



ETHIC REPORT
2017

2017 Ethics Report and report to the Board of Directors concerning, *inter alia*, the general consistency between the principles declared in the Code and company management

1. *Introduction*

During 2017, the Ethics Committee met on 23 March and 9 November.

On 23 March, the Board of Directors of Unipol, at the proposal of the Ethics Committee, approved the updated version of the Charter of Values and Code of Ethics. Subsequently, the new texts were adopted by the Group companies as well with resolutions of the respective Boards of Directors. The necessary activities were also carried out to adjust the websites.

As regards reports received of alleged infringements of the Code of Ethics, in terms of numbers or content these were not sufficient to highlight particular critical situations, as specified in paragraph 2 below, confirming the fact that company management has no critical ethics issues.

In the course of 2017, a knowledge, awareness-raising and training project was launched on ethics-related topics, which will progressively involve all Group employees, beginning with the Heads and managers of resources (the “Managers”), as highlighted in paragraph 3 below.

2. *Reports and requests received*

In 2017, 43 requests and reports (compared to 107 in 2016), were received in the email inbox of the Ethics Officer (also the “Function”). This reduction was caused especially by the significant decline in complaints (regarding settlements/commercial) or other reports or requests with generic content unrelated to the Function’s specific responsibilities. This made it possible to positively re-balance the Function, which thus was able to dedicate itself to a greater extent to the issues with which it is concerned.

The reports and requests received may be broken down as follows:

Requests received	2017	2016
2.1 Reports of alleged and specific infringements of the Code of Ethics	4	9
2.2 Opinions requested of the Ethics Officer (Business/Values consistency; consistency of models of conduct; various clarifications)	6	5

2.3 Reports relating to disruptions, delays, disputes (also with presumed ethics aspects)	26	62
2.4 Other contacts various kinds	7	31
Total	43	107

2.1 Reports of alleged and specific infringements of the Code of Ethics

In 2017, there were no cases of such importance and complexity so as to be submitted to the screening of the Ethics Committee. The 4 reports received were managed in accordance with the provisions of the Code itself and in compliance with the practices consolidated and defined by the Ethics Officer within his sphere of autonomy.

Investigations were conducted by carrying out detailed verifications on the situations reported and calling upon and engaging the company structures concerned, always, however, with a focus on maintaining the utmost confidentiality.

Of the 4 reports received, 2 are not to be considered relevant (they were follow-ups with respect to a case already dealt with and closed in 2016 and one un-circumstantiated report which therefore could not be handled).

The remaining 2 reports handled, referring to alleged infringements of the Code of Ethics, regarded:

- 1) one case originating from a complaint submitted in 2016 by the reporting party, to whom an ordinary change in the agency responsible for the management of his policy had been disclosed. The complaint regarded more than anything a situation of relationship conflict between the reporting party and the agency employees. This resulted in a long series of recriminations and controversies which the agency concerned and the other functions involved sought to manage, aggravated by the inclination of the reporting party to make recourse to improper communication methods. The party in question therefore contacted the Ethics Officer, reporting in a generic manner the presumed unethical behaviour of the agency. The Ethics Officer deemed that it would be appropriate to proceed with an investigation, so he contacted the agency and the various corporate functions and asked the reporting party to provide more specific documentation to support his affirmations. The reporting party responded to such requests multiple times using his customary rude tones, without ever submitting the items requested. Therefore, the Ethics Officer closed the case and notified the party concerned, who provided no further response;
- 2) the report of a Group employee who highlighted the exclusion of his/her child from the possibility of competing for company scholarships due to the rules laid out which in his/her

opinion were not compliant with the principles of the Code of Ethics, with a request that this issue be submitted to the Ethics Committee. The Ethics Officer, having conducted the investigation, notified the reporting party that no clauses in conflict with the Code of Ethics were identified within the rules of the contest and that the regulation, in relation to his/her position, had been respected. He also noted that it would not be feasible to amend a contest under way, as it would be potentially harmful to the rights of the other parties concerned. Lastly, he noted to the reporting party that he had in any event highlighted his/her observations to the competent corporate functions, with a view to increasingly effectively governing future contests.

2.2 *Opinions requested of the Ethics Officer with respect to the business*

In 2017, in 4 cases the Ethics Officer was asked to provide his opinion on the consistency between activities closely associated with the business and the principles sanctioned in the Charter of Values.

In particular, the issues dealt with regarded:

- compatibility with the Values of the existence of insurance relationships with companies that manufacture conventional weapons of war (specifically, guarantees in the transport segment);
- compatibility with the Values of the existence of insurance relationships with companies operating in the field of legal gambling.

On this matter - which was already subject to similar requests in 2016 - the Ethics Officer recalled that:

- there are no specific provisions in this regard in the Charter of Values or in the Code of Ethics;
- the Sustainability Report acknowledges that the Group does not make investments in companies operating in the sectors of unconventional weapons and gambling and also establishes other limits correlated with respect for human rights;
- the institutional role of the Ethics Officer and the Committee is not that of discussing business decisions but only, if applicable, "orienting" them in compliance with the spirit of the Charter of Values and the Code of Ethics.

In the case of gambling, the commitment made by Unipol over the years to initiatives against addiction to gambling clearly shows a process aimed at gradually eliminating any insurance coverage in this sector.

The issues relating to the sector of weapons are worthy of particular attention. Therefore, at a meeting held on 9 November 2017, the Ethics Committee deemed it appropriate to launch an analysis on this matter beginning in 2018, through a dialogue with the departments/companies concerned, intended to possibly define a specific policy to be submitted to the Board of Directors of Unipol Gruppo in the future.

In another 2 cases, the Ethics Officer was asked for information relating to the Code of Ethics (one of them regarded the appropriate conduct in a specific work situation potentially susceptible to generating a conflict of interests).

2.3 *Reports relating to disruptions, delays, disputes (also with presumed ethics aspects)*

In 2017, there were 26 reports regarding commercial or settlement disruptions, delays and disputes relating to Group companies. This area also includes the interventions carried out by the Ethics Officer in response to reports from employees concerning internal inefficiencies or other issues.

Generally, these are not issues under the strict responsibility of the Function which moreover, as the recipient of the report, provides a response to the reporting party, generally with the information that the issue will be sent to the dedicated function, which will handle it. For the sake of comprehensiveness, the Ethics Officer systematically asks the functions concerned for a copy of the responses provided to the complainants.

If the complaint contains references to the Code of Ethics (not such so as to configure an actual report of alleged specific infringements thereof) or if the situation reported makes this appropriate, the reply from the Function may be more thorough, without in any case going into great detail on the matter.

In this regard, in 2017 no situations were identified in which the reference to the Code of Ethics was grounded. However, the intervention of the Function often has a positive impact as it acts as a "facilitator" in diffusing critical situations in relationships between the Company and Stakeholders (for example, requests for clarifications on technical or behavioural issues, focusing on and overcoming bureaucratic hitches, encouragement for the identification of out of the ordinary commercial solutions in relation to customers with ethically sensitive personal situations). When possible, in such interventions, the Function worked to recover and consolidate the faith of the customer or any other stakeholder with respect to the Group.

2.4 *Other contacts of various kinds*

Finally, there were 7 contacts of various kinds (requests for sponsorships, requests for professional collaboration) which were redirected to the appropriate corporate functions.

3. *Training*

At the start of 2017, the Group launched the training project on ethics and values-related topics defined in the previous year by "Unica – Unipol Corporate Academy".

Over the course of the three years of the Business Plan the project will involve all Managers (overall, roughly 1,800 managers, officers and middle managers).

Within the project, training relating to the Charter of Values and the Code of Ethics is an integral part of the module dedicated to leadership, due to its close connection with the matters of the management and development of employees, with the following objectives:

- knowledge of the Charter of Values and the Code of Ethics and their fundamental role;
- understanding of the profound link between personal values and the values of Unipol;
- recognition and enactment of behaviours consistent with the values of Unipol at work.

The objective is for the work of the participants not to be limited to a passive understanding of the Ethics Code, instead encouraging them to develop a joint reflection on the values contained in Unipol's Charter of Values and apply them in their daily work and in relationships with colleagues, partners and customers.

At 31 December 2017, a total of 647 Managers had been involved.

4. *Final considerations and assessment concerning the general consistency between the principles declared in the Code and company management*

The activity carried out by the Function in 2017 was primarily driven by the intention of providing a strong contribution to the Group Vision and Mission underlying the 2016/2018 Business Plan, also operating in line and in harmony with other functions such as Sustainability (as regards the strategic decisions for sustainable development) and Communications (as regards the Identity Profile Principles).

In this respect, the series of initiatives expected to disseminate full awareness of the Charter of Values and Code of Ethics has to be taken into consideration, such as the classroom training already in progress for managers, which from 2018 will be followed by a communications and sensitisation process extended to the entire Group population (currently at planning stage).



Therefore, the role of the Charter of Values and Code of Ethics is consolidated and strengthened as an inescapable point of reference for the growth and success of an innovative, transparent and socially responsible culture common to all employees, agents and partners within the Group and with all stakeholders.

In conclusion, I note to the Ethics Committee, also pursuant to Art. 2.2 of the Code of Ethics, the general consistency between the principles declared in the Code and company management.

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