

A high-angle photograph of a child running across a lush green lawn. In the background, there is a colorful plastic play structure with yellow, red, and blue components. The scene is bright and sunny, suggesting a park or schoolyard setting.

UNIPOL GRUPPO FINANZIARIO 2010 SUSTAINABILITY REPORT

SUMMARY

The full version of the Sustainability Report
can be viewed and downloaded at www.unipol.it

Unipol
GRUPPO

UNIPOL GRUPPO FINANZIARIO
CORPORATE SOCIAL RESPONSIBILITY
AND ETHICS

Head

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SUSTAINABILITY AREA

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UNIPOL
GRUPPO FINANZIARIO

2010

SUSTAINABILITY REPORT

LETTER FROM THE CHAIRMAN

TRUST IN UNIPOL AND IN THE FUTURE A SUSTAINABLE STAKE



This Sustainability Report is a further stage in a course that Unipol has followed since it was founded and that culminated last year when the three-year Sustainability Plan was drawn up. We are justified in saying this, since as soon as the Business Plan was approved the decision to take sustainability into account, the fundamental inspiration for which resides in the values contained in our Charter of Values and Code of Ethics, became a strategic option and a feature of the policies and entrepreneurial strategy of the entire Unipol Group. It may seem an unlikely decision but we believe it is perfectly in line not only with our history, as we approach our half century, but with taking the long view. In fact the decision to take sustainability into account looks to the future, to the need for the entire global financial system to adopt an approach and a way of managing the economy that can, above all, respond to the requirements of individuals and communities. We are still paying a heavy price for the consequences of a growth model geared merely to achieving maximum short-term and even very short-term gain. Such a model, which is essentially speculative, leads to financial crises and, in the end, actually destroys wealth: economic wealth, social wealth and environmental wealth. Therefore we decided to build on the fundamental values that have always constituted Unipol's *raison d'être*: individuals' work, enterprise and creativity, their expertise and professionalism, their commitment and their passion, whether expressed in a job such as running a business, particularly a SME, or in working in that extraordinary type of collective and socially motivated enterprise, a cooperative. We even symbolically reverted to the original name. Yet our decision is just the opposite of a return to the past: it is the desire to look ahead, to endeavour to help to build a modern, innovative and culturally advanced society that at the same time is more equitable, able not only to provide a higher level of wellbeing but also to ensure that it is more widespread, thus helping to bring about a more secure society. Moreover, providing insurance means essentially providing protection from the risks and uncertainties that life forces us to face up to, and banking means protecting savings and offering loans to anyone who wishes to build a house or start a business. We wish to continue to increase our ability to use our modern entrepreneurial knowledge and skills to meet the requirements of individuals, families and businesses and to meet requirements that, for example, the public sector – for a whole host of reasons – is no longer able to meet. The crisis in the public finances is symbolic of the State's difficulty in continuing to guarantee an appropriate level of services for its citizens and in particular one that takes account of demographic and population changes. Moreover individuals are perfectly entitled to wish to be able to choose the way in which their requirements are met, to 'personalise' their 'own welfare' or that of their family, at least to a certain extent. This requires entrepreneurs who can offer products and services appropriate for their specific expectations and needs. Even more essential are professionally qualified, but above all trustworthy, individuals and businesses. In fact, trust is a prerequisite when we are talking about services that concern people's lives and futures as well as their money and their savings. Unipol's ambition is to be seen as a reliable, qualified and trustworthy entrepreneurial Group precisely because it is based on sustainability, that is to say on a strategy for long-term growth, and as such to be seen to trust and be trusted. And we are certain we can fulfil this ambition. Above all, we trust in the future, and trust in the future is the rarest commodity in circulation today.

Pierluigi Stefanini

LETTER FROM THE CHIEF EXECUTIVE OFFICER

OUR CONTRIBUTION TO A SUSTAINABLE SOCIETY, STARTING WITH WELFARE



We present this Sustainability Report for 2010, together with the separate and consolidated reports, against an economic and social background in Italy that is still particularly difficult and, in many ways, critical. Although there are good signs of an upturn internationally, albeit not all equally good and with significant imbalances, Italy has not yet succeeded in finding the path to reliable long-term growth. Unemployment is growing, especially among young people and those in temporary jobs, whilst businesses, particularly SMEs, continue to struggle in the absence of policies and stimuli to boost production and increase productivity. On the other hand, weighed down by huge debts, public finances cannot provide any impetus and, even worse, are finding it increasingly difficult to provide individuals and businesses with appropriate levels of benefits and services. Against this background, which is anything but easy, our Group is still doing its utmost for all its stakeholders. The decision to strengthen the Company's asset base in 2010 was rewarded by shareholders and the market, with the entire capital increase being subscribed, which proves that when clear, transparent, responsible and credible objectives are set, as we did with the 2010-2012 Business Plan, the trust of investors is obtained. The initial results presented here are in line with the objectives and are therefore satisfactory in view of the difficult context. Of course we are aware that the road is still long and requires the commitment and determination of all our employees, agents and all who work for and with the Unipol Group. However, we are spurred on by a long-term project, which looks to the future and to the ability to generate long-term results for shareholders and employees, for customers and agents, in fact for the entire community in which we operate. It is, moreover, the concept of sustainability that is driving us on: a strategy and a set of policies that are closely linked to our core business, which is offering products and services that prevent risks, provide protection from risks and provide people with peace of mind in their daily lives and throughout their whole lives, covering pensions, health and assistance. Individuals, families, professionals and businesses, in particular SMEs and cooperatives, are placing fresh and greater demands on us to help them to face up to their growing needs and the unprecedented requirements imposed by demographic changes and changes in the way society is organised. Current systems to help and protect the public are still of prime importance but by themselves can no longer respond effectively to these requirements nor to people's new demands. We are therefore entering a completely new stage in the provision of welfare, one in which people have to play a direct part, both individually and, in particular, as members of associations and groups. This is why Unipol has launched 'Welfare, Italy', a long-term initiative based on dialogue between employees and representatives of the relevant organisations with the aim of both increasing knowledge of welfare problems and also of identifying the best ways of meeting the new requirements of individuals and the community. As an insurance and banking group Unipol is playing a leading role in the market in designing the products and services needed for this new stage, which is about to affect the entire welfare system.

As employees or self-employed, professionals, small and medium entrepreneurs or members of cooperatives, many people are already our partners and customers. We have been serving them direct or through their professional or trade bodies for almost fifty years, in the full knowledge that our values and social and geographical roots put us in the best position to interpret their needs and provide solutions that enable them to live their lives as they wish.

Carlo Cimbri

IDENTITY

The simultaneous drawing up of the 2010-2012 Business Plan and the three-year Sustainability Plan opened a new phase in the life of Unipol Gruppo Finanziario, combining innovation and a return to its founding values. It also marked a return to the name 'Unipol', by which the insurance company had been known since the beginning of the sixties when it was acquired and turned into a market leader by the Legacoop cooperatives.

MISSION

To be responsible for improving our Customers' quality of life by providing solutions that support and safeguard their projects.

To implement an entrepreneurial strategy that is effective, profitable and sustainable and is based on the contribution made by its employees and the value that they add.

CHARTER OF VALUES

It is based on the Mission Statement and establishes and defines the five values on which the Group's behaviour is based. These values are:

ACCESSIBILITY

LOOKING AHEAD

RESPECT

SOLIDARITY

RESPONSIBILITY

CODE OF ETHICS

This is the instrument the Group uses to turn the Values identified in its Charter into principles that determine how the company behaves towards its stakeholders. The people to whom the Code is addressed are therefore all those who affect or are affected by the Group's activities, directly or indirectly, that is to say:

INVESTORS

DIRECTORS
EMPLOYEES
AGENTS
CONSULTANTS

CUSTOMERS

SUPPLIERS

THE COMMUNITY

FUTURE
GENERATIONS

Amongst the elements that help to define the Group identity, the focus on individuals and their requirements and sustainability as an entrepreneurial vision represent the original way in which Unipol endeavours to operate in the market, in the knowledge that the best way of pursuing operational efficiency and profitability together with financial strength is to look after the interests of stakeholders.

Several operations took place during 2010 that enabled the **Unipol Group** to take on the coherent and functional structure indicated in the Business Plan. This will complete the process, begun in 2006, of simplifying the corporate structure, which as a result of the acquisitions made in previous years was very diverse. In practice the new structure results in a Group split into operating companies, with a holding company at the top charged with guiding and supervising them.

The principal company is **UGF Assicurazioni** – a result of the merger between Unipol and Aurora in 2009 – into which since January 2011 Navale Assicurazioni has also merged. The 'new' company therefore leads and characterises the insurance side of the entire Group, which also includes two specialist companies: **Linear**, set up in 1996, marketing Non-Life policies direct and for the last few months also working with Linear Life to sell Life policies online and by telephone, and **UniSalute**, founded in 1995, specialising in designing and selling health and welfare products and services.

The Unipol Group also operates in bancassurance and in 2010 acquired 60% of the **Arca Group** (consolidated as from 1 July), which will be the linchpin for selling mainly Life but also Non-Life products to customers of cooperative banks (which hold the remaining 40% of the company), and in particular those of Banca Popolare dell'Emilia Romagna and Banca Popolare di Sondrio, through a network of more than two thousand branches. The bancassurance side of the Arca operation is linked to the agreement between Unipol and BNL-BNP Paribas, also entered into in 2010, for the sale to the latter of 51% of BNL Vita, which will take effect during 2011.

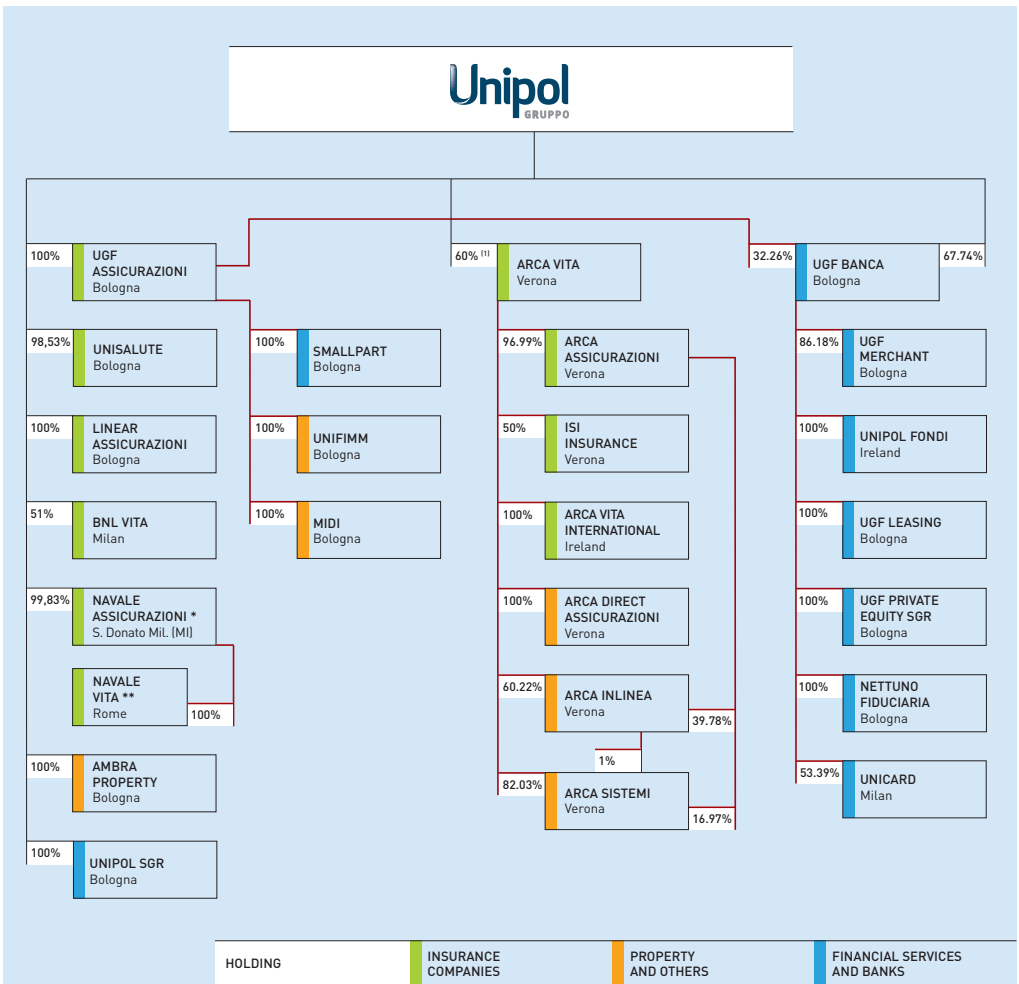
The third type of business in which Unipol operates is banking, carried out through the **UGF Banca Group**, which controls the network of 300 bank branches and several specialist companies, of which **UGF Merchant** is the largest. UGF Merchant played a significant role in the Stock Exchange listing of Vita, a publishing group working in communications and information about the non-profit-making sector, social responsibility and environmental sustainability. The operation to get the traditional market to recognise a company that has more than half its capital in the hands of non-profit-making bodies and under its by-laws does not distribute dividends was an important experience, which saw UGF Merchant coordinating preparations for listing and providing information on all aspects of the offer.

Group structure

AT 31 DECEMBER 2010

CONSOLIDATION SCOPE

LINE-BY-LINE METHOD

⁽¹⁾ Including treasury shares in the portfolio held by Arca Vita Spa the percentage is 61.17%.

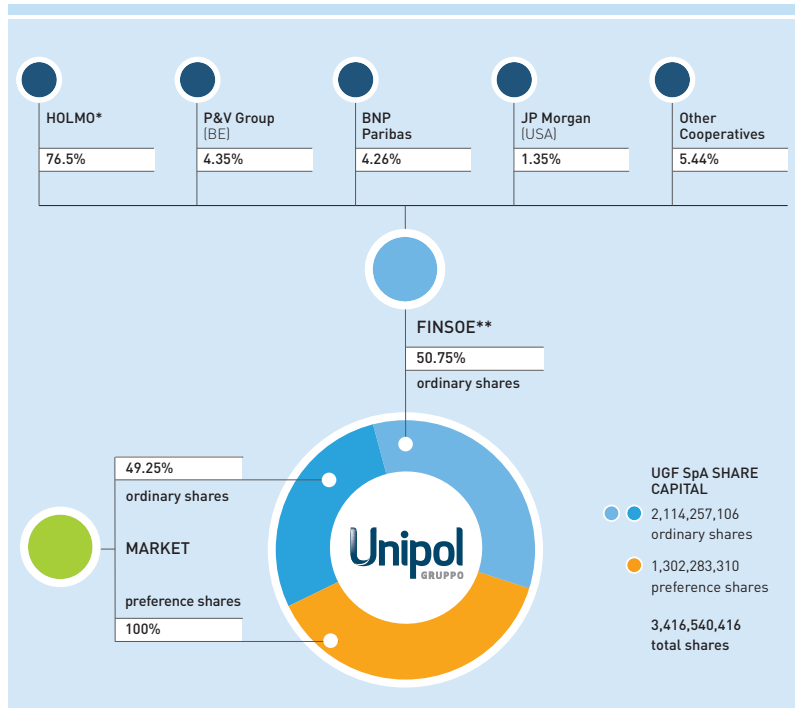
* The contribution of the insurance company Navale Assicurazioni Spa in favour of UGF Assicurazioni Spa and the merger following the contribution, into UGF Spa took effect for legal, accounting and tax purposes as from 1 January 2011.

** With effect from 1 January 2011 Navale Vita Spa changed its name to Linear Life Spa and moved its registered office from Rome to Bologna.

As regards its **share capital**, Unipol Gruppo Finanziario Spa is controlled by Finsoe Spa, which in February 2011 held a permanent level of 50.75% of the ordinary share capital (31.40% of the total capital). The majority of Finsoe Spa's capital (76.5%) is held by Holmo Spa, an investment company controlled by 41 cooperatives mainly operating in retailing and construction. On 9 February 2011 Unipol Gruppo Finanziario's major shareholders, in addition to Finsoe, were Lima Srl (with 3.08% of the ordinary share capital and 3.12% of the total) and P&V Assurances (with 4.46% of the ordinary share capital and 2.79% of the total).

In May 2010 (according to figures ascertained by an outside company) more than 70% of the total capital (including Finsoe) was in the hands of Italian institutional and retail shareholders whilst approximately 11% was held by foreign investors (the remaining approximately 15% being in the hands of investors who weren't identified). Most of the foreign shareholders were institutional investors located in the United States and Canada, followed by the UK and Ireland and finally other European countries and the rest of the world.

SHAREHOLDING STRUCTURE



* HOLMO is a financial company made up of the leading national cooperatives.

** Finsoe own shares for 8.11% of the capital

In February 2011 Unipol Gruppo Finanziario's share capital was made up of 3,416,540,416 shares, 2,114,257,106 ordinary and 1,302,283,310 preference shares.

Unipol Gruppo Finanziario's system of governance is based on a clear distinction between management functions and those of guidance and supervision. For greater incisiveness and efficiency the Board of Directors is divided into six Committees that offer advice and make suggestions: the Management Committee, the Appointments and Corporate Governance Committee, the Remuneration Committee, the Internal Auditing Committee, the Committee for Transactions with Related Parties and the Committee for Social Responsibility/Ethics Committee. The Meeting of Unipol Gruppo Finanziario Spa shareholders held on 29 April 2010 reappointed the Board of Directors and the Board of Statutory Auditors.

The subsequent meeting of the Board of Directors then confirmed Pierluigi Stefanini as Chairman and appointed Carlo Cimbri as the Group Chief Executive Officer and General Manager.

Following reorganisation of the Group companies and departments, there was a review of the **internal control system**, which deals with rules, procedures and organisational structures and involves all business units and employees, each according to their level of expertise and responsibilities.

The review of the **Parent's Organisational and Management Model** involved reassessing Group risks and controls and identifying the large number of procedures in question, including the new offences inserted into Legislative Decree 231/2001 (in particular computer crime and violations of health and safety at work) and once again confirming the appointment of five members of the Board of Directors to the **Supervisory Body** for the next two years.

The members of the Supervisory Body are the three members of the Internal Control Committee, the Head of the Legal, Corporate and Compliance Department and the Head of the Internal Audit Department.

The **Internal Audit** Department oversees an auditing system covering three levels, which it must check for comprehensiveness, functionality and suitability.

The line checks are carried out by the production units or incorporated into the automated procedures, or they may be carried out as back-office work. A further level consists of the specific work of risk management entrusted to units other than operational units; it covers specifying procedures for calculating risks, for checking that limits placed on the various operational units are not exceeded and for monitoring whether operations are compatible with the objectives and the levels of risk specified by the relevant company bodies.

In 2010 the Internal Audit Department issued 50 reports on the processes carried out by the various companies in the Group (23 in 2009), eight of them on the work carried out by Arca's Internal Audit Department.

To these must be added inspections and compliance checks on the sales and claims-handling networks: 235 on the network of agencies (161 in 2009), 68 of them carried out at a distance (7 in 2009), 135 on the network of bank branches (115 in 2009), 10 of them carried out at a distance, 16 on the Business Centres, 6 on Commercial Areas, 21 on the network of financial advisers and 68 centralised checks.

The increase in the number of checks carried out at a distance on the network of insurance agencies was due to the remote inspection project becoming fully operational, the use of a dedicated software package giving positive results in terms of both the predictive ability of the indicators and the number of checks that could be carried out. Work continued on the project to introduce electronic auditing in order to devise indicators of potential anomalies so that the Group's sales and claims-handling networks can be monitored efficiently and effectively and to develop software to automate on-the-spot inspections and those carried out at a distance. The part of the project relating to agencies and bank branches has concluded and the software is now being used to carry out inspections in these networks, whilst the part relating to the network of financial advisers and the Company's network of local claims-handling departments is at the test stage.

The **Risk Management** Department, for its part, coordinates the work of the various company departments dealing with risk management, in line with best practices in the market and in accordance with the regulations laid down by the Supervisory Bodies. This Department is totally independent of the business and monitoring units and even has its own hierarchy; it reports on its work twice a year to the Board of Directors and the senior executives; it is responsible for assessing the efficacy of the risk management system and reports its conclusions to the Board of Directors, highlighting any deficiencies and suggesting ways of resolving them. Special Risk Committees have been set up with the dual objective of strengthening the risk management system within the Group and of covering, at Group level, all possible risks. The Committees are therefore the official organs through which the main risk management bodies interact (Own Risk Solvency Assessment in the case of insurance business and Internal Capital Adequacy Assessment in the case of banking business).

Risks are calculated, that is they are assessed and the incidence of a potential event on the achievement of the company objectives is identified, by means of a combination of several procedures: Solvency I, stress testing, Solvency II (insurance) and Basel II for calculating capital requirements (banking).

These procedures thus enable additional information on the actual exposure to various risk factors to be obtained, providing a more thorough evaluation of the adequacy of capital and reserves and suggesting strategies and procedures for responding.

Solvency II represents a radical reform, which affects the entire system of prudent supervision and overhauls the way in which the principal business units operate. The Board of Directors voted to continue with the internal model for calculating the solvency requirement, which the Risk Management Department began to develop for assessing and calculating the risks identified, subsequently combining them in order to obtain an overall assessment of the business risks.

Finally the Unipol Group adopted **regulatory and value-based tools** for defining and adopting a common Group identity and ethos based on ethical considerations and sustainability. During 2010, at the same time as it drew up the 2010-2012 Business Plan, the Company drew up a **three-year Sustainability Plan** under which new projects and products would be introduced and existing policies strengthened, thus providing evidence of its specific strategic approach to incorporating sustainability into the business. In order to implement it a quarterly monitoring system was put in place, involving the Departments dealing with core business, management activities and the business activities of the individual companies in the Group. The Sustainability Budget was based on the Sustainability Plan and designed as a management tool that in the long run will also be used as a means of communicating with and managing the relationship with stakeholders.

ECONOMIC PERFORMANCE

Precise strategic guidelines for 2010 were laid down in the 2010-2012 Business Plan: profitability, reference markets, operational efficiency, financial strength and sustainability. As regards profitability, the Company set itself the aim of returning to 'structural' marginality in Non-Life business, increasing the margin in Life business and consolidating the banking margin.

The following results were achieved during 2010:

- in **Non-Life business**, UGF Assicurazioni's portfolio was upgraded and its underwriting procedures were revised, providing more control over risks, in particular in the case of group policies and public bodies. At the same time, in the area of claims, cost control processes and fraud prevention measures were strengthened. As regards the specialist companies, UniSalute took a fresh look at suppliers in order to keep down the cost of network services, whilst Linear reviewed procedures, reorganised the call centres and updated its website;
- in **Life business**, UGF Assicurazioni's tariff structures and guaranteed benefits on existing products were reviewed, its range of products was enlarged and its advice service to agencies about Life products was expanded. The Company also strengthened its position in the pension funds sector;
- all the companies (UGF Assicurazioni, Navale and Arca Assicurazioni) set about restructuring their nationwide network of **agencies** by reviewing those that made a loss;
- in **banking business** the bank-insurance business model was developed.

SUMMARY OF THE GROUP'S MOST SIGNIFICANT FIGURES

Amounts in €m

	2010	2009	2008
Direct insurance premiums	8,976	9,501	7,876
Direct customer deposits	9,298	9,540	8,728
Net premiums	8,798	9,420	7,591
Net commissions	97	79	67
Net returns on investments	1,138	147	651
Net charges relating to claims	-8,418	-9,173	-6,786
Net operating expenses	-1,364	-1,366	-1,290
Pre-tax profit (loss)	170	-973	134
Consolidated profit (loss)	71	-769	107
Group net profit	32	-772	93
Comprehensive income	-212	218	-559
Investments, cash and cash equivalents	34,654	40,531	36,285
Technical provisions and financial liabilities	34,899	40,485	36,193
Equity attributable to the owners of the Parent	3,648	3,585	3,433

On the commercial side, the Group concentrated on retail and small and medium enterprises, focusing on the reference markets, in other words employers' organisations, the self-employed, SMEs and cooperatives. To this end, work to increase penetration in current agreements was already being carried out in 2010, with the emphasis being less on price and more on the specific nature of the product.

In a structured approach to guaranteeing profitability, Unipol Gruppo Finanziario placed **financial strength** at the heart of its relationship with shareholders since it is a prerequisite for sustaining business growth and meeting the capital requirements. For this reason and in order to improve the risk/return ratio the Group decided to develop its own internal model for calculating the capital requirements in order to comply with Solvency II legislation. This model will provide more accurate and timely information to support management decisions.

Despite the climate of uncertainty and nervousness in Italian and international markets, in the first year of the 2010-2012 Business Plan the Group succeeded in considerably improving business performance, reducing the combined ratio from 108% to 102%. The Group therefore returned to profit and the **Consolidated Financial Statements** on 31 December 2010 closed with a profit of €71m, in line with expectations.

However, Unipol Gruppo Finanziario Spa's **unconsolidated result** reflected the tensions in the financial markets, which led to impairment losses on the securities, mainly bonds, in the portfolios of the companies in the Group. This prevented them from paying dividends to the Parent, which therefore showed a loss of €63.7m. Against this background, in order to maintain and consolidate the Group's financial position, the Board of Directors in its meeting held on 24 March 2010 voted to propose to the Shareholders' Meeting that no dividends be distributed.

The **net total added value** for 2010 was €1,852.6m, a return to levels achieved in previous years. The amount distributed in 2010 was similar to previous years too (excluding 2009), the only increase being the proportion awarded to providers of corporate finance, which rose from between 2% and 3% to 7%. Part of the explanation for this figure is the recourse in 2009 to two bond loans totalling €925m, expiring in 2012 and 2017 and with interest rates of 5.25% and 5% respectively.

The highest percentage of added value was **distributed** to agents and other members of the sales force, who are a strong link in the chain of value production connecting the Company and the customer. The absolute figure was by and large the same as in previous years, being in proportion to income, but there were significant variations in the individual figures. The same applied to external consultants. The amount distributed to employees continued to rise in absolute terms, being up 11% on 2009 and 19% compared with 2008, mainly due to the

increase in the number of jobs and the introduction of new bonus schemes. The amount distributed to employees also rose in percentage terms by an average of approximately five percentage points compared with previous years. There was a significant reversal compared with the previous year in the proportion retained by the company and that distributed to shareholders and members. Whilst last year the decision was to distribute the profits, this year's decision to strengthen the share capital meant that 3.1% of the value was retained by the company whilst only 0.1% went to shareholders and members.

Finally, the amount allocated to the community continued to be stable in both absolute and percentages terms and included compulsory contributions (such as contributions to the Fund for the Victims of Road Traffic Accidents).

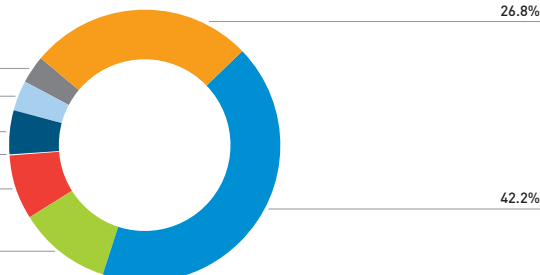
DISTRIBUTION

Amounts in €m				%
	2010	2009	2008	2010/2009
Employees	496.7	446.9	415.1	11.1
Agents and other intermediaries	780.9	744.4	799.5	4.9
External consultants	203.5	200.6	193.8	1.5
Government and Supervisory Authorities	147.3	128.3	95.7	14.8
Providers of corporate finance	95.8	62.4	63.8	53.4
Shareholders and members	0.1	100.5	0.6	-99.9
Retained by the Company	71.0	-869.1	106.7	108
Community	57.3	55.8	60.4	2.6
Consolidated net added value	1,852.6	869.7	1,735.8	113.0

Source: Administration and Operations Department

% DISTRIBUTION OF ADDED VALUE IN 2010

Employees	3.1%
Agents and other intermediaries	3.8%
External consultants	5.2%
Government and Supervisory Authorities	0%
Providers of corporate finance	7.9%
Community	26.8%
Retained by the Company	42.2%
Shareholders and members	11%



Source: Administration and Operations Department

SOCIAL PERFORMANCE

SHAREHOLDERS

At the end of 2010 the Group was the second largest insurance operator listed on the Italian market with a market value of €1,444m (€976m in ordinary shares and €468m in preference shares).

Securities fell 45% on the **Stock Exchange** but this drop must be looked at in the overall context of the general fall in insurance business. Despite the tensions in the financial markets, Unipol shares (both ordinary and preference) have reversed the trend in 2011, recording +13% between the beginning of the year and 16 February.

The daily average rate of trading fell over the same period and was €6,643K for ordinary shares and €2,456K for preference shares. It should also be noted that the capital was increased by €400m during 2010, with 634,236,765 ordinary shares and 390,660,192 preference shares being issued, accompanied by 100 million convertible warrants.

OFFICIAL PRICES AT THE END OF THE YEAR*

Amounts in €

	2010	2009	2008
Unipol ordinary	0.462	0.959	1.100
Unipol preference	0.359	0.621	0.764

Source: Datastream

* Prices adjusted by Datastream in accordance with Borsa Italiana coefficients

As regards **Investor Relations**, in order to enable the financial community to base its decisions on accurate information about company policies, business performance and the expected return on investment, the Group supplemented the information required by law with presentations to institutional investors and analysts: in 2010 there were 7 roadshows, 43 conference calls – involving a total of 67 investor and 8 analyst organisations – and 8 public talks.

In addition on 14 May 2010 the Chief Executive Officer presented the new 2010-2012 Business Plan to the financial community, consisting of more than a hundred financial analysts and institutional and retail investors from Italy and abroad. The presentation was popular with the analysts, whose evaluation of Unipol ordinary shares changed from 8 negative and 4 neutral to 3 positive, 5 neutral, 4 moderately negative and none negative.

A prudent **financial management policy** can also enhance the value of the investment made by the shareholders: in order to strike a balance between risk and yield in the medium term preference was given to investing in debt instruments in 2010 and the share portfolio was restructured, the selective and prudent approach taken involving focusing on investments in cash and government bonds. UGF Banca also concentrated on simple, easy-to-understand, mainly short/medium-term managed savings products.

Finally turning to **ethical investments**, both **Unipol Ethical Fund**, one of the ten sectors of Unipol Funds, which is registered in Ireland, and the **Ethical** sector of the Unipol Insieme open-end pension fund continued in operation in 2010.

STAFFING

The Companies in the Group had 7,474 employees at the end of December 2010, 5,109 in the insurance sector and 2,365 in banking.

EMPLOYEES BY COMPANY	2010					2009	2008
	Men	%	Women	%	Total	Total	Total
UGF	150	54	130	46	280	417	2,603
UGF Assicurazioni*	1,614	46	1,930	54	3,544	3,357	1,082
Linear	95	25	291	75	386	375	377
UniSalute	103	25	316	75	419	393	365
Navale + Navale Vita	44	47	49	53	93	132	136
Bnl Vita	47	52	44	48	91	87	86
Sgr	2	100	-	0	2	2	4
Arca Assicurazioni**	40	29	96	71	136	-	-
Arca Vita***	38	48	42	53	80	-	-
Arca Inlinea	5	10	43	90	48	-	-
Arca Sistemi	22	88	3	12	25	-	-
ISI Insurance	2	40	3	60	5	-	-
Total insurance business	2,162	42	2,947	58	5,109	4,763	4,653
UGF Banca	1,412	62	875	38	2,287	2,273	2,215
UGF Merchant	29	56	23	44	52	52	50
UGF Leasing	8	53	7	47	15	12	12
Nettuno Fiduciaria	1	100	-	0	1	1	1
Unicard	7	70	3	30	10	10	10
Total banking business****	1,457	62	908	38	2,365	2,348	2,288
GROUP TOTAL	3,619	48	3,855	52	7,474	7,111	6,941

* The number of both holding company and UGF Assicurazioni employees varied as a result of reorganisation. In fact on 1 February 2009 Aurora Assicurazioni was incorporated into Unipol Assicurazioni, which subsequently changed its name to UGF Assicurazioni. The 2008 figures show the total number of Unipol Assicurazioni and Aurora Assicurazioni employees.

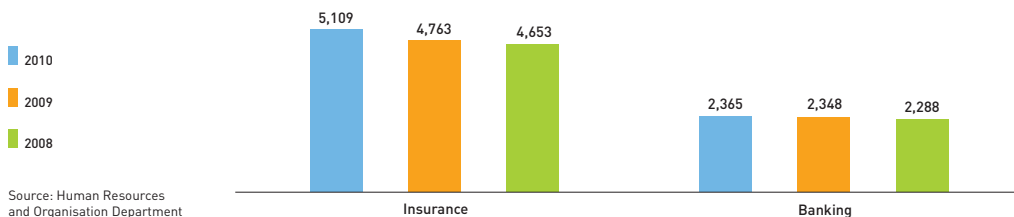
** Arca Assicurazioni, Arca Vita, Arca Vita International, Arca Inlinea, Arca Direct, Arca Sistemi and Isi Insurance joined the Group on 22 June 2010 when UGF acquired direct control of Arca Vita and therefore indirect control of the other companies in the Arca Group.

*** The figures also include Arca Vita International.

**** The Banking Group also includes Unipol Private Equity Sgr, which does not appear in the table since it has no employees.

Source: Human Resources
and Organisation Department

STAFFING TRENDS



Source: Human Resources
and Organisation Department

Despite the financial crisis and the consequent uncertainties, and despite the general reluctance not only in the insurance and banking markets but in the entire national financial and social system to take on more **staff**, the Group continued to invest in new jobs. In fact in line with its duty to future generations it carried out various initiatives that involved a lot of young people. New jobs also came out of this, with 1,504 interviews carried out during the year.

To be specific, the **Vivaio project**, which recruits recent graduates or young people with a masters degree for an initial 6- or 12-month placement with the possibility of a permanent contract, was still running. 27 young people were appointed in 2010, bringing the total for the three-year period 2008-2010 to 69. There were also agreements with 13 universities for the provision of training.

Turnover within the Group was also affected by the many possibilities for employees to improve their skills by taking professional development courses run by the various companies. Approximately 600 employees, or 11.8%, transferred to other companies in the Group during the year. In order to enhance the professional expertise of its employees, 48 assessment sessions were run (32 in insurance business), followed by specific training.

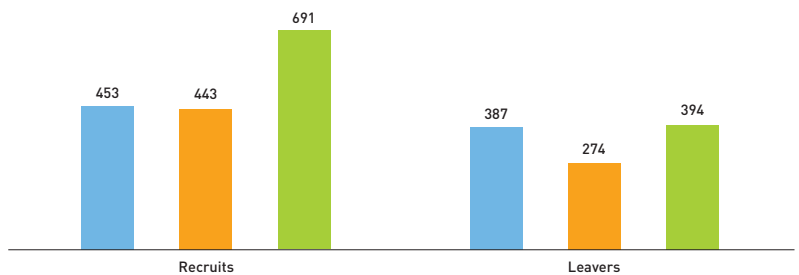
MOBILITY WITHIN THE GROUP

	2010	2009	2008
Insurance	731	256	328
Banking	502	456	506
Mobility within the Group	262	98	229
Total	1,495	810	1,063

Source: Human Resources
and Organisation Department

TURNOVER

■ 2010
■ 2009
■ 2008



Source: Human Resources
and Organisation Department

In 2010 Group **training** involved a total of 25,529 participant days, or 199,675 hours. On average each Group employee received approximately 27 hours of training and the average level of satisfaction among employees for all training was 80%.

The Group places particular importance on its permanent relationship with academia, both as a source of young talent and as an opportunity to promote the value of the professional expertise of its staff, by encouraging employees to take part in high-level training courses and research projects.

This relationship led to the UGF Corporate University project, a coordinated approach to training at various levels offering specialist and not generalist courses.

Another inducement is provided by the Group's **remuneration policy**, which covers incentive schemes designed to recognise the value of individual and group performance in order to award merit and sustain results in the long term. More than 8,000 such inducements were given during the three-year period, with a huge rise in the number of those linked to incentive schemes relating to specific objectives and the number of employees given a bonus more than doubling in 2010 compared with 2009. Incentive schemes for non-executive staff throughout the Group were launched and extended, involving 3,456 individuals (121 more than in 2009). The incentive scheme for senior executives was also reviewed. There are plans to extend these schemes to other business units in 2011 in order to encourage achievement of the objectives laid down in the new Business Plan. Finally, all Group employees are encouraged to join either a **pension fund** or a **welfare scheme**:

- the company pension funds have 6,974 members and total contributions of more than €29.2m;
- the welfare schemes have 7,026 members and contributions of €7.6m.

In order to improve employees' wellbeing the **Company Equal Opportunities Committee**, which was strengthened in 2010, promotes specific initiatives in accordance with the Charter for Equal Opportunities and Non-Discrimination in the Workplace and develops projects and plans concerning gender and differing abilities, with specific targets being identified.

In order to protect the **health and safety of employees**, in addition to routine tasks such as monitoring the working environment and arranging health checks, the Health and Safety Department extended risk assessment to cover work-related stress and devised a certified model for dealing with safety, under the Company's commitment to social responsibility set out in its Charter of Values.

Numerous voluntary health initiatives were also carried out.

As for **sustainable transport**, in order to encourage employees at Bologna and San Donato Milanese to use public transport and other forms of transport other than private cars and thus to reduce their carbon footprint, the Group renewed agreements with the local urban transport companies and in the case of Emilia Romagna with the railways, making a contribution towards the cost: 180 discounted season tickets were issued during the year to employees in Bologna and 244 to employees in San Donato Milanese.

HEALTH PROTECTION INITIATIVES							2010	2009	2008
	Bologna	Milan	Padua	Rome	Naples	Other regional offices	Total	Total	Total
Flu jabs	250	180	26	42	26	48	572	1,255	780
Metabolic syndrome	640	124	44	43	32	463	1,346	0	0
Blood donation	106	81	0	22	0	0	209	182	107
Help to give up smoking	29	24	0	0	0	0	53	50	96
Melanoma*	0	0	0	0	0	0	0	1,869*	545
Cervical smears	0	98	0	0	0	0	98	90	96
Cardiovascular prevention + ECG	0	91	0	0	0	0	91	43	75
Total	1,025	598	70	107	58	511	2,369	3,489	1,699

Source: Human Resources and Organisation Department

* In 2009 the campaign was run in all offices.

CUSTOMERS

UGF's 2010-2012 Business Plan continued to focus on the customer, strengthening the relationship and identifying the strategic guidelines for the next three years. The insurance sector had a total of 5.4 million customers, a slight drop compared with 2009, partly due to the market performance and partly to the Company being selective in the type of customer it took on. To these must be added the 481,499 bancassurance customers, the more than 3.6 million UniSalute policyholders and the 429,737 UGF Banca customers, the number of which continued to grow as in the previous few years.

Just over 8 million of them, or approximately 14% of the population, were **'personal' customers**, a particularly significant number of whom were in the Central and Southern regions of Italy, with proportions as high as 32.4% in Emilia Romagna, 23.3% in Tuscany and 25.4% in Umbria. Almost 60% were in the 35-55 age group and most were men (64% of the total). They were either employees or owners of small businesses, most of them middle class, with limited purchasing power and a low propensity for risk.

For this reason the Group offered products that focused on service rather than price.

Unipol Gruppo Finanziario's customers showed an average level of loyalty: more than a third of UGF Assicurazioni customers had been with the Company for more than ten years and 36% had at least two policies.

The number of Bank customers also rose in 2010, mainly in the retail sector (98%), and at the same time cross-selling between insurance and banking business increased: in fact almost 31% of current accounts originated from the insurance channel.

NUMBER OF CUSTOMERS
BY REGION
AND COMPANY - 2010

	Total	Population	%Customers/ Population
Piedmont	513,236	4,214,677	12.2
Valle d'Aosta	15,113	119,548	12.6
Liguria	199,458	1,571,783	12.7
Lombardy	1,261,615	9,032,554	14
Trentino Alto Adige	87,078	940,016	9.3
Veneto	540,646	4,527,694	11.9
Friuli Venezia Giulia	127,867	1,183,764	10.8
Emilia Romagna	1,290,987	3,983,346	32.4
Tuscany	815,465	3,497,806	23.3
Marche	237,409	1,470,581	16.1
Umbria	209,898	825,826	25.4
Lazio	887,001	5,112,413	17.3
Abruzzo	129,103	1,262,392	10.2
Molise	20,997	320,601	6.5
Campania	442,755	5,701,931	7.8
Apulia	349,588	4,020,707	8.7
Basilicata	55,583	597,768	9.3
Calabria	185,767	2,011,466	9.2
Sicily	469,054	4,968,991	9.4
Sardinia	166,588	1,631,880	10.2
Resident abroad	215		
Not classified geographically	945,463		
TOTAL**	8,005,208	56,995,744	14

Source: 2001 ISTAT census, residents per region

* The figure relates only to customers who are physical persons

** The total does not take account of customers resident abroad nor of customers not included in the census returns

Source: Sales and Management
Control Departments

Alongside the traditional MV, house and health products, products linked to socio-demographic changes and the gradual reduction in the guaranteed provision of public welfare to individuals became particularly important, as did those that responded to new environmental concerns. For instance in order to reduce its carbon footprint the Group devised the **Tagliacarta** project for reducing paperwork: CO2 emissions are reduced by files being stored electronically and trees being planted in designated areas.

With more than 1,500,000 members the Group continued to lead the **occupational Pension Funds** sector, based on both the number of mandates and the level of assets under management. At the end of the year UGF Assicurazioni managed 24 funds, totalling 26 mandates and €2,370.5m. Open-end pension funds had 22,429 members and the level of assets under management was €250.81m.

UGF Assicurazioni issued a total of 5,527 new **personal pension plans**, which brought in €12,359,500 in premiums from new business, an increase since 2009 in both number and funds of 250% and 268% respectively, net of the additional premiums (subsequent payments).

Customer service was mainly dealt with through an integrated multi-channel network.

The Group had a large number of insurance agencies and bank branches throughout the country, a distinguishing feature of which was the synergy between the two networks, which highlighted the specific nature of the individual businesses and enabled them to offer a full range of insurance products and banking and financial services.

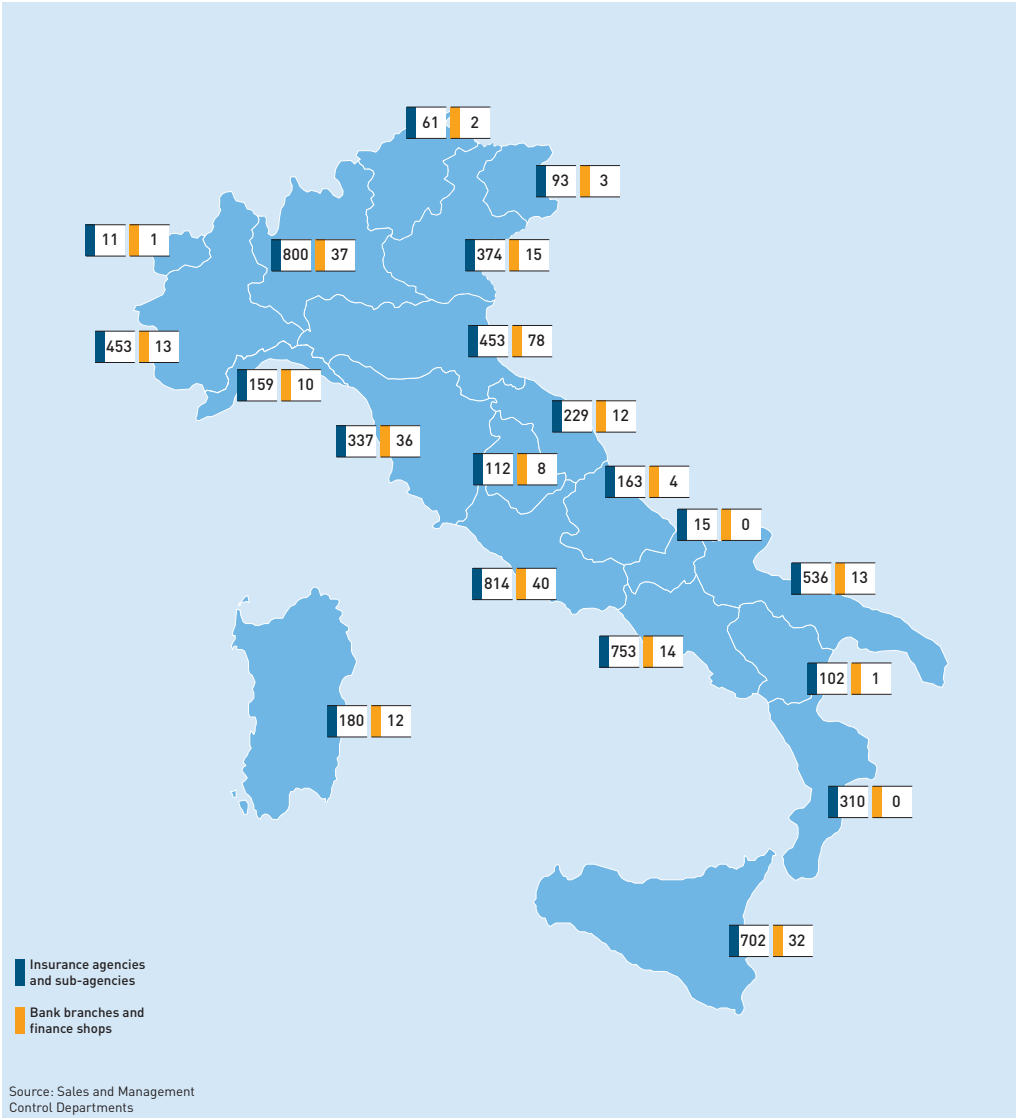
The **network of agencies** was made up of structures that can be described as 'non-controlling interests' and will be defined below.

On the other hand the **banking network** consisted of 'proprietary' structures: 303 branches in the whole of Italy, spread throughout 18 regions and 83 provinces. 182 of these (4 of which came under the head office) were combined branches, i.e. situated on premises adjoining UGF Assicurazioni agencies.

The work of reorganizing the banking network was completed in 2010 with the new two-division structure (retail and corporate) being set up and service provided to businesses being concentrated in the 16 Business Centres. The commercial areas of the banking network were divided into geographical zones corresponding to those of the UGF Assicurazioni network in order to permit the maximum level of interaction and involvement between the insurance and banking sectors throughout the country.

Insurance agencies also had **financial advisers** (361 in 2010) who provided a full and personalized investment advisory service. The network was completed by 28 finance shops, the aim of which was to increase the Company's presence throughout the country by offering even more comprehensive lending services, whilst 1,586 insurance agencies were authorized to sell banking products.

UGF'S PRESENCE THROUGHOUT ITALY



The Group handled 1,695,931 **insurance claims** in 2010, 1,106,849 for the current year and 589,082 for previous years.

There were two main aspects to this work: controlling the cost of claims and the related costs and improving levels of service. This was implemented by reviewing claims-handling procedures in order to enable the area offices to do more of the work: the number of employees working in the Group Claims-Handling Centres was up 2% whilst those in the central call centres fell 8.5%. In this way the Group responded to the need to reduce the geographical distance from customers and was thus able to provide a better and quicker response locally. The southern-area Group Claims-Handling Centres expanded in particular, which vindicated Unipol Gruppo Finanziario's decision to invest in these areas and was a result of its commitment to providing maximum benefits for its customers and the attention it pays to their requirements, which is an important part of its Mission.

CLAIMS SETTLEMENT FIGURES

	2010	2009	2008
	Group	Group	Group
CURRENT YEAR'S CLAIMS			
Claims reported	1,106,849	1,201,668	1,203,123
<i>Variation on previous year</i>	-7.9%	0.1%	12.6%
Eliminated claims not followed up	86,495	89,078	126,135
<i>Variation on previous year</i>	-2.9%	-29.4%	35.0%
Claims settled	745,258	782,534	749,152
<i>Variation on previous year</i>	-4.8%	4.5%	9.2%
Settlement rate	73.0%	70.3%	69.6%
<i>Variation on previous year</i>	2.7%	0.8%	-0.8%
PREVIOUS YEARS' CLAIMS			
Claims outstanding at the beginning of the year and those reopened	589,082	553,916	512,872
<i>Variation on previous year</i>	6.3%	8.0%	4.9%
Eliminated claims not followed up	92,401	113,768	97,643
<i>Variation on previous year</i>	-18.8%	16.5%	4.6%
Claims settled	328,446	274,809	265,496
<i>Variation on previous year</i>	19.5%	3.5%	8.7%
Settlement rate	66.1%	62.4%	63.9%
<i>Variation on previous year</i>	3.7%	-1.5%	2.1%

Source: Claims-Handling Control
Claims Department

The settlement rate rose in 2010 (+2.7% on the current year, +3.7% on the previous years) as a result of the increased automation of the way claims were handled and settled and of investment in employee training: the aim of the call-centre staff's work was to speed up payment procedures at area level, thus reducing the workload at head office.

The IT department played a fundamental rôle in this process by developing new procedures to improve claims-handling: one of the things it did was to analyse the possible solutions and technologies for implementing the new Group claims system, which is to be introduced during 2011.

Anti-fraud measures were essential in order to guarantee that premiums were fair, reducing the risk that increases that were due to some people's dishonesty would be passed on to all policyholders. The Group therefore offered to help to draw up legislation and rules to be introduced by ISVAP and Parliament and took part in hearings in the Senate and the Chamber of Deputies, where it provided clear information on its cost structures and asked that a national database be set up to help individual companies.

The figures for 2010 show a slight increase in the total amount of information received about fraud, particularly on third-party-liability claims for road traffic accidents.

AGENTS AND AGENCIES

The agencies are essential for the UGF Group to be able to run its entire business successfully. In 2010 there was a total of 2,101 private agencies with 4,556 sales outlets and 11 Assicoop agencies with 249 sales outlets.

Assicoop's corporate structure, which includes member organizations, gives it a special relationship with the areas covered and reflects its values.

Overall, the Assicoop system, which had more than a thousand employees, provided a service to more than 440,000 customers in 2010 (41,000 of them businesses), more than 43,000 of whom were also customers of UGF Banca.

The changes in the market and the reorganization of the Unipol Group made it necessary to review and **restructure the network of agencies**, the aim being to rebalance geographical cover, partly by further integration and rationalization. This restructuring work began during 2010 and did not affect the Group's presence in the south, where it retained 23% of its own network.

In order to strengthen the relationship on which the partnership is based, Unipol Gruppo Finanziario included as one of its objectives in its Business Plan that of working according to the **agencies distribution model** and specified that a feature of the 'agency models' on which the sales network would be built would be that they would differentiate between their commercial range and the service provided by the various companies in the Group, which would ensure that the agencies were competitive on price and that the Company returned to profit.

In order to bring agencies closer to customers and improve their ability to offer personalized products, UGF provided more information about customers, i.e. using **CRM (Customer Relationship Management)** to increase the agencies' efficiency.

Finally, another way of making the work of the agencies more efficient was to identify a new internal procedure that would **reduce the red tape** imposed by the many regulations governing this type of business. A more efficient IT system was therefore installed during 2010, which speeded up access to information, thus reducing the agents' workload.

187,568 of the Group's agents and subagents took part in 231 specialized training courses during 2010.

SUPPLIERS

The Group recognises that suppliers play a very important rôle in the process of generating value for the company and thus works in long-term partnership with them. There were 2,239 suppliers for insurance, the holding company and all the participating interests and 2,200 for UGF Banca, excluding those working in property, which were managed separately owing to the specific nature of the services required. In order to reduce operating costs, improve collaboration and increase integration and access to information, a system of approving suppliers has been developed using a **Group Supplier Portal**. In order to be approved suppliers must go through a structured selection process, which involves subscribing to all the Group's rules and values, which are contained in the Charter of Values and Code of Ethics. It is also expected that potential suppliers will have to be approved by the Group procurement unit and the business unit that will use the goods and services in question.

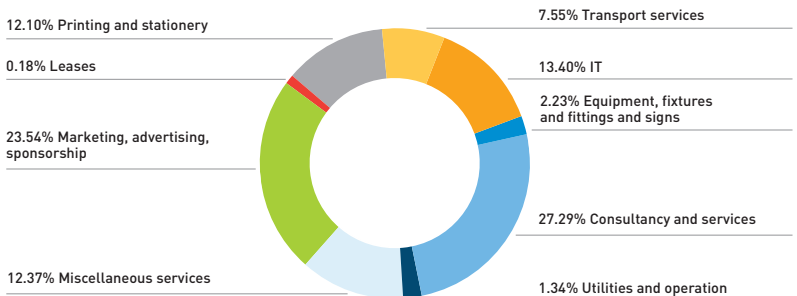
This **approval process** includes the sustainability aspect.

Approved suppliers may enter into a commercial relationship with the Group, which will thus monitor the supplier's quality and punctuality during the procurement process.

The aim of this is to guarantee:

- transparency, equal opportunities and competition;
- the quality of the supplies: availability of a range of suppliers with a proven track record in the sector concerned;
- operational efficiency: reduced procurement times in order to guarantee the best level of service to customers within the Group and consequently to the end customer;
- evaluation of services: improving the range of suppliers by measuring performance.

BREAKDOWN OF INSURANCE SUPPLIERS ACCORDING TO TYPE



THE COMMUNITY

With a balanced and open social vision, as laid down in the Group's Charter of Values and Code of Ethics, for many years the Group has contributed to the personal and community lives of individuals throughout Italy, welcoming and highlighting diversity, promoting initiatives that focus on sustainability and the type of growth that provides more and a better distribution of wellbeing and helping to promote social cohesion and access to the social security system.

The total amounts that the Group allocated to the community rose by 11% compared with 2009, with substantial rises in amounts allocated in both sponsorship and donations, bringing the total allocated through sponsorship, donations and its contribution to the Company's charitable foundation to €5.2m. Added to this was more than €90,000 in membership fees paid in 2010 to economic and cultural research organizations with which the Unipol Group was actively involved.

Joint **guidelines** for the proper and efficient allocation of resources were drawn up, on the basis of which the individual companies took their own decisions on how to operate, with the exception of the Unipolis Foundation, which has its own guidelines, as mentioned below:

- artistic and cultural heritage – measures to expand and preserve the artistic, historical and cultural heritage of the areas in which Unipol operates and to allow individuals to enjoy it;
- environment – initiatives to protect the environment and raise awareness of matters such as: climate change, energy savings, separate collections of waste and pollution;

TABLE SHOWING CONTRIBUTIONS TO THE COMMUNITY (ACCORDING TO TYPE)

Amounts in €

Type of activity	Description	Amount 2010	Amount 2009
Donations	Contributions and donations of money or in kind to non-profit-making organisations for short-term projects or initiatives	980,962	820,250
Sponsorship	Initiatives selected to promote the Company brand (with a commercial value) to support social, cultural, sporting and local organisations (local sponsorship provided by branch/agency)	3,045,543	2,850,540
Unipolis Foundation	Percentage of operating profit allocated to the Foundation	1,238,000	1,000,000
Total		5,264,505	4,670,790

- future generations – sport for young people, both amateurs and professionals, and recreational and cultural schemes for young people;
- marketing and institutional visibility – initiatives mostly carried out in partnership with member organizations, covering topics that often cross the borders between the three main areas and are intended to provide the initiative with media visibility as well as the participants themselves.

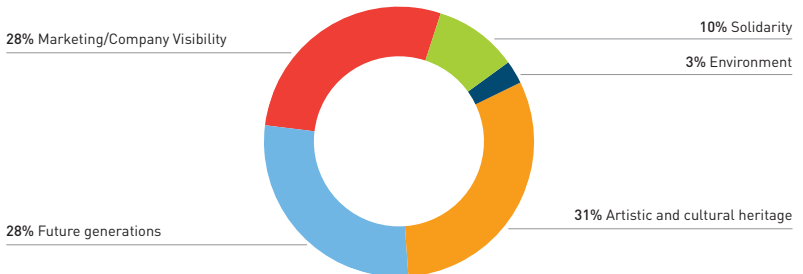
Some of the main initiatives relating to **artistic and cultural heritage** were the Concert for Santo Stefano in Bologna, an example of synergy between bank and insurance, put on to raise funds to restore the basilica, and the exhibition 'Salvador Dalí - the dream is getting closer', organized in Milan by 'Palazzo Reale' and '24Ore Cultura' and sponsored by Unipol Gruppo Finanziario.

Our commitment to culture also includes support for scientific research. Thus the non-profit-making 'Associazione Amici del Rene', which is linked to the S. Bortolo hospital in Vicenza, was well supported in 2010. In particular the Nephrology, Dialysis and Kidney Transplant Department was provided with funds to build a large out-patients' area in the hospital and to set up a new genetics laboratory and study grants were provided to enable it to continue its clinical and research work.

As regards **environmental sustainability** the Group is the insurance partner of Mercedes Benz Italy for e-mobility, a joint world-wide project for electrical mobility, which promotes the efficient use of electric vehicles using up-to-the-minute recharging technology developed and custom-made by Enel.

The question of the attitude of **future generations** to security is closely linked to insurance companies' core business. Therefore in 2010 Unipol joined 'Il Resto del Carlino' on the newspaper's 125th anniversary in sponsoring a literary prize for young people between the ages of 16 and 26 entitled 'Tales of ordinary (in)security', providing several study grants for the winners.

CONTRIBUTIONS TO THE COMMUNITY (BY AREA)



Finally a reminder should be issued of the commitment that for many years has linked the Unipol Group and **Libera-Associazioni, names and numbers against the Mafia**, the association set up to involve society as a whole in fighting the Mafia and to promote legality and justice. There were considerable developments in five aspects of this partnership: contributions by means of the 'one Euro per policy and current bank account' scheme and soft loans to cooperatives belonging to Libera Terra (Free Land); participation in the Agenzia Cooperare con Libera Terra; raising employee awareness; support for the work of Libera from the Unipolis Foundation. In 2010 the Unipolis Foundation granted Libera €140K and in addition the Group helped to fund the association's work to support the community.

THE UNIPOLIS FOUNDATION

Unipolis is the Unipol Group's foundation and is one of the most important ways in which the Group implements its social and civic responsibility initiatives as part of its more wide-reaching sustainability strategy. In 2010 it drew up its first **Mission Report**, which can be read in full on the Foundation's website, www.fondazioneunipolis.org.

In line with its mission statement the Foundation supports the cultural, social and civic development of individuals and the community, operating in four basic areas – culture, research, security and support for the community – and focusing on increasing opportunities for education and training, in particular for the younger generation.

Some of the main projects carried out in 2010:

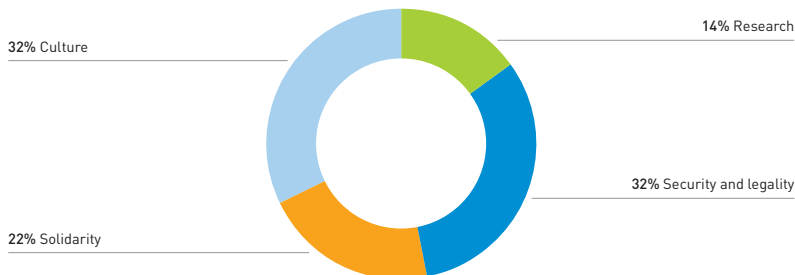
- '**culturability – culture's responsibility for a sustainable society**', which had been launched the previous year, came to fruition and included the setting up of the 'Bibliocasa' in Aquila;
- the second '**Keys to Smiles**', the competition that supports projects that use culture to promote social inclusion, took place;
- the annual **Security Report** was drawn up in collaboration with the Demos & Pi research institute;
- two research projects on welfare were carried out by young people from the Department of Economics and the Faculty of Economics at the **University**, with which the Company has a strong relationship.

The Unipolis Foundation received €1,238,000 from the founder member, Unipol Gruppo Finanziario, in 2010 which, added to approximately €178K set aside in the previous year for projects already in the pipeline, meant that it broke even. In particular operating costs, including staffing costs, were kept down in favour of allocating resources to projects and other initiatives.

Approximately €100K was also earmarked in 2010 for projects scheduled to be carried out during 2011.

The breakdown of resources allocated in 2010 shows the Foundation's firm commitment to security and legality (32%) and culture (32%), in line with the Group's core activity and the guidelines it has set itself. These activities were carried out by a network of a total of 363 organizations, 27 of them institutional bodies, 279 associations and 13 other types of organization.

BREAKDOWN OF RESOURCES ALLOCATED ACCORDING TO THEME



Source: Unipolis Foundation Mission Report

SUMMARY OF INCOME AND EXPENDITURE IN 2010

INCOME

Founder member's contribution	1,238,000
Amounts set aside in 2009 for future projects	178,000
Miscellaneous revenues	9,000
Total	1,425,000

EXPENDITURE

Own or joint projects	618,000
Donations	253,000
Operating expenses	216,000
Staffing costs	212,000
Miscellaneous charges	16,000
Amounts set aside for future projects	110,000
Total	1,425,000

Source: Unipolis Foundation Mission Report

ENVIRONMENTAL PERFORMANCE

The Unipol Group's business activities have both a direct and an indirect effect on the environment (the former because of the Company's own work and the latter because of the work related to its core business that it does not carry out itself). For some years now in both cases areas needing priority action have been identified (three direct and three indirect) and measures to reduce the Company's environmental footprint have been taken. As shown in the following table, various measures were taken in 2010 to reduce the direct effects, some new, some introduced in previous years.

In the case of property, the sample of the figures for consumption was broadened in 2010 so they are not comparable with those for previous years. Therefore it was more important to analyse the figures for consumption per employee.

DIRECT EFFECT			INDIRECT EFFECT		
FIELD	POLICY	ACTION	FIELD	POLICY	ACTION
1 PROPERTY	Monitoring and reducing consumption of inputs	Heating Water Energy	1 POSTAL SERVICES	Reducing consumption of paper	Rationalising flows
	Monitoring and reducing outputs	Waste reduction CO ₂ reduction			
2 STAFF TRAVEL	Drawing up policies and monitoring consumption	Monitoring journeys from home to work Travel policy Car pool	2 POLICYHOLDERS' ENVIRONMENTAL IMPACT	Monitoring and reducing the environmental impact of individuals and businesses	Reducing paperwork, loans for photovoltaic systems, loans or easy terms for other green measures
3 PAPER CONSUMPTION	Monitoring	Centralising orders for agency publications Purchasing and distributing multifunction printers	3 SUPPLIERS' ENVIRONMENTAL IMPACT	Monitoring and reducing suppliers' environmental impact	Promoting low-impact systems (also using the supplier portal)

Monitoring **electricity consumption** revealed a particularly high figure for the IT equipment used by employees and by the Data Processing Centres (DPC) both for operating the equipment and for air-conditioning in the areas in which it was located. Green measures taken on all premises and in the DPCs in particular reduced the total per capita figure by 9%.

The weather in any particular year has a direct effect on how much **heating** and cooling is required. Heating consumption rose significantly, partly because of employees moving into the new Porta Europa offices, since they had been guaranteed comfortable working conditions while building work was still being carried out.

A total of 168,847 m³ of **water** was used in 2010, an increase of 3% per employee compared with the previous year.

As a further measure to reduce the direct impact of emissions from energy consumption, the Group made a significant investment in **solar energy** in 2010: photovoltaic panels producing a nominal 20 KWp were installed on the Porta Europa building in Bologna during the year. They became fully operational in the first few months of 2011 and operate in parallel with the mains electricity.

The project to construct the Via Larga Tower in the east of Bologna, which obtained Leed US Green Building Council certification by complying with specific and strict sustainability criteria for buildings, uses renewable energy produced by solar panels installed on the roof and the façade.

GROUP CONSUMPTION	2010		2009		2008	
	Group consumption	Consumption per employee	Group consumption	Consumption per employee	Group consumption	Consumption per employee
Electricity consumption kWh/year	20,597,623	5,021	19,427,471	5,493	18,699,350	5,329
Heating MWh/year	17,477	4.3	13,889	3.9	11,537	3.3
Refrigeration MWh/year	25,372	6.2	9,087	2.6	8,177	2.6
Water consumption m ³ /year	168,847	41	141,781	40	134,279	38

Source: Human Resources and Organization and Administration and Operations Departments

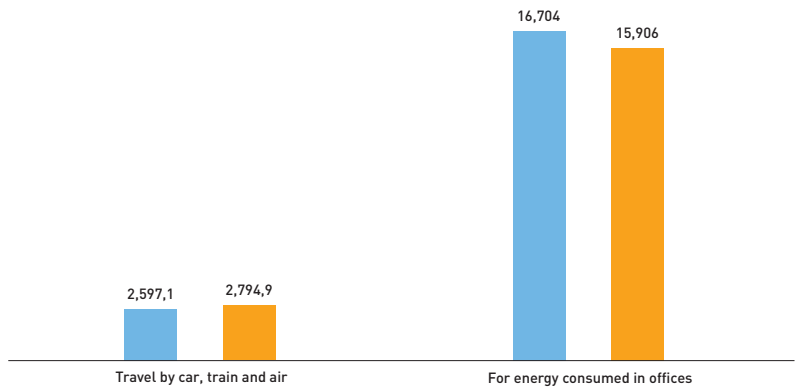
It is not only buildings that produce CO₂ emissions but also **staff travel**. Therefore the Group adopted policies and took measures to promote a 'culture of sustainability'. Among those aimed at employees was the introduction in the second half of 2010 of a **car pool** organized by using the appropriate IT. 2,597 tonnes of CO₂ were produced in 2010 by Group employees travelling for work purposes.

Measures taken to reduce the **consumption of paper** also applied to agents, and an experiment was carried out to make **all publications available online**. The new software package enabling agencies to gain access to the catalogue of forms on-line is intended to reduce unnecessary printing. This initiative follows up the measures to reduce the consumption of **paper** by using IT and e-mail. It will also be recalled that paper documents relating to Human Resources were being gradually reduced by the main declarations and certificates (payslips, certificates of pay received, etc.) being replaced by electronic documents, which employees can see and/or use in the dedicated portal.

The latest scheme, designed to have a direct effect for good on the environment because it involves both reducing the consumption of electricity for operating and cooling the equipment and disposing of equipment, is the new method of **backing up** the central IT systems.

MAIN CO₂ EMISSIONS PRODUCED BY THE GROUP

■ 2010 emissions in tonnes (CO₂)
■ 2009 emissions in tonnes (CO₂)

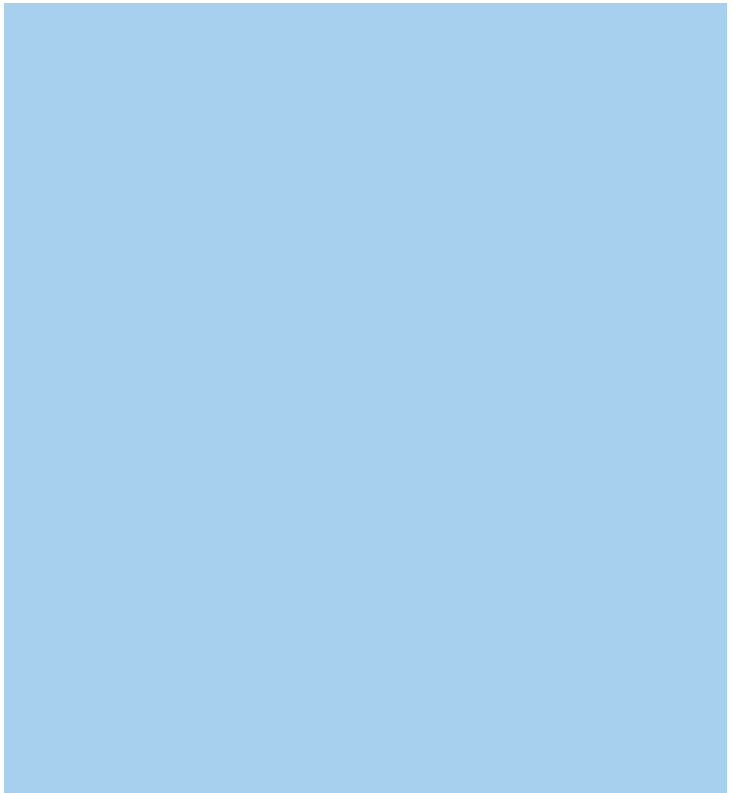


Source: Human Resources and Organization and Administration and Operations Departments

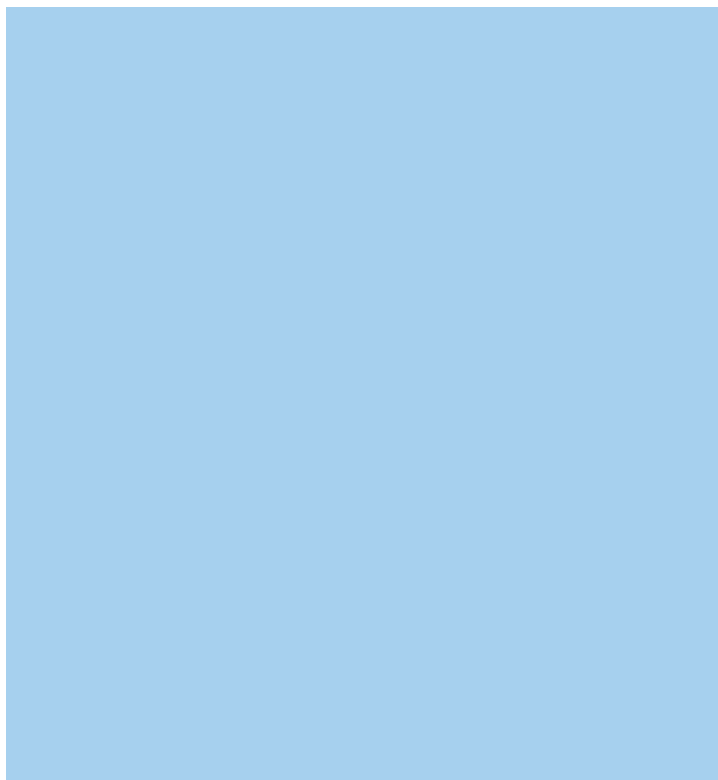
This has resulted in a reduction of 33% in space needed by the servers which, in view of the 55% increase in server content in 2010, has led to an overall reduction of 28% in the physical space required to store data; the cost of software licences has been cut by 39%; the new equipment occupies 90% less space; it will no longer be necessary to dispose of approximately 120 tapes per year, equivalent to approximately 30 kg of 'special waste', as was previously the case. All this will save the equivalent in CO₂ of approximately 300 trees per year.

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