

# 2007 Social Report

## Summary

The full version  
can be viewed at  
[www.unipolgf.it](http://www.unipolgf.it)



**UNIPOL  
GRUPPO  
FINANZIARIO**

## Letter from the Chairman



Last year was the year in which we implemented our strategic project and the objectives outlined during the previous year. Unipol Gruppo Finanziario, the holding company that provides the market with a clearer and more transparent picture of our entrepreneurial activities, was created.

In this Social Report we provide an honest and rigorous account of our Company's decisions and activities and a qualitative assessment of the impact our activities have on individuals, the community and our stakeholders. On the one hand we stress the core social values that are a feature of Unipol and that have been a determining factor in enabling it to grow. These values have always prevailed, despite the difficulties, problems and mistakes that have cropped up during the 45 years we have been in business.

On the other hand we face up to the changes that are indispensable if we are to continue to play a role in society and in the market and to fulfil the requirements of all those who – customers, employees, agents, shareholders and all other stakeholders alike – place their trust in us, trust that has remained firm and in many ways increased, as we noticed in dozens of public meetings throughout the country during which we presented the Social Report for 2006. These were very important and well-attended occasions, which enabled us to improve our work and which we shall repeat this year. These meetings will enable us to present the significant results of the many aspects of our social commitment, from insurance, banking and financial products aimed at the sections of the population who are not in a strong financial position, to support for Libera in its struggle against the Mafia and for legality and a healthy and corruption-free economy, including the new direction in which we are steering the Unipolis Foundation, through which our Group intends to promote research, culture, safety and support for the community.

Quite apart from the strong entrepreneurial spirit to which the process of creating UGF has given rise I should like to mention the changes to the system of governance. We have drawn a clear distinction between representing shareholders and the managerial role, with governance procedures being based on greater transparency and full observance of the Code of Corporate Governance for Listed Companies. We have done this by drawing up a new Code of Corporate Governance, giving the Board of Directors a greater role and setting up several committees, with Members of the Board being granted wider powers to guide, monitor and supervise. One of these is the Committee for Social Responsibility, which is something very new for a listed company in Italy and an important tool for ensuring that day-to-day practice is in line with our stated values and objectives.

Whilst on the subject of values, we have begun to draw up a new 'Core Values Charter' for our Group. This is another way in which we want to construct a new, stronger and more modern identity for UGF and foster a greater sense of belonging within our Company. We are also going to update our Code of Ethics.

We want to make it not simply a declaration of principles, albeit an important and solemn one, but a tool for ongoing lively and stimulating discussion that will reflect the obligations and commitment of all those who are part of Unipol Gruppo Finanziario, who obviously work within the law but also have a profound sense of responsibility towards customers and savers, the market and society. Only in this way can our Company be seen to be acting legitimately in producing wealth and fulfilling its social role.

*Pierluigi Stefanini*

## Letter from the Chief Executive Officer



**D**ear friends,  
This is the second time I have presented UGF's Social Report after a year in which substantial changes were initiated, the results of which are illustrated here.

The object of the Social Report continues to describe the reasons for the Group's sustainable development in terms of results for all stakeholders, which this year were particularly significant for shareholders.

This Social Report is the result of significant changes, having been compiled in accordance with best practices, new benchmarks and revised drafting processes.

Unipol Gruppo Finanziario formally came into being on 1 September 2007 and is a large team of more than 6,500 individuals with a whole range of professional expertise.

We have dedicated a lot of time and resources to finalising the new organisational and corporate set-up required to put the Group in a better position to compete in a rapidly changing financial market. Today Unipol Gruppo Finanziario has an identity, a mission and a structure that are all clearer, more comprehensible and more transparent.

Throughout 2007 we continued to implement the 2006-2009 Strategic Plan, which proved to be both strong and flexible, i.e. able to adapt to the difficulties of the markets and to overcome them. That more than anything else is what can make the most of the individuals who work in the Group and provide a carefree future for them and their families.

We are investing major resources in the Let's Build the Future Together training project, which provides our employees with fresh knowledge and a deeper understanding of various topics. I believe training to be one of the main factors enabling companies to grow. It improves personal relations and provides employees with tools and codes of conduct to enable them to work better.

In 2007 working relationships with both Unipol and Aurora Agents throughout the country intensified. Together with colleagues in the sales departments I met all our agents on various occasions in order to explain our vision and to hear their new ideas for our growth. The customer remains the focus of our attention.

Today Unipol Gruppo Finanziario is working on drawing up a Core Values Charter for the Group. It will form the basis for the corporate ethos that we wish to pursue and bring together the whole range of experience and passions that the Group has shared over the years.

*Carlo Salvatori*

## Group profile and vision

Unipol Gruppo Finanziario's Social Report enables stakeholders to evaluate the work carried out and the results achieved and to ensure that day-to-day management is consistent with declared values and objectives.

2007 was a year of intense activity in terms of making choices of strategic importance, making decisions and implementing projects.

- Setting up UGF – Unipol Gruppo Finanziario in September 2007 and the consequent company reorganisation;
- Consolidating the Group and reaffirming its desire to grow using the strength of its foundations and the participation and cooperation of all its elements to build its future;
- Starting to draw up a new 'Core Values Charter' for the Group and updating the Code of Ethics.

The aim is to build a stronger and more modern identity and sense of belonging by involving more widely all the individuals who work in and for UGF, starting by relaunching training at every level of the company structure.

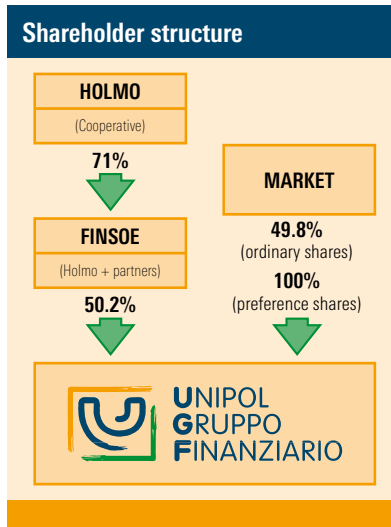
- UGF considers that it is not only sustainable development that is of strategic importance but also corporate social responsibility that can combine economic growth and value for shareholders with protecting and valuing individuals, helping the community in which it operates, respecting the environment and safeguarding future generations.
- UGF bases its strategy on integrated insurance and banking to respond easily and efficiently to customers' requirements.



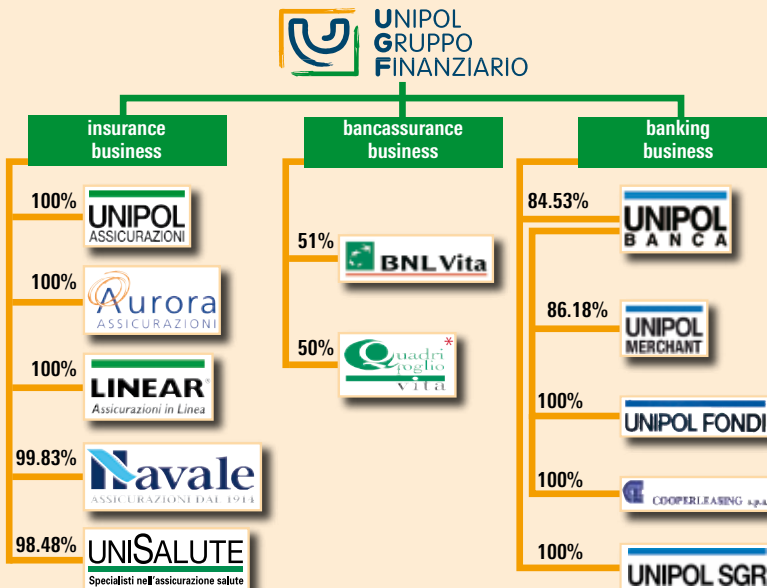
Unipol Gruppo Finanziario's major shareholder, Finsoe S.p.A., holds 50.2% of its ordinary share capital (50.75% as at 31/12/2007).

The majority of Finsoe's capital (71.07%) is held by Holmo S.p.A., which is controlled by businesses belonging to the cooperative movement (including the principal consumer, producer and worker cooperatives).

The other 49.8% of Unipol Gruppo Finanziario's ordinary share capital and all the preference shares constitute capital that is traded on the Borsa Italiana share market.



## UGF: the principal subsidiary companies

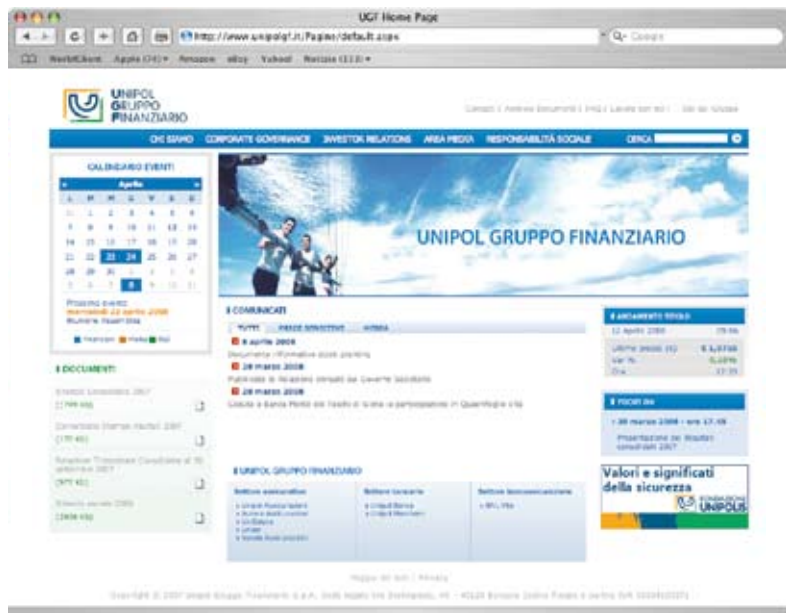


\*Ceased on 28/03/2008

## Corporate governance

- In May 2007 UGF S.p.A.'s Board of Directors voted to adopt the Group's Code of Corporate Governance, which describes the composition and functions of the corporate bodies responsible for running UGF S.p.A. and the companies operating within the Group.
- The Board of Directors is made up of 25 members, 10 of whom are independent. Five advisory committees have been set up within the Board of Directors, one of which is the Committee for Social Responsibility.
- The Code of Corporate Governance incorporates the Code of Corporate Governance for Listed Companies by making a clear distinction between the functions of representing, guiding and supervising entrusted to the Chairman and those of running the company entrusted to the Managing Director.
- The intention of this is to increase the transparency of the decision-making processes and to provide safeguards against potential conflicts of interest.
- As part of the process of reorganising the company UGF S.p.A. launched a review of the way in which the Group was organised and functioned, which led to the gradual separation of the centralised and coordination functions carried out by UGF S.p.A. in its capacity as a holding and service company from the operations carried out by the individual companies within the Group.

This reorganisation has ensured that the Group's structure is such as to enable it to consolidate its position on the insurance and financial market, introducing clear objectives and responsibilities and with a view to transparency, efficacy and efficiency.



*At the same time as Unipol Gruppo Finanziario came into being on 1 September 2007 the new holding company's website went online, actually a few minutes after midnight on 31 August.*

- The Italian insurance market is the fourth largest in Europe.  
However, Italy differs from other developed countries in that its rate of insurance penetration is low compared with the gross domestic product.
- The need for security for individuals, families and businesses in Italy is increasing, as is awareness of the need to be able to rely on modern and more efficient methods of avoiding risks and providing pensions and security. A new culture of individual security is slowly gaining ground.
- UGF was set up with the aim of combining banking and insurance services so as to provide quality products that were transparent and affordable and best fulfilled the requirements of individuals, businesses and families.
- The Business Plan for 2006-2009 was the logical outcome of this strategy.

## Strategic Plan 2006-2009

The strategy followed by the Group in 2007 had its origin in the Strategic Plan for 2006-2009, which was presented to the financial community in September 2006 and rests on four pillars.

### THE PILLARS ON WHICH THE STRATEGIC PLAN RESTS

#### Strategies

#### Actions

##### INSURANCE BUSINESS

consolidation of our leading position in the Italian market according to market share, technical efficacy and profitability

improvement in the range of products and sales performance, reduction in operating costs by making use of hitherto unexploited synergies, maintenance of technical excellence especially in the field of claims, growth in new Life business through greater value of mix

##### BANKING BUSINESS

growth through expansion of scale of operations and pursuit of profitability

improvement in cost/income ratio:  
- new branches becoming fully operational  
- increase in the network's sales productivity  
- expansion of the network of branches

##### CORPORATE CENTRE

strengthening of holding functions in order to increase integration and coordinated development of the various areas of business

rationalisation of Group structure  
promotion of coordination between various areas of business

##### CAPITAL MANAGEMENT

making best use of opportunities for external growth in line with Group strategies

repurchase of minority holdings of subsidiaries  
attention to opportunities for growth on the market  
continuation of dividends policy

2007 was characterised by Italy's difficult economic business cycle, which also had repercussions on the insurance market. Last year was also characterised by major legislative changes relating to insurance (new Insurance Code, Direct Compensation Scheme, multimandate).

In addition, a boost was given to supplementary pension schemes with the transfer of the staff-leaving indemnity to pension funds.

Against this background UGF's Consolidated Accounts for the year ended 31 December 2007 closed with a profit of €421m (+16.5%) after the holding in Hopa had been written down by €59m. The net profit pertaining to Unipol Gruppo Finanziario was €389m (+38.4%).

Shareholders received €1bn in dividends, €184m of which was ordinary dividend and €816m extraordinary dividend, as repayment of capital subscribed when it was increased in Autumn 2005.

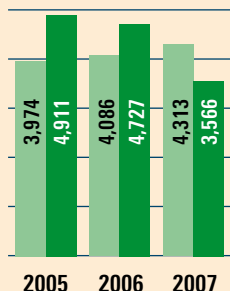
## Summary of Unipol Gruppo Finanziario's most significant figures

	2007
Direct premium income (insurance)	7,851
Customer deposits (banking)	9,097
Net premium income	7,463
Consolidated result	421
Group net profit	389
Investments and liquid assets	39,405
Technical provisions and financial liabilities	37,885

Amounts in €m • Source: Consolidated accounts 2007

### Insurance income

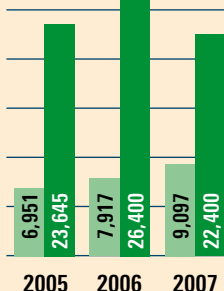
■ Non-Life  
 ■ Life and investment products



Amounts in €m  
 Source: Consolidated accounts 2007

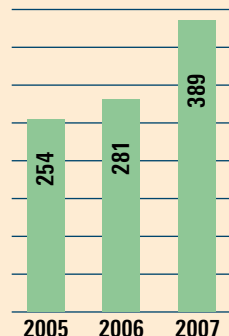
### Banking income

■ Customer deposits  
 ■ Customer funds



Amounts in €m  
 Source: Consolidated accounts 2007

### Net profit

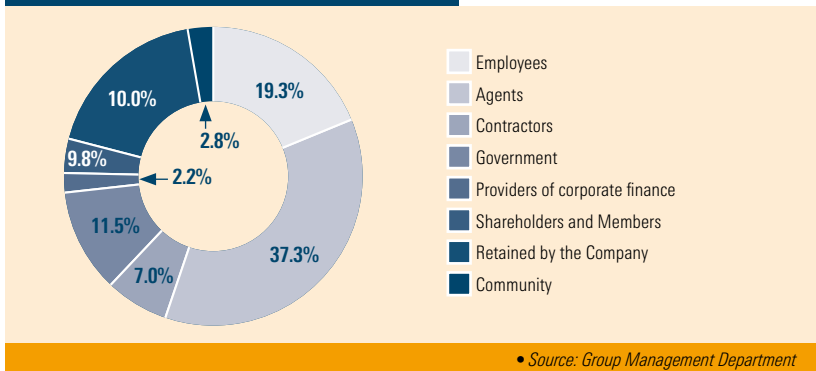


Amounts in €m  
 Source: Consolidated accounts 2007



Added value is defined as value produced by the Group during the year and calculated as the difference between operating income and the costs of insurance and banking services and the amounts paid for goods and services.

## Distribution of added value



## Distribution of added value

The table showing the distribution of added value quantifies the financial benefits that the Group provides for several categories of stakeholder and enables the social impact of the activities carried out to be evaluated objectively.

In 2007 the wealth produced amounted to €2,121.6m and was broken down as follows:

- 19.3% of the added value was distributed to employees in the form of wages, salaries and social security contributions.
- 37.3% of the added value was distributed to agents, mainly in the form of commissions. This category also included commissions paid to financial advisers and to the banks who sold the Group's insurance products.
- 7.0% of the added value was distributed to long-term contractors who are essential to enable the Group to expand its business, such as doctors, loss adjusters and lawyers.
- 11.5% of the added value was distributed to the Government in the form of direct and indirect taxes.
- 2.2% of the added value was distributed to providers of corporate finance.
- 9.8% of the added value was distributed to Shareholders and Members in the form of dividends.
- 10.0% of the added value was retained by the Company and consisted of the net profit for the year that was not distributed and was allocated to self-financing.
- 2.8% of the added value was distributed to the community in the form of donations, sponsorship and compulsory contributions. (This item also included the contribution to the Fund for the Victims of Road Traffic Accidents.)

## Customers

The strategies and programmes of Group undertakings towards their customers are guided by the following principles:

- Increasing reliability and transparency in the insurance and banking sector;
- Marking insurance as a modern social tool for providing security and safeguards for individuals and businesses;
- Operating honestly and consistently when underwriting risks, settling claims, managing savings and granting loans;
- Focusing on customer satisfaction as regards price and the quality of products and services.

Knowledge of the various types of customer is extremely important and is constantly updated and monitored.

- Customers are classified according to the category to which they belong: individuals and businesses, according to occupation, profession, type of self-employment or, in the case of business, the various categories of product.
- Other categories take account of age, academic qualifications, types of product purchased and purchasing power. However, the geographical distribution of customers is particularly important for the insurance sector, both for the purposes of analysing commercial penetration in various parts of the country and for the purposes of adapting products and tariffs to the various local communities.

Proper management of customers also means knowing which sales channel they have chosen.

### Total number of customers per company

	2007	2006	2005
Unipol Assicurazioni	1,983,635	1,982,418	1,859,619
Aurora Assicurazioni *	2,797,806	2,868,908	2,762,265
Linear Assicurazioni	352,200	337,900	335,500
Navale Assicurazioni **	253,510	285,000	282,985
<b>Total Insurance sector</b>	<b>5,387,151</b>	<b>5,474,226</b>	<b>5,240,369</b>
UniSalute ***	2,785,443	1,702,597	1,600,000
BNL Vita	706,265	767,500	745,850
Quadrifoglio Vita	n.a.	62,043	60,900
<b>Total Bancassurance</b>	<b>n.a.</b>	<b>829,543</b>	<b>806,750</b>
Unipol Banca	362,047	285,157	253,400

Source: Sales Departments

\* Aurora: The decrease compared with the figure for 2006 is due to approximately 20 agencies leaving to join our competitors during the two-year period 2005-2006 and to the normal procedures of maintaining and cleaning up the agency portfolios.

\*\* Navale: The work of cleaning up the portfolio after the transfer from the old IT system to the new one was completed during 2007. Therefore it is possible that the number of customers will have fallen.

\*\*\* UniSalute: The figure for Unisalute refers to "active customers" insured under group and individual policies.

### THE AGREEMENTS

**A**part from the low cost, a feature of products offered under the system of Agreements is the simplicity and clarity of the contractual terms and any services designed specifically to simplify the Company/customer relationship.

Although they have different special features depending on the Company and its traditional structure, Agreements are one of the tools used by the Group to offer its service to society at large. At the same time they can bring in considerable premium income. Unipol Assicurazioni has developed both national and regional Agreements by strengthening its working relationships with major trade union organisations and organisations of small and medium enterprises (CGIL (Confederazione Generale Italiana del Lavoro – General Federation of Italian Trades Union), CISL (Confederazione Italiana Sindacati Lavoratori – Italian Federation of Trades Union), UIL (Unione Italiana del Lavoro – Italian Trades Union Federation), CNA (Confederazione Nazionale dell'Artigianato – National Confederation of Craftsmen), LEGACOOP (Association of Cooperatives), CIA (Contratto Integrativo Aziendale – Unipol Labour Agreement) and Confesercenti (Confederazione degli Esercenti – covering retail and tourism). Of all these, particular mention should be made of the 'Agreements on Workplaces' and 'Policies on card-carrying membership'. The Unipol Regional Councils are the structure Unipol Assicurazioni uses to monitor collaboration with Member Organisations and to draw up Agreements. As the successor to Meie, Aurora Assicurazioni pays particular attention to National Agreements with major groups of companies (drawn up at the Company's head office and managed via accredited agencies throughout the country) but also to those that are purely regional, entered into as a result of information received from the local agent. On the other hand UniSalute and Navale Assicurazioni have entered into Regional Agreements with health schemes and several company CRALs (Employees' Recreational and Welfare Centres) respectively.

### 355,000 'BLACK BOXES' FITTED

**A** ample testimony to Unipol Gruppo Finanziario's interest in innovation is provided by the 'black box', a device using GPS and GSM/GPRS satellite technology that offers advantages as add-ons to third-party liability types of cover for motor vehicles. Each company in the Group has drawn up its own proposal to meet the specific requirements of its own policyholders. Unipol Assicurazioni was the first, as far back as 2005, with **UNIBOX** (which may also be adopted by Navale policyholders). Aurora Assicurazioni called its black box **AUROBOX** and in December 2007 Linear Assicurazioni launched **LINEARSAT**. The service (which in the case of Unipol, Aurora and Navale offers policies that can also be linked on favourable terms to the '2 of Hearts' policy) promotes road safety since it encourages more responsible and careful driving. It also provides protection for the policyholder from cheating and fraud relating to accidents caused by third parties, since the data recorded by the telecommunications device enable the accident to be reconstructed and the actual loss to be evaluated. Quite apart from lower tariffs, two of the advantages provided by the black box are that in the event of an accident an automatic request for assistance is sent to the call centre and if the vehicle is stolen it is located to enable it to be recovered. By 2007 the companies belonging to Unipol Gruppo Finanziario had written a total of more than 355,000 MV TPL policies that included a black box.

**YOUNG UNIBOX:** In order to offer increasingly innovative products to its customers, Unipol Assicurazioni has introduced Young Unibox, the version of Unibox's black box devised specifically for young newly qualified drivers. Young Unibox is the only MV TPL policy in Italy with no surcharge for drivers between the ages of 18 and 29. This is the way Unipol has chosen to express its trust in young people. This service is also of benefit to parents because it assists drivers in an emergency and does not penalise them with excesses nor higher premiums based solely on discrimination against young people. It also rewards safe driving, something everyone thinks is very important.

## Products

On the basis of a policy that stresses the substantial synergy between insurance and banking services, the range of products is designed to offer different things to businesses and individuals. These two main categories are further subdivided into a range of products that provide flexible and personalised solutions to customers' insurance and banking requirements, are accompanied by clear and up-to-date information and are sold in a trustworthy and transparent manner by approved individuals.

The idea behind the range of innovative products and combined banking and insurance services offered by UGF and its companies is to contribute to a new culture of safety, protection and security that is more responsive to the economic and social changes that are taking place in Italy and more efficient in providing safeguards for individuals and undertakings so that they can view the future more calmly and confidently when making decisions on investments and savings.

The synergy provided by the integration between the banking services and the insurance services of the various Group undertakings makes it possible to develop a new range of products that are more transparent and efficient and have features that make them more responsive to both individuals' and businesses' growing need for security.

## PENSION FUNDS

In 2007, when it became possible for employees to transfer their staff-leaving indemnity to pension funds, having had several years' experience in this sector Unipol was able to take a lead: in fact it managed 24 sectors in 21 of the 43 group funds authorised.

Of the principal Funds in which Unipol operates mention should be made of **Alifond** – employees in the foodstuffs sector, **Cometa** – metal and mechanical industry, **FondoPoste** – Italian Post Office, **Eurofer** – employees of the Trenitalia Group, **Arco** – employees in the timber sector, **Fundum** – entrepreneurs in commerce, tourism and the tertiary sector, **Priamo** – public transport employees and **Telemaco** – telecommunications. As at 31 December 2007 Unipol Assicurazioni managed total resources of €816bn in the 24 asset management mandates it held.

In open-end pension funds many approved undertakings in Italy are also with Unipol. It is also important to point out that within the **Insieme** open-end pension fund there is the **ethical subfund**, which invests in the securities of companies and organisations that fulfil socially responsible criteria.

**Aurora Previdenza**: This open-end pension fund has been operating since July 1999 and is mainly aimed at the self-employed and professionals. It is split into four different sub-funds.

A range of products offered by the companies in the Group is characterised not only by their quality and reliability but also by their considerable social value, which enables the role of insurance to be interpreted as a modern social tool for safeguarding individuals and businesses and enables the underwriting of risks and handling of claims to be carried out honestly and consistently.

- **LONG-TERM CARE:** UniSalute offers specific benefits to enable elderly people to deal confidently with the problems they face when they lose their independence
- **SUPPORT FOR THE COMMUNITY:** This enables local authorities to provide people on low incomes with free benefits simply by ringing the call centre, which operates 24 hours a day, if they become victims of theft, bag-snatching or robbery
- **SALUTEMIA:** SaluteMia is a health scheme especially for women provided by MutuaPiù and developed with the technical assistance of UniSalute and Coop Adriatica. It is sold in Ipercoop's CoopSalute outlets

- **Uninvest2Sempres+:** a Life policy where the sum assured increases irrespective of market performance
- **Uninvest2 Diva:** aimed at leading European companies that can distribute the highest dividends even when the market is uncertain
- **Uninvest2 Power15:** a Life investment policy where the initial sum assured increases however markets perform
- **Unipol Executive:** reserved for people in high-income brackets, such as businesses and professionals
- **Tariff 556 and Tariff 558:** single-premium capital redemption policies for pensioners to whom they offer protection and peace of mind
  - **Unipol Futuro Presente:** the new individual pension scheme for the type of customer who wants a specific level of additional pension

- **UNIBOX - AURO BOX LINEARSAT:** grazie al dispositivo satellitare con Thanks to the satellite device this combines saving money, assistance in the event of an accident and protection for policyholders from other drivers who may be dishonest
- **Young Unibox:** the only MV TPL policy in Italy with no additional premium for drivers between the ages of 18 and 29
- **Aurora United:** a policy for citizens of other countries working in Italy
- **Bellaetà Aurora:** dan insurance scheme devised by Aurora Assicurazioni for the over-60s
- **Protezione Ricerca:** ua Navale Assicurazioni product developed for all professionals working in medical and pharmaceutical research
- **TORTORAGIONE:** a benefit offered by Navale Assicurazioni as part of its MV Protection product to provide policyholders with greater peace of mind in the event of an accident

- **2diCuore:** the first ever combined banking/insurance product
- **Current Accounts**
- **GiàTuo:** consumer credit
- **Già Grande:** for pensioners
- **CG?:** for young people between the ages of 18 and 30
- **EVVAI:** for retail customers, designed to be operated by telephone and via the Internet
- **InPista:** for professionals and small businesses
- **Completo:** a solution offering not only a current a/c but also banking and insurance products and services and information
- **Loans**
  - **AncheTu:** to enable people on low incomes to buy their first house
  - **GiàCasa and Libera il mutuo:** for taking advantage of the opportunities provided by new legislation on the 'portability' of loans
- **UNIPOL ETHICAL FUNDS:** Unipol Etico is one of the ten Sectors of Unipol Funds: it invests mainly in a diversified portfolio of socially responsible international shares and bonds



2007 saw the conclusion of the process of standardising the claims-handling work of Group undertakings, a decision that was given a fresh impulse by the introduction of Direct Compensation legislation.

### The service

Claims are dealt with by means of a computerised system which enables files to be consulted directly by video, thus reducing to a minimum the need to move bits of paper (the paperless office).

Implementation of the new Direct Compensation scheme for MV TPL claims has led to a substantial change in claims-handling procedures. The Group Claims-Handling Department has identified several further improvements to the standard of service, including:

- a central standardised system of receiving claims by telephone through Sertel;
- the possibility of agencies opening claims direct using a web-based software package, which enables agencies to provide their customers with information on the progress of their claim;
- complex claims handled by specialists in order to improve service and speed up payment;
- a closer relationship with representatives and approved vehicle repairers.

## THE DIRECT COMPENSATION SCHEME

**U**nder the direct compensation scheme each policyholder who believes he is in the right, irrespective of the fact that the other person involved in the accident agrees with his version of events, is entitled to apply to his own company for compensation for the loss incurred.

The company must also explain to its policyholder the way in which it arrives at the figure offered or the reasons, both factual and legal, that prevent it from paying compensation or from not paying the full amount.

Data from the year or so in which this scheme has been operating are encouraging.

Policyholders have shown that they have grasped the significance of this new scheme, understand the logic behind it and welcome it. The use of the CAI signed by both drivers is now much more common.

As at 31 December 2007 approximately 285,000 debtor CARD claims (for accidents for which our policyholder was wholly or partly responsible and that were paid by the counterpart companies) had been reported.

Approximately 286,000 handler CARD claims (for accidents for which our policyholder was not wholly or partly responsible and that were paid by our company) had been reported, of which approximately 209,000 had been settled as at 31 December 2007, a settlement rate of 74.1%.

Information provided by the Group Claims-Handling Department shows that it had been able to adapt rapidly to the new system and to make real improvements to the quality of the service provided to its customers.

## Number of claims paid

- The Group claims-handling departments dealt with 1,557,618 claims during 2007, 1,068,913 of which were reported during the current year and 488,705 in previous years. More than 930,000 claims were settled during the year, an increase of 4.7% compared with 2006.
- The rate of settlement rose from 66.9% to 67.9%. This is a considerable rise, which is proof that the work of settling claims was carried out more efficiently despite major innovations, such as the launch of the Direct Compensation scheme for MV TPL, which involved making considerable changes to the way departments were organised and to procedures and IT systems.
- The rate of settlement for claims dealt with at Group level for the current year alone is 70.4%, an increase of 1.6 points compared with 2006.

## Claims settlement structure

<b>50</b>	Unipol Group claims-handling centres
<b>62</b>	regional offices
<b>1,468</b>	employees divided up as follows:
<b>102</b>	Senior Executives, Staff and Administrative Services
<b>477</b>	Call Centres and centralised claims-handling
<b>717</b>	Local Claims Handling (group claims-handling centres)
<b>172</b>	Claims handled at Head Office (complex claims)



## The sales network

Having good products is not enough.

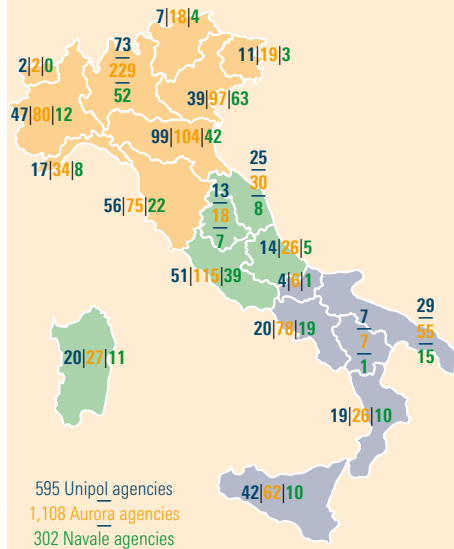
In order to provide an efficient service to customers you need a sales network and employees with professional expertise, strong motivation and a strong sense of belonging to the Group.

Focusing on individuals, shared values, respect for and development of professional expertise, training and occupation are some of the values that guide the work of the companies within UGF.

To these can be added the continuing collaboration with suppliers of services that are often essential for us to be able to provide a service to our customers and deal with claims. These are loss adjusters, doctors and legal professionals and the nationwide network of 2,700 vehicle repairers.

The Group sales network forms the framework around which we implement our sales strategy and hold our own in a market that has become increasingly

### UGF's insurance network



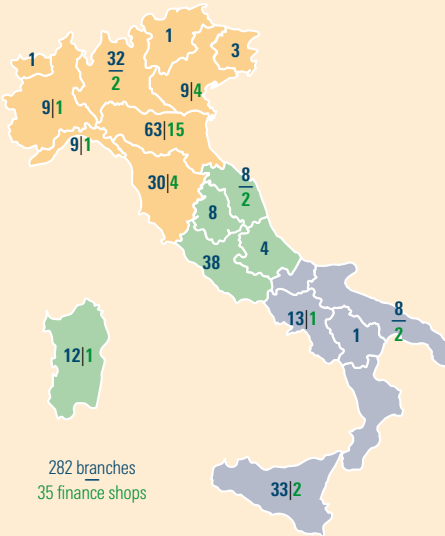
Total Unipol Assicurazioni, Aurora Assicurazioni and Navale Assicurazioni agencies • Source: Sales Departments

### MORE THAN 21,000 PEOPLE WORK FOR THE UNIPOL GROUP

The Agencies are managed by entrepreneurs, duly listed in Section A of ISVAP's Single Register of Insurance and Reinsurance Intermediaries, who have mandates from insurance companies but operate autonomously. On the basis of the figures provided by the Group insurance companies that operate through a network of agencies, it is estimated that 14,528 people work in the Group agencies (including professionals). If to these we add the 6,633 on permanent and fixed-term contracts within Group undertakings, we can state that 21,161 people are employed either directly or indirectly by the Unipol Group. To these we could then add the various service providers: 907 loss adjusters, 360 doctors, 650 legal professionals and the employees of the 2,700 approved vehicle repairers, giving a total of more than 4,600 people to whom the Group provides work. These figures provide an indication of the amount of work generated countrywide by the activities of the companies in the Group. It is obvious that the high number of those employed and the diversity of professions represented make it necessary to provide a good deal of training and professional development in order to maintain employees' motivation and willingness to adhere to the values that are the foundation of the Unipol Group ethos.



## UGF's banking network



Source: Unipol Banca's Scheduling and Monitoring Department

diversified, complex and competitive.

The expansion of the Group, which is geared towards being a leading operator in several sectors such as insurance, banking and finance, has enabled us to make use of several sales channels, thus providing us with a strong presence throughout the whole country and the whole market.

## The insurance network

- The Agencies continue to be the Group's principal sales channel. The 2,005 agencies operating at Group level (595 belonging to Unipol Assicurazioni, 1,108 to Aurora Assicurazioni and 302 to Navale Assicurazioni) provide a satisfactory level of national coverage.
- The secondary network, which now has a total of 3,471 subagencies, also continues to cover a vast area.

## Staff employed in the Agencies

	Unipol	Aurora	Navale	UniSalute	Total
Agents	805	1,695	374	6	2,880
Subagents	1,544	2,635	401	548	5,128
Sales representatives/ Financial advisers	555	931	223	0	1,709
Employees	2,072	2,718	N/A	21	4,811
<b>Total</b>	<b>4,976</b>	<b>7,979</b>	<b>998</b>	<b>575</b>	

*N.B. Given that 89 of the 91 agencies used by UniSalute are also Unipol agencies the figure for UniSalute relates only to the staff of the 2 agencies with no Unipol mandate.*

Source: Sales Departments

## The banking network

The bancassurance channel is another important sales channel for Group products. As at 31 December 2007 Unipol Banca had 282 sales outlets, 35 finance shops and 409 financial advisers. In addition 1,600 insurance agencies were authorised to sell standard banking products. BNL Vita provided 703 BNL – BNP-Paribas sales outlets. Finally, in 2007 Aurora Assicurazioni placed its Life products through the network of 450 banking outlets belonging to BPI (formerly Reti Bancarie) and approximately 330 financial advisers belonging to Crédit Suisse.

As at 31 December 2007 the companies in the Group had 6552 employees, 4618 in the insurance sector and 1934 in banking. By the end of 2007 almost 40% of the staff – 2607 employees – were concentrated in the holding company Unipol Gruppo Finanziario.

The staffing policies introduced in 2007 can be summarised as follows:

- Raise awareness of the new Group strategies and ensure that they are implemented;
- Create a common Group identity in order to increase the sense of belonging and team spirit;
- Invest in training and in making the best use of staff.

UGF is committed to ensuring that employees' working conditions are safe but also stimulating, likely to promote a sense of belonging and commitment based on values that are not only shared in theory but also put into practice. These values start with a stronger sense of responsibility to the Company and especially with the awareness that focusing on customer satisfaction is a precondition for the Company being able to carry out its mission.

Therefore the Social Report gives a detailed account of the various themes relating to personnel management.

As regards relations with the unions, the Aurora and Navale Labour Agreements were renewed in 2007 and the Framework Agreement on Group reorganisation was signed, as was the agreement on flexible working in the company call centres to which particular attention was paid.

## Group employees

	2007 TOTAL	MEN	%	WOMEN
U G F	2,607	1,178	45.2%	1,429
UNIPOL	384	184	47.9%	200
AURORA	714	389	54.5%	325
LINEAR	311	81	26.0%	230
UNISALUTE	300	78	26.0%	222
NAVALE+NAVALE VITA	198	114	57.6%	84
BNL VITA	85	43	50.6%	42
QUADRIFOGLIO VITA	19	7	36.8%	12
<b>INSURANCE TOTAL</b>	<b>4,618</b>	<b>2,074</b>	<b>44.9%</b>	<b>2,544</b>
UNIPOL BANCA+SGR+NETTUNO	1,874	1,205	64.2%	669
UNIPOL MERCHANT	49	31	63.3%	18
COOPERLEASING	11	6	54.5%	5
<b>BANKING TOTAL</b>	<b>1,934</b>	<b>1,242</b>	<b>64.2%</b>	<b>692</b>
<b>GROUP TOTAL</b>	<b>6,552</b>	<b>3,316</b>	<b>50.6%</b>	<b>3,236</b>

Source: Human Resources and Organisation

within the Group, which was considerable this year because of reorganisation; internal communications, with the implementation of the Group's new intranet; training and professional development which in 2007 involved 28,000 man/days or 109,850 hours of training with an average of 31 hours per employee and an increase in targeted investment, teaching costs alone having amounted to €2.6m, or €390 per employee; finally, equal opportunities and health and safety at work.

## Equal opportunities, social benefits, health and safety

More than 50% of UGF employees are women, which is approximately 10% more than the average for the sector.

Unipol Labour Agreements lay particular stress on developing equal opportunities and on the balance between working and non-working time.

UGF is particularly proud of the many social benefits it offers to meet employees' various requirements for flexible working hours and leave of absence.

478 employees in the various companies benefited from statutory maternity and paternity leave in 2007 and others took time off for personal reasons and for training, totalling 269,000 hours. Unipol Labour Agreements also allowed additional time off for family and social reasons (children ill, study etc.). Group employees benefited from a further 70,700 hours' leave of absence, 31,400 of them to care for disabled people under Law 104/92.

A lot of work was done in 2007 to ensure that legislation on Health and Safety at Work relating to how offices are run was complied with and that the comfort and psychological and social wellbeing of all employees were taken into account. In addition to regulations being observed preventive measures were taken: health and safety of employees and care for the working environment, prevention of bad health and safeguarding good health and collaboration with other organisations.



## UNIPOL GRUPPO FINANZIARIO FOR AIRC

**R**esearch is at the heart of the fight against cancer. It is in this conviction that Unipol Gruppo Finanziario decided to support the Italian Cancer Research Association (AIRC), which has been promoting research since 1965 and is one of the most influential associations in Italian science. Choosing to support the AIRC is in line with the values that have traditionally been at the heart of the entire Unipol Group, which supports the AIRC by sponsoring four young scientists who will be working on 'My first project'. This is a three-year initiative offering young Italian students the chance to undertake their own cancer research project in this country. Unipol Gruppo Finanziario took an active part in Cancer Research Day on 9 November 2007, which included two Group companies, Unipol Assicurazioni and Unipol Banca, holding a collection. In addition, Unipol Banca and Unipol Assicurazioni gave €5 to the AIRC for each new '2 of Hearts' policy taken out by their customers between 1 November and 31 December 2007.

## UNIPOL ASSICURAZIONI WITH LIBERA FOR LEGALITY AND DEVELOPMENT

**F**or more than ten years Unipol has supported 'Libera – associations, names and numbers against the Mafia', the association founded and run by Don Luigi Ciotti primarily to combat organised crime, in promoting and diffusing the culture and practice of legality. In order to involve its customers in this huge social project Unipol Assicurazioni decided to make a donation to Libera – and in particular to the Libera Terra (Free Earth) cooperatives, set up on land confiscated from the Mafia – of one Euro for each policy taken out under the Agreements with Member Organisations. In 2006 130,000 people contributed to this initiative and in 2007 the result was even more positive and gratifying, the number having risen to more than 145,000. On 14 March 2008, the eve of the XIII Day of Remembrance and Commitment for the Victims of the Mafia organised by Libera in Bari, a public meeting was organised by Unipol Assicurazioni and the Unipolis Foundation in collaboration with Libera and the Association of Unipol Agents during which the €145K collected under the 'one Euro per policy' scheme was handed over. The focus of the initiative was Unipol's commitment to legality, work, development and security. Those present included local authority dignitaries, UGF's top management and representatives of Libera and of the Apulia Libera Terra cooperative, which will cultivate the land confiscated from the United Sacred Crown (the local Mafia) in three areas of the region. Unipol Assicurazioni's 'one Euro per policy' scheme will continue throughout 2008.

## AURORA FOR SOCIAL PROJECTS

**T**his initiative, which has a specially designed logo, includes a series of projects covering major non-profit-making themes from relieving poverty to defending children's rights and from medical research to supporting cultural projects, such as restoring our historical and artistic heritage.

In 2007 many projects were carried out under the Aurora per il Sociale initiative and were linked by a common thread represented by the involvement of employees and agents which enabled everyone to feel that they were actively participating in the scheme. Projects carried out included support for the following:

- **'Aurora for National Food Collection Day'** in partnership with the non-profit-making **Food Bank Foundation**.
- **'Stelle della Solidarietà'**: collecting funds for the Italian Multiple Sclerosis Society.
- **'A clinic and a maternity unit in Ganda'**, Angola: Contributions made by Aurora and its agents in 2007 enabled this work to be carried out. The project is managed by **'Save the Children'**.
- **'Mus-e'**: a European multicultural project to give children experience of the arts in order to combat marginalisation and social deprivation at school.

The commitment of Unipol Gruppo Finanziario and of the subsidiary companies to the community manifests itself through a number of initiatives and a variety of schemes. On the one hand there are the activities directly related to insurance, banking and financial business described in the section on customers and products, and on the other hand there are the initiatives that have a distinct social and community value. Albeit different in form and purpose, both help to define the Group's strong corporate profile.

## Partnership and community activities

As far as support for initiatives and projects with a high social and cultural value is concerned, Unipol Gruppo Finanziario and its companies have not only continued what they have done in the past but have taken on new projects via the work of the Unipolis Foundation, the social partnership work of the individual companies and greater attention to the theme of environmental sustainability.

### Commitment to the community

Categories	Examples of contributions	2007
DONATIONS	Contributions to non-profit-making organisations	488,646
	Contributions for social projects	472,034
INVESTMENTS IN THE COMMUNITY	Contributions to the Cesar Foundation (now Unipolis)	1,521,000
	Contributions to Colleges and Universities	26,933
COMMERCIAL INITIATIVES THAT HAVE A SOCIAL IMPACT ON THE COMMUNITY	Sponsorship (meetings, theatres, cultural events, sporting activities, etc.)	2,165,316
COMPULSORY CONTRIBUTIONS	Contributions to the Fund for the Victims of Road Traffic Accidents	53,372,427
	Miscellaneous contributions	9,300
	Contribution to the Fund for the Victims of Hunting and Holidays	129,319
SOCIALLY RESPONSIBLE BUSINESS INITIATIVES	Sponsorship of initiatives carried out by unions and by other non-profit-making associations	1,373,808
<b>TOTAL</b>		<b>59,558,783</b>

Source: Group Management Department

The UGF Group has adopted the reporting model provided by the London Benchmarking Group (LBG), an international association based in London, the members of which are leading businesses in various sectors of industry and of various nationalities.

The model can be laid out in the form of a pyramid and enables the benefits and financial returns arising out of various activities to be calculated: at the base of the pyramid are activities directly related to core business and at the apex are those more closely linked to philanthropic and charitable initiatives.

The model is designed so as to enable initiatives to be evaluated on the basis of the costs actually incurred and the actual benefits to the stakeholders concerned and to make it possible to account for all the contributions made.

## The environment

In 2007 Unipol Gruppo Finanziario introduced a common strategy for all its companies which includes projects and actions in the areas of business that relate directly to the theme of environmental sustainability: energy consumption, purchase of consumables and travel.

This strategy shows that even companies whose core business covers several different sectors can take steps to reduce the effects of their activities on the environment. The common thread is provided by the introduction of measures at company level and by initiatives aimed at raising employees' awareness in such a way as to obtain improvements in individual behaviour.

From the organisational point of view the focus is on the procurement section of UGF's Administration and Property Department, thus enabling relations with suppliers to be dealt with in one place. This makes relations not only more effective and efficient but also clearer and more transparent, places the emphasis on quality and simultaneously fulfils the requirements of environmental sustainability, which will increasingly be the Group's point of reference when making purchasing choices.





- During 2007 the Cesar Foundation was revamped and renamed the Unipolis Foundation. This strategic decision was timed to coincide with the birth of Unipol Gruppo Finanziario, of whose mission and purpose the Foundation is a direct expression. It is very much a corporate foundation along the lines of a model that over the past few years has become more and more common in the most developed countries. The Unipolis Foundation both undertakes operational activities, i.e. those promoted direct and/or in partnership with other companies and organisations, and provides funding, i.e. support for initiatives and projects with a high social and community value.
- The Unipolis Foundation, whose name and new logo show that it belongs to Unipol Gruppo Finanziario which is a founder member and financier, intends not only to develop some areas of activity that Cesar used to undertake – principally safety and legality – but also to extend the scope of its action to new areas of interest, in particular to supporting and promoting research and cultural and educational projects. Hence the decision to include in the Foundation's logo four key words that combine to identify its mission and purpose: **research, culture, security, support for the community.**
- The new Unipolis Foundation was officially baptised on 17 December 2007 during a packed public meeting in Bologna in the presence of VIPs from various organisations, society in general and the world of academia. It was also the occasion for the presentation of the survey carried out by Demos&PI under the auspices of Professor Ilvo Diamanti of the University of Urbino on 'Social values and the meaning of security'. The many aspects of the question of security, which is and will remain one of the themes of the Unipolis Foundation's work, were analysed, with particular emphasis on its social dimension.

Full information on the Unipolis Foundation is available on the website

[www.fondazioneunipolis.org](http://www.fondazioneunipolis.org)



[www.unipolgf.it](http://www.unipolgf.it)