped with safe, high-quality medical equipment to help health care professionals provide reliable and effective services.

The Unipol Group has defined its strategy regarding **Artificial Intelligence and the responsible management of Big Data** with a view to protecting human rights. Although the market is still in its infancy in Italy, the strategy is inspired by anthropocentrism, reliability and sustainability, to encourage the prevalence of a long-term vision which places humans at the centre and puts technological progress at their service, generating opportunities for growth and well-being for everyone in line with Article 3 of the Italian Constitution¹.

In its everyday activities, the Group has appointed a data protection officer and an information system security manager, with dedicated procedures and teams. Indeed, it is our duty to protect customers from the unauthorised use or disclosure of their data. Prevention and protection solutions are constantly updated based on a detailed risk analysis in relation to sensitive personal data. Unipol considers itself to be the custodian of these data, and is concerned with guaranteeing a high level of protection in compliance with privacy laws.

These behavioural procedures and practices are expressed in the **Code of Ethics**² as well as in the **Sustainability Policy** updated in 2019 to better define the commitments of the company within its spheres of influence to the areas of respect for human and labour rights, environmental protection, fairness and transparency towards consumers, correct business practices with a specific focus on lobbying and tax strategy practices, equal opportunities and integrating sustainability into the business.

The keystone of Unipol's commitment to enacting the 10 principles of the Global Compact within its business is the **Risk Management Policy**, which was significantly updated in 2019. In particular, ESG factors have been integrated within ordinary operations and considered in identification matrixes and in management, control and early detection procedures. The situation as regards ESG risks is illustrated in the Governance section of the Integrated Financial Statements.

ESG risk management policies and procedures are continuously monitored and improved. In the course of 2019, they were progressively extended to the underwriting of Non-Life and Life insurance risks and asset management activities (available at <http://www.unipol.it/en/sustainability/governance-sustainability/sustainability-policies>).

In the Non-Life and Life businesses, the system for identifying, assessing and systematically attenuating the main environmental, social and ethical risks inherent in certain commercial transactions has been reinforced. The "sensitive" business sectors identified as priority areas are gambling, coal, oil and gas extraction, defence, waste management and redevelopment activities, construction, transport and storage

¹ All citizens have equal social dignity [see XIV] and are equal before the law, without distinction of sex, race, language, religion, political opinion, personal and social conditions. It is the duty of the Republic to remove those obstacles of an economic or social nature which constrain the freedom and equality of citizens, thereby impeding the full development of the human person and the effective participation of all workers in the political, economic and social organisation of the country.

² Please consult the Unipol Gruppo website and the Ethics Report for information on the governance system, and on monitoring and implementing the Code of Ethics.

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and some manufacturing activities. The approach includes the human rights, corruption and associated risk areas.

In terms of investments, the Unipol Group defined a structured approach to monitoring ESG topics and risks within the investment process in 2012. The methodological reference for the set-up of the SRI strategy is the United Nations Global Compact, both for corporate securities (corporate shares and bonds) and government securities (government bonds). In December 2019, the Board of Directors of Unipol Gruppo approved an updated version of the Investment Policy with a view to strengthening the integration of ESG factors within issuer selection and investment management criteria. Consistent with this process, since 2017 the Unipol Group has followed the [Principles for Responsible Investments](#), monitoring respect for and the application of principles for the integration of environmental, social and governance (ESG) factors in investment decisions and in the body of shareholders.

ESG risks are also integrated within the supply chain. In this regard, in early 2019 an outsourcing policy was approved which focuses on the acquisition of products from suppliers to ensure greater uniformity in the management (and reporting) of ESG risks. The policy includes signing the [Vendors' Code of Conduct](#), based on the principles of the Global Compact and inspired by the ISO 20400 Sustainable Procurement standard. A full description of the management system for **responsible procurement** and the results achieved in the first year of application is available in the Value Creation section of the Integrated Financial Statements.

The Group also confirms its support for the UNGC principles and its intention of promoting them within corporate activities as a whole by guaranteeing that its employees are able to work in excellent **conditions of occupational health and safety**. The occupational health and safety management system adopted by the Group outlines tools and objectives for monitoring the physical, mental and social well-being of workers; training and increasing the accountability of personnel and raising the awareness of suppliers and partners in order to increase their knowledge and involvement.

At least once per year, the Management System is reviewed to verify its suitability, adequacy, effectiveness and efficiency to satisfy the requirements of reference regulations and applicable legislation and to reach pre-established targets. The review includes an evaluation of opportunities for improvement, the search for the best technologies available for prevention and protection and the need to make changes to the system, including the Group's policies, objectives and goals.

Unipol has set in place voluntary services and initiatives that range from training to health check-ups for 90% of its employees.

Assessment, policies, objectives and implementation of the Labour Principles (Principles 3, 4, 5 and 6)

In light of the changes taking place in the insurance sector, Unipol has decided to invest in its employees to support the achievement of strategic objectives which require leadership skills, operational excellence and sound business risk management.

To make operational objectives converge with the commitment of the people working in its organisation, Unipol recognises that its approach to talent management, including labour policies, does not regard solely respect for labour laws and regulations, but also extends to the need to adopt policies, incentives and bonuses aligned with the company's objectives and culture.

In this sense, in February 2019 a **Diversity Policy was approved, particularly with reference to the composition of the top corporate bodies** (see section 5.4 Diversity policy, page 22), and an objective was introduced into the remuneration policy for the 2019-2021 Plan period **concerning the average reputational performance of the Unipol Group** in the applicable three-year period. 5% of the variable portion of executive remuneration - LTI BONUS - at the end of the 2019-2021 Plan period will depend on the Group's reputational performance (which must be higher than that recorded in the Financial-Insurance sector overall) reported by the Reputational Institute, which monitors citizenship, governance and workspace variables, amongst others.

This objective is part of a consolidated system of policies promoting meritocracy and the **protection of workers and equal opportunities, which prohibit any type of discrimination.**

Examples of how these principles are implemented in the Unipol Group are found in recruitment, in the attention paid to the quality of the work environment, in the work of the "Mobbing Commission" and in the various approaches to handling the topic of disabilities. In this last regard, a Disability Manager has been appointed to coordinate the company policy and initiatives for the management of disabilities in the fairest and most effective way possible.

Analogous attention to respect for the Labour Principles has been placed on external stakeholders, including suppliers and partners. Within its qualification and selection process (Supplier Register), Unipol requires vendors to sign all of the documents laying out the Group's values, the Charter of Values and the Code of Ethics, which emphasise the use of non-discriminatory corporate policies, the inclusion of diversity, work-life balance policies and occupational health and safety management. In the contractual management phase, all suppliers are required to follow the principles of the [Vendors' Code of Conduct](#).

In relationships with Agents and intermediaries, Unipol has adopted specific contractual agreements reflecting the corporate culture of the Unipol Group, which define a set of commercial, professional, ethical and conduct integrity requirements that the intermediary must necessarily have and demonstrate that it puts into practice, in every aspect of its day-to-day activities.

Assessment, policies, objectives and implementation of the Environmental Principles

In 2019, Unipol publicly set a new goal to reduce its average production of CO₂ per employee by 7% by the end of 2021. The target, which uses 2018 emissions levels as a basis, is aligned with the 2 degrees Celsius target outlined in the Paris Climate Agreement.

Medium-term planning is made possible by the monitoring of ESG risks, including risks linked to the climate, guaranteed by the Group's corporate governance system, and in particular the verification of respect for requirements of competence and integrity by those who perform administration, management and control functions, and the presence of an adequate internal regulatory system - consisting of Group policies and the relative operating procedures - that formally governs the methods for managing the areas identified, an adequately structured and formalised system of delegations and powers and effective information flows, especially to the corporate and control bodies.

To ensure that the company's key processes adequately take into consideration risks related to ESG factors (and are capable of taking advantage of any opportunities), with a transversal and pervasive approach, and to support the assumption of consistent decisions through internal rules that place importance on the adequate consideration of those factors, the ESG factors are integrated within the Group's system of policies and internal processes and tools have been developed to concretely implement what has been defined.

As concerns Investments, as mentioned in the Human Rights section, the Group has adopted a [Socially Responsible Investing Policy \("SRI Policy"\)](#) which defines a transparent and systematic approach to ESG investments on the basis of sector best practices. Given its complexity and long-term nature, climate change represents a particular challenge for ESG integration. On this basis, the responsible investment strategy is broken down into the following actions:

- adoption of data sources and additional tools to raise the awareness of institutional investors and support the integration of ESG factors in investment strategies;
- assessment of investments in various asset classes with a view to contributing to a reduction in CO₂ emissions to support the transition to a low carbon emission economy;
- a priori exclusion from new investments of Companies linked to mining / coal-fired power generation and the assessment of new selective exclusions.
- Attention to thematic investments as tools to support the fight against climate change, with a particular focus on green energy and green technology, based on the performance of dedicated due diligence.

Lastly, the Group has activated engagement processes with investment funds participating in the Climate Action100+ platform.

In the insurance realm, Unipol has defined guidelines for directing underwriting activities with reference to environmental, social and governance factors. For environmental factors, both risks generated by and those affecting the organisation were considered and the most sensitive sectors were identified, highlighting the cases in which there are activities with ESG risks and the relative reputational impacts that make them not compatible or which are not encouraged.

To support management activities, internal processes and tools have been activated with the involvement of multiple players, taking an "escalation" approach for decision making.

In light of environmental challenges, the **development of products and services is also becoming more oriented towards the mitigation of or adaptation to climate change.** The catalogue, in the form of products, advisory services for the management of risk and claim compensation services, offers protection solutions addressed to corporate customers and to green technology companies, suppliers of renewable and

alternative energy, software producers and hardware companies. The insurance protection provided to these companies indirectly funds the research, development, production and sale of specific technologies that have the potential to reduce greenhouse gas emissions. Unipol's solutions also include cover dedicated to farms, with a particular modulation of premiums if dedicated to organic production, pay per use guarantees in mobility, cover for responsibility from pollution, decontamination projects, risks related to waste management and advisory services for companies, like the European project Life Derris (DisastEr Risk Reduction InSurance). Derris proposes a prevention and management model for damages resulting from catastrophic weather events based on a public/private collaboration, which adopts insurance mutuality mechanisms to handle the growing risks deriving from climate change and promotes the **spread of a risk culture on this matter and resilient behaviours**. For a precise report on the results achieved by the Derris project, please refer to the Integrated Report to the Unipol Group's Consolidated Financial Statements.

Another area to which the Group pays particular attention is the integration of environmental factors guided by technology: digitalisation, IoT and Big Data are enablers in the product range and fundamental elements to support change processes. In this respect, through the innovative use of IoT in urban areas, the Unipol Group, in partnership with several local public administrations, promotes sustainable development models to make our cities and the transportation systems serving them smart, secure, sustainable and resilient in order to face the challenges of climate change.

In the **Real Estate** arena, the Group is continuing to certify its directly managed real estate assets according to the ISO50001 **standard**, defining energy efficiency requirements and guidelines. Also as regards real estate, green building upgrading projects are currently under way (for example, emission absorbing film has been applied at Torre Galfa/Cantiere Rasoio). The Group will continue to take effective approaches to reduce greenhouse gas emissions, including by installing highly energy efficient lighting and equipment and through the more efficient use of work spaces.

As regards the internal and external promotion of sustainable development, Unipol is a signatory to the Paris Pledge for Action and to date the Talanoa Call for Action and has a memorandum of understanding in place with Legambiente for measures to increase territorial resilience and for scientific investigation on climate change.

Unipol also promotes the environment by conducting punctual, widespread environmental measurement and reporting, as demonstrated by its participation in the **CDP Protocol**. For 2019, Unipol obtained a score of D in the CDP's scoring of climate change programmes.

In relations with Suppliers, environmental topics are incorporated in the principles of the [Vendors' Code of Conduct](#) that all suppliers are required to follow as described previously in the section on Human Rights. During the contractual management phase, the inclusion of standards for the qualification of offers through product environmental labels is increasingly widespread.

Assessment, policies, objectives and implementation of the Anti-Corruption Principles

Within the analysis of at-risk areas that are significant for the purposes of Legislative Decree 231/2001, business processes continue to be analysed and evaluated in relation to the risk of corruption. From the mapping of the sensitive processes deemed at risk of corruption, it was found that the activities most exposed to the risk of corruption are: the management of real estate inspections by Public Officials with control functions, the management of inspections by the Supervisory Authorities, the management of calls for tender and assignments relating to acquisitions or engagements in the real estate sphere, the management of calls for tender with Public Institutions for insurance services, the management of donations, sponsorships and advisory services. For these activities, additional specific controls have been established that are integrated within procedures for implementing the **Group Organisation, Management and Control Model³ (OMM)**, the **Code of Ethics** and the **Vendors' Code of Conduct**.

In the Code of Ethics, the Group makes specific reference, among its aims, to preventing any form of corruption and extortion and to fighting against any form of terrorist financing or money laundering. Procedures are also envisaged for the internal reporting of irregularities or violations, actual or presumed, of regulations and principles of the appointed corporate bodies as well as to the Ethics Officer, the Group's reference officer for issues relating to the implementation of and compliance with the Code of Ethics. In particular, beyond the prevention of corruption, this includes respecting the principles of fair competition, compliance with laws and regulations and following policies for the management of promotional contributions and gifts.

The OMM envisages a structured, across-the-board system for prevention, dissuasion and control, designed to instil in persons working directly or indirectly in sensitive activities the awareness that unlawful conduct could cause the infliction of sanctions not only upon themselves, but also upon the Company. The oversight mechanisms and control instruments put into place to combat corruption emphasise the general conduct principles applied to the corporate bodies and employees directly and to partners on the basis of dedicated contractual clauses. These principles concern:

- the training of associates by Department Heads in contact with the Public Administration and the tracking of information flows to it. In this regard, specific training is guaranteed to all Group employees to expand the culture of legality and prevent fraudulent conduct, episodes of corruption and money-laundering phenomena. The training plan is broken down into meetings with top management, with Risk Takers (general managers, strategic executives and managers, personnel at the highest level of the internal control functions and other categories of personnel whose activities have a major impact on the business risk profile), classroom training for employees in "sensitive areas" and remote training for all employees relating to the update to the OMM made in 2018.
- the assignment of representation duties to external parties through formal appointments;
- the inclusion in contracts with partners of specific declarations by them concerning their knowledge of Legislative Decree 231/2001 and their commitment to comply with the OMM as well as the fulfilment of integrity requirements.

As regards the implementation of measures against corruption in the management of the Securities portfolio, the Real Estate portfolio, in assuming insurance risk and in relations with Suppliers, reference should be made to the section on human rights.

Detailed information on specific principles of conduct to avoid each type of offence from being committed and detailed information on the training provided can be found in the Governance section of the Integrated Financial Statements.

³ The Model (OMM) is adopted pursuant to Legislative Decree 231/2001 by the Group's main companies based in Italy

TABLE OF CONTENTS REGARDING INFORMATION RELEVANT TO THE UNITED NATIONS GLOBAL COMPACT

The Unipol Group has adopted the principles of the Global Compact, promoting conduct consistent with the international standards on human rights, gender balance, environmental protection, anti-corruption, transparency and fairness in business and in business management, through continuous improvement methods and practices. In order to make it easier to track the relevant contents for Communication on Progress, the following table has been prepared, which identifies, for each principle, the links to the GRI Standard, to the chapters of the 2019 Integrated Report (outcome measurements are indicated in the chapter "Shared value: the impacts generated by the Unipol Group") as well as the website www.unipol.it. For detailed information on the United Nations CoP 2019, please refer to the "Sustainability" section of the Unipol Group's website.

Global Compact Areas	Global Compact Principles	GRI STANDARDS	Page reference in the Annual Integrated Report	Link	
Principles on Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their respective spheres of influence.	GRI102-09 GRI102-15 GRI102-16 GRI102-17	GRI102-30 GRI408-01 GRI412-03 GRI-FS11	Pages 14-15: "Unipol Group Vision, Mission and Values" Pages 29: "Future orientation in the use of capital" - "Instability and Polarisation" Pages 40: "The creation of value" - "Capital performance" - "Financial capital" Pages 46-49: "The creation of value" - "Capital performance" - "Human capital" Pages 66-74: "Governance" - "Internal Control and Risk Management System" Pages 111: "Other information" - "Ethics Report"	<ul style="list-style-type: none"> • Unipol Group Identity Vision, Mission and Values • Policies • ESG risk management
	Principle 2: Businesses should make sure they are not complicit in human rights abuses, including indirectly.				
Labour principles	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	GRI102-06 GRI102-07 GRI102-08	GRI204-01 GRI205-02 GRI305-03 GRI401-01 (b)	Pages 14-15: "Unipol Group Vision, Mission and Values" Pages 29-30: "Future orientation in the use of capital" Pages 33-34: "Material topics" Pages 46-49: "The creation of value" - "Capital performance" - "Human capital" Pages 53: "The creation of value" - "Capital performance" - "Social and relational capital" Pages 66-74: "Governance" - "Internal Control and Risk Management System" Pages 77-78: "Governance" - "Remuneration system and incentives" Pages 111: "Other information" - "Ethics Report"	<ul style="list-style-type: none"> • Unipol Group Identity Vision, Mission and Values • Shared Value • ESG risk management
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.	GRI102-09 GRI102-16 GRI102-22 GRI102-30 GRI102-35 GRI102-41 GRI201-03	GRI403-02 GRI403-03 GRI403-09 GRI 404-01 GRI 404-02 GRI405-01 GRI405-02		
	Principle 5: Businesses should uphold the effective abolition of child labour.				
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.				
Environmental Principles	Principle 7: Businesses should support a precautionary approach to environmental challenges.	GRI102-09 GRI102-11 GRI102-15 GRI102-30 GRI201-01 GRI302-01	GRI303-03 GRI305-01 GRI305-02 GRI305-03 GRI305-04 GRI307-01 GRI-FS14	Page 30: "Future orientation in the use of capital" - "Climate change" Pages 40: "The creation of value" - "Capital performance" - "Financial capital" Pages 54-56: "The creation of value" - "Capital performance" - "Natural capital" Pages 57-63: "The creation of value" - "Shared value: the impacts generated by the Unipol Group" Pages 64-71, 73: "Governance" - "Internal Control and Risk Management System"	<ul style="list-style-type: none"> • Reputational & Emerging Risk Observatory • Results and Strategy • Policies • Shared Value • Climate change • ESG risk management • Derris Project
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.				
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.				
Anti-Corruption Principles	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	GRI102-09 GRI102-29 GRI102-30 GRI102-43 GRI 205-1 GRI 205-2	GRI 205-3 GRI 206-1 GRI 417-3 GRI 418-1 GRI 419-1 GRI-FS11	Pages 14-15: "Unipol Group Vision, Mission and Values" Pages 33-34: "Material topics" Pages 66-71, 73-74 "Governance" - "Internal Control and Risk Management System" Pages 111: "Other information" - "Ethics Report"	<ul style="list-style-type: none"> • Unipol Group Identity Vision, Mission and Values • Anti-corruption Procedures • Policies • ESG risk management



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