

**ORDINARY MEETING  
OF SHAREHOLDERS**

**30 April 2013 in single call**

**BOARD OF DIRECTORS' EXPLANATORY REPORTS**

## **AGENDA**

### **ORDINARY SHAREHOLDERS' MEETING**

- 1. To approve the financial statements for the year ended 31 December 2012; to hear the report of the Board of Directors; to hear the Reports of the Board of Auditors and the Independent Auditors. To vote on the related and consequent motions.**
- 2. To appoint the Board of Directors for 2013 – 2014 – 2015, subject to the number of members and their remuneration being fixed. To vote on the related and consequent motions.**
- 3. To appoint the Board of Auditors for 2013 – 2014 – 2015 and fix their remuneration. To vote on the related and consequent motions.**
- 4. To hear the Remuneration Report drawn up in accordance with Article 123-3 of the Consolidated Finance Act. To vote on the related and consequent motions.**
- 5. To approve the remuneration scheme based on financial instruments in accordance with Article 114-2 of the Consolidated Finance Act. To vote on the related and consequent motions.**
- 6. Purchase and sale of treasury shares and shares in the holding company. To vote on the related and consequent motions.**

**TO HEAR THE DIRECTORS' REPORT TO THE SHAREHOLDERS' MEETING ON ITEM 1 ON THE AGENDA**

**To approve the financial statements for the year ended 31 December 2012; to hear the report of the Board of Directors; to hear the Reports of the Board of Auditors and the Independent Auditors. To vote on the related and consequent motions.**

Dear Shareholders,

Further information relating to the first item on the agenda for the Shareholders' Meeting is contained in the financial statements published as required by law as part of the Annual Report and in particular in the Management Report drawn up by the Board of Directors, together with the reports of the Board of Auditors and the Independent Auditors.

The draft annual accounts submitted for your approval show an operating profit of €194,952,217.78.

The Board of Directors therefore submits the following motion to the Shareholders' Meeting.

**Motion**

*The Ordinary Shareholders' Meeting of Unipol Gruppo Finanziario S.p.A.*

- *having examined the Company's draft financial statements for the year ended 31 December 2012;*
- *having examined the results of the draft financial statements, which closed with an operating profit of €194,952,217.78;*
- *in view of the Directors' Report on business performance to 31 December 2012;*
- *having heard the report of the Board of Auditors and the report of the external auditors, PricewaterhouseCoopers S.p.A.,*

*resolves*

- *to approve Unipol Gruppo Finanziario S.p.A's financial statements for the year ended 31 December 2012, which are accompanied by the Directors' report and show an operating profit of €194,952,217.78;*
- *to approve the proposal to allocate the operating profit in the following way:*
  - *€19,495,221.78 to the legal reserves;*
  - *€62,366,383.54 to the extraordinary provision;*
  - *the rest of the profits, amounting to 58.01% of the total, to pay dividends, as follows:*
    - *€46,491,513.81 for a dividend on preference shares (273,479,493 x €0.17);*

- €66,599,098.65 for a dividend on ordinary shares (443,993,991 x €0.15);
- therefore, by allocating the operating profit as set out above, to approve the distribution of a dividend of €0.15 per ordinary share, a dividend of €0.17 per preference share and total dividends of €113,090,612.46;
- to fix 23 May 2013 as the date to start paying the dividend (coupon to be detached on 20 May 2013).

Bologna, 21 March 2013

The Board of Directors

**TO HEAR THE DIRECTORS' REPORT TO THE SHAREHOLDERS' MEETING ON ITEM 4 ON THE AGENDA**

**To hear the Remuneration Report drawn up in accordance with Article 123-3 of the Consolidated Finance Act. To vote on the related and consequent motions.**

Dear Shareholders,

As you know, Article 123-3 of Legislative Decree 58 of 24 February (the TUF), headed *Remuneration Report*, provides that companies with listed shares publish a report on remuneration policies for board members, general managers and key senior executives at least twenty-one days before the date fixed for the Ordinary General Meeting called to approve the annual financial statements.

Therefore at its meeting on 21 March 2013 the Company's Board of Directors approved the report (the 'Report'), which is made up of the following two sections:

- Section One describes the remuneration policies for board members, general managers and key senior executives and the procedures for adopting and implementing them;
- Section Two provides a breakdown of the remuneration and shows the individual amounts the Company paid during the year, for whatever reason and in whatever form, to each member of the boards of directors and auditors and the total paid to key senior executives. Finally, information is provided on investments in listed companies and in companies controlled by them held by the parties mentioned above.

In accordance with para. 6 of Article 123-3 of the TUF, the Ordinary General Meeting is also called upon to vote to accept or reject Section One of the Report, though the result is not binding, and the outcome of the vote must be published in accordance with Article 125-4, para. 2, of the TUF.

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Therefore the Board of Directors hereby submits the attached Remuneration Report of Unipol Gruppo Finanziario S.p.A. for 2013 for your attention, and in accordance with Article 123-3, para. 6, of the TUF invites you to vote for or against Section One of the Report on the remuneration policies for board members and key senior executives and the procedures for adopting and implementing the policies.

Bologna, 21 March 2013

The Board of Directors

**REMUNERATION REPORT**  
**UNIPOL GRUPPO FINANZIARIO S.P.A.**

## Introduction

This document, approved by the Board of Directors of Unipol Gruppo Finanziario S.p.A. ('Unipol' or the 'Company') on 21 March 2013, contains the remuneration report (the 'Report') – drawn up in accordance with Article 123-3 of the Consolidated Finance Act ('TUF') and following the models shown in Appendix 3A, forms 7-2 and 7-3, of CONSOB Regulation 11971 relating to issuers (the 'Issuer Regulation') – in order to explain to the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2012 ('Shareholders' Meeting') the policies adopted by Unipol for remunerating members of the Company's boards of management and control ('corporate bodies'), General Manager and other key Senior Executives during 2013 ('Remuneration Policies').

The Company's remuneration policies comply with the recommendations on remuneration contained in the latest version (December 2011) of the Code of Corporate Governance for Listed Companies, which Unipol has signed up to ('Code of Corporate Governance').

The Report consists of two parts:

- Section One describes the remuneration policies adopted by Unipol for 2013 and the procedures used for adopting and implementing them;
- Section Two provides a breakdown of the remuneration and shows the individual amounts the Company paid in 2012, for whatever reason and in whatever form, to each member of the corporate bodies and the total paid to key senior executives.

The Report also provides information on investments in the Company and in the companies controlled by it held by the parties mentioned above.

Resolutions passed by the Shareholders' Meeting on Section One of the Report are not binding; the result of voting is published in accordance with Article 125-4, para. 2, of TUF.

As provided for by CONSOB Regulation 17221 of 12 March 2010 on related-party transactions, as amended and incorporated into the 'Procedure for Related-Party Transactions' ('**Procedure**') adopted by the Company and available in the Corporate Governance Section of the website [www.unipol.it](http://www.unipol.it), approval of the Remuneration Policy by the Shareholders' Meeting or the advisory vote on it exonerates the Company from applying the Procedure when the Board of Directors makes decisions on the remuneration paid to directors and key senior executives, in accordance with Article 13, para. 3 b), of the Regulation.

The Report is made available to the public at Unipol's registered office, at Via Stalingrado 45, Bologna, and in the Corporate Governance Section of the Company's website ([www.unipol.it](http://www.unipol.it)) and is sent to CONSOB and Borsa Italiana S.p.A. in accordance with current regulations.



In accordance with Article 123-3, para. 5, of TUF, information on remuneration schemes based on financial instruments, drawn up in accordance with Article 114-2 of TUF, is available in the Corporate Governance Section of the Company's website.



## Section I

### **a) *Bodies or individuals involved in drawing up and approving the remuneration policy for the various rôles, and bodies or individuals responsible for implementing the policy correctly***

The bodies and/or individuals involved in drawing up and approving the remuneration policies and their various rôles and responsibilities are listed below:

- Having taken account of the suggestions made by the Remuneration Committee, the Board of Directors lays down the general policies containing the guidelines for remunerating Directors and key Senior Executives. In addition, bearing in mind significant and unpredictable circumstances that could affect how the incentive scheme is applied, after consulting the Remuneration Committee and in accordance with regulations and legislation, it resolves to adopt any measures to amend, suspend, limit or extend payment of the variable components of remuneration and if required by law submits them to the Shareholders' Meeting for approval.
- The Remuneration Committee attends meetings of the Board of Directors and advises on the following matters:
  - it submits proposals on the remuneration policies for the Company's Directors and key Senior Executives (including the heads of the Auditing, Compliance and Risk Management departments, collectively known as the 'Control Departments') to the Board of Directors;
  - it submits proposals to the Board of Directors on the remuneration of the CEO and the other Directors with specific roles and on specifying the performance targets on which the variable element of this remuneration is to be based, in line with the remuneration policies adopted by the Board of Directors;
  - it monitors how the resolutions passed by the Board of Directors are applied and in particular checks whether performance targets have actually been reached;
  - it periodically evaluates the appropriateness, overall coherence and actual application of the general policies for remunerating the Company's Directors and key Senior Executives (including the heads of the Control Departments), using, for this last purpose, information provided by the Chief Executive Officer and submitting the relevant proposals to the Board of Directors.
- The Chief Executive Officer, in conjunction with the Chairman:
  - advises the Remuneration Committee on the wording of proposals to be submitted to the Board of Directors on the general remuneration policies for the Company's key Senior Executives;
  - submits to the Board of Directors, in accordance with the guidelines laid down in its general policies, proposals on the remuneration to be paid to

the Company's General Manager and on determining the level of remuneration, specifying the performance targets on which the variable element of the remuneration is to be based;

- fixes the remuneration of the Company's key Senior Executives and the performance targets on which the variable element is to be based in accordance with the guidelines laid down in the general policies by the Board of Directors and, in the case of the Heads of the Control Departments, subject to the remit of Unipol's Control and Risks Committee.

If the Chief Executive has a potential conflict of interest in carrying out the tasks listed above, they will be carried out by the Vice Chairman.

- The General Human Resources and Organization section is responsible for investigating and overseeing the process of wording proposals on remuneration policies and for implementing them, bringing in other Group departments where required and/or appropriate.

**b) *Any work done by a remuneration committee or other relevant committee, description of its composition (with a distinction being drawn between non-executive and independent directors), areas of expertise and working procedures***

As already mentioned, it is the Remuneration Committee, made up of members of the Board of Directors as provided for by the Group Code of Corporate Governance, that draws up remuneration policies.

The Remuneration Committee attends meetings of the Board of Directors and advises on the following matters:

- it submits proposals to the Board of Directors on the Company's remuneration policy for Directors and key Senior Executives (including the Control Departments);
- it submits proposals to the Board of Directors on the remuneration of the CEO and the other Directors with specific roles, and on specifying the performance targets on which the variable element of this remuneration is to be based, in line with the remuneration policy adopted by the Board of Directors;
- it monitors how the resolutions passed by the Board of Directors are applied and in particular checks whether performance targets have actually been reached;
- it periodically evaluates the adequacy, overall suitability and actual application of the Company's general policies for remunerating Directors and key Senior Executives (including the heads of the Control Departments), using, for this last purpose, information provided by the Chief Executive Officer and submitting the relevant proposals to the Board of Directors.

As provided for by the Self-Governance Code of the Italian Stock Exchange and the Code of Corporate Governance, the Remuneration Committee, appointed by the Board

of Directors on 29 April 2010 and expanded on 10 November 2011, is made up of five non-executive Directors appointed by the Board of Directors, the majority of whom comply with the requirements of independence provided for by the Code of Corporate Governance for Listed Companies. The Chairman is an independent Member of the Board of Directors.

The Chairman of the Board of Directors, the Vice Chairman and the Chief Executive Officer automatically attend meetings of the Remuneration Committee in an advisory capacity. The Chairman of the Board of Auditors or another Auditor designated by him also automatically attends.

No Directors or Auditors take part in the meetings of the Remuneration Committee in which proposals relating to their own remuneration are made to the executive body unless the proposals relate to the remuneration to be paid to all the Directors or Statutory Auditors.

The Remuneration Committee has already met in 2013, on 20 March, in order to draw up proposals on remuneration policies for Unipol's corporate bodies and key Senior Executives, and these were approved by the Company's Board of Directors at the same time as this report.

Additional information on the work carried out and the main topics discussed by the Remuneration Committee in 2012 are included in the Annual Report on Corporate Governance and Ownership, which is available in the Corporate Governance Section of the Company's website [www.unipol.it](http://www.unipol.it).

**c) *Names of any independent experts who helped to draw up the remuneration policy***

The Company did not bring in any experts to help to draw up the remuneration policies, but it did use the services of the HayGroup firm of consultants, which carried out benchmarking analysis on the performance indicators used by companies, including foreign companies, operating in the same sector as Unipol.

**d) *Purposes of the remuneration policy, principles on which it rests and any changes in the remuneration policy compared with the previous financial year***

Purposes

Unipol's remuneration policies are drawn up in line with:

- the Unipol Group's mission statement, set out in its Charter of Core Values, which states, inter alia, that '*The Group's entrepreneurial strategy is effective, profitable and sustainable and is based on the contribution made by its employees and recognition of the part they play.*' This statement not only provides an important guideline for the general implementation of the remuneration policies, which favours an approach that can be sustained over time, but also underlines its importance as a way of giving recognition to professionalism;
- the Unipol Group's core values, which include vision, respect and responsibility,

thus ensuring that remuneration policies are based not only on quantity but also on quality;

- attention to the interests of all the Group's stakeholders, particularly shareholders and investors, employees, agents and consultants and future generations, who benefit from a remuneration policy designed to attract, reward and value the highest levels of professionalism fairly, appropriately and continuously;
- the Unipol Group's business strategy, based on sustainability and promoted as such in the Group Business Plan 2013 – 2015, approved by Unipol's Board of Directors at its meeting held on 20 December 2012, and any subsequent updates approved by the Board (the 'Business Plan'), which sets relevant operational targets and deadlines for remuneration policies and ensures that the effects and benefits of these targets are sustainable;
- the Unipol Group's system of Corporate Governance which, by using a corporate and organizational model that is meticulous in complying with legislation and regulations, splitting duties properly between corporate bodies and corporate structures and ensuring that the risk-management system is appropriate and is monitored, makes it easier to ensure not only that remuneration policies comply with the law but that there is appropriate in-house training in them and that they are in line with broader operational policies.

### Principles

The primary objective of the remuneration policies is to guarantee fair remuneration appropriate for the rôle, responsibility, level of professional expertise and individual abilities in accordance with legislation and regulations and in line with the requirements for sustainability.

Therefore the following principles are the essential benchmarks for fixing remuneration:

- a healthy and prudent risk-management policy, in line with the long-term strategic objectives, profitability and equilibrium of the Company and the Group, avoiding remuneration policies based solely or mainly on short-term results that would encourage excessive exposure to risk;
- internal fairness, so as to ensure that remuneration is in line with the position held, responsibilities of the rôle, experience, skills, proven ability and work done;
- meritocracy, so that good results and work are rewarded;
- comparison with the reference markets in order to offer competitive remuneration packages, account being taken of trends in these markets, the guidelines under which they operate and their best procedures in order to promote healthy competition fairly and effectively;
- the level of risk, which varies according to the Unipol Group company and line of business concerned, the aim being to base remuneration policies on healthy and prudent risk-management as required by the Regulation.

### Changes since last year

There have been no significant changes compared with the remuneration policies adopted last year, which were already in line with the principles and criteria of internal regulation.

#### **e) Description of policies on fixed and variable elements of remuneration, particularly as regards the proportion of total remuneration they represent, with short- and medium-long-term variable components shown separately**

The fixed component of remuneration is payment for the skills, abilities, rôle and, in particular, the responsibilities related to the rôle. As well as a fixed basic rate of pay dependent on grade and years of service as laid down in Labour Agreements covering specific categories of worker, Supplementary Company Agreements and any other bilateral agreements, the Company pays fixed monetary bonuses based on internal fairness, competitiveness and attractiveness, merit and responsibilities and raises them over time.

The variable element of remuneration has two principal objectives:

- to reward the achievement of short- and medium-long-term results not only in the form of profits but also attention to risk and quality of service;
- to develop professional skills and encourage a high level of employee retention.

Both as a listed company that has signed up to the Self-Governance Code of the Italian Stock Exchange and as the Unipol Group's holding company, Unipol has adopted remuneration policies whereby access to bonus schemes based on variable components of pay depends on short- and medium-long-term results being achieved. In fact the Unipol Group firmly believes that this aspect of its remuneration policies can also promote, indirectly but no less importantly, a culture of professionalism geared towards the creation of value that is sustainable in the long term and direct 'ownership' of the results and therefore joint responsibility and real involvement in the Company's business objectives.

The variable-remuneration scheme is based on the correlation between the Unipol Group's results (including the results in terms of attention to risk), those of the company concerned, those of the operational area concerned and individual results.

Unless specified below corporate bodies receive no variable component. However variable components are paid to the Company's Senior Executives, including key Senior Executives, under a special bonus scheme for all Unipol Group Senior Executives known as UPM (Unipol Performance Management), which covers deadlines, conditions and procedures for paying a short-term variable cash element and a long-term variable element in the form of financial instruments (Unipol ordinary shares).

It must be mentioned at this point that, after consulting the Remuneration Committee, at its meeting held on 21 March 2013 the Board of Directors adopted the UPM Scheme (the 'UPM Scheme' or the 'Scheme') for the three-year period 2013 – 2015, the previous bonus scheme for 2010 – 2012, approved by the Board of Directors on 13

May 2010, having expired.

The Chief Executive is paid a variable short- and long-term element, calculated by applying the criteria of the Scheme for Senior Executives in the 1<sup>st</sup> Bracket<sup>1</sup>.

**f) Policy on non-monetary benefits**

Non-monetary benefits constitute a significant component of the remuneration package in terms of both popularity with recipients and total remuneration as an additional and/or alternative element to monetary payment, which ensures that effective remuneration policies are adopted but at the same time that the financial impact is limited. The type and total value of benefits vary according to category of recipient and consist mainly of the provision of supplementary pension and health services for employees and their immediate families.

Senior Executives belonging to the 1<sup>st</sup> and 2<sup>nd</sup> Brackets, as well as the Chairman and the General Manager, are provided with a company car for private use.

Easy terms are granted for loans and mortgages for house purchase, renovation and construction and personal loans.

**g) Description of performance targets on which variable components are based, with short- and medium-long-term variable elements shown separately, and information on the link between the variation in results and the variation in remuneration**

As mentioned above, the variable component of remuneration is divided into two elements, allocated in accordance with the UPM Scheme: (i) a short-term element, in the form of a cash bonus, calculated as a percentage of individual gross annual remuneration ('GAR') and (ii) a long-term element, in the form of Unipol ordinary shares ('Shares').

The UPM Scheme is self-financed, i.e. irrespective of whether the conditions for having access to the scheme referred to below exist an essential precondition for the payment of bonuses in addition to a continuing good level of profits and minimal risk factors is

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<sup>1</sup> Unipol Group Senior Executives are divided into 3 brackets ('Brackets'), based on the weighting of their post and the importance and complexity of the rôle. The weighting is calculated using an internationally recognised procedure certified by leading specialist companies.

After analysis of a series of quantitative and qualitative measurements affecting the specific post, a numerical indicator is allocated which, when ranked on a like-for-like basis, provides an objective benchmark for remuneration.

Each individual post is assessed on the basis of three macro factors, which measure the level of skill needed to do the job properly (expertise), the level of autonomy required for the rôle (problem-solving) and the effect on the business results (accountability).

The Group Human Resources and Organization Department uses the most suitable job-weighting methods on the market to propose which bracket is appropriate and allocation is subject to the approval of the Chief Executive Officer. Allocation to brackets is updated and reviewed annually.

Within each bracket individual short- and long-term bonuses are awarded in consideration of:

- market comparisons;
- professional grouping;
- need to encourage loyalty (how critical the employee is to the Company).



the existence of a dividend capability, i.e. whether it is appropriate to distribute profits to Unipol shareholders, in accordance with legislation.

Access to the UPM Scheme is conditional upon certain Company performance targets being achieved, viz:

- (i) in the case of the STI element (as detailed below), the Scheme will not apply to Recipients until a given percentage of Unipol's consolidated gross profit target as per the approved budget for the year concerned has been achieved. In the case of key Senior Executives this percentage must be at least 75% of the target;
- (ii) the full STI can be awarded only if Unipol Gruppo Finanziario S.p.A's financial strength, calculated in accordance with Solvency I<sup>2</sup>, is at least 1.2 on 31 December 2013. If on that date it is between 1.0 and 1.2 the bonus will be reduced by 25%, whilst if it is below 1.0 no bonus will be paid.

The condition mentioned in (i) does not apply to Senior Executives who work in one of the Internal Control Departments or the Anti-Money-Laundering Department.

#### Variable short-term bonus (STI)

Under the Scheme a cash payment may be made during the following year (up front), based on the extent to which specific individual performance targets are achieved<sup>3</sup>, divided into three categories, each of which is allocated a percentage weighting, viz. (i) specific area target (weighting 50%), (ii) qualitative target (weighting 25%) and (iii) organizational conduct target (weighting 25%).

The maximum short-term bonus ('STI Bonus') is a percentage of GAR, the actual percentage varying according to the position held by the Senior Executive up to a maximum of 50% of GAR for Senior Executives in the 1<sup>st</sup> Bracket.

In addition, under the Scheme (i) no STI Bonus is paid to any Senior Executives whose individual performance level is below 75% and (ii) no STI Bonus is paid to any key Senior Executives whose area target is not reached and it is reduced by 1/3 (one third) if only part of the target is reached.

#### Variable long-term bonus (LTI)

The long-term bonus ('LTI Bonus') is awarded under a closed payment scheme based on financial instruments ('2013 – 2015 Plan'), under which shares are distributed at the end of the three-year period of the Group Business Plan 2013-2015, the shares being awarded and made available at the same time as from 2016 and for the following two years.

The amount of the LTI Bonus is a proportion of the STI result achieved in each year in which the Scheme applies, up to a maximum of a percentage of the Recipient's GAR on 31 May 2013, the actual percentage varying according to the position held by the

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<sup>2</sup> Indicator and value as laid down in current legislation and subject to updating/review as legislation changes. Additional indicators may be adopted, even as an experiment, as the Scheme develops and analysis techniques and instruments are refined and become more reliable.

<sup>3</sup> The individual performance level is based on the sum of the percentages of the extent to which the target has been achieved as a percentage of the weighting.

Senior Executive, up to a maximum of 50% of GAR for Senior Executives in the 1<sup>st</sup> Bracket and 75% for Senior Executives on the Group Management Committee.

The number of any shares due in each of the three years following the end of the 2013 – 2015 Scheme is equal to the ratio between (i) the value resulting from applying the LTI coefficient determined after the recording process and (ii) the average value of the share in May 2013.

The amount of the LTI bonus depends on the cumulative consolidated Group result objectives for 2013, 2014 and 2015 being achieved in accordance with the Business Plan, the value of the Unipol ordinary share rising in value over three years (though these indicators do not apply to the Senior Executives who work in one of the Internal Control Departments or the Anti-Money-Laundering Department, in the case of whom specific area targets must be achieved) and the performance of the indices of financial strength.

***h) Criteria for evaluating performance targets on the basis of which shares, options, other financial instruments or other variable components of remuneration are awarded***

When individual targets are allocated account is also taken, if appropriate, of non-financial criteria that help to create value for the Company and the Group, such as compliance with external and Company regulations.

The specific area target is in line with strategic targets and Company and Group risk profiles.

Performance for the purpose of paying the LTI bonus will be assessed at the same time as performance for the purpose of paying the STI bonus for the final year of the Scheme, i.e. in May 2016 for 2015.

The work of allocating and evaluating targets and assessing the extent to which they have been achieved is also supervised by Unipol's General Human Resources and Organization Area and the Chief Executive. The work of allocating, evaluating and assessing performance targets on which the variable component of the General Manager's remuneration is based is supervised by the Board of Directors, based on proposals made by the Chairman in conjunction with the Vice Chairman.

***i) Information on how the remuneration policy fits in with the company's long-term interests and risk-management policy, if formalized***

The aim of the Company's remuneration policies is to encourage the General Manager, key Senior Executives and Senior Executives to pursue the Company's long-term interests by ensuring that:

- there is an appropriate balance between the fixed component and the variable component of remuneration and that the latter is linked to predetermined and measurable efficiency criteria in order to reinforce the correlation between results and remuneration;
- there are specific limits for the variable component;



- there is a proper balance between the short- and long-term efficiency criteria on which remuneration is based by delaying payment of the variable component, specifying a minimum vesting period for awarding financial instruments and demanding the return of this component if the prerequisites are not fulfilled;
  - the impact on the Company and Group risk profiles varies according to the role and responsibilities.
- j) *Vesting period, any system of deferred payment, with an indication of the deferment periods and the criteria for ascertaining them and, if required, mechanisms for amending them retrospectively***

As mentioned above, the long-term bonus (LTI) is awarded under a closed payment scheme based on financial instruments, under which shares are awarded at the end of the three years of the Group Business Plan and made available as from 2016 and for the following two years. This makes it possible to align the interests of beneficiaries and shareholders, remunerating the creation of long-term value and the increase in value of shares.

*Mechanisms for making amendments retrospectively*

The Scheme contains clauses covering non-payment of bonuses:

- **Penalty:** Bonuses are not awarded under the bonus scheme if, when the risks are taken into account, there is any deterioration in the Group's results and if the recipient fails to comply with any statutory or supervisory regulations and is disciplined as a result.
  - **Claw-back:** The Company will request the return of any remuneration paid in violation of the Supervisory requirements, or if recipients commit an act of fraud and/or misrepresentation or gross negligence while carrying out their duties that leads to a deterioration in the Group's risk profiles and/or business results, and may take further action.
- k) *Information on any clauses relating to retaining financial instruments in the portfolio after they have been acquired, indicating the retention periods and the criteria used to ascertain those periods***

As previously mentioned, the variable component of remuneration is allocated under the three-year UPM Scheme (2013 – 2015). No shares may be awarded to individuals until the end of this period.

Shares will not be distributed and simultaneously made available until 2016 (i.e. as from the first year after the end of the 2013 – 2015 Scheme), when a third of them will be awarded. The remaining two thirds will be made available in the following two years, one third in each year.

- l) *Policy relating to payments made if the employee leaves the post concerned or ceases to work for the Company, specifying the circumstances that establish a right to payments and any link between***

***payments and company performance***

Directors are paid no compensation if they resign or leave their post or if their post ceases to exist because of a takeover bid.

Payment of a fixed amount to key Senior Executives in the event of dismissal for no good reason or resignation for good reason or at the request of the shareholder concerned, which conditions apply only if there are specific supplementary agreements to the contract of employment, is subject to all the provisions of the relevant legislation. In any case the total amount must not exceed five years' salary.

***m) Information on any insurance cover, whether relating to social security or pensions, other than compulsory cover***

The Shareholders' Meeting held on 29 April 2010, which appointed the current Board of Directors, voted that the Company should pay for third-party insurance cover for the risks arising out of the legal and contractual duties performed by Directors and Auditors and legal protection.

Senior Executives may belong to both a Pension Fund and a Welfare Fund, contributions to which are paid by the Company. Senior Executives may contribute their Employees' Leaving Entitlement to their Pension Fund.

The services provided by the Pension Fund insure members against death or permanent disability caused by an accident not related to work, against permanent invalidity caused by ill-health and against death through any cause.

Senior Executives are covered until their contract of employments is terminated.

Payouts from the Welfare Fund to members and their families, which are made through insurance agreements, are mainly for medical advice and information provided by telephone, hospital admissions, operations, dental treatment, examinations by specialists, diagnostic tests and medical treatment.

The Welfare Fund also provides insurance cover for the reimbursement of medical expenses for both Senior Executives and their spouses if they are unable to pay them.

***n) Remuneration policy for (i) independent directors, (ii) attendance at committee meetings and (iii) specific posts (chairman, vice chairman etc.)***

The Shareholders' Meeting held on 29 April 2010, which appointed the Board of Directors, voted to pay each Director an annual fee and to pay an attendance fee for each Board meeting.

Remuneration paid to non-executive directors and hence also to the Independent Directors is not linked to the Company's profits, nor are there any plans to offer members of the Board of Directors incentives in the form of shares nor incentives based on any other financial instruments.

Directors who are members of Advisory Committees are paid an additional fixed fee for attending each meeting.

After consultation with the Remuneration Committee and the Board of Auditors the Board of Directors fixed the amounts to be paid to the Chairman, Vice-Chairman and Chief Executive for carrying out their duties.

As mentioned above, in accordance with normal market procedures and with the provisions of the Self-Governance Code of the Italian Stock Exchange relating to the remuneration of top posts in the company that must be partly based on business results, the Chief Executive is paid a variable short- and long-term component calculated by applying the criteria laid down in the UPM Scheme mentioned above.

***o) Whether the remuneration policy is based on the policies of other companies, and if so the criteria used for selecting the companies***

Unipol did not refer to the policies of other companies.

## **Section II**

### **PART I**

#### **1.1. Items that make up remuneration, including payments made if the employee leaves the post or the contract of employment is terminated, and information on how they reflect the remuneration policy concerned**

##### **Remuneration of Directors**

During 2012 Directors were remunerated in line with remuneration policies approved by Unipol's Board of Directors during the Board meeting held on 15 March 2012 and by resolutions passed at shareholders' and Board meetings during the current term of office.

In particular, non-executive Directors were paid the emoluments fixed by the Shareholders' Meeting held on 29 April 2010, i.e. an annual fixed fee plus job-related expenses and an attendance fee for each Board meeting and Shareholders' Meeting attended; the Company also pays for third-party insurance cover for risks arising out of the legal and contractual duties performed by Directors and the relevant legal protection.

The Board of Directors also pays Directors who are members of Advisory Committees a fixed fee for attending each meeting.

Directors are not paid any variable remuneration based on results or financial instruments unless specified below.

The Chief Executive is paid a variable short- and long-term component, calculated by applying the criteria of the bonus scheme for Group Senior Executives; thus the 2010 – 2012 bonus scheme for Senior Executives also governs the remuneration paid to the CEO.

##### **Remuneration paid to the Supervisory Body**

The Statutory Auditors are paid an annual flat-rate fee, which is different for Statutory Auditors and the Chairman of the Board of Auditors. They are also reimbursed for job-related expenses. The Company also pays for third-party insurance cover for risks arising out of the legal and contractual duties performed by statutory auditors and for the relevant legal protection.

Statutory Auditors are paid no variable remuneration.

##### **Remuneration paid to key Senior Executives and other Senior Executives**

As described in the remuneration report for 2012, the same remuneration policies apply to all the Company's top management – General Manager, key Senior Executives and other Senior Executives alike.

In addition to the fixed component the pay structure provides for a variable component through a specific bonus scheme aimed at developing a culture of sustainable

performance that links the Company's results to the work carried out by individuals.

Fixed component of remuneration

The fixed component is made up of the items specified in the National Labour Agreement and individual contracts of employment. GAR (Gross Annual Remuneration) is also laid down and excludes the variable part, the employees' leaving entitlement, any payments in kind and/or into pension funds made by the employer and any variable component, whether it is a one-off or recurring, repeated or deferred payment, excluding any bonuses, travelling expenses and any other expenses.

Variable component of remuneration

The variable component may be made up of the following items:

- cash bonuses and bonuses in the form of financial instruments, based on the bonus scheme for the Unipol Group's Senior Executives (see below – implementation in 2012 of the 2010 – 2012 bonus scheme);
- one-off (up-front) cash payments made in accordance with the following conditions:
  - (i) occurrence of completely exceptional and unpredictable objective circumstances that required a particularly significant professional commitment in order to obtain a result of strategic importance for the Company and/or the Group;
  - (ii) amount determined in such a way as to ensure a suitable balance between the fixed component and variable component of remuneration, as required by current legislation;
  - (iii) payment approved by the Company's Board of Directors, after consultation with the Remuneration Committee;
- long-service bonuses: 8% and 16% of GAR paid on completion of the 25<sup>th</sup> and 35<sup>th</sup> years of service with the same company respectively.

Implementation of the 2010 – 2012 bonus scheme

Regarding the implementation of the bonus scheme for Unipol's Senior Executives during 2012, it should be mentioned that at its meeting held on 9 August 2012, subject to the approval of the Remuneration Committee, the Board of Directors:

- (i) voted not to pay any short-term bonuses (STI) in view of the fact that the conditions for implementing the scheme did not obtain in 2011. (It will be remembered that the Consolidated Financial Statements for 2011 recorded a pre-tax loss owing to impairment losses on goodwill as a result of impairment testing.);
- (ii) thought it fair, however, to deem the long-term bonuses (LTI) for 2011 to have accrued on the presupposition that, despite the very difficult economic times, core business made a profit of €226m (higher than the target for lifting the bar mentioned above, which was €218m), confirming the positive results achieved since the beginning of the 2010-2012 Business Plan, which, moreover, meant

that the results predicted for Non-Life business were achieved a year in advance.

Provided the targets laid down for the three-year period 2010 – 2012 are achieved the LTI bonuses mentioned above will be paid in the form of Unipol ordinary shares as from 2014, with one third of the amount due being paid in each of the following two years. At the time this report is written the amount of these bonuses is not yet known since under the bonus scheme the targets for the year concerned (i.e. 2012) are set by June of the following year (i.e. June 2013).

Details of both the scheme for remuneration based on financial instruments approved by the Shareholders' Meeting of 30 April 2012 and the one that will be submitted for the approval of the forthcoming Shareholders' Meeting called in single call for 30 April 2013 are contained in the various documents drawn up in accordance with Article 114-2 of TUF and Article 84-2 of the Issuer Regulation and published in the Corporate Governance Section of the Company's website ([www.unipolgf.it](http://www.unipolgf.it)).

#### Other elements of remuneration

Remuneration may also include:

- benefits, on which social security contributions and tax are paid, which may include items such as company cars and the use of guest rooms;
- remuneration paid for stability pacts.

#### **1.2. Agreements for compensation in the event of employment ceasing early**

There are no agreements between the Company and the Directors for compensation in the event of resignation, termination of the term of office/rôle or redundancy as a result of a takeover bid.

Any payment of a fixed amount in the event of dismissal for no good reason or resignation for good reason or at the request of the shareholder concerned, which apply only if there are specific supplementary agreements to the contract of employment, is subject to all the provisions of the relevant legislation. In any case the total amount must not exceed five years' salary.

Employees whose employment ceases for reasons other than receipt of a pension paid because of length of service or on retirement before they are entitled to receive short-term cash bonuses or remuneration in financial instruments forfeit any right to bonuses.

There are no agreements for former employees of the Company to receive or continue to receive non-monetary benefits nor for them to enter into agreements to provide advisory services after employment ceases.

There are no agreements for remuneration to be paid for non-competition agreements.

In the absence of specific agreements, staff-leaving indemnities accrued are calculated in accordance with the Collective Labour Agreement for senior executives of insurance companies.

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Under the 2010 – 2012 bonus scheme payments made to the corporate bodies and key Senior Executives during 2012 were in line with existing remuneration policies. In addition, the Company's remuneration policies for 2013 have introduced no substantial changes to remuneration and bonus schemes compared with last year. Therefore the Company can confidently state that these policies are implemented in the same way as previous policies and that the items that make up the remuneration of the parties mentioned above, including payments made when an employee leaves or the contract of employment is terminated, are the same as under policies previously adopted.

## PART TWO

### Remuneration paid in 2012

#### **Table 1 – Remuneration paid to Directors, Statutory Auditors, General Managers and other key Senior Executives**

Table 1 below shows the remuneration paid by the Company in 2012 for whatever reason and in whatever form and, as required by current legislation, the individual amounts drawn in 2012 by the Directors, Auditors and the General Manager and the total for key Senior Executives, with remuneration paid to subsidiaries and/or affiliated companies, including that reverting to Unipol, shown separately.

In particular:

- In accordance with the relative criterion the column headed 'Fixed remuneration' shows fixed emoluments and salaries for the year concerned;
- In accordance with the relative criterion the column headed 'Remuneration for attendance at committee meetings' shows remuneration paid to Directors for membership of the committees set up within Unipol's Board of Directors, with a note of the committees on which each Director sat;
- No information is given in the column headed 'Bonuses and other incentives' since, as mentioned above, the performance targets for 2011 were not achieved and therefore no short-term bonuses were paid in 2012. For this reason Table 3B covering '*Monetary bonuses for members of the administrative body, general managers and other key Senior Executives*' was not compiled;
- No information is given in the column headed 'Profit-sharing' since there is no provision for that sort of remuneration;
- In accordance with the relative criterion and tax legislation the column headed 'Non-monetary benefits' shows the value of fringe benefits awarded, such as (i) cars for private use and (ii) pensions and insurance policies;
- No information is given in the column headed 'Other remuneration' since there is no provision for further remuneration for other services provided;
- No information is given in the column headed 'Fair value of remuneration in the form of equity' since, as mentioned above, at the time this report is written it is not known how many shares, if any, will be awarded under the bonus scheme based on financial instruments for the three-year period 2010 – 2012, which depends on the result of assessing targets being positive, and this process will be not concluded until June 2013. For the same reasons Table 3A covering '*Bonus schemes based on financial instruments other than stock options, for members of the administrative body, general managers and other key Senior Executives*' was not compiled.

Table 1 below covers three pages and includes 63 notes.





TABELLA 1: Compensi corrisposti ai componenti degli organi di Amministrazione e di controllo, ai Direttori generali e agli altri dirigenti con responsabilità strategiche

Cognome e Nome	Carica ricoperta	Periodo per cui è stata ricoperta la carica	scadenza della carica	Compensi fissi		Compensi per la partecipazione a comitati	Compensi variabili non equity		Benefici non monetari	Altri compensi	Totale	Fair Value dei compensi equity	Indennità di fine carica o cessazione del rapporto di lavoro
							Bonus e altri incentivi	Partecipazione agli utili					
<b>STEFANINI Pierluigi</b>	<b>Presidente</b>	1/1-31/12/2012	Bilancio 2012										
Compensi nella società che redige il bilancio				730,000.00	(1)	27,000.00	(2)		3,062.52		760,062.52		
Compensi da controllate e collegate				119,114.75	(3)						119,114.75		
<b>TOTALE</b>				<b>849,114.75</b>		<b>27,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>3,062.52</b>	<b>0.00</b>	<b>79,177.27</b>	<b>0.00</b>
<b>COLLINA Piero</b>	<b>Vice Presidente</b>	1/1-31/12/2012	Bilancio 2012										
Compensi nella società che redige il bilancio				178,500.00	(4)	24,000.00	(5)				202,500.00		
Compensi da controllate e collegate				38,388.89	(6)						38,388.89		
<b>TOTALE</b>				<b>216,888.89</b>		<b>24,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>240,888.89</b>	<b>0.00</b>
<b>CIMBRI Carlo</b>	<b>Amministratore Delegato e Direttore Generale</b>	1/1-31/12/2012	Bilancio 2012										
Compensi nella società che redige il bilancio				1,565,905.54	(7)	27,000.00	(8)		59,525.54		1,652,431.08		
Compensi da controllate e collegate				726,285.97	(9)						726,285.97		
<b>TOTALE</b>				<b>2,292,191.51</b>		<b>27,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>59,525.54</b>	<b>0.00</b>	<b>2,378,717.05</b>	<b>0.00</b>
<b>BERARDINI Francesco</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012										
Compensi nella società che redige il bilancio				77,000.00		7,500.00	(10)				84,500.00		
Compensi da controllate e collegate				87,663.93	(11)	7,500.00	(12)				95,163.93		
<b>TOTALE</b>				<b>164,663.93</b>		<b>15,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>179,663.93</b>	<b>0.00</b>
<b>BETTI Sergio</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012										
Compensi nella società che redige il bilancio				80,000.00		6,000.00	(13)				86,000.00		
Compensi da controllate e collegate													
<b>TOTALE</b>				<b>80,000.00</b>		<b>6,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>86,000.00</b>	<b>0.00</b>

<b>CARANNANTE Rocco</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				78,500.00	27,000.00	(14)				105,500.00	
Compensi da controllate e collegate				22,000.00	(15)					22,000.00	
<b>TOTALE</b>				<b>100,500.00</b>	<b>27,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>127,500.00 0.00 0.00</b>
<b>CELLI Pier Luigi</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				75,500.00	12,000.00	(16)				87,500.00	
Compensi da controllate e collegate											
<b>TOTALE</b>				<b>75,500.00</b>	<b>12,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>87,500.00 0.00 0.00</b>
<b>COSTALLI Sergio</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				66,500.00	(17)	15,000.00	(18)			81,500.00	
Compensi da controllate e collegate				135,311.19	(19)					135,311.19	
<b>TOTALE</b>				<b>201,811.19</b>		<b>15,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00 216,811.19 0.00 0.00</b>
<b>DALLE RIVE Ernesto</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				74,000.00	19,500.00	(20)				93,500.00	
Compensi da controllate e collegate				41,275.04	(21)					41,275.04	
<b>TOTALE</b>				<b>115,275.04</b>		<b>19,500.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00 134,775.04 0.00 0.00</b>
<b>FERRARI Vincenzo</b>	<b>Amministratore</b>	10/05-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				45,603.83	(22)	15,000.00	(23)			60,603.83	
Compensi da controllate e collegate				30,512.30	(24)					30,512.30	
<b>TOTALE</b>				<b>76,116.13</b>		<b>15,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00 91,116.13 0.00 0.00</b>
<b>FOREST Jacques</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				77,000.00	6,000.00	(25)				83,000.00	
Compensi da controllate e collegate											
<b>TOTALE</b>				<b>77,000.00</b>	<b>6,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>83,000.00 0.00 0.00</b>
<b>GALANTI Vanes</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				77,000.00	27,000.00	(26)				104,000.00	
Compensi da controllate e collegate				139,525.04	(27)					139,525.04	
<b>TOTALE</b>				<b>216,525.04</b>		<b>27,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00 243,525.04 0.00 0.00</b>

<b>ISELI Roger</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012									
Compensi nella società che redige il bilancio				74,000.00	7,500.00	(28)					81,500.00	
Compensi da controllate e collegate												
<b>TOTALE</b>				<b>74,000.00</b>	<b>7,500.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>81,500.00</b>	<b>0.00</b>
<b>LEVORATO Claudio</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012									
Compensi nella società che redige il bilancio				72,500.00	4,500.00	(29)					77,000.00	
Compensi da controllate e collegate				7,025.04	(30)						7,025.04	
<b>TOTALE</b>				<b>79,525.04</b>	<b>4,500.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>84,025.04</b>	<b>0.00</b>
<b>MALAVASI Ivan</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012									
Compensi nella società che redige il bilancio				77,000.00	4,500.00	(31)					81,500.00	
Compensi da controllate e collegate												
<b>TOTALE</b>				<b>77,000.00</b>	<b>4,500.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>81,500.00</b>	<b>0.00</b>
<b>MASOTTI Massimo</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012									
Compensi nella società che redige il bilancio				80,000.00	47,000.00	(32)					127,000.00	
Compensi da controllate e collegate				1,000.00	(33)						1,000.00	
<b>TOTALE</b>				<b>81,000.00</b>	<b>47,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>128,000.00</b>	<b>0.00</b>
<b>MIGLIAVACCA Enrico</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012									
Compensi nella società che redige il bilancio				77,000.00	6,000.00	(34)					83,000.00	
Compensi da controllate e collegate				32,500.00	(35)						32,500.00	
<b>TOTALE</b>				<b>109,500.00</b>	<b>6,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>115,500.00</b>	<b>0.00</b>
<b>MORARA Pier Luigi</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012									
Compensi nella società che redige il bilancio				80,000.00	22,500.00	(36)					102,500.00	
Compensi da controllate e collegate												
<b>TOTALE</b>				<b>80,000.00</b>	<b>22,500.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>102,500.00</b>	<b>0.00</b>
<b>PACCHIONI Milo</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012									
Compensi nella società che redige il bilancio				80,000.00	(37)	24,000.00	(38)				104,000.00	
Compensi da controllate e collegate				189,925.04	(39)				3,482.08		193,407.12	
<b>TOTALE</b>				<b>269,925.04</b>		<b>24,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>3,482.08</b>	<b>0.00</b>	<b>297,407.12</b>

<b>PEDRONI Marco</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				77,000.00	(40)	21,000.00	(41)			98,000.00	
Compensi da controllate e collegate				39,775.04	(42)					39,775.04	
<b>TOTALE</b>				<b>116,775.04</b>		<b>21,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>POLITI Giuseppe</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				75,500.00		7,500.00	(43)			83,000.00	
Compensi da controllate e collegate				36,000.00	(44)					36,000.00	
<b>TOTALE</b>				<b>111,500.00</b>		<b>7,500.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TURRINI Adriano</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				77,000.00	(45)	27,000.00	(46)			104,000.00	
Compensi da controllate e collegate											
<b>TOTALE</b>				<b>77,000.00</b>		<b>27,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>VELLA Francesco</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				80,000.00		18,000.00	(47)			98,000.00	
Compensi da controllate e collegate											
<b>TOTALE</b>				<b>80,000.00</b>		<b>18,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>VENTURI Giuseppe</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				72,500.00		1,500.00	(48)			74,000.00	
Compensi da controllate e collegate				33,000.00	(49)					33,000.00	
<b>TOTALE</b>				<b>105,500.00</b>		<b>1,500.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>ZACCHERINI Luca</b>	<b>Amministratore</b>	1/1-31/12/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				78,500.00	(50)	36,000.00	(51)			114,500.00	
Compensi da controllate e collegate											
<b>TOTALE</b>				<b>78,500.00</b>		<b>36,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>ZUCHELLI Mario</b>	<b>Amministratore</b>	1/1-26/04/2012	Bilancio 2012								
Compensi nella società che redige il bilancio				24,846.99		3,000.00	(52)			27,846.99	
Compensi da controllate e collegate				10,508.19	(53)					10,508.19	
<b>TOTALE</b>				<b>35,355.18</b>		<b>3,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

<b>CHIUSOLI Roberto</b>	<b>Presidente Collegio Sindacale</b>	1/1-31/12/2012	Bilancio 2012											
Compensi nella società che redige il bilancio				75,000.00							75,000.00			
Compensi da controllate e collegate				59,154.10	(54)						59,154.10			
<b>TOTALE</b>				<b>134,154.10</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>134,154.10</b>	<b>0.00</b>	<b>0.00</b>	
<b>PICONE Giorgio</b>	<b>Sindaco Effetivo</b>	1/1-31/12/2012	Bilancio 2012											
Compensi nella società che redige il bilancio				50,000.00							50,000.00			
Compensi da controllate e collegate				17,250.00	(55)						17,250.00			
<b>TOTALE</b>				<b>67,250.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>67,250.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>TROMBONE Domenico Livio</b>	<b>Sindaco Effetivo</b>	1/1-31/12/2012	Bilancio 2012											
Compensi nella società che redige il bilancio				50,000.00							50,000.00			
Compensi da controllate e collegate				121,444.44	(56)	2,472.22	(57)				123,916.66			
<b>TOTALE</b>				<b>171,444.44</b>		<b>2,472.22</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>173,916.66</b>	<b>0.00</b>	<b>0.00</b>	
<b>CASSAMAGNAGHI Carlo</b>	<b>Sindaco Supplente</b>	1/1-31/12/2012	Bilancio 2012											
Compensi nella società che redige il bilancio														
Compensi da controllate e collegate				54,500.00	(58)						54,500.00			
<b>TOTALE</b>				<b>54,500.00</b>		<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>54,500.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>CERCHIAI Cristiano</b>	<b>Sindaco Supplente</b>	1/1-31/12/2012	Bilancio 2012											
Compensi nella società che redige il bilancio														
Compensi da controllate e collegate				35,000.00	(59)						35,000.00			
<b>TOTALE</b>				<b>35,000.00</b>		<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>35,000.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Dirigenti con Responsabilità Strategiche (n. 9)</b>		1/1-31/12/2012												
Compensi nella società che redige il bilancio				2,418,540.52	(60)	30,000.00	(61)		277,559.13		2,726,099.65			
Compensi da controllate e collegate				514,403.49	(62)	12,000.00	(63)				526,403.49			
<b>TOTALE</b>				<b>2,932,944.01</b>		<b>42,000.00</b>		<b>0.00</b>	<b>0.00</b>	<b>277,559.13</b>	<b>0.00</b>	<b>3,252,503.14</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTALE GENERALE</b>				<b>9,236,459.33</b>		<b>494,972.22</b>		<b>0.00</b>	<b>0.00</b>	<b>343,629.27</b>	<b>0.00</b>	<b>10,075,060.82</b>	<b>0.00</b>	<b>0.00</b>

Notes on Table 1

- 1) Includes emoluments for the post of Chairman (annual fee €650,000.00).
- 2) Fees for attending meetings of the Management Committee
- 3) Emoluments for posts held in the subsidiaries Unipol Assicurazioni S.p.A., Milano Assicurazioni S.p.A., Fondiaria-SAI S.p.A., Premafin HP S.p.A. and Unipol Banca S.p.A., not drawn but paid to Unipol Gruppo Finanziario S.p.A.
- 4) Includes emoluments for the post of Vice Chairman (annual fee €100,000.00).
- 5) Fees for attending meetings of the Management Committee
- 6) Fees for posts held in the subsidiaries Unipol Assicurazioni S.p.A. and Premafin HP S.p.A.
- 7) Includes salary, €100,000 retention bonus and remuneration for the post of Chief Executive (gross annual remuneration €200,000.00).
- 8) Fees for attending meetings of the Management Committee
- 9) Includes emoluments for the post of Chief Executive of the subsidiary Unipol Assicurazioni S.p.A. (annual remuneration €500,000.00). Also includes remuneration for posts held in the subsidiaries Unipol Assicurazioni S.p.A. (Director), Unipol Banca S.p.A., Milano Assicurazioni S.p.A., Fondiaria-SAI S.p.A. and Premafin HP S.p.A., not drawn but paid to Unipol Gruppo Finanziario S.p.A.
- 10) Fees for attending meetings of the Appointments and Corporate Governance Committees
- 11) Remuneration for the post of Director and Vice Chairman (annual remuneration €50,000.00) of the subsidiary Unipol Assicurazioni S.p.A. and Director of Fondiaria-SAI S.p.A.
- 12) Fees for attending meetings of the Management Committee of the subsidiary Unipol Assicurazioni S.p.A.
- 13) Fees for attending meetings of the Remuneration Committee
- 14) €12,000.00 for attending meetings of the Control and Risk Committee and €15,000.00 for the post of Member of the Supervisory Body
- 15) Remuneration for the post of Vice Chairman of the subsidiary Unisalute S.p.A.
- 16) Fees for attending meetings of the Remuneration Committee (€6,000.00) and the Sustainability Committee/Ethics Committee (€6,000.00)
- 17) Not drawn but paid to Unicoop Tirreno Società Cooperativa
- 18) Fees for attending meetings of the Management Committee, not drawn but paid to Unicoop Tirreno Società Cooperativa

- 19) Fees for posts held in the subsidiaries Unipol Banca S.p.A., Fondiaria-SAI S.p.A. and Unipol Merchant S.p.A., not drawn but paid to Unicoop Tirreno Società Cooperativa
- 20) Fees for attending meetings of the Management Committee
- 21) Emoluments for posts held in the subsidiaries Unipol Assicurazioni S.p.A., Fondiaria-SAI S.p.A. and Premafin HP S.p.A.
- 22) Not drawn but paid to Coop Estense
- 23) Fees for attending meetings of the Management Committee, not drawn but paid to Coop Estense
- 24) Emoluments for posts held in the subsidiaries Unipol Assicurazioni S.p.A. and Unipol Merchant S.p.A., not drawn but paid to Coop Estense
- 25) Fees for attending meetings of the Remuneration Committee
- 26) Fees for attending meetings of the Management Committee
- 27) Emoluments for the post of Director and Chairman (annual remuneration €100,000.00) of the subsidiary Unipol Assicurazioni S.p.A. and for posts held in the subsidiaries Fondiaria-SAI S.p.A. and Premafin HP S.p.A.
- 28) Fees for attending meetings of the Control and Risk Committee
- 29) Fees for attending meetings of the Appointments and Corporate Governance Committees
- 30) Remuneration for posts held in the subsidiaries Fondiaria-SAI S.p.A. and Premafin HP S.p.A.
- 31) Fees for attending meetings of the Remuneration Committee
- 32) Fees for attending meetings of the Control and Risk Committee (€13,500.00) and the Committee for Related-Party Transactions (€13,500.00) and for the post of Chairman of the Supervisory Body (€20,000.00)
- 33) Remuneration for the post held in the affiliated company Pegaso Finanziaria S.p.A.
- 34) Fees for attending meetings of the Remuneration Committee
- 35) Remuneration for the post held in the subsidiary Unipol Assicurazioni S.p.A.
- 36) Fees for attending meetings of the Control, Appointments and Corporate Governance Committees (€9,000.00) and the Committee for Related-Party Transactions (€13,500.00)
- 37) Not drawn but paid to Cooperare S.p.A.
- 38) Fees for attending meetings of the Management Committee, not drawn but paid to Cooperare S.p.A.



- 39) Remuneration for posts held in the subsidiaries Fondiaria-SAI S.p.A. and Premafin HP S.p.A. In addition, remuneration from the associates F.IM.PAR.CO. S.p.A., Pegaso Finanziaria S.p.A., Assicoop Modena & Ferrara S.p.A., Assicoop Romagna Futura S.r.l. and Assicoop Emilia Nord S.r.l., not drawn but paid to Finpro Società Cooperativa
- 40) Not drawn but paid to Coop Consumatori Nordest Società Cooperativa
- 41) Fees for attending meetings of the Management Committee, not drawn but paid to Coop Consumatori Nordest Società Cooperativa.
- 42) Emoluments for posts held in the subsidiaries Unipol Assicurazioni S.p.A., Fondiaria-SAI S.p.A. and Premafin HP S.p.A., not drawn but paid to Coop Consumatori Nordest Società Cooperativa
- 43) Fees for attending meetings of the Appointments and Corporate Governance Committees
- 44) Remuneration for the post held in the subsidiary Unipol Banca S.p.A.
- 45) Not drawn but paid to Coop. Adriatica Scarl
- 46) Fees for attending meetings of the Management Committee, not drawn but paid to Coop Adriatica Scarl
- 47) Fees for attending meetings of the Sustainability Committee/Ethics Committee (€6,000.00) and the Committee for Related-Party Transactions (€12,000.00)
- 48) Fees for attending meetings of the Sustainability Committee/Ethics Committee
- 49) Remuneration for the post held in the subsidiary Unipol Banca S.p.A.
- 50) Not drawn but paid to CEFLA Scarl
- 51) Fees for attending meetings of the Control and Risk Committee (€ 7,500.00) and the Committee for Related-Party Transactions (€1,500.00), not drawn but paid to CEFLA Scarl; €15,000.00 for the post of Member of the Supervisory Body
- 52) Fees for attending meetings of the Management Committee
- 53) Remuneration for the post held in the subsidiary Unipol Assicurazioni S.p.A.
- 54) Remuneration for posts held in the subsidiaries Unipol Banca S.p.A. and Compagnia Assicuratrice Linear S.p.A.
- 55) Remuneration for the post held in the subsidiary Unipol Merchant S.p.A.
- 56) Remuneration for posts held in the subsidiaries Unipol Assicurazioni S.p.A., Arca Assicurazioni S.p.A., Arca Vita S.p.A. and Premafin HP S.p.A.
- 57) Remuneration for the post of Member of the Supervisory Body of the subsidiary company Premafin HP S.p.A.
- 58) Remuneration for posts held in the subsidiaries Unisalute S.p.A., Arca Assicurazioni S.p.A., Centri Medici Unisalute S.p.A., Compagnia Assicuratrice Linear S.p.A. and Unipol

Merchant S.p.A.

- 59) Remuneration for posts held in the subsidiaries Linear Life S.p.A. and Unipol Assicurazioni S.p.A.
- 60) Salary
- 61) Remuneration for the post of member of the Supervisory Body
- 62) Remuneration for posts held in subsidiary and affiliated companies, not drawn but paid to Unipol Gruppo Finanziario S.p.A.
- 63) Remuneration for the post of member of the Supervisory Body of the subsidiary Unipol Assicurazioni S.p.A.

**Table 2 – Stock options awarded to members of the administrative body, general managers and other key Senior Executives**

This Table has not been drawn up since there are no bonus schemes based on stock options.

**Table 3A – Bonus schemes based on financial instruments other than stock options for members of the administrative body, general managers and other key Senior Executives**

This Table has not been drawn up for the reasons stated in the note to Table 1 under '*Fair value of remuneration in the form of equity*'.

**Table 3B – Monetary bonuses for members of the administrative body, general managers and other key Senior Executives**

This Table has not been drawn up for the reasons stated in the note to Table 1 under '*Bonuses and other incentives*'.

**Diagram 7-3: Diagram showing information on investments held by the boards of directors and control, general managers and other key senior executives**

<b>TABELLA 1: Partecipazioni dei componenti degli organi di amministrazione e di controllo e dei direttori generali</b>							
<i>cognome e nome</i>	<i>carica</i>	<i>società partecipata</i>	<i>categoria azioni</i>	<i>numero azioni possedute alla fine dell'esercizio precedente (*) della carica</i>	<i>numero azioni acquistate</i>	<i>numero azioni vendute</i>	<i>numero azioni possedute alla fine dell'esercizio in corso</i>
<b>CARANNANTE Rocco</b>	Amministratore	Unipol Gruppo Finanziario	PRIV	320	6,400	0	6,720
<b>CIMBRI Carlo</b>	Amministratore Delegato e Direttore Generale	Unipol Gruppo Finanziario	ORD	991	0	0	991
<b>MALAVASI Ivan</b>	Amministratore	Unipol Gruppo Finanziario	ORD	314	6,280	0	6,594
<b>POLITI Giuseppe</b>	Amministratore	Unipol Gruppo Finanziario	ORD	5	0	0	5
<b>ZACCHERINI Luca</b>	Amministratore	Unipol Gruppo Finanziario	ORD	142	2,840	0	2,982

(\*) il numero di azioni è stato determinato considerando l'operazione di raggruppamento avvenuta nel mese di aprile 2012.

<b>TABELLA 2: Partecipazioni degli altri Dirigenti con responsabilità strategica</b>						
<i>numero Dirigenti con responsabilità strategica</i>	<i>società partecipata</i>	<i>categoria azioni</i>	<i>numero azioni possedute alla fine dell'esercizio precedente (*) della carica</i>	<i>numero azioni acquistate</i>	<i>numero azioni vendute</i>	<i>numero azioni possedute alla fine dell'esercizio in corso</i>
9	Unipol Gruppo Finanziario	ORD	128	2,120		2,248
	Unipol Gruppo Finanziario	PRIV	356	7,120		7,476

(\*) il numero di azioni è stato determinato considerando l'operazione di raggruppamento avvenuta nel mese di aprile 2012.

## **DIRECTORS' REPORT TO THE SHAREHOLDERS' MEETING ON ITEM 5 ON THE AGENDA**

### **Approval of the remuneration scheme based on financial instruments in accordance with Article 114-2 of the Consolidated Finance Act. Voting on related and consequent motions**

Dear Shareholders,

The Board of Directors has called this Ordinary Meeting in order to discuss and vote on, inter alia, the motion to approve, in accordance with and for the purposes of Article 114-2 of Legislative Decree 58 of 24 February 1998 ('TUF'), a bonus scheme for Unipol Gruppo Finanziario's top management based on financial instruments ('2013 - 2015 Scheme').

Your attention is drawn to the fact that similarly to the Company's scheme based on financial instruments for the period 2010 – 2012, under the 2013 – 2015 Scheme, if certain conditions apply and specific targets are achieved, Unipol ordinary shares may be awarded and simultaneously made available to recipients at the end of the three-year period 2013, 2014 and 2015 (i.e. as from 2016) as a type of performance share.

In line with the Company's remuneration policies mentioned in the preceding agenda item the 2013 – 2015 Scheme is part of the incentive scheme for the Company's Senior Executives, which governs the conditions and procedures for paying both the short and the medium- to long-term variable component of remuneration. In fact the Company firmly believes that this Scheme promotes, indirectly but no less importantly, the spread of a culture of professionalism that helps to create long-term sustainable value and direct 'ownership' of the results and therefore joint responsibility and real involvement in the business objectives.

Details of all the features of the 2013 – 2015 Scheme are contained in the Report drawn up in accordance with Article 114-2 of TUF and Article 84-2 of CONSOB Regulation 11971 relating to issuers ('Issuer Regulation'), which is available to the public as provided for in Article 125-3 of the Issuer Regulation and appended to this explanatory report.

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Therefore the Board of Directors submits the following motion to the Shareholders' Meeting.

#### **Motion**

*Unipol Gruppo Finanziario S.p.A's Ordinary Shareholders' Meeting,*

- *in accordance with Article 114-2 of Legislative Decree 58 of 24 February 1998 ('TUF') and Article 84-2 of the Issuer Regulation,*
- *having noted the Board of Directors' Report and attachments, including the Report drawn up in accordance with Article 114-2 of TUF,*

resolves

- *to approve, in accordance with and for the purposes of Article 114-2 of TUF and Article 84-2 of the Issuer Regulation, the introduction of a performance-share type of bonus scheme based on financial instruments for Unipol Gruppo Finanziario S.p.A's top management, in accordance with the Management Report and the Report attached to it ('2013 - 2015 Scheme');*
- *to give the Board of Directors full powers, with express authority to delegate these powers, to (i) manage, administer and implement the 2013 – 2015 Scheme in full, (ii) make any additions and amendments to it that are required and/or appropriate in line with the Company's remuneration policies, (iii) draw up and/or finalize any document required or appropriate for implementing the Scheme and (iv) inform the market in accordance with the relevant legislation and regulations (including the Self-Governance Codes of the Italian Stock Exchange applying to the Company at the time).*

Bologna, 21 March 2013

The Board of Directors

Appendix      Report drawn up in accordance with Article 114-2 of the Consolidated Finance Act

**REPORT**  
on  
**UNIPOL GRUPPO FINANZIARIO S.P.A'S REMUNERATION SCHEME**  
**BASED ON FINANCIAL INSTRUMENTS**

## **LIST OF APPENDICES**

- Appendix 1: Regulations governing the Remuneration Scheme based on financial instruments



## **Introduction**

This document ('Report') is drawn up in accordance with Article 114-2 of the Consolidated Finance Act ('TUF') and Article 84-2 of the Regulation adopted by CONSOB in its ruling 11971 of 14 May 1999 as amended ('Issuer Regulation') and in line with the information contained in Diagram 7 of Appendix 3A to the Issuer Regulation.

The subject of the Report is the remuneration scheme based on financial instruments ('Unipol Scheme' or 'Scheme') for the Chief Executive, General Manager, key Senior Executives and other Senior Executives of Unipol Gruppo Finanziario S.p.A. ('Unipol') and has been drawn up for the Ordinary Meeting of Unipol Shareholders called in single call for 30 April 2013 to vote on the Scheme and other matters.

Under Article 114-2, para. 3, of TUF and Article 84-2, para. 2, of the Issuer Regulation the Scheme is considered to be 'of particular importance' since it is for Unipol's Chief Executive and General Manager as well as other key Senior Executives.

The information given in Diagram 7 in Appendix 3A to the Issuer Regulation not contained in this Report will be provided in accordance with the procedures referred to in Article 84-2, para. 5 a), of the Issuer Regulation.

This Report is available to the public at Unipol's registered office at Via Stalingrado 45, Bologna, and on the Company's website ([www.unipol.it](http://www.unipol.it)) and is also sent to CONSOB and Borsa Italiana S.p.A. in accordance with current regulations.

## Definitions

In addition to the terms and expressions defined elsewhere in this document, for the purpose of this document the terms and expressions with an initial capital letter not otherwise defined hereinafter have the meaning attributed to them below. The terms defined in the singular have the corresponding meaning in the plural and vice versa.

<b>Chief Executive</b>	Unipol's Director with executive powers, who also holds the post of General Manager of Unipol on the date this Report is approved
<b>Relevant year</b>	each calendar year into which the Period concerned is divided and for which a check is carried out on whether the Individual Performance Level has been achieved
<b>Shareholders' Meeting</b>	the Ordinary Meeting of Unipol Shareholders called to discuss, inter alia, the motion to approve the Scheme
<b>Shares</b>	Unipol ordinary shares representing Unipol's ordinary share capital, traded on the Mercato Telematico Azionario, the automated stock exchange organized and managed by Borsa Italiana S.p.A., awarded under the Scheme
<b>Bonus (or STI bonus)</b>	the monetary remuneration awarded to Recipients under the UPM Scheme if the conditions for payment of the short-term bonus are met
<b>Target bonus</b>	the maximum value of the Bonus that Recipients may be awarded under the UPM Scheme if all the conditions governing its award are met in full. It is the same as the maximum value of the STI Coefficient for each Bracket.
<b>Remuneration Committee</b>	the Remuneration Committee set up within Unipol's Board of Directors in accordance with the Code of Corporate Governance for Listed Companies and the Group Code of Corporate Governance
<b>Parent</b>	Unipol Gruppo Finanziario S.p.A.
<b>STI Coefficient</b>	a percentage to be applied to the Recipient's GAR – calculated on 31 December of each Relevant Year – in order to determine the amount of the Bonus, the maximum value of which depends on the Bracket that the Senior Executive is in
<b>LTI Coefficient</b>	the percentage to be applied to the Recipient's GAR – calculated on 31 May 2013 (in the case of Senior Executives taken on/promoted after that date it is based on the GAR in the first month of service) – in order to

determine the amount of LTI Remuneration, the maximum value of which depends on the Bracket that the Senior Executive is in, as described in Table 1 in paragraph 2.3

<b>Recipients</b>	individuals covered by the Scheme, i.e. Unipol's Chief Executive, General Manager, key Senior Executives and other Senior Executives to whom Article 2 of the Regulation governing the Scheme applies ('Recipients')
<b>Senior Executives</b>	Unipol's executive staff
<b>Key Senior Executives</b>	the following Senior Executives of Unipol, identified in the Company regulations: Heads of the Area General Offices who sit on the Management Committee, IT Manager and Heads of the Internal Control Departments
<b>Bracket</b>	<p>the brackets into which Unipol Group Senior Executives are divided on the basis of the weighting of the post and the importance and complexity of the rôle and the post. The weighting is calculated using an internationally recognised procedure certified by leading specialist companies.</p> <p>After analysis of a series of quantitative and qualitative measurements affecting the specific post, a numerical indicator is allocated which, when ranked on a like-for-like basis, provides an objective benchmark for remuneration.</p> <p>Each individual post is assessed on the basis of three macro factors, which measure the level of skill needed to do the job properly (expertise), the level of autonomy required for the rôle (problem-solving) and the effect on the business results (accountability).</p> <p>The 1<sup>st</sup> Bracket includes the Group's top executives (i.e. General Manager and General Area Managers) with the most complex and important strategic rôles; the 2<sup>nd</sup> Bracket includes those with particularly important rôles within the Company and covers many of the individuals who report direct to the Senior Executives in the 1<sup>st</sup> Bracket; the 3<sup>rd</sup> bracket includes those with other rôles, who may report direct to those in the 1<sup>st</sup> or 2<sup>nd</sup> bracket.</p>
<b>Formula</b>	the arithmetical procedure for calculating the LTI Remuneration mentioned in paragraph 2.3.1
<b>Internal Control Departments</b>	Unipol's Audit, Risk Management and Compliance Departments

<b>Unipol Group or Group</b>	Unipol and its subsidiaries
<b>STI</b>	Short-Term Incentive (or Bonus) – the short-term cash payment made to Recipients if the conditions for awarding the short-term bonus are met
<b>Individual Performance Level</b>	a value between 0% and 100%, which expresses the extent to which individual targets are reached; the Individual Performance Level, applied to the maximum value of the Bracket concerned and correlated with the Amount of Bonus that can be Awarded, determines the amount of the STI Bonus.
<b>LTI (Long Term Incentive)</b>	the Share component due to Recipients if all the conditions for awarding it under the Scheme are met
<b>Targets</b>	the individual performance targets identified in the UPM Scheme.
<b>Relevant Period</b>	the period between 1 January 2013 and 31 December 2015
<b>Scheme</b>	the scheme for awarding shares mentioned in this Report
<b>Closed scheme</b>	a scheme with conditions of access established at the beginning of the multiyear period that it covers
<b>Group Business Plan</b>	the Unipol Group's Business Plan for 2013 – 2015, approved by the Parent's Board of Directors on 20 December 2012, and any updates approved by the same Board
<b>Pro rata</b>	the proportion of the year actually worked, expressed in twelfths, including the first month of service
<b>Amount of Bonus that can be Awarded</b>	the target value of the bonus due to the Recipient when the conditions laid down in the UPM Scheme are met
<b>GAR</b>	fixed gross annual remuneration, excluding the variable element, employees' leaving entitlement, any payments in kind and/or into pension funds made by the employer and any variable component, whether it is a one-off, recurring, repeated or deferred payment, and excluding any bonuses, travelling expenses and any other expenses
<b>Scheme Regulations</b>	the regulations governing the conditions on which Shares are awarded under the Scheme, included with this document as Appendix 1
<b>Issuer Regulation</b>	the Regulation governing issuers adopted by CONSOB

	in its ruling 11971 of 14 May 1999 as amended
<b>Target-Bonus Discrepancy</b>	the percentage by which the Bonus due differs from the Target Bonus; if it exceeds 25% no LTI Remuneration is awarded.
<b>UPM Scheme or Scheme</b>	the incentive scheme for all the Group's Senior Executives approved by Unipol's Board of Directors on 21 March 2013 and subsequent updates; governs prerequisites and criteria for awarding the variable component of remuneration. UPM is an abbreviation of Unipol Performance Management.
<b>Solvency I</b>	the criterion referred to in current legislation, introduced by Directive 2002/13/EC of 5 March 2002 and incorporated in Italy by Legislative Decree 307 of 3 November 2003, in accordance with which insurance companies must "constantly" maintain an adequate solvency margin
<b>Consolidated Finance Act (TUF)</b>	Legislative Decree 58 of 24 February 1998, as amended
<b>Unipol or Parent or Company</b>	Unipol Gruppo Finanziario S.p.A.
<b>Reference value</b>	the average price of the Shares recorded in May 2013, used as the unit price to determine the quantity of Shares due to Recipients

## **1. Recipients**

- 1.1. *Recipients who are members of the Board of Directors or Board of Management of the issuer of financial instruments, the issuer's holding companies and the companies it controls either direct or indirectly*

The Scheme does not cover members of Unipol's Board of Directors, with the exception of Unipol's Chief Executive, Carlo Cimbri.

- 1.2. *Categories of employee or consultant of the issuer of financial instruments and the issuer's holding companies or subsidiaries*

The Scheme covers Unipol's key Senior Executives and other Senior Executives identified in Article 2 of the Scheme Regulations.

- 1.3. *Individuals who benefit from the Scheme belonging to the following groups:*

- a) *general managers of the issuer of financial instruments*

The Company's General Manager, Carlo Cimbri, is included in the Scheme.

- b) *other key Senior Executives of the issuer of financial instruments who are not of 'minor importance' according to Article 3, para. 1 f), of Regulation 17221 of 12 March 2010 if during the year they have drawn total remuneration (total monetary remuneration and remuneration based on financial instruments) higher than the highest total remuneration paid to the members of the Board of Directors or the Board of Management and the general managers of the issuer of financial instruments*

Anyone who during the year drew total remuneration higher than the highest total remuneration paid to the members of Unipol's Board of Directors and General Manager is not deemed to be a key Senior Executive.

- c) *individuals who control the issuer of the shares, are employees or provide consultancy services to the issuer of the shares*

Unipol is not controlled by any individuals.

#### 1.4. *Description and numbers in each category*

- a) *key Senior Executives other than those specified in paragraph 1.3 b)*

Unipol's key Senior Executives, of whom there were nine on the date this Report was drawn up, are covered by the Scheme, viz. Heads of the Area General Offices who sit on the Management Committee, IT Manager and Heads of the Internal Control Departments.

- b) *in the case of companies of 'minor importance' according to Article 3, para. 1 f), of Regulation 17221 of 12 March 2010, all the key Senior Executives of the issuer of financial instruments*

Unipol does not fulfil the conditions referred to in Article 3 para. 1 f) of Regulation 17221 of 12 March 2010.

- c) *any other categories of employee or consultant covered by the Scheme (senior executives, managers, clerical workers etc.)*

As well as the bracket to which the individual Senior Executive belongs, the Scheme applies differently according to (i) the Recipient's exact role as key Senior Executive and (ii) whether the Recipient works in one of the Internal Control Departments or the Anti-Money-Laundering Department, as explained in full below (paragraph 2.2).

## 2. **Reasons for adopting the Scheme**

### 2.1. *Objectives that the Schemes are intended to achieve*

The Scheme is part of the Unipol Group's broader Bonus Scheme, known as the UPM Scheme.

The UPM Scheme governs prerequisites, criteria and procedures for paying a variable component of remuneration, partly short-term (Bonus as a percentage of GAR) and partly long-term (allocation of Shares), provided certain conditions

apply and specific individual targets are reached.

The aims of the Scheme are:

- to incentivize, retain and motivate Recipients by guaranteeing appropriate levels of pay for high levels of professional performance in order to provide fair and equal treatment;
- to ensure that the remuneration schemes comply with recent provisions applying to the sector, the aim being to align remuneration schemes with the Company's medium- and long-term strategies and targets linked to business results in the interest of all stakeholders, taking account of all the risks and avoiding incentives that could lead to laws being broken;
- to align the interests of Recipients and those of Unipol's shareholders, remunerating the creation of long-term value and the increase in value of Unipol securities.

#### 2.1.1. *More detailed information*

- *reasons and criteria for the issuer deciding to establish a relationship between bonuses based on financial instruments and other elements of total remuneration*

The incidence of remuneration based on financial instruments on total remuneration guarantees both a fair balance between the fixed and variable components of remuneration and a suitable balance between a bonus scheme based on short-term results and one based on medium- to long-term results. The elements mentioned above are never in competition to the extent that one or the other is perceived to be predominant.

- *purposes of long-term bonus schemes*

See paragraph 2.1 above.

- *criteria for establishing the timescale on which bonus schemes are based*

The Scheme covers a three-year period (2013 – 2015) and under it Shares are awarded as from the first year after the end of the Scheme (i.e. from 2016) in such a way that remuneration takes account of the long-term trend in risks.

#### 2.2. *Key variables, including in the type of performance indicator considered when awarding bonuses based on financial instruments*

The UPM Scheme provides for the long-term variable component ('LTI Remuneration') to be awarded.

Access to the STI component of the Scheme is subject to a given percentage of Unipol's consolidated gross profit target as per the Budget approved for the Relevant Year being achieved, viz:

- the target for Key Recipients is a minimum of 75% of the consolidated gross profit target;
- the target for other Recipients is a minimum of 65% of the consolidated gross profit target.

Access to the Scheme for Senior Executives who work in one of the Internal Control Departments and the Anti-Money-Laundering Department is not linked to any such target.

Award of the full STI is dependent on Unipol Gruppo Finanziario S.p.A's financial strength calculated in accordance with Solvency I<sup>4</sup> being at least 1.2 on 31 December 2013. If on that date it is between 1.0 and 1.2 the bonus will be reduced by 25%, whilst if it is below 1.0 no bonus will be paid.

Under the UPM Scheme access to the Scheme is also subject to the STI Bonus reaching a minimum during the Relevant Year. In particular under the Scheme the amount of STI Bonus is based on the Individual Performance Level reached, the Bracket to which the Recipient belongs (and therefore the STI Coefficient) and the Amount of Bonus that can be Awarded. All payments are made during the year following the Relevant Year.

### 2.3. *Elements used to calculate the level of remuneration based on financial instruments or criteria for determining it*

The Scheme covers a performance period of three years (2013 – 2014 – 2015).

Shares are awarded on the basis of the amount of GAR due (calculated on 31 May 2013) in accordance with the criteria mentioned in paragraph 2.3.1 below, compared with the Reference Value.

The table below shows the maximum amount of LTI Remuneration payable in a single Relevant Year to Senior Executives according to Bracket.

<b>Senior Executives</b>	<b>LTI Coefficient</b>
Bracket 1	Between 0 and 50% <sup>5</sup> of GAR <sup>6</sup>
Bracket 2	Between 0 and 35% of GAR <sup>3</sup>
Bracket 3	Between 0 and 20% of GAR <sup>3</sup>

#### 2.3.1 *Information on the Schemes*

##### *Factors taken into account for determining the amount of remuneration*

<sup>4</sup> Indicator and value determined in accordance with current regulations and updated/reviewed as legislation changes. Additional indicators may be adopted, even as an experiment, as the Scheme develops and analysis techniques and instruments are refined and become more reliable.

<sup>5</sup> Up to 75% for Senior Executives who are also members of Unipol's Management Committee

<sup>6</sup> GAR calculated on 31 May 2013. In the case of Recipients taken on/promoted after that date it is based on the GAR in the first month of service.



Payment of LTI Remuneration depends on each of the indicators below being achieved:

60%:

- a) Recipients who do not work in one of the Internal Control Departments or the Anti-Money-Laundering Department:
- 40% if at least 75% of the Unipol Group's consolidated gross profit accumulated under the Business Plan during 2013, 2014 and 2015 is achieved;
  - 20% if the value of the Unipol Share rises over the three years (average in first quarter of 2016 compared with average in first quarter of 2013).
- b) Recipients who work in the Internal Control Departments or the Anti-Money-Laundering Department:
- 60% if the area target is reached for at least two Relevant Years during the Period.

The remaining 40%:

- 40% if the financial-strength indicator calculated in accordance with Solvency I reaches a minimum level at the end of the Period, as mentioned in point 2.2.

The following Formula is used to calculate the amount of annual LTI Remuneration:

$$[(\text{LTI Coefficient}) \times (\text{extent to which LTI Targets achieved}) \times (100\% - \text{Target Bonus Discrepancy}^7)] / \text{Reference Value}$$

The Formula must be calculated for each Relevant Year of the Scheme. The LTI Remuneration is determined by adding together the results for each Relevant Year.

The LTI Remuneration calculated by applying the Formula is divided into three equal parts. The Shares will be available during the three years following the end of the Relevant Period, i.e. as from 2016.

*Elements taken into consideration when making changes compared with previous similar schemes*

Unlike similar schemes adopted by Unipol, when this Scheme was drawn up account was also taken of the considerations arising during meetings with the Insurance Supervisory Authority (IVASS). In particular it was suggested that, as previously mentioned, the minimum consolidated gross profit target that key Senior Executives are required to reach in order to have access to the Scheme be higher than in the case of other recipients.

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<sup>7</sup> The Target Bonus Discrepancy to be applied is the one for each Relevant Year of the Scheme (2013, 2014, 2015).

*The way in which any remuneration paid under previous schemes affected the calculation*

Any remuneration payable under previous schemes adopted by Unipol was not taken into account when the criteria for determining the amount of remuneration based on financial instruments under the new Scheme were drawn up.

*Aligning the elements on which the amount of remuneration is based and targets*

The introduction of targets based not only on business results but also on risk indicators or indicators of financial strength is even more in line with the need to match the interests of Recipients and Shareholders, remunerating the creation of long-term value and the increase in value of Unipol securities.

- 2.4. *The reasons underlying any decision to introduce remuneration schemes based on financial instruments not issued by the issuer of financial instruments, such as financial instruments issued by Group subsidiaries, holding companies or non-controlling interests; if these instruments are not traded in the regulated markets information on the criteria used to ascertain their value*

Unipol ordinary shares may be awarded under the Scheme.

- 2.5. *Valuations with significant tax and accounting implications that affected the way the Schemes were drawn up*

There were no significant tax and accounting implications that affected the way the Schemes were drawn up.

- 2.6. *Any support for the Scheme from the special fund for encouraging employees to become involved in businesses referred to in Article 4, para. 112, of Law 350 of 24 December 2003*

The Scheme receives no support from the special fund for encouraging employees to become involved in businesses referred to in Article 4, para. 112, of Law 350 of 24 December 2003.

### **3. Approval procedure and timescale for awarding the instruments**

- 3.1. *Authority to implement the Scheme conferred on the Board of Directors by the Shareholders' Meeting*

On 21 March 2013, after taking account of the opinion of the Remuneration Committee expressed at its meeting held on 20 March 2013, the Board of Directors voted, inter alia, to ask the Shareholders' Meeting to approve the Scheme.

The Meeting is called on to authorize the Board of Directors to do whatever is required or appropriate to manage, administer and implement the Scheme in full and to delegate specific tasks.

3.2. *Parties responsible for administering the Scheme and their position and area of expertise*

The body responsible for administering and implementing the Scheme is the Company's Board of Directors, which is granted the powers mentioned above.

3.3. *Any existing procedures for revising Schemes in the event of any changes in basic objectives*

There are no specific procedures for revising the Scheme. Should amendments be required the same approval procedure will be used as when the Scheme was adopted.

In particular Unipol's Board of Directors is asked to examine significant and unpredictable circumstances that could have extraordinary effects on the application of the Scheme. After consulting the Remuneration Committee, in accordance with regulations and legislation and taking account of any possible extraordinary factors mentioned, the Board resolves to adopt any measures to amend, suspend, limit or extend the Scheme to be submitted for the approval of the Meeting of Unipol Shareholders.

3.4. *Description of the procedures for determining the availability and award of the financial instruments on which the Schemes are based*

It is expected that Unipol will purchase the Shares to be awarded on the regulated market, in accordance with Article 2357 of the Italian Civil Code and Article 144-2 of the Issuer Regulation.

If authorized to do so by the Shareholders' Meeting the Board of Directors will vote on the plan to acquire treasury shares, in accordance with Article 2357 et seq. of the Italian Civil Code.

3.5. *The rôle carried out by each director in determining the features of the Schemes in question and any conflicts of interest for the directors concerned*

When operations where the parties are related and/or there is a potential conflict of interest are voted on or carried out, Unipol is required to comply with the relevant legislation and internal rules adopted in accordance with the legislation pertaining to the sector governing the existence of a specific interest in the completion of the operation.

3.6. *For the purposes of Article 84-2, para. 1, the date the relevant body votes to ask the Shareholders' Meeting to approve the Schemes*

After consulting the Remuneration Committee the Board of Directors voted at its meeting held on 21 March 2013 to ask the Shareholders' Meeting to approve the Scheme.

3.7. *For the purposes of Article 84-2, para. 5 a), the date the relevant body votes to*

*award the instruments and any remuneration committee makes any suggestion to that body*

Not available. The Board of Directors will vote on awarding financial instruments under the Scheme at its first meeting called after the financial statements for 2016 have been approved.

**3.8.** *The market price of financial instruments on which the Schemes are based, if traded on the regulated markets, recorded on those dates*

The market price of the Shares on 21 March 2013, the day of the resolution referred to in paragraph 3.1, was €1,964.

**3.9.** *If Schemes are based on financial instruments traded on regulated markets, on whatever terms and in accordance with whatever procedures, when fixing the timescale for awarding the instruments in implementation of the Schemes the issuer must bear in mind that the following may occur simultaneously:*

- *the award of them or any decisions on awarding them the Remuneration Committee may make*
- *disclosure of any relevant information referred to in Article 114, para 1.*

Given that because of the posts they hold Recipients of the Scheme who belong to the categories of individuals governed by Article 152-6, para. 1, c.1) and c.2), of the Issuer Regulation, in other words Unipol's Chief Executive and General Manager, Heads of General Area Offices who sit on the Management Committee, IT Manager and Heads of Control Departments, have regular access to confidential information and are authorized to make management decisions that can affect the Company's performance and future prospects, under the Unipol Group's 'Procedure for providing information on operations in shares issued by Unipol Gruppo Finanziario S.p.A. or other financial instruments linked to them' they may not carry out relevant operations – according to the legislation in question – on the shares in the 7 (seven) calendar days preceding meetings of the Board of Directors called to examine and/or approve the draft financial statements and consolidated financial statements, the half-yearly report, each quarterly report and the interim and budget figures. The prohibition is lifted as soon as the market is informed that the Board of Directors has passed the relevant resolution.

The text of the procedure is available on [www.unipol.it](http://www.unipol.it).

#### **4. Features of the instruments awarded**

##### **4.1. Structure of remuneration schemes based on financial instruments**

Under the Scheme Recipients are awarded free Shares.

4.2. *Period when the scheme is actually implemented and any variation in cycles required*

The Scheme is closed, covers three years (2013-2015) and provides for performance-type Shares to be awarded.

4.3. *Term of the Scheme*

The Scheme terminates in 2015. Shares will be awarded and made available to Recipients as from 2016 and in the following two years, at the rate of 1/3 each year.

4.4. *The maximum number of financial instruments awarded in each tax year to named individuals or categories of individual, including options*

The number of Shares to be awarded under the Scheme cannot be ascertained at the time this Report is drawn up since they cannot be quantified unless certain conditions are fulfilled and certain objectives achieved, and that cannot be verified until the Scheme has terminated.

No Shares are to be awarded this year.

4.5. *The procedures for and the clauses relating to implementing the scheme, specifying whether instruments may be awarded only if certain events occur or certain results are achieved, including certain levels of performance: description of those events and results*

See paragraph 2.2 above.

4.6. *Indication of whether there are any restrictions on the availability of the instruments awarded or the instruments deriving from the exercise of options, specifically the period in which they may or may not be subsequently transferred to the Company or third parties*

Shares are available immediately they are awarded, i.e., as specified above, as from 2016.

4.7. *Description of any avoidance clauses allowing recipients to carry out hedging operations while ignoring any ban on the sale of the financial instruments awarded, even in the form of options, or the financial instruments deriving from exercising those options*

There is no prohibition on selling the Shares awarded.

4.8. *Description of the effects of termination of the contract of employment*

Any right to receive any remuneration not yet paid lapses if the contract of employment terminates before July of each of the years 2016, 2017 and 2018.

Those whose contract of employment terminates after 31 December of each of the years 2015, 2016 and 2017 are excepted provided they are entitled to a long-service or retirement pension.

4.9. *Any other reasons for cancelling the Schemes*

There are no grounds for cancelling the Scheme.

4.10. *Any reasons for the Company to 'redeem' the financial instruments awarded under the Schemes, in accordance with article 2357 et seq. of the Italian Civil Code; beneficiaries of the redemption, indicating whether it is aimed at only certain categories of employee; effects of termination of the contract of employment on redemption*

Not applicable. There is no provision for any type of redemption.

4.11. *Any loans or other easy terms to be granted for purchasing Shares in accordance with Article 2358 of the Italian Civil Code*

There is no provision for granting loans or other easy terms for purchasing shares in accordance with Article 2356 of the Italian Civil Code.

4.12. *Total cost of each instrument expected to be borne by the Company on the date they are awarded under the Scheme, based on the terms and conditions already laid down*

On the date the Scheme is approved it is not possible to indicate the exact cost to the Company of carrying out the Scheme since the number of Shares to be awarded will be known only at the end of the performance period covered by the Scheme (2013 – 2015).

As a precaution the Company has included the expected cost of any LTI bonus in the budget in accordance with accounting rules, the amount being based on estimates that presuppose:

- that some of the conditions for payment of the LTI will apply, with assumptions about Unipol's consolidated profit and how its securities will perform during the three-year period of the Scheme;
- a given percentage, supported by historical statistics, of the potential recipients of any award based on the extent to which targets have been achieved.

4.13. *Any dilution of capital caused by the remuneration schemes*

The Scheme does not dilute the capital since it does not involve the Company in issuing new shares.

4.14. *Any limits on exercising voting rights and awarding property rights*

There are no limits on exercising voting rights nor on awarding the property rights relating to the Shares awarded.

4.15. *If the Shares are not traded on regulated markets, any information that can be used to assess their value*

The Shares are traded on the Mercato Telematico Azionario, the automated stock exchange managed by Borsa Italiana S.p.A.

#### 4.16 – 4.23

These provisions do not apply since none of Unipol's remuneration schemes is based on stock options.

#### **TABLE 1**

##### BOX I – Sections 1 and 2

At the time this Report is drawn up no information on financial instruments other than stock options is available since they cannot be quantified until the period covered by the Scheme has ended. In particular it should be mentioned that targets are expected to be evaluated and LTI Remuneration recorded in June 2016.

##### BOX II – Sections 1 and 2

Not applicable since none of Unipol's remuneration schemes is based on stock options.

**REMUNERATION SCHEME BASED ON FINANCIAL INSTRUMENTS**

**REGULATIONS**



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## Definitions

In addition to the terms and expressions defined elsewhere in this document, for the purpose of this document the terms and expressions with an initial capital letter not otherwise defined hereinafter have the meaning attributed to them below. Terms defined in the singular have the corresponding meaning in the plural and vice versa.

<b>Chief Executive</b>	Unipol's Director with executive powers, who also holds the post of General Manager of Unipol on the date this Scheme is approved
<b>Relevant year</b>	each calendar year into which the Period concerned is divided and for which a check is carried out on whether the Individual Performance Level has been achieved
<b>Organizational Area</b>	the part of the organization in which the Recipient works
<b>Shares</b>	Unipol ordinary shares representing Unipol's ordinary share capital, traded on the Mercato Telematico Azionario, the automated stock exchange organized and managed by Borsa Italiana S.p.A., awarded under the Scheme
<b>Bonus (or STI bonus)</b>	monetary remuneration awarded to Recipients under the UPM Scheme if the conditions for payment of the short-term bonus are met
<b>Target Bonus</b>	maximum value of the Bonus that Recipients may be awarded under the UPM Scheme if all the conditions governing its award are met in full. It is the same as the maximum value of the STI Coefficient for each Bracket.
<b>Remuneration Committee</b>	the Remuneration Committee set up within Unipol's Board of Directors in accordance with the Code of Corporate Governance for Listed Companies and the Group Code of Corporate Governance
<b>Parent</b>	Unipol Gruppo Finanziario S.p.A.
<b>STI Coefficient</b>	percentage to be applied to the Recipient's GAR – calculated on 31 December of each Relevant Year – in order to determine the amount of the Bonus, the maximum value of which depends on the Bracket that the Senior Executive is in

<b>LTI Coefficient</b>	percentage to be applied to the Recipient's GAR, calculated on 31 May 2013 (but in the case of Senior Executives taken on/promoted after that date based on the GAR in the first month of service), in order to determine the amount of LTI Remuneration, the maximum value of which depends on the Bracket that the Senior Executive is in, as described in Table 1
<b>Recipients</b>	individuals covered by the Scheme, i.e. Unipol's Chief Executive, General Manager, key Senior Executives and other Senior Executives to whom Article 2 of the Regulation applies ('Recipients')
<b>Senior Executives</b>	Unipol's executive staff
<b>Key Senior Executives</b>	the following Senior Executives of Unipol, identified in the Company regulations: Heads of General Area Offices who sit on the Management Committee, IT Manager and Heads of the Internal Control Departments
<b>Bracket</b>	<p>brackets into which Unipol Group Senior Executives are divided on the basis of the weighting of the post and the importance and complexity of the rôle and the post. The weighting is calculated using an internationally recognised procedure certified by leading specialist companies.</p> <p>After analysis of a series of quantitative and qualitative measurements affecting the specific post, a numerical indicator is allocated which, when ranked on a like-for-like basis, provides an objective benchmark for remuneration.</p> <p>Each individual post is assessed on the basis of three macro factors, which measure the level of skill needed to do the job properly (expertise), the level of autonomy required for the rôle (problem-solving) and the effect on the business results (accountability).</p> <p>The 1<sup>st</sup> Bracket includes the Group's top executives (i.e. General Manager and General Area Managers) with the most complex and important strategic rôles and the 2<sup>nd</sup> Bracket includes those with particularly important rôles within the Group. This bracket covers many of the individuals who report direct to the Senior Executives in the 1<sup>st</sup> Bracket. The 3<sup>rd</sup> bracket includes</p>

those with other rôles, who may report direct to those in the 1<sup>st</sup> or 2<sup>nd</sup> bracket.

<b>Formula</b>	the arithmetical procedure for calculating the LTI Bonus, mentioned in paragraph 4.7
<b>Internal Control Departments</b>	Unipol's Audit, Risk Management and Compliance Departments
<b>Unipol Group or Group</b>	Unipol and its subsidiaries
<b>STI</b>	Short-Term Incentive (or Bonus): the short-term cash payment made to Recipients if the conditions for awarding the short-term bonus are met
<b>IVASS</b>	Insurance Supervisory Authority (formerly ISVAP)
<b>Individual Performance Level</b>	a value between 0% and 100%, which expresses the extent to which individual targets are reached; the Individual Performance Level, applied to the maximum value of the Bracket concerned and correlated with the Amount of Bonus that can be Awarded, determines the amount of the STI Bonus.
<b>LTI (Long Term Incentive or Bonus)</b>	Share component due to Recipients if all the conditions for awarding it under the Scheme are met
<b>Targets</b>	individual performance targets identified in the UPM Scheme
<b>Relevant Period</b>	period between 1 January 2013 and 31 December 2015
<b>Scheme</b>	the Share Scheme governed by this Regulation
<b>Closed Scheme</b>	scheme with conditions of access established at the beginning of the multiyear period that it covers
<b>Group Business Plan</b>	Unipol Group's Business Plan for 2013 – 2015, approved by the Parent's Board of Directors on 20 December 2012, and any updates approved by the same Board
<b>Pro Rata</b>	proportion of the year actually worked, expressed in twelfths, including the first month of service
<b>Amount of Bonus that can be Awarded</b>	target value of the bonus due to the Recipient when the conditions laid down in the UPM Scheme are met

<b>GAR</b>	fixed gross annual remuneration, excluding the variable element, employees' leaving entitlement, any payments in kind and/or into pension funds made by the employer and any variable component, whether it is a one-off, recurring, repeated or deferred payment, and excluding any bonuses, travelling expenses and any other expenses
<b>Regulation</b>	this Regulation governing the conditions on which Shares are awarded under the Scheme
<b>Person Responsible</b>	the Appraisee's line manager
<b>Target Bonus Discrepancy</b>	percentage by which the Bonus due differs from the Target Bonus; if it exceeds 35% no LTI Remuneration is awarded.
<b>UPM Scheme or Scheme</b>	the incentive scheme for all the Group's Senior Executives approved by Unipol's Board of Directors on 21 March 2013 and subsequent updates; governs prerequisites and criteria for awarding the variable component of remuneration. UPM is an abbreviation of Unipol Performance Management.
<b>Solvency I</b>	the criterion referred to in current legislation, introduced by Directive 2002/13/EC of 5 March 2002 and incorporated in Italy by Legislative Decree 307 of 3 November 2003, in accordance with which insurance companies must "constantly" maintain an adequate solvency margin
<b>Employees' Leaving Entitlement</b>	Employees' Leaving Entitlement
<b>Consolidated Finance Act (TUF)</b>	Legislative Decree 58 of 24 February 1998, as amended
<b>Unipol or Parent</b>	Unipol Gruppo Finanziario S.p.A.
<b>Reference Value</b>	average price of the Shares recorded in May 2013, used as the unit price to determine the number of Shares due to Recipients
<b>Appraisee</b>	Senior Executive whose professional work is being appraised for the purposes of the Regulation

## **1. Object and aim**

- 1.1.** The object of the Regulation is to govern the Scheme.
- 1.2.** The Scheme is part of the Unipol Group's broader Incentive Scheme, known as the UPM Scheme, and its purpose is to incentivize, retain and motivate Recipients by guaranteeing appropriate levels of pay for high levels of professional performance, in order to provide fair and equal treatment.
- 1.3.** The UPM Scheme governs prerequisites and criteria for paying a variable component of remuneration, partly short-term (Bonus as a percentage of GAR) and partly long-term (allocation of Shares), provided certain conditions apply and specific individual targets are reached.
- 1.4.** Under the Scheme Recipients are entitled to a deferred allocation of Shares.
- 1.5.** The award of Shares under this Scheme is subject and linked direct to the award of the short-term incentive, or Bonus, paid under the UPM Scheme.
- 1.6.** The Scheme is for three years (2013 – 2015) and is a Closed Scheme.
- 1.7.** The UPM Scheme is self-financing. Therefore the prerequisites for the payment of bonuses, including long-term bonuses, are the continuing good level of profits, minimization of risk factors and dividend capability, i.e. the fact that profits can be distributed to Unipol shareholders, in accordance with legislation.

## **2. Recipients**

- 2.1.** Recipients of the Scheme are the Chief Executive, General Manager, key Senior Executives and other Senior Executives who have worked for the Company for at least six months during the Relevant Year.
- 2.2.** The Scheme applies pro rata to Senior Executives who have worked for the Company for less than six months during the Relevant Year.
- 2.3.** The Scheme applies for the entire Relevant Year to Senior Executives promoted internally provided they were appointed in the first six months of the period. In that case any entitlement they have already accrued under any incentive scheme for staff other than Senior Executives ceases.
- 2.4.** Any Senior Executives appointed during the final six months of the Relevant Year are not included in the Scheme for the Relevant Year.
- 2.5.** The Bracket that the Senior Executive is in, which determines the level of the benefits awarded under the Scheme, is determined by the Chief Executive on the proposal of Unipol's General Human Resources and Organization Area and remains the same throughout the Relevant Year.

- 2.6. The fact that the Recipient is allocated to a Bracket gives no entitlement to remain in the same Bracket during the following Relevant Years.

### 3. Conditions for entitlement to benefits under the Scheme

- 3.1. One condition for inclusion in the Scheme is the pursuit of performance targets that also take account of the current or future risks associated with the Company's forecast results.
- 3.2. In the case of the STI element (as detailed below), the Scheme will not apply to Recipients until a given percentage of Unipol's consolidated gross profit target as per the approved budget for the Relevant Year has been achieved, viz:
- the target for Key Recipients is a minimum of 75% of the consolidated gross profit target;
  - the target for other Recipients is a minimum of 65% of the consolidated gross profit target.

Access to the Scheme for Senior Executives who work in one of the Internal Control Departments and the Anti-Money-Laundering Department is not linked to any such target.

Award of the full STI is dependent on Unipol Gruppo Finanziario S.p.A's financial strength, calculated in accordance with Solvency I<sup>8</sup>, being at least 1.2 on 31 December 2013. If on that date it is between 1.0 and 1.2 the bonus will be reduced by 25%, whilst if it is below 1.0 no bonus will be paid.

- 3.3. Under the UPM Scheme access to the Scheme is also subject to the STI Bonus reaching a minimum during the Relevant Year. In particular the amount of STI Bonus payable under the Scheme is based on the Individual Performance Level reached, the Bracket to which the Recipient belongs (and therefore the STI Coefficient) and the Amount of Bonus that can be Awarded. All payments are made during the year following the Relevant Year, subject to the provisions of Article 6 and Article 7.

### 4. Long-term Bonus (LTI)

- 4.1. The Long-Term Bonus is awarded under a closed remuneration scheme based on financial instruments ('Scheme'), under which shares are awarded at the end of the three years of the Group Business Plan as from 2016 and for the following two years.

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<sup>8</sup> Indicator and value as laid down in current legislation and subject to updating/review as legislation changes. Additional indicators may be adopted, even as an experiment, as the Scheme develops and analysis techniques and instruments are refined and become more reliable.

- 4.2. Shares are awarded on the basis of the amount of GAR due according to the criteria mentioned below compared with the Reference Value.
- 4.3. The Scheme covers a performance period of three years (2013-2014-2015).
- 4.4. The Shares are awarded and made available at the same time, spread over the three-year period 2016-2017-2018, at the rate of 1/3 each year. The award is a proportion of the STI result achieved in each Relevant year (n-3), which must be at least 75% of the Target Bonus.
- 4.5. The values of the LTI bonus are given in the Table below:

<b>Table 1</b>	
<b>Recipients</b>	<b>LTI Coefficient</b>
Bracket 1	Between 0 and 50% <sup>9</sup> of GAR <sup>10</sup>
Bracket 2	Between 0 and 35% of GAR <sup>11</sup>
Bracket 3	Between 0 and 20% of GAR <sup>12</sup>

- 4.6. Payment of LTI Remuneration depends on each of the indicators below being achieved:

60%:

- c) Recipients who do not work in one of the Internal Control Departments or the Anti-Money-Laundering Department:
- 40% if at least 75% of the Unipol Group's consolidated gross profit accumulated under the Group Business Plan during 2013, 2014 and 2015 is achieved;
  - 20% if the value of the Unipol Share rises over the three years (average in first quarter of 2016 compared with average in first quarter of 2013);
- d) Recipients who work in one of the Internal Control Departments or the Anti-Money-Laundering Department:
- 60% if the area target is reached for at least two Relevant Years during the Period;

The remaining 40%:

<sup>9</sup> Up to 75% for the General Area Managers who are also members of Unipol's Management Committee

<sup>10</sup> GAR calculated on 31 May 2013. In the case of Recipients taken on/promoted after that date it is based on the GAR in the first month of service.

<sup>11</sup> See note 2.

<sup>12</sup> See note 2.



- 40% if the financial-strength indicator calculated in accordance with Solvency I reaches a minimum level at the end of the Period, as mentioned in point 3.2.

4.7. The following Formula is used to calculate the amount of annual LTI Bonus:

$$[(LTI \text{ Coefficient}) \times (\text{extent to which LTI Targets achieved}) \times (100\% - \text{Target Bonus Discrepancy}^{13})] / \text{Reference Value}$$

The Formula must be calculated for each Relevant Year of the Scheme. The LTI Bonus is determined by adding together the results for each Relevant Year.

The LTI Bonus calculated by applying the Formula is divided into three equal parts. Shares will be available at the end of the Relevant Period as indicated in paragraph 4.4 above.

## 5. Allocating targets and evaluating and recording results

- 5.1. The work of allocating, evaluating and assessing performance targets is carried out by the Recipient's line manager, the Head of the relevant Department and the General Manager to whom he/she reports. The General Human Resources and Organization Area and the Chief Executive supervise the entire process. The work of allocating, evaluating and assessing performance targets on which the variable component of the General Manager's remuneration is based is supervised by the Board of Directors, based on proposals made by the Chairman in conjunction with the Vice Chairman.
- 5.2. When calculating any bonus due – within the limits laid down in the UPM Scheme – the bodies referred to above also take due account of the total individual contribution to the good operation of the undertaking, in the broader context of the Company's overall consistency and stability.
- 5.3. Unipol's Management Accounts and Risk Management Departments help with checking the quantitative indicators.
- 5.4. The amount of LTI Bonus due is determined when all the evaluation and recording processes referred to in this article have been completed.
- 5.5. Unipol's Board of Directors is asked to examine significant and unpredictable circumstances that could have extraordinary effects on the application of the Scheme. After consulting the Remuneration Committee, in accordance with regulations and legislation and taking account of any possible extraordinary factors mentioned, the Board resolves to adopt any measures to amend, suspend, limit or extend the

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<sup>13</sup> The Target Bonus Discrepancy to be applied is the one for each year of the Scheme (2013, 2014, 2015).

Scheme to be submitted for the approval of the Meeting of Unipol Shareholders.

## **6. Conditions for awarding LTI Bonus**

- 6.1.** The LTI Bonus is calculated at the same time as the STI Bonus for 2015, i.e. in 2016.
- 6.2.** The Shares will be deposited with Unipol free of charge for safe custody and management and will be made available immediately at the request of the Recipient to whom they have been awarded. Recipients will be notified that the Shares due to them have been deposited and of the procedure for applying for them.
- 6.3.** Shares will become available in July of each of the years specified in Article 4.4 (if the figures are available), provided that at the time the Recipient is actually employed by a company in the Unipol Group, has not been dismissed and is not on sabbatical leave.
- 6.4.** This does not apply to anyone who stops working for Unipol after 31 December of each of the years 2014 – 2015 – 2016 and is entitled to a long-service or retirement pension.
- 6.5.** Once the Shares are available the Recipient to whom they have been awarded may exercise the rights pertaining to them in accordance with legislation applying at the time.

## **7. Reasons for not awarding or for reducing bonuses**

- 7.1.** Even if the conditions provided for in the Scheme are met the benefits will not be granted if there is any deterioration in the Company's results when the risks are taken into account and if the Recipient fails to comply with any statutory or supervisory regulations and is disciplined as a result.
- 7.2.** The Company will request the return of any remuneration paid in violation of the Supervisory requirements, or if Recipients commit an act of fraud and/or misrepresentation or gross negligence while carrying out their duties that leads to a deterioration in the Company's and/or Group's risk profiles and/or business results, and may take further action.
- 7.3.** In any case any Recipient suspended during the Relevant Period loses all entitlement to the LTI Bonus.

## **DIRECTORS' REPORT TO THE SHAREHOLDERS' MEETING ON ITEM 6 ON THE AGENDA**

### **Purchase and sale of treasury shares and shares in the holding company. Voting on related and consequent motions**

Dear Shareholders,

The Shareholders' Meeting held on 30 April 2012 authorized the Board of Directors to purchase and sell both ordinary and preference treasury shares and ordinary shares in the holding company Finsoe S.p.A., in accordance with Article 2357, 2357-3 and 2359-2 of the Italian Civil Code, for a period of 18 months from the date the resolutions were passed by the shareholders' meeting, i.e. until 31 October 2013.

The Board of Directors deems it useful for authorization to be renewed for a further period of 18 months from the date on which the Shareholders' Meeting passes the resolution concerned, for the reasons and in accordance with the procedures and conditions mentioned below.

#### *Reasons for and purpose of the request*

Treasury shares would be purchased and sold in the interest of the Company and in accordance with the relevant legislation and normal market practices for the following purposes:

- to promote normal trading direct or through intermediaries in order to counteract distortions linked to excessive volatility or a lack of exchange liquidity;
- to take the opportunity to maximize the value that could be derived from market performance, and hence also from trading, or to carry out any strategic operations in the Company's interest;
- to invest in treasury shares in order to ensure that the liquidity generated by the Company's core business is used effectively;
- to use treasury shares for the purpose of any share bonus schemes for Directors, employees and anyone else working for the Company or the companies in the Unipol Group.

The aim of the request for authorization to purchase treasury shares is not at the moment to reduce the Company's share capital by cancelling the treasury shares purchased.

However authorization to purchase and sell unlisted shares in the holding company Finsoe S.p.A. is requested in order to allow the Company to seize strategic opportunities and fulfil contractual obligations.

#### *Number of shares that may be acquired and procedures for buying and selling*

As of today:

- Unipol Gruppo Finanziario S.p.A.'s share capital. amounts to €3,365,292,295.47, divided into 717,473,484 shares with no face value, 443,993,991 of which are

ordinary shares and 273,479,493 preference shares. The Company currently holds 40,000 ordinary treasury shares indirectly through its subsidiaries FONDIARIA – SAI S.p.A. (24,000) and Milano Assicurazioni S.p.A. (16,000).

- The share capital of the holding company Finsoe S.p.A. amounts to €751,009,648.32 and is divided into 2,086,137,912.00 ordinary shares each with a nominal value of €0.36. The Company owns no shares in the holding company Finsoe S.p.A., either direct or indirectly.

The Provisions for the purchase of treasury shares and shares in the holding company set up in accordance with the resolution passed by the shareholders' meeting held on 30 April 2012 amount to €100m and €45m respectively and neither has yet been used.

It is proposed that the following quantities of treasury shares and shares in the holding company be purchased and sold in accordance with the following procedures:

- (i) that the maximum number of treasury shares allowed by law and normal market practices be purchased, in accordance with Article 132 of Legislative Decree 58 of 24 February 1998, Article 144-2, para. 1 a), b) and c) of the Issuer Regulation and any other provision, including EC Directive 2003/6 and the relative Community and national regulations, where applicable;
- (ii) that treasury shares be sold in accordance with the procedures allowed by law and subsequently purchased and sold, in one or more tranches, until the authorization period expires;
- (iii) that the maximum number of shares in the holding company Finsoe S.p.A. allowed by law be purchased and sold.

#### Purchase and selling price of treasury shares

Treasury shares should be both purchased and sold at a price not more than 15% higher nor 15% lower than the price of the security recorded on the day of trading preceding the date of each individual operation. These are deemed to be the appropriate values between which the purchase and sale of the shares are in the Company's interest.

The maximum expenditure will continue to be €100m, which is the amount currently in the Provision for the purchase of treasury shares.

#### Purchase and selling price of shares in the holding company

A maximum unit price of €1.30 and a minimum of €0.80 are proposed for both purchasing and selling shares in the holding company.

A maximum expenditure limit of €45m for purchases is proposed, with the same amount being retained in the Provision for the purchase of shares in the holding company.

Therefore the Board of Directors submits the following motion to the Shareholders' Meeting.

### **Motion**

*The Ordinary Shareholders' Meeting of Unipol Gruppo Finanziario S.p.A.,*

- noting the motion submitted by the Board of Directors;*
- having examined the financial statements for the year ended 31 December 2012;*
- bearing in mind the provisions of Articles 2357, 2357-3 and 2359-2 of the Italian Civil Code;*
- noting that the Company holds 40,000 ordinary treasury shares indirectly through its subsidiaries FONDIARIA – SAI S.p.A. (24,000) and Milano Assicurazioni S.p.A. (16,000);*
- also noting that the Company holds no shares in the holding company Finsoe S.p.A., either direct or indirectly,*

*resolves*

- i) to revoke the previous resolution to authorize the purchase and/or sale of treasury shares and shares in the holding company, which was passed by the Ordinary Shareholders' Meeting held on 30 April 2012;*
- ii) to authorize, for a further period of 18 months from this resolution being passed by the shareholders' meeting, the purchase and sale of treasury shares, in accordance with Article 2357 and Article 2357-3 of the Italian Civil Code and within the maximum expenditure limit of €100m, and the purchase and sale of shares in the holding company Finsoe S.p.A., in accordance with Article 2359-2 of the Civil Code and within the maximum expenditure limit of €45m, as specified below:*
  - (a) the following quantities of treasury shares and shares in the holding company may be purchased and sold in accordance with the following procedures:*
    - the maximum number of treasury shares allowed by law and normal market practices may be purchased, in accordance with Article 132 of Legislative Decree 58 of 24 February 1998, Article 144-2, para. 1 a), b) and c) of the Issuer Regulation and any other provision, including EC Directive 2003/6 and the relative Community and national regulations, where applicable;*
    - treasury shares may be sold in accordance with the procedures allowed by law and may be subsequently purchased and sold, in one or more tranches, until the authorization period expires;*
    - the maximum number of shares in the holding company Finsoe S.p.A. may be purchased and sold in accordance with the procedures allowed by law;*
  - (b) treasury shares and shares in the holding company may be purchased and sold at prices established as follows:*
    - treasury shares may be purchased and sold at a price not more*

*than 15% higher nor 15% lower than the price of the security recorded on the day of trading preceding the date of each individual operation, within the maximum expenditure limit of €100m mentioned above;*

- shares in the holding company may be purchased and sold at a maximum unit price of €1.30 and a minimum of €0.80, within the maximum expenditure limit of €45m mentioned above;*
- iii) to maintain the level of the Provision for the purchase of treasury shares at €100m;*
- iv) to maintain the level of the Provision for the purchase of shares in the holding company at €45m;*
- v) to authorize the Board of Directors – and through it the Chairman and the Chief Executive, separately, and also through representatives appointed for the purpose – to purchase and/or sell treasury shares.*

Bologna, 21 March 2013

The Board of Directors