



Directors' Reports and proposals
on the items of the agenda

Present,
to draw the
future.



AGENDA

1. Financial Statements as at 31 December 2015; Directors' report; Board of Statutory Auditors' and Independent Auditors' Report. Related and consequent resolutions.
2. **Appointment of the Board of Directors for financial years 2016, 2017 and 2018, following the determination of the number of members and determination of the remuneration thereof. Related and consequent resolutions.**
3. **Appointment of the Board of Statutory Auditors and the Chairman thereof for financial years 2016, 2017 and 2018 and determination of the remuneration thereof. Related and consequent resolutions.**
4. Remuneration report prepared pursuant to Article 123-ter of the Consolidated Law on Finance. Related and consequent resolutions.
5. Approval of the remuneration plan based on financial instruments, pursuant to Article 114-bis of the Consolidated Law on Finance. Related and consequent resolutions.
6. Acquisition and disposal of treasury shares and shares of the parent company. Related and consequent resolutions.
7. Update of the meeting regulations. Related and consequent resolutions.

**REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETINGS ON THE ITEM
No. 2 ON THE AGENDA**

**Appointment of the Board of Directors for financial years 2016, 2017 and 2018,
following the determination of the number of members and determination of the
remuneration thereof. Related and consequent resolutions.**

Dear Shareholders,

with the approval of the financial statements at 31 December 2015 the mandate granted to the Board of Directors of Unipol Gruppo Finanziario S.p.A. (the "Company"), appointed by the Meeting of 30 April 2013, comes to an end, the term of office having expired.

We invite you, therefore, to resolve – in compliance with the relevant laws and regulations in force, as well as with the by-laws – the appointment of the Board of Directors for the years 2016, 2017 and 2018 and therefore until the Meeting called to approve the financial statements at 31 December 2018; and this according to the procedures and with the limits set forth in to Art. 10 of the By-laws, which envisages a list voting mechanism, suitable for allowing, as required by law, at least one Director to be elected by the minority, as well as on the basis of CONSOB Resolution No. 19499 of 28 January 2016, which established the minimum participation percentage required for the submission of lists.

We note, in this respect, that the By-laws provide for the number of members of the Board of Directors to be no less than 15 and no more than 25, that the Directors' term of office is three years, or else the shorter term set by the Meeting at the time of the appointment, and that Directors may be re-elected.

Members of the Board of Directors are elected on the basis of lists submitted by those shareholders who at the time they are submitted are entitled to vote at the relevant Shareholders' Meeting. The candidates on each list must be listed by means of a serial number.

The renewal of the Board of Directors must take place in the respect of the rules on the balance between genders introduced by Law No. 120 of 12 July 2011. The lists must contain a number of candidates from the least represented gender to guarantee, within each list, the respect of said balance. Specifically, at the time of this renewal, at least a third of the members of the Board of Directors must belong to the least represented gender, rounded up, in the case of fraction, to the nearest whole number; therefore, each list that contains a number of candidates equal or exceeding three must ensure, in order to be valid, the presence of both the genders so that the candidates of the least represented gender are at least equal to the minimum indicated above.

Being understood to the provisions stated subsequently with reference to the recommendations set forth in the Corporate Governance Code for listed companies,

each list, in order to be valid, must include at least two candidates who comply with current legal and regulatory requirements relating to independence; they must be indicated separately and one of them must appear first on the list.

For anything not specifically mentioned herein, reference should be made to the aforementioned provision of the By-laws. We also note that:

- lists must be filed at the Company, as indicated in the notice of meeting, by the twenty-fifth day before the date of the Meeting and the Company shall make them available to the public at the registered office, on its website and in any other ways required by current legal and regulatory provisions, at least 21 days before the date set for the Meeting;
- according to the provisions of the aforementioned CONSOB Resolution No. 19499/2016, the right to submit lists pertains to Shareholders who, alone or with other Shareholders, hold at least 1% of the share capital; the ownership of the stake required for the submission of the lists is determined having regard to the shares that are entered for the submitting Shareholder(s) on the day that the lists are filed at the Company;
- each shareholder, shareholders belonging to a material shareholders' agreement under Article 122 of Legislative Decree No. 58 of 24 February 1998 ("TUF"), the parent, subsidiaries and joint ventures in accordance with Article 93 of Legislative Decree 58 of 24 February 1998 may not submit nor participate in submitting more than one list, even through an intermediary or trust company, nor may they vote for lists other than the one that they have submitted or participated in submitting, even through an intermediary or trust company, and in order to be eligible each candidate may appear on only one list. Any support and votes cast in breach of such provision shall not be attributed to any list.

Pursuant to the combined provisions of the aforementioned art. 10 of the By-laws and the applicable laws, the Shareholders who plan to submit a list must deposit, simultaneously and jointly with each list:

- i) the statements in which the individual candidates accept their nomination and state that there are no grounds for their ineligibility or incompatibility, and that the requirements for the assumption of their respective positions are met;
- ii) a curriculum vitae of their personal and professional characteristics with appropriate indication of their suitability to qualify as independent, as well as
- iii) any additional information required by legal and regulatory provisions, which will be indicated in the notice of meeting.

The certificate issued by an authorised intermediary proving ownership of the number of shares required for the submission of the list may be produced when the list is deposited, or even subsequently provided that it is at least 21 days before the date set

for the Meeting.

Lists that are submitted without these provisions being observed are deemed not to have been submitted.

Pursuant to the criteria 3.C.3 of the Corporate Governance Code for listed companies, since the Company belongs to FTSE-Mib index, at least one third of the Board of Directors members shall be made up of independent directors. If such a number is not an integer, it shall be rounded down.

It should be remembered also that candidates for the office of Director must comply with the provisions of the Regulation *"Limit on the accumulation of offices held by the Directors of Unipol Gruppo Finanziario S.p.A."* adopted by the Board of Directors of Unipol on 25 June 2009 (most recently amended on 14 February 2013) and available on the website of the Company at the address www.unipol.it section *Corporate Governance*.

It should be noted that the Policy for the assessment of the requirements of eligibility to office, approved by the outgoing Board of the Company pursuant to current regulations, provides that the assessment of the independence of a Director should take into account any professional services rendered to the company and/or subsidiaries, exceeding 5% of the annual turnover of the Company or Entity which the Director controls or of which the same is an important representative or of the Professional or Consulting Firm of which the same is a partner or shareholder or, at any rate, exceeding the amount of €200,000.

The Shareholders who submit a "minority list" must also be recipients of the recommendations issued by CONSOB with communication No. DEM/9017893 of 26 February 2009. Specifically the Shareholders who submit a "minority list" must deposit, with the list, a statement of the absence of affiliation, even indirect, as set forth in Art. 147-ter, Par. 3, of the TUF and Art. 144-quinques of the CONSOB Regulation No. 11971 of 14 May 1999 and subsequent amendments and integrations (Issuers' Regulations), with the controlling Shareholder.

It should also be remembered that, if only one list or no list is submitted, the Meeting must resolve with the majorities set by law, without following the above procedure, ensuring, at any rate, the gender balance required by the current legal and regulatory provisions.

Lastly, we note that, pursuant to the Corporate Governance Code for listed companies (criteria 1.C.1:h), the Board of Directors, with the support of the Nomination and Corporate Governance Committee, taking into account the outcome of the annual evaluation of the size, composition and performance of the Board of Directors and its Committees ("Board Performance Evaluation"), report its view to Shareholders on the professional profiles, deemed appropriate for the composition of the Board of Directors, prior to its nomination.

The Board of Directors in office, therefore, supported by the Nomination and Corporate Governance Committee, reviewed and considered the results of the activity of the *Board Performance Evaluation*, has expressed its advice, enclosed with this report, on the size and to the optimal composition of the Board to be appointed.

We call therefore on the Meeting to take the suitable decisions on this matter, as well as a set the gross annual fees due to the Board of Directors for the entire term of office.

Bologna, 10 March 2016

The Board of Directors

Annex: Advice of the Board of Directors in office on the size and the optimal composition of the new Board

**UNIPOL GRUPPO FINANZIARIO S.p.A.
BOARD OF DIRECTORS**

**ADVICE FOR SHAREHOLDERS
ON THE SIZE AND COMPOSITION
OF THE NEW BOARD OF DIRECTORS**

1. Preamble

According to the recommendations of the Corporate Governance Code for listed companies (the "Corporate Governance Code") the Board of Directors (also the "Board") of Unipol Gruppo Finanziario S.p.A. (the "Holding Company" or the "Company" or "UGF"), at the time of the call of the Shareholders' Meetings for the appointment of the new Board, with the support of the Nomination and Corporate Governance Committee (the "Committee"), , taking into account the outcome of the annual evaluation of the size, composition and performance of the Board of Directors and its Committees ("Board Performance Evaluation"), report its view to Shareholders on the managerial and professional profiles, deemed appropriate for the composition of the Board of Directors.

The Corporate Governance Code in fact, with this recommendation, in general terms, recommends that the Shareholders of the issuer, at the time of the submission of the lists for the appointment of the Board of Directors, assess, also in the light of the opinion expressed by the outgoing Board, the personal characteristics, the experience, also in a management position, and the gender of the candidates, in proportion to the size of the company, the complexity and specificity of the sector of activity in which it operates, as well as the size of the Board.

The Board of Directors in office of UGF has, therefore, with the support of the Committee, has prepared this advice - to be submitted to the review and assessment of the Shareholders, before the forthcoming Meeting - on the size and optimal composition of the new Board (the "Advice").

Also for the year 2015, as for the two previous years, the Board of Directors, on proposal of the Committee, has carried out an assessment on its own operation and that of its committees, as well as on the relative size and composition ("*Board Performance Evaluation*"). The self-assessment was carried out over the three-year period and has had a specific focus on the areas to be seen as strengths and on those that need to be studied to allow the outgoing Board of Directors to express a synthetic opinion on the findings obtained during 2015 and, in particular, of the full mandate of the Board and, therefore, on the evolution over the three-year period 2013-2015.

2. Size of the Board of Directors

According the provisions of Art. 10 ("Board") of the current By-laws, the Board of UGF must have a number of members no less than 15 and no more than 25. Its current size, resolved by the Shareholders' Meetings of 30 April 2013, is equal to 25 and coincides with that of the Board of Directors elected in the previous mandate.

The outgoing Board of Directors believes that, for the purposes of the assessment of the quantitative composition of the Board, it is necessary to keep into account different criteria and different requirements arising from the specific characteristics of UGF, and

try to reconcile these requirements.

The size of the Board must represent and adequately support the tasks of strategic direction and coordination that the Board of Directors will be called to carry out, keeping into account the need to articulate the delegation of the functions of analysis and propositional and advisory support to its internal committees, also considering the complexity of the Unipol Group, and the need to ensure their adequate operation.

In this regard, in proportion to the size of the Company and management and organisational articulation of the Group, the following should be considered:

- the specific role of UGF as mixed financial services company, holding company of the Insurance Group Unipol and the Banking Group Unipol, and therefore the type of activity carried out, object of deep and pervasive regulation by the supervisory authorities of the insurance and banking sector;
- the presence, in the investment chain headed by UGF itself, of UnipolSai S.p.A., issuer with shares listed on the Computerized Stock Market managed by Borsa Italiana S.p.A., characterised by complex governance profiles and issues from the operational and organisational point of view;
- the diversification of the business of Unipol Group, which operates also in real estate and other activities (health, hospitality, agricultural), beside, as it was said before, insurance and banking.

These characteristics lead to the adoption of a Board composition able to give an adequate contribution to the strategies to be adopted for the direction and management of the activity of the Group, as well as to have such a number of members as to ensure the efficient operation of the internal Board Committees, also keeping into account the need to ensure an efficient balancing of the competencies within these Committees.

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In this regard - keeping into account the results of the Board Performance Evaluation and the need to diversify the competencies believed to be necessary, specified in the following section, as well as on the aforementioned size and complexity of the Company - the Board of Directors suggests to the Shareholders to consider the possibility of reducing the number of Directors, while still keeping it at the top of the range set by the By-laws.

The outgoing Board of Directors expresses this advice taking into account the positive operation dynamics noticed in the course of its mandate, believing that the composition of the new Board should at any rate guarantee the efficient and effective management of this body, make possible the in-depth study of issues and allow all members to express themselves and give their personal contribution to the development of a fruitful dialogue, also with regard to the operation of the Board Committees.

3. Qualitative composition of the Board of Directors

We shall start by recalling that the provisions that apply to the Company provides for specific requirements of professionalism, integrity and independence that must be met by the members of the Board, identifying also some incompatibility cases.

In this regard we note that, given the prevalence in size of the insurance sector within the financial conglomerate the Company is part of, pursuant to the combined provisions of Art. 210-*bis*, Par. 4, and 212-*bis*, Par. 1:c), of the Legislative Decree No. 209 of 7 September 2005 (the “Private Insurance Code” or the “CAP”), to the parties that carry out, among others, functions of administration at the holding company of the mixed financial services groups, such as UGF, are subject to the provisions on requirements of professionalism, integrity and independence¹ and incompatibility cases, set for the parties that carry out these functions at insurance companies.

Looking in more detail to the theoretic profiles of the candidates for the offices of Director suitable to ensure the optimal qualitative composition – without prejudice, as it was said before, to the requirements made in this respect by the current regulations that apply to UGF – the Board of Directors, with the support of the Committee, also in the light of the outcome of the self-assessment carried out over the three-year period, has defined a set of competencies believed to be necessary to the Board for the proper and effective execution of its tasks, also taking into account:

- the requirements made in this regard by the aforementioned Italian laws and regulations for the insurance sector² according to the proportionality principle³, since UGF, even if qualifying as holding company both of the Insurance Group Unipol and the Banking Group Unipol, does not carry out directly insurance or banking activity;

¹ Specifically Art. 212 bis, Par. 1: c) of the CAP states that “for the supervision on the Group, IVASS carries out the following functions: “(...) c) assesses the corporate governance system of the Group and the possession of the requirements set forth in to Art. 76 by the parties that carry out functions of administration, direction and control in parent companies set forth in to Art. 210, Par. 2, and the parties there in charge of the key functions.”

² Currently the laws and regulations for the reference sector are represented by the ISVAP Regulation No. 20/2008, which - in Art. 5, Par. 2: l) - provides for that the Board as a whole must have adequate technical competencies at least on markets insurance and financial, governance systems, financial and actuarial analysis, regulatory framework, sales strategies and company models.

³ Pursuant to Art. 30 of the CAP: “1. The Company acquires an effective corporate governance system to ensure the sound and prudent management of the activity. The corporate governance system is proportional to the nature, size and complexity of the activity of the Company.”

- the guidelines issued by European institutions and authorities⁴;
- the functions assigned to the body itself, its operation and the articulation in Board internal committees, as well as the complexity and size of the Group, the type of activity carried out, the shareholding structure and the listing in regulated markets⁵;
- the best practice commonly adopted by the market.

In this regard, the Board notes also that the outcome of the *Board Performance Evaluation* have confirmed in general:

- the shared opinion that the current composition of the Board of Directors of the Company, overall, reflects – also on the basis of the in-depth knowledge and the experience accrued by the Directors themselves in the execution of the current mandate and/or, if required, of previous mandates, as well as with the participation, for those who are members, to the meetings of the Board internal committees, and to training programmes and refreshing classes (induction session) – the competencies, as below specified, believed to be necessary to the proper operation of this,
- satisfaction with regard to the level of diversity, in terms not only of age, gender and seniority of office but also of competencies and expertise, of the Board, even if in the presence of possible areas of improvement, which might be improved also thanks to the experience accrued in the exercise of the role and the participation in new induction sessions.

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Considering that that this Board of Directors believes that, in general terms, its current structure reflects correctly and adequately the different members (executive, non-executive, independent) and the different competencies required, the Board of

⁴ At the EU level Art. 273, Par. 1 and 2, of the delegated regulation (EU) 2015/35 of the Commission, of the 10 October 2014, which integrates the directive 2009/138/CE on access and practice of insurance and reinsurance activities (Solvency II) states the following:

“(…)

2. The assessment of the competence of a persona include the assessment of his/her professional and formal qualifications, relevant knowledge and expertise in the insurance sector, in other financial sectors or in other areas of activity and keeps into account the tasks assigned a this persona and, if required, of his/her competencies in context insurance, financial, accounting, actuarial and management.

3. The assessment of the competence of the members of the administrative, executive or supervision body keeps into account the tasks assigned to the individual members so as to ensure an appropriate diversity of the qualifications, knowledge and expertise relevant so as to guarantee that the Company is managed and supervised professionally.”

⁵ In addition pursuant to the Corporate Governance Code, at least one member of the Control and Risk Committee and the Remuneration Committee must meet, respectively, the following requirements:

- adequate experience in accounting and financial issues or risk management;
- adequate knowledge and experience in financial issues or of remuneration policies.

Directors itself believes that the professionalism and competencies that, keeping into account the outcome of the aforementioned self-assessments, also in the light of said activity of induction, must be represented within the new Board as a whole, to maintain its optimal composition, are the following:

- strategic planning;*
- insurance and/or banking and/or financial and/or real estate business;*
- trends of the economic-financial system and sector;*
- laws and regulations of the sector and corporate governance;*
- accounting reports, reporting systems financial and/or actuarial;*
- internal controls and risk management;*
- organisation corporate and remuneration.*

Being understood that the Corporate Governance Code recommends that the Board of Directors of the Company consists for at least one third of independent Directors, to ensure an adequate dialogue within the Board and allow the Board to take informed decisions, as well as to assign to the Directors different tasks within the Board and the Board internal committees, the current Board also believes it is desirable to have, within the Board, a plurality of know-hows, experiences and cultures, general and specialized, since the simultaneous presence of diversified competencies and experiences ensures the complementarity of the professional profiles and encourages said dialogue and the efficient operation of the Board and the committees.

To identify the qualitative composition of the Board of Directors believed to be optimal, the Board in office, on the basis of the guidelines of the Corporate Governance Code, also reasserts the importance of ensuring that:

- (i) the aforementioned managerial and professional competencies are adequately represented, also keeping into account the benefits that may derive from the presence in this body of different genders, expertise, also international, if required, ages and office seniorities, assessing, on this last point, the possibility of keeping an adequate number of Directors currently in office;*
- (ii) in particular, keeping into account the trends of the laws and regulations of the sector (and especially following the coming into force of the so-called Solvency II regime), the Board has competencies, already available today, on internal controls and risk management, also in order to allow an adequate composition of the Control and Risk Committee;*
- (iii) the non-executive Directors are able to provide adequate contribution to the activity of the Board, enhancing the internal debate with competencies accrued outside the Company, of a general strategic or technical nature, so*

as to be able to analyse the different issues debated from different viewpoints, contributing in this way to spur the dialogue that is the necessary requirement of a collegial decision, well-considered and informed.

In addition, to ensure the proper execution of their tasks and guarantee the effectiveness of the role, this Board of Directors recommends that the candidates for the office of Director be able to devote adequate time and resources to the execution of their mandate.

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REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETINGS ON AGENDA ITEM No. 3

Appointment of the Board of Statutory Auditors and the Chairman thereof for financial years 2016, 2017 and 2018 and determination of the remuneration thereof. Related and consequent resolutions.

Dear Shareholders,

with the approval of the financial statements at 31 December 2015 the mandate granted to the Board of Statutory Auditors of Unipol Gruppo Finanziario S.p.A. (the "Company"), appointed by the Meeting of 30 April 2013, comes to an end, the term of office having expired.

We invite you, therefore, to resolve – in compliance with the relevant laws and regulations, as well as By-laws, in force – the appointment of the Board of Statutory Auditors and its Chairman for the years 2016, 2017 and 2018 and, therefore, until the Meeting of approval of the financial statements at 31 December 2018.

To this purpose, the Meeting must also set the remuneration due to the Board of Statutory Auditors for each year in office.

It should be remembered, with regard to this, that the By-laws provide for the Board of Statutory Auditors to include three Statutory Auditors and two Alternate Auditors.

Pursuant to Art. 17 of the By-laws, the selection of the Board of Statutory Auditors takes place on the base of lists, in which the candidates are listed in sequential order, to ensure, as provided for in current laws and regulations, that one Statutory Auditor and one Alternate Auditor be elected by the minority and that the Chairman of the Board be the Statutory Auditor elected by the minority.

The list consists of two sections: one for candidates for the post of Statutory Auditor and the other for candidates for the post of Alternate Auditor. The list must contain at least one candidate for the post of Statutory Auditor and one candidate for the post of Alternate Auditor.

The composition of the Board of Statutory Auditors must ensure the balance between the genders introduced by Act No. 120 of 12 July 2011. The lists must submit a number of candidates from the least represented gender to guarantee, within each list, the respect of said balance; in particular, at the time of this renewal at least one third of the members of the Board of Statutory Auditors must belong to the least represented gender, rounded up, in the case of decimals, to the nearest whole number; therefore, each list that, considering both sections, must have a number of candidates equal to or exceeding three, must ensure, in order to be valid, the presence of both the genders so that the candidates of the least represented gender are at least equal to the minimum indicated above.

We also note – referring, for anything not specifically mentioned here, to the aforementioned provision of the By-laws – that:

- the lists must be filed at the Company, as indicated in the notice of meeting, by the twenty-fifth day before the date of the Meeting and the Company must make them available to the public at the registered office, on its website and with any other procedures required by current legal and regulatory provisions, at least 21 days before the date set for the Meeting;
- according the provisions of the CONSOB Resolution No. 19499/2016, the Shareholders who, alone or with other, represent at least 1% of ordinary share capital have the right to submit the lists; the ownership of the stake required for the submission of the lists is established considering the shares that are recorded to the Shareholder(s) in question at the time the lists are deposited at the Company;
- each Shareholder, the shareholders belonging to a relevant shareholders' agreement under Art. 122 of Legislative Decree No. 58 of 24 February 1998 (the "TUF"), the holding company, the subsidiaries and joint ventures pursuant to Art. 93 of the TUF, cannot submit or take part in the submission of, even through an intermediary or trust company, more than one list and cannot vote for lists other than the one that they have submitted or participated in submitting, even through an intermediary or trust company. Any support and votes cast in breach of such provision shall not be attributed to any list;
- in order to be eligible each candidate may appear on only one list.

It should be recalled that, if by the term set for the deposit of the lists only one list has been presented, or else only lists presented by Shareholders who are related among themselves pursuant to Art. 144-*quinquies* of the Issuers' Regulations issued by the CONSOB, lists may be presented until the third day after the term indicated above; in this case, the threshold for the submission of the list is lowered to 0.50% of the share capital with voting rights.

Pursuant to the combined provisions of the aforementioned Art. 17 of the By-laws and the applicable laws, the Shareholders who plan to submit a list must deposit, simultaneously and jointly with each list, the following:

- i) statements by the individual candidates in which these accept their nomination for office and state, under their own responsibility, that they are eligible and compatible and fulfil the requirements for appointment to the different positions, and also comply with the limits to the plurality of offices set by legal and regulatory provisions in force;
- ii) for each candidate, a curriculum vitae, with a full description of their personal and professional characteristics;

- iii) any additional information required by legal and regulatory provisions, which will be indicated in the notice of meeting.

The certificate issued by an authorised intermediary proving ownership of the number of shares required for the submission of the list may be produced when the list is deposited, or even subsequently provided it is at least 21 days before the date set for the Meeting.

Lists that are submitted without these provisions being observed are deemed not to have been submitted.

The recommendations issued by CONSOB with Communication No. DEM/9017893 of 26 February 2009 also apply to the Shareholders who submit a “minority list”. Specifically, the Shareholders who submit a “minority list” must deposit, with the list, a statement of the absence of affiliation, even indirectly, as provided by Art. 144-*quinquies* of the Issuers' Regulations with the controlling Shareholder.

In the event that only one list is submitted or no list is submitted, the Meeting resolves with the majorities required by the law, ensuring, at any rate, the respect of the balance between the genders required by legal and regulatory provisions in force.

Bologna, 10 March 2016

The Board of Directors

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Share capital
€3,365,292,408.03 fully paid-up
Bologna Register of Companies
Tax and VAT No. 00284160371
R.E.A. No. 160304

Parent of the Unipol Insurance Group
Entered in the Register of Insurance Groups – No. 046

Parent of the Unipol Banking Group
Entered in the Register of Banking Groups

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