

2018  
ETHICS REPORT

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## 2018 Ethics Report and Report to the Board of Directors regarding, inter alia, the general compatibility between the principles contained in the Code and the way the company is run

### 1. Introduction

In 2018, the Ethics Committee met on 8 February and 20 December.

At the meeting held on 8 February, the 2017 Ethics Report was approved, as well as the relative Report to the Board of Directors, while at the meeting held on 20 December, the situation of the reports received in 2018 was examined, as well as the current status of training programmes.

### 2. Reports and requests received

It should be noted that the Code of Ethics envisages that reports may be made by anyone by writing to the Ethics Manager by ordinary post, or by e-mail to the following address [responsabile.etico@unipol.it](mailto:responsabile.etico@unipol.it) and may regard criticism, suggestions and alleged infringements of the Code of Ethics.

In 2018, 111 requests and reports were received by the e-mailbox of the Ethics Manager, compared to 43 in 2017.

The significant increase against the previous year is due to an increase in the number of reports regarding poor service, delays and disputes (82) and those regarding possible infringements of the Charter of Values and the Code of Ethics (8), while requests for opinions made to the Ethics Manager were in line with those of 2017 (6).

More specifically, the reports and requests received break down as follows:

Requests received	2018	2017
2.1 Reports of alleged and specific infringements of the Code of Ethics	8	4
2.2 Opinions requested of the Ethics Manager (Business/Values consistency; consistency of conduct models; various clarifications)	6	6
2.3 Reports relating to poor service, delays and disputes (also relating to ethics)	82	26
2.4 Various types of contact	15	7
Total	111	43

#### 2.1 Reports relating to alleged and specific infringements of the Code of Ethics

With regard to the reports received in 2018, based on the findings of investigations, no significant infringement emerged.

As no cases deemed sufficiently important to be submitted to the consideration of the Ethics Committee had been recorded, the same were directly handled by the Ethics Manager, in accordance with the Committee Regulations.

The investigations, which in some cases were particularly complex, were conducted by examining the situations in question in depth, consulting and involving the applicable company departments, but always seeking to maintain the utmost confidentiality.

The following cases were handled:

- 1) a former UnipolSai agent claimed that he had unjustly lost his agency status and the portfolio he had been the owner of, due to action filed by another agent (who had received the portfolio, becoming a subagent in 2010, following the intervention of the Company to resolve a conflictual situation). According to the individual making the report, UnipolSai did not honour the commitments made at the time of this transaction. An in-depth investigation was made, which involved the Audit and Sales Departments, which had already looked into the matter in 2016 without identifying any misconduct by the agent against whom the claim was made. Further investigation did not reveal any elements or facts suggesting that the Company's staff had in any way infringed the agreements, principles or values of the Charter and Code: the individual who had made the report was advised of this conclusion and did not respond;
- 2) a person who worked for a very short period with a UnipolSai agency complained that he had lost his position after having been treated unfairly and without receiving any payment for the work performed. An investigation was made with the assistance of the Sales Department, from which it emerged that in the meantime the dispute had been resolved amicably through trade union conciliation. Also in this case, no infringements of the Charter or the Code were found;
- 3) a person claimed the alleged failure to comply with the Code of Ethics by a company called DDOR NOVI SAD regarding the management of employees. The matter was brought to the attention of the General Manager, who asked the appropriate company departments to analyse the situation and draw up a report. After examining the report and the responses to all of the matters raised (aspects relating to pay, personnel selection and development, litigation), the Ethics Manager stated that no infringements of the Charter or the Code had been found, and that no further evidence had been forthcoming from the individual making the report;
- 4) a report relating an alleged possible conflict of interest between an independent physician of Group Companies and a physician appointed by the claimant, as they both used the same medical practice; the Group Physician Coordination department was asked to look into the matter, but no irregularities emerged;
- 5) an external professional, in contact with a representative of UnipolSai for business reasons, advised that the professional relationship risked being compromised by personal relations that had deteriorated with the representative of the Company. The Ethics Manager conducted the investigation, personally speaking to the employee involved and to his direct superior, and found that the potential conflict of interest had not materially led to any detriment for the Company or the counterparty. Therefore, the matter was closed, on one hand with a verbal warning made by the direct superior to his employee with a view to preventing situations of conflict of interest, on the other hand by assigning the individual that made the report to another professional;
- 6) a customer of Unipol Banca reported a situation that had been handled by the Bank's Claims Office some time ago, namely an alleged fraud against the customer and his wife several years previously by the former manager of a branch, when a mortgage loan was being arranged. As the Bank had deemed that the requirements to uphold the requests made by the Customer had not been fulfilled, it had

proposed a solution to renegotiate the terms of the mortgage loan, a solution that had not been accepted by the interested party. The Ethics Manager conducted an in-depth investigation with various departments of the Bank, reaching the conclusion that the responses provided by the Bank at the time of the complaint had been correct, and that there had been a material effort to meet the requirements of the individual making the report as far as possible;

- 7) a UnipolSai employee complained of feeling humiliated by the behaviour of his direct superior, who he claimed had verbally reprimanded in the presence of other colleagues for poor work. After having completed the investigation and assessed the facts, the Ethics Manager informed the employee in question that no proven infringements of the Code had been found and that nevertheless the direct superior had been advised of the need to take greater care when handling relations with employees, insofar as respect is a fundamental value;
- 8) an employee of UnipolSai reported alleged serious infringements of the Code (slander and mobbing) to the Ethics Manager (as well as to Human Resources and Legal) which were allegedly made by the direct superior, also in the presence of colleagues during meetings. The Ethics Manager asked for proof of the claims several times, without receiving any response. After consulting the Committee, the Ethics Manager informed the interested party that the case had been closed due to a lack of any evidence to support the claims made.

## 2.2 Opinions requested of the Ethics Manager

As in previous years, in 2018 the Ethics Manager was contacted on matters that fall within his specific sphere. Of the 8 cases submitted, the following have been chosen due to the specific delicate nature of the ethical aspects involved:

- the case submitted by Pronto Assistenza Servizi (PAS) regarding an individual, partner of a company operating in the road rescue business, an approved supplier of PAS, under investigation for criminal conspiracy and receiving stolen cars. The approved company, whose arrangement was immediately revoked by PAS, had requested its reinstatement on the assumption that the partner under investigation had left the company. The matter was examined for any ethical infringements and the conclusion was made not to uphold the request, given the continued collaboration between the company and the former partner, under investigation for serious offences that interfere with the business relationship;
- the case of an independent lawyer arrested as part of a maxi-investigation, suspended as a precautionary measure from his legal assignments by the relevant UnipolSai department. The lawyer had asked for the assignment to be resumed, in the light of the decision of the Review Court, which had annulled the sentence of imprisonment due to the total absence of investigative findings relating to the alleged offence. The matter was examined in depth by the Ethics Manager who looked at the release order and the notice of the conclusion of the preliminary investigation, which showed the total absence of proof against the independent lawyer. Therefore, the Ethics Manager approved the request for the reinstatement of the business relationship with UnipolSai, also considering the fact that the lawyer had never been the subject of any disciplinary provisions by the relevant Bar Council;
- lastly, although it does not fall in the category of reports/requests for opinions, the following should be noted as an example of awareness of the Code. A letter sent by a UnipolSai claims

handler, who advised the Ethics Manager (and the direct superior) that his son had started working as a surveyor and therefore he would be unable to handle any UnipolSai cases that could have been assigned to the same.

### 2.3 Reports relating to disservice, delays and disputes (also relating to ethics)

In 2018, 82 reports were received relating to disservice, delays and disputes (in general in the commercial and settlement areas) relating to Group companies.

In this regard, measures taken by the Ethics Manager following reports from employees regarding internal poor service or other issues, are also included.

These cases are not usually strictly related to the Department, which, however, as the recipient of the report, responded to the individual making the report, usually simply advising that the Claims Department would have handled the matter. To this end, it should be noted that the Ethics Manager works with the Claims Department, if the claim contains even a general reference to the Code of Ethics (although not an actual report of an alleged infringement of the same) or if the situation outlined renders such necessary, by examining and providing its contribution to drawing up the relative responses. In this regard, in 2018 no situations were identified in which the reference to the Code of Ethics was justified.

In other cases, the intervention of the Ethics Department has contributed to improving business processes, highlighting potential unlawful conduct in the market to the detriment of the Company, or critical situations in relations between the Company and its Stakeholders, seeking to reinstate trust, where possible.

Here are some examples:

- the report by a UnipolSai customer, who was the victim of identity theft and, consequently, unduly involved in claims that he knew nothing about. The customer contacted the Ethics Manager complaining about the fact that, although he had reported this situation to the Company many times, the problem had been handled unsatisfactorily and, above all, not fully resolved. The Department therefore sought to involve the heads of the company departments involved (Auto, Claims, Complaints, Anti-Fraud, Privacy) so that they could act not only with regard to this specific case (resolved successfully with customer satisfaction), but also in general terms, to set measures in place able to prevent and tackle this dangerous phenomenon;
- the report of a Group employee who complained that his son had been excluded from a company study grant based on a tender rule that envisaged, in the case of equal merit, the use of a draw. The person criticised this method, retaining that it would have been fairer to take other parameters into account - in the case of equal points - such as the average mark of exams. The response sent indicated that it was not possible to change the rules once the tender had been launched, but that the observations made, due to their constructive nature, had been sent to the appropriate company department, which had then changed the assignment criteria for future tenders;
- the report of a UnipolSai customer, victim of a car theft, who complained about the excessive amount of time required for the settlement of the claim, which was causing him considerable problems as he had to get to work using public transport. Given the manner in which the situation was presented (a request for help in the case of objective difficulties), the relevant offices were advised, enabling a rapid solution to the matter, which was particularly appreciated by the customer;

- the report of a person who requested information on the authenticity of a quotation to insure a moped, obtained through a so-called broker operating on the internet and proposed as UnipolSai insurance cover. The report was forwarded to the Auto Department, which found evidence of attempted fraud, and therefore contacted the Anti-Fraud Department for the necessary legal action.

## 2.4 Various types of contact

The overall picture is completed by 15 contacts of various types (requests for sponsorships, requests for professional collaboration etc.), which were forwarded to the relevant company offices or departments.

## 3. Training activities

In 2018, the training programme on topics related to ethics and values, drafted in 2016 and launched in 2017, continued, organised by “Unica – Unipol Corporate Academy”.

The programme seeks to involve all of the Group’s managers over the 3 years of the Business Plan (totalling around 1,800 people including executives, heads of department and management).

Within the programme, training on the Charter of Values and the Code of Ethics is an integral part of the module on Leadership, due to its close ties with the areas of employee management and development, and has the following objectives:

- knowledge of the Charter of Values and of the Code of Ethics and their fundamental role;
- understanding of the deep connection between personal values and the values of Unipol;
- recognition and awareness of behaviour that respects the values of Unipol in the work environment.

A fundamental objective is to encourage managers to progress from a theoretical and passive understanding of the Code of Ethics to developing a shared reflection of the values and the principles contained in Unipol’s Charter of Values, stimulating each of them to transform them into material actions every day, particularly by way of example. The awareness of the system of values and of ethical issues was achieved by both individual training exercises and team activities.

By assessing the results of the training provided to date, we can draw initial conclusions as follows:

- during the initial stage: inadequate knowledge of the concepts of “Mission”, “Values” and “Code of Ethics” was found, with a limited awareness of the meaning and the real importance of the same;
- during the training stage: a satisfactory level of understanding and clarity was achieved, sustained by breaking down values into materially observable concepts;
- during the final stage: awareness of the importance of the system of values was achieved, with very positive feedback from the participants.

As at 31 December 2018, 1,118 managers had completed the training programme.

#### **4. Final conclusions and assessment of the general compatibility between the principles contained in the Code and the way the company is run**

In 2018, the Department focused its efforts on fulfilling its role within the company as a point of reference for the Charter of Values and the Code of Ethics of the Group for all of its stakeholders, as well as on the training programme addressed to managers and managed by "Unica".

Through the dynamics that have emerged from sessions in the classroom as well as based on the higher number of employees that contact the Ethics Manager for support in managing their external staff in the presence of ethically sensitive situations, it is already possible to see that this training programme has increased the level of awareness on topics related to values and ethics, making employees understand the fundamental importance of actually applying the same in the daily working lives.

To guarantee the widespread circulation of knowledge on this subject within the Group, in addition to completing the courses for line managers (envisaged for 2019), the Department has decided to extend ethics training to all Group employees, through an on-line training course, with a view to encouraging increasing compatibility between the Group's values and material behaviour.

To conclude, in 2018, the role of the Charter of Values and of the Code of Ethics strengthened as fundamental benchmarks for the growth and confirmation of a common innovative, transparent and socially responsible culture for all employees, agents and external staff of the Unipol Group as a whole and as regards its stakeholders.

Therefore, we confirm the general compatibility between the principles contained in the Code and the way the company is run to the Ethics Committee, also pursuant to art. 2.2 of the Code of Ethics.

Bologna, 7 February 2019.





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