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Unipol Gruppo

**Annual Report
on corporate governance
and ownership
structures for the
financial year
2018**

Bologna, 14 March 2019

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Contents

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Definitions	4
Introduction	6
The issuer and the Unipol Group	7
Section I	10
Information on ownership structures	10
1. Share capital structure	10
1.1 Composition	10
1.2 Rights of classes of shares	10
1.3 Power to increase share capital and authorisations to buy back treasury shares and shares of the Parent Company	10
1.3.1 Power to increase share capital	10
1.3.2 Authorisations to purchase treasury shares	10
1.4 Share transfer restrictions, limits on possession and approval clauses	11
2. Shareholder base	11
2.1 Shareholders' agreements	11
2.2 Major holdings in the share capital	12
2.3 Special control rights	13
2.4 Mechanism for the exercise of voting rights in the system of employee shareholding	13
2.5 Restrictions on voting rights	13
2.6 Change of control clauses	13
2.7 Controlling entity and co-ordination and direction activities	13
3. Other information	13
3.1 Compensation of Directors	13
3.2 Rules applicable to the functioning of the Meeting	14
3.3 Rules concerning the composition, appointment and operation of the governing body	14
3.4 Rules applicable to statutory changes	14

3.5 Main features of the internal control and risk management system in relation to financial reporting	14
---	----

Section II 15

Governance system and information on the implementation of the provisions of the Code of Conduct 15

4. The Shareholders' Meeting	15
5. The Board of Directors	16
5.1 Role, responsibilities and functioning	16
5.2 Appointment and replacement of Directors	20
5.3 Composition	21
5.4 Diversity policy	22
5.5 Criteria for the holding of offices in other companies	23
5.6 Induction Program	24
5.7 Non-executive and independent Directors	24
5.8 Lead Independent Director	25
5.9 Remuneration	25
5.10 Succession plans	27
5.11 Annual self-assessment	27
6. The Chairman	28
7. The Deputy Chairman	29
8. The Chief Executive Officer, GROUP CEO and General Manager	29
9. Intra-board Committees	30
9.1 The Chairman's Committee	31
9.2 Nomination and Corporate Governance Committee	32
9.3 Remuneration Committee	34
9.4 Control and Risk Committee	36
9.5 Sustainability Committee	39
9.6 Ethics Committee	40
9.7 Related Party Transactions Committee	42
10. The Board of Statutory Auditors	44
10.1 Role and responsibilities	44
10.2 Appointment	45
10.3 Composition and operation	46
10.4 Diversity Criteria and Policies	47

11. Auditing Company	47
12. Relationships with the Shareholders	47
Section III	49
Internal Control and Risk Management System	49
13. Internal Control and Risk Management System	49
13.1 Introduction	49
13.2 Risk Management System	49
13.3 Risk Appetite and Risk Appetite Framework	50
13.4 The processes ORSA and ICAAP - ILAAP	51
13.5 Breakdown of control levels	51
13.6 Corporate bodies	52
13.7 Key functions (Audit, Risk Management, Compliance and Actuarial Function)	53
13.8 Financial Reporting Officer	56
13.9 Methods of coordination among the subjects involved in the internal control and risk management system	56
13.10 Main features of the current risk management and internal control systems with regard to the financial reporting process, also at the consolidated level	57
13.11 The Organization, Management and Control Model	59
13.12 Ethical and social responsibility	61
14. Intercompany and Related Party Transactions and Directors' Interests	62
14.1 Related Party Transactions Procedure	62
14.2 Policy on intercompany transactions	63
14.3 Associated Party Procedure	64
15 Internal dealing	64
16 Processing of privileged information	66
Annexes	67
TABLE No. 1 – Board of Directors	67
TABLE No. 2 – List of relevant offices held by the Directors	69
TABLE No. 3 – Board of Statutory Auditors	70

Definitions

For the purposes of this Report and in addition to the definitions provided in the text below, the expressions and / or words capitalised have the following meaning:

Appointed Director:

the Director appointed by the Board of Directors to oversee the operation of the internal control and risk management system.

Bank of Italy:

Central Bank of the Italian Republic.

Integrated Report:

document that supplements the financial results with sustainability results, prepared on the basis of the content of the International Integrated Reporting Framework, issued by the International Integrated Reporting Council (IIRC) in September 2015.

Private Insurance Code, CAP:

Legislative Decree no. 209 of 7 September 2005, with subsequent amendments.

Code of Conduct or Code:

the Code of Conduct for listed companies approved in March 2006 and subsequently amended (most recently in July 2018) by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A, available on the website of the latter www.borsaitaliana.it.

Board of Statutory Auditors:

the controlling body of the Company.

Borsa Italiana Committee:

Italian Committee for Corporate Governance, consisting of business associations (ABI, ANIA, Assonime and Confindustria) and associations of professional investors (Assogestioni), as well as Borsa Italiana itself.

Board of Directors, the Board:

the Board of Directors of the Company.

Financial Reporting Officer:

Manager charged with preparing a company's financial reports, pursuant to Art. 154-*bis* of the TUF.

Financial year, Year:

the financial year ended 31 December 2018.

Key functions:

the Audit, Compliance, Risk Management and Actuarial functions of the Company.

Group, Unipol Group:

Unipol Gruppo S.p.A and its Subsidiaries (as defined below).

Banking Group:

the Unipol Banking Group, entered in the Register of Banking Groups.

Insurance Group:

Unipol Insurance Group registered in the parent company Register pursuant to Article 210-*ter* of the Private Insurance Code, with the structure described in the Register.

Instructions to Stock Exchange Regulations:

the Instructions to the Regulations of Markets organized and managed by Borsa Italiana S.p.A..

IVASS or Authority:

the Insurance Sector Regulator.

Plan, Business Plan, 2016-2018

Business Plan:

the Business Plan for 2016-2018 approved on 12 May 2016 by the Board of Directors of Unipol.

Internal Dealing Procedure:

the procedure adopted by the Company for the reporting of transactions on its shares or other financial instruments linked to them.

Shareholders' Meetings Regulation:

Regulation approved by the Shareholders' Meeting, aimed at regulating the orderly and efficient conduct of General Meetings, ordinary and extraordinary.

Issuer's Regulation:

Regulation issued by CONSOB in 1999 with Resolution no. 11971 on issuers, with subsequent amendments.

Regulation 38 IVASS:

IVASS Regulation no. 38 of 3 July 2018 containing the provisions concerning the corporate governance system.

Market Regulation:

Regulation on markets issued by CONSOB with Resolution no. 16191 of 2007, with subsequent amendments, most recently made with CONSOB Resolution no. 20249 of 28 December 2017, which incorporate the new European regulations on the provision of investment services and markets in financial instruments, as defined by the MiFID2 directive (2014/65/EU) and the MiFIR regulation (600/2014).

Report:

this report, containing information about joining the Code of Conduct and corporate governance and ownership structures that Unipol Gruppo, as issuer of listed shares on the regulated market, are required to draw up under Art. 123-*bis* of the TUF (as defined below) and 89-*bis* of the Issuers' Regulation.

Company's website:

www.unipol.it

Subsidiaries:

the companies controlled, directly or indirectly, by Unipol, pursuant to Article 2359 of the Italian Civil Code.

Parent company, Unipol:

Unipol Gruppo S.p.A.

Solvency II:

the set of laws and regulations introduced as a result of the adoption of Directive 2009/138/EC of the European Parliament and the Council of 25 November 2009, on the taking-up and pursuit of the insurance and reinsurance business in force since 1 January 2016, with subsequent amendments.

Consolidated Law on Banking, TUB:

Legislative Decree no. 385 of 1 September 1993 (Consolidated Law on Banking), with subsequent amendments.

Consolidated Law on Finance, TUF:

Legislative Decree no. 58 of
24 February 1998, with subsequent
amendments.

Unipol Sai: Unipol Sai Assicurazioni S.p.A.

Introduction

This Report aims to provide - in compliance with current norms and regulatory provisions, even on the subject of reporting on compliance with codes of conduct - the periodic and analytical descriptions of the corporate governance system and the shareholding structure of Unipol.

In particular, the information contained in the Report is drafted in compliance with the provisions of Art. 123 *bis* of the TUF and on the basis of the provisions of the Corporate of Conduct, specifically the latest version updated in July 2018,¹ and to which the Company adheres; it also takes into account, as necessary, the contents of the 6th Report on the application of the Code of Conduct approved by the Committee for Corporate Governance of Borsa Italiana.

The Report consists of an introductory section describing, amongst other items, the profile of the Company and of the Unipol Group as well as the administration and control system and the initiatives undertaken by the Company in terms of environmental, social and governance issues.

The first section contains the main information on the shareholding structure and in particular on the structure of share capital and share ownership.

The second section provides detailed information, amongst other items, on the composition and functioning of the corporate bodies and the governance practices effectively applied by Unipol.

Finally, the third section is dedicated to the description of the internal control and risk management system as well as the Procedure concerning intercompany transactions and with related parties, the interests of Directors, the internal dealing procedure and the treatment of privileged information.

The Report ends with the attachments containing the Tables drawn up in compliance with the requirements of the Code of Conduct.

In order to facilitate the representation of that contained in the Report, in addition to the Index, each Section reports the titles of the topics treated therein.

Unless otherwise indicated, the information contained in this Report refers to the closing of the financial year.

In the Year, the corporate governance structure of Unipol was not affected by the provisions of non-national laws.

¹ available on the Borsa Italiana S.p.A. website, in the Committee for Corporate Governance section under page <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.html>

The issuer and the Unipol Group

Profile of the Company and the Group

Unipol is a company with shares listed on the Computerised Stock Market managed by Borsa Italiana S.p.A. and included during the year and at the date of this Report, in the FTSE MIB index, which contains the securities of the companies with the highest level of capitalisation.

Indeed, Unipol is the holding company for the investments of both the Unipol Insurance Group, one of the leading Italian insurance groups, and the Unipol Banking Group.

As a result of the global spin-off of the former holding company, Finsoe S.p.A., Unipol became, for all intents and purposes, the “final Italian holding company” pursuant to the provisions set forth in the Private Insurance Code and the relative implementing provisions, maintaining the role of Parent Company of the Unipol Insurance Group as well as of the Unipol Banking Group. It also took on, in place of Finsoe, the role of the company heading up the Unipol Financial Conglomerate, largely insurance, under Legislative Decree no.142 of 30 May 2005, with subsequent amendments.

The Unipol Group operates in the following business areas:

- a) insurance, divided into the following sectors:
 - *insurance*, in which the Group operates historically in the branches Non-Life and Life; and
 - *bank-insurance*;
- b) banking, in which the Group provides traditional banking, portfolio management services and other investment services, consumer credit and collective management of savings;
- c) realestate;
- d) other activities, in which it provides secondary management services in the hotel, agricultural and medical segments.

During the Year, in line with the 2016-2018 Business Plan, the Company pursued the priority objective of ensuring sustainable profitability over time through an action programme aiming to strengthen the leadership of the Unipol Group in the Italian insurance market. In this regard, please recall that the Plan was based on four key areas (innovative and distinctive offer, simplified customer and agent experience, more effective physical distribution and excellence of the business operating mechanism) which highlight, amongst other things, the expertise of the Group in the provision of insurance services and in the application of on-line services to insurance products, leveraging the fact that it has the largest agent distribution network in the insurance business in Italy.

In line with the previous year, the review of the equity structures of the Unipol Group was continued, aimed to achieve greater efficiency and effectiveness while respecting the prerogatives of the different companies and their specificity in terms of positioning of their business. In this context, it should be noted that as part of the project aimed at aggregating the entire insurance business of the Group under the control of UnipolSai:

- at its meeting on 22 March 2018, the Board of Directors approved the sale to UnipolSai of the controlling interest (equal to 63.39%) held in Arca Vita S.p.A., which in turn controls, inter alia, the company Arca Assicurazioni S.p.A. and Arca Vita International DAC, also in this case applying on a voluntary basis the procedures for the most significant transactions with related parties and with associated parties and with the support of dedicated advisors;
- having obtained the relative clearance from IVASS and the other competent Supervisory Authorities, the sale was finalized on the past 7 August 2018; in particular, Unipol sold the aforementioned shareholding to UnipolSai at a price of Euro 475 million.

During the Year, additional Group policies were adopted and updated, in line with current European and national industry regulations.

The governance system

Unipol has chosen to adopt a "traditional" administration and control system which provides for the presence of a Board of Directors (which works with the support of intra-Board Committees with advisory and consulting functions) and a Board of Statutory Auditors with control functions over administration, both appointed by the shareholders' meeting. The regulatory audit is entrusted to an auditing firm registered in the appropriate register, appointed by the Shareholders' Meeting following a reasoned proposal by the Board of Statutory Auditors.

In the context of the governance and the internal control and risk management system of the Group, some internal committees have been established by the Board of Directors, or the Chief Executive Officer and Group CEO, mainly consisting of the Heads of the Local Departments of Unipol, with functions of support to the Chief Executive Officer and Group CEO in the implementation and supervision of the policies of direction, coordination and operational strategy defined by the Board of Directors and specified by Top Management.

The role and powers of the above bodies are discussed below in the Report.

Unipol and social responsibility

Sustainability is a driver of decisions which is integrated in all business decisions, starting from the definition of its identity as well as governance and management of all activities, ranging from commercial to staff, relationships with suppliers and those with the community. In March 2018, a decision was made to formalize this commitment with the adoption of a Sustainability Policy which aimed at continuous improvement, the strengthening of ESG risks and the development of innovation that contributes to the achievement of the UN Sustainable Development Goals. This choice was further strengthened by joining the United Nations Global Compact.

An ESG risk work group was established - composed not only of the Sustainability but also the Risk Management, Compliance and Audit Functions - to identify the risks that were generated and sustained during the process and to map the controls and evaluate their effectiveness.

Starting from the 2016-2018 Business Plan, sustainability guidelines and Key Performance Indicators (KPIs) have been identified and added into the Plan itself; in order to more effectively demonstrate the commitment of the entire organization in this regard, the Group's Integrated Report have been prepared. In 2018, a decision was made to comply with the requirements of Legislative Decree no. 254/2016, thereby further strengthening the synergy between the company's results and its environmental and social impact.

A good reputation is considered to be one of the intangible aspects that is strategic for the development of a sustainable business. For this purpose, the index of the Reputation Institute recognized by public opinion with the Italy RepTrak® ranking was adopted as one of the KPIs of the Plan and the model underlying the Reporting and the Emerging and Reputational Risks Monitoring Centre were jointly developed, starting with the identification of the material issues.

In 2018, and in this regard, Unipol was confirmed as the first Italian company by reputation in the financial sector (banking and insurance) with a score of 69/100 according to the 2018 Italy RepTrak® ranking and also obtained the Financial Statements Oscar for having drawn up a document with a strong emphasis on sustainability and governance as well as with extensive information on risk coverage and a clear and complete "matrix of materiality".

Significant contribution to the development of the sustainability strategy of Unipol also comes from the projects and activities carried out by the Fondazione UNIPOLIS, the corporate foundation of the Unipol Group.

The Group adopted the Group's Charter of Values and Code of Ethics, described in detail in the Report of below, in 2008 and 2009, respectively.

Considerations on the Annual Report of the Committee for Corporate Governance on the application of the Code of Conduct

In accordance with what occurred in previous years, the Borsa Italiana Committee transmitted - in December 2018, and in order to encourage an increasingly conscious application of the Code - the annual Report on the application of the Code of Conduct and a letter with its own recommendations to the Chairmen of the administrative and control bodies of all listed companies, highlighting the activities that were implemented and the main areas of improvement that emerged; these were then brought to the attention of the Directors and the Statutory Auditors of the Company.

The Nomination and Corporate Governance Committee analysed the main areas of improvement highlighted by the Borsa Italiana Committee, assessing in relation to them and to the extent of that falling under its own competencies, the alignment of the governance system adopted by the Company with that reported in the Report itself.

In particular, the main areas identified in 2018 by the Borsa Italiana Committee - on which the latter solicited the administrative bodies of the issuers (but also, to the extent of that falling under their competence, the supervisory bodies) to a better and more substantial application of the best practices recommended by the Code - are as follows:

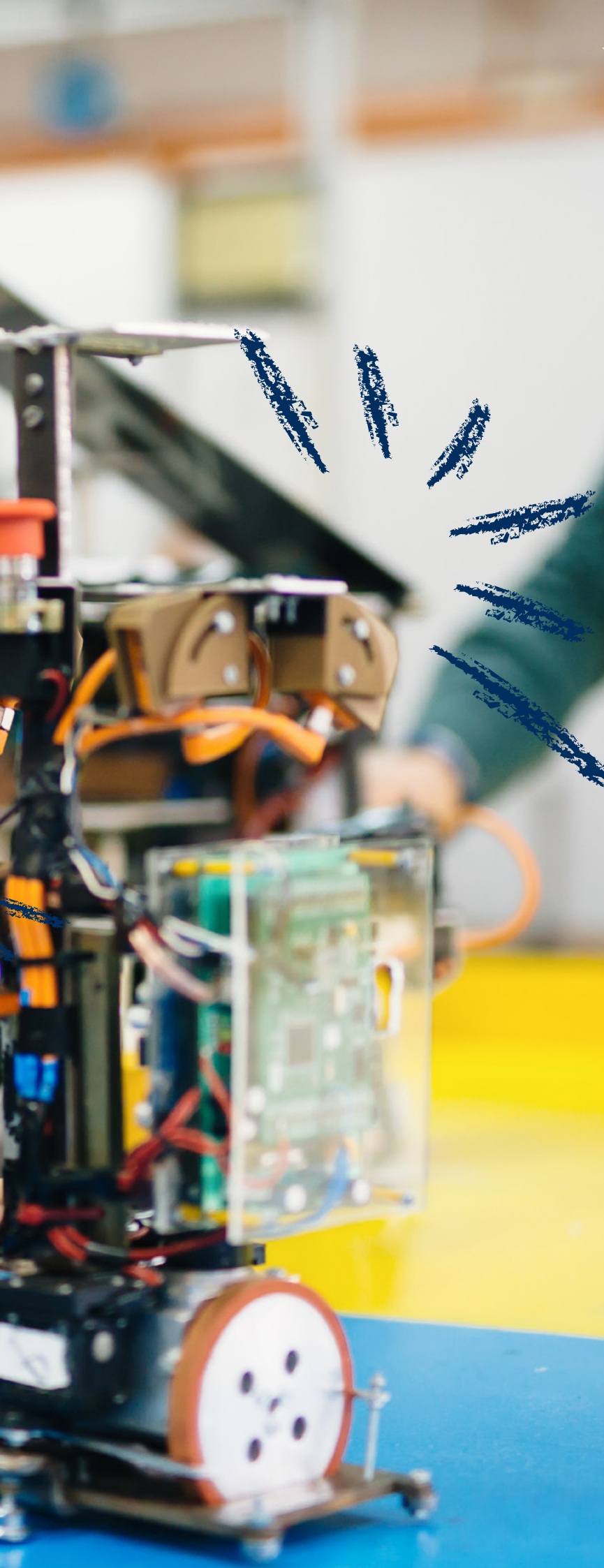
- Pre- Board meeting reporting;
- the concrete and full application of the independence criteria recommended by the Code;
- the board review activities;
- the adequacy of remuneration policies in relation to the pursuit of the sustainability objective of the company's activities in the medium to long term.

With reference to each of the areas, the following should be noted:

- the assessment of the adequacy of the reporting in question falls within the scope of the annual Board Performance Evaluation carried out by the Board of Directors of the Company (as specified below); in this case, the administrative body generally appreciated the quality of the information that was received in terms of adequacy and transmission methods;
- the non-application of any of the independence criteria provided for by the Code only concerned the criterion of the nine-year time limit for the office with reference to a sole Director; as a result, this circumstance can be considered an exception and not as a systematic non-application of said criterion;
- the procedures for implementing the Board Performance Evaluation (later described in this Report) are suitable for evaluating the individual contribution of each Director, and are implemented by completing the specific questionnaire and carrying out individual interviews;
- the aspects related to remuneration are governed by the sector regulations which the Company is required to comply with for the purposes of drafting the remuneration policies.

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PART I

Information on ownership structure

Share capital structure

Shareholder base

Other information

Section I

Information on ownership structures

(Section drafted also pursuant to Art. 123-bis of TUF)

1. Share capital structure

1.1 Composition

At the date of the 31 December 2018 and of this Report, Unipol's share capital, fully subscribed and paid up, amounts to Euro 3,365,292,408.03, divided into 717,473,508 ordinary registered shares all without nominal value. The share capital and its composition were not subject to change during the Year and as at the date of the Report. This composition is summarised in the following table:

Type and name of shares	No. Shares	Market
Unipol ordinary shares	717,473,508	MTA

1.2 Rights of classes of shares

At the date of this Report there are no categories of shares with special financial rights, as the share capital consists only of ordinary shares.

1.3 Power to increase share capital and authorisations to buy back treasury shares and shares of the Parent Company

1.3.1 Power to increase share capital

At the date of this Report, no powers have been conferred on the Board of Directors to increase the share capital.

1.3.2 Authorisations to purchase treasury shares

Taking into account the complete spin-off of the former Parent Company of Finsoe - with the completion of the same on 15 December 2017 - the Ordinary Shareholders' Meeting held on 24 April 2018 authorized, lastly, the sole authorization to purchase and sell treasury shares pursuant to Articles 2357 and 2357-ter of the Italian Civil Code for a period of 18 months from the Shareholders' Meeting resolution.

During 2018 the Company did not carry out purchases of treasury shares.

On 2 July 2018 the Chief Executive Officer and Group CEO, the General Manager and the other Managers of the Company were jointly allocated 2,005,667 treasury shares in the context of the compensation plans based on financial instruments, of the share performance type, approved for the years 2013-2015 by the Shareholders' Meetings on 30 April 2013, pursuant to Art. 114-bis of the TUF.

At the date of this Report (14 March 2019), the Company holds a total of 2,003,299 treasury shares, of which 747,799 directly and 1,255,500 indirectly, through its subsidiaries UnipolSai (1,189,999), Compagnia Assicuratrice Linear S.p.A. (14,743), Arca Assicurazioni S.p.A. (18,566), SIAT S.p.A. (19,576), and Finitalia S.p.A. (12,616).

Given that the above-mentioned Shareholders' Meeting authorisation will expire on 24 October 2019, the Board of Directors on 14 March 2019 voted to propose its renewal, at the Ordinary Shareholders Meeting called to approve the 2018 financial statements, for a period of additional 18 months.

The acquisition and disposal of treasury shares, in the interests of the Company and in compliance with applicable regulations and accepted market practices, pursues the following objectives:

- to intervene, directly or through intermediaries, to promote the smooth conduct of trading, against distortions due to an excessive volatility or insufficient market liquidity;
- to take the opportunity to maximise the value that can be derived from market trends - and thus also by pursuing trading objectives - or connected with any strategic transactions of interest for the Company;
- to use treasury shares as a form of investment for the efficient use of the liquidity generated by the core activity of the Company and/or for the allocation of the shares for the purposes of the compensation plan based on financial instruments of the performance share type, in accordance with and pursuant to Art. 114-bis of the TUF;
- to use these shares to ensure, if necessary, the overall consistency of transactions that create the need to place fractional shares of the capital of the Company.

The proposal to the Shareholders' Meeting of 18 April 2019 provides for the purchase and sale of treasury shares in the quantities and with the procedures set out below:

- the acquisition may be carried out up to the maximum amount permitted by law and, where applicable, allowed by market practice, in the manners provided for by Art. 132 of the TUF and Art. 144-bis, Paragraph 1, lett. a), b), c) and d-ter) of the Issuers' Regulation, as well as by any other provision;
- the disposal may be made pursuant to the applicable laws, even carrying out, one or more times, subsequent transactions of purchase and sale, until the expiry of the term of the authorisation;
- both the purchase and the sale may be made at a price of no more than 15% above and no less than 15% below the reference price recorded on the trading day before the date of each transaction, with a maximum spending limit for purchases of Euro 200 million.

1.4 Share transfer restrictions, limits on possession and approval clauses

The existing By-Laws of Unipol set no restrictions on the transfer of shares, nor limits to their ownership, nor acceptance clauses.

2. Shareholder base

The total number of Shareholders of Unipol, as shown by the Register of Shareholders at the date of this Report, is approximately 66 thousand.

2.1 Shareholders' agreements

As reported in the 2017 Report, the non-proportional global spin-off of the former holding company Finsoe (the "Finsoe Spin-off") in favour of as many beneficiary companies - established during the spin-off - as there were Finsoe shareholders at the effective date, each of which became 100% owner of the share capital of just one of the beneficiary companies, became, on 15 December 2017, effective. On 13 December 2017, a large majority of the beneficiary companies entered into - along with the respective former Finsoe shareholders (all signatories, jointly, the "Parties to the Agreement") and as of the effective date of the Finsoe Spin-off - a shareholders' agreement pursuant to Art. 122 of the TUF (the "Unipol Shareholders' Agreement"), which is classified as a voting and lock-up agreement on the Unipol shares restricted by it. The Unipol Shareholders Agreement substantially re-proposes the governance of the former Finsoe, without any of the Parties to the Agreement having control, either individually or jointly, over Unipol.

The essential information relating to the Unipol Shareholders' Agreement can be found on the www.unipol.it website, *Investors/Shareholders/Shareholders' Agreement* section.

Some of the former Finsoe shareholders that are Parties to the Agreement hold additional stakes in Unipol not covered by the Unipol Shareholders' Agreement, equal to a total of 18.18% of the share capital.

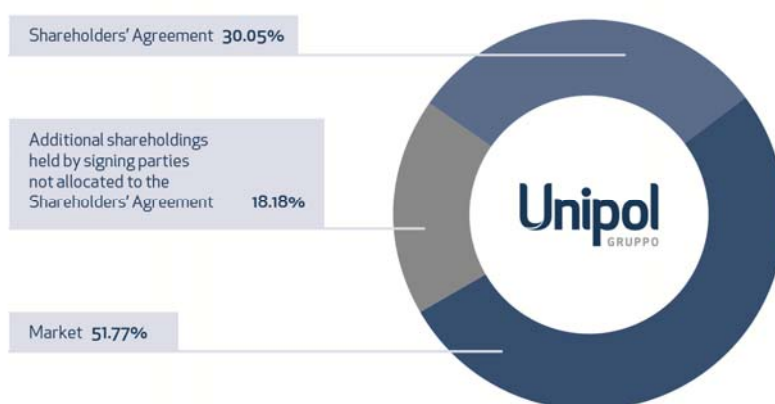
In 2018, some of the afore-mentioned beneficiary companies merged by incorporation into the respective Parent Companies which consequently are now directly part of the Shareholders' Agreement.

2.2 Major holdings in the share capital

On the basis of the entries in the Register of Shareholders, the communications received pursuant to the statutory requirements and other information available at the date of 13 March 2019, the Shareholders who directly or indirectly, through an intermediary or trust companies, have holdings exceeding 3% of the share capital with voting rights are shown in the following Table:

Declarant	Direct shareholder	% on the share capital
Coop Alleanza 3.0 Soc. Coop.	Coop Alleanza 3.0 Soc. Coop.	22.148%
Holmo S.p.A.	Holmo S.p.A.	6.665%
Nova Coop Scarl	Nova Coop Soc. Coop.	5.995%
Cooperare S.p.A.	Cooperare S.p.A.	3.782%
Coop Liguria Soc. Coop. di Consumo	Coop Liguria Soc. Coop. di Consumo	3.568%

Main Shareholders of Unipol Gruppo as of 13th March 2019



2.3 Special control rights

No securities conferring special control rights have been issued.

2.4 Mechanism for the exercise of voting rights in the system of employee shareholding

The regulations of the Compensation plan based on financial instruments do not provide for the exercise of voting rights by persons other than the employees who have been assigned shares.

2.5 Restrictions on voting rights

There are no restrictions on voting rights.

2.6 Change of control clauses

Unipol has not concluded loan agreements which include clauses giving the parties a right to change or terminate those agreements in the event of a change of control of the Company.

As regards the Subsidiaries of Unipol, UnipolSai has concluded distribution agreements for insurance products with the Unicredit Group that may lapse in the event of change of control of UnipolSai itself.

Other financing agreements signed by some Subsidiaries provide for the repayment and/or withdrawal of the lender in the event of direct and sometimes indirect ownership changes.

2.7 Controlling entity and co-ordination and direction activities

Unipol is not controlled by any party, either individually or jointly.

Under Art.2497-*bis* of the Italian Civil Code, the Subsidiaries of Unipol have indicated the latter as exercising direction and coordination on the same.

Since 5 October 2011, Unipol has been the Parent Company of the Unipol Insurance Group, entered in the Parent Company Register under no. 046, as referred to in Art. 210-*ter* of Legislative Decree no. 209 of 7 September 2005 and IVASS Regulation no. 22 of 1 June 2016; furthermore, Unipol is the Parent Company of the Unipol Banking Group, and it is entered in the Register of banking groups under no. 20052.

3. Other information

3.1 Compensation of Directors

There are no agreements between the Company and the Directors providing for compensation in the event of resignation, revocation of mandate/appointment or cessation of this following a takeover bid. Likewise there are no agreements providing for the assignment to or the maintenance of non-monetary benefits by the subjects who have terminated their mandate or for the execution of advisory agreements for a period subsequent to the termination of the relationship or for any considerations for non-competitive commitments. Finally, no plans for the Directors succession are in place.

For more detailed information on this subject, reference is made to the Remuneration Report under Art. 123-*ter* of the TUF, available on the Company's website.

3.2 Rules applicable to the functioning of the Meeting

The call and operation of the Shareholders' Meeting are governed by Art. 8 and 9 of the By-Laws and the rules of the Shareholders' Meetings Regulation approved by the General Meeting itself. For a brief description of these rules, reference is made to Chapter 1, Section III, of this Report.

3.3 Rules concerning the composition, appointment and operation of the governing body

The composition, appointment and operation of the Board of Directors are governed by Art. 10, 11 and 12 of the By-Laws. For a brief description of these rules, reference is made to Chapter 2, Section III, of this Report.

3.4 Rules applicable to statutory changes

Amendments to the By-Laws are resolved by the Extraordinary Shareholders' Meeting or, with restriction to the changes made for adjustment to regulations, by the Board of Directors.

3.5 Main features of the internal control and risk management system in relation to financial reporting

The description of the main features of the internal control and risk management system in regard to the financial reporting of Unipol is given in Paragraph 13, Section III, of this Report.

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PART II

Governance system and information on implementation of the provisions of the Code of Conduct

Shareholders' Meeting

Board of Directors

The Chairman

The Deputy Chairman

The Chief Executive Officer, Group CEO
and General Manager

The Board Committees

Board of Statutory Auditors

Auditing Company

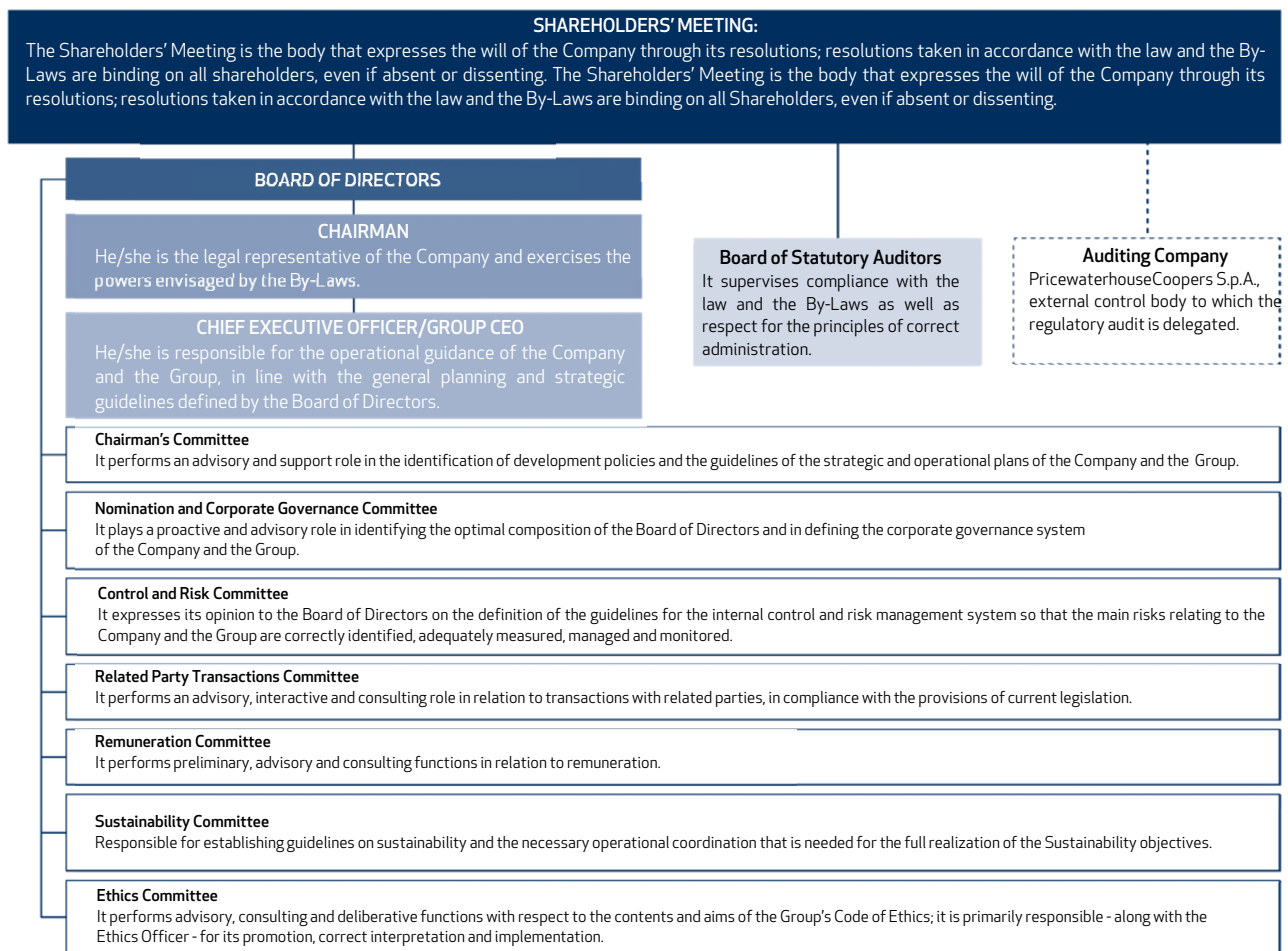
Relationship with the Shareholders

Section II

Governance system and information on the implementation of the provisions of the Code of Conduct

(Section drafted also pursuant to Art. 123-bis of TUF)

Summary diagram of the governance model adopted by Unipol



4. The Shareholders' Meeting

The Shareholders' Meeting is the body that expresses the will of the Company; resolutions taken in accordance with the law and the By-Laws are binding on all Shareholders, even if absent or dissenting.

The Board of Directors considers the Shareholders' Meeting - despite the broad diversification of the methods for communicating with Shareholders - an important moment for a fruitful dialogue between Directors and Shareholders, while respecting regulations on price sensitive information.

Pursuant to Article 8 of the By-Laws, as allowed by current laws, the Shareholders' Meeting is convened in a single call, with application of the constitutive and deliberative quorum under the provisions of the law, without prejudice to the possibility of setting in the notice of meeting calls following the first one, for a different day, pursuant to the provisions of Art. 2369, Paragraph 1, of the Italian Civil Code.

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors, or in his/her absence, by the Deputy Chairman, or in his/her absence by a Director, failing that, by a person elected by the majority of the capital represented.

According to the By-Laws, the Board of Directors may stipulate, in relation to individual Meetings and in compliance with the existing legislation on the subject, that the exercise of the intervention and voting rights be exercised remotely, also by electronic means of communication, provided that the necessary requirements for the identification of the entitled parties and the security of communications are met. The notice of call must in this case specify the procedures for participating in the business of the Shareholders' Meeting, including by reference to the Company's website.

During the Meeting, all those entitled to vote are allowed to speak on any topic under discussion and to make comments and proposals. Those wishing to speak must apply to the Chairman, who oversees the debate giving the floor to those who have asked for it, according to the chronological order of request.

The Company may identify for each Meeting a designated representative to whom Shareholders may grant delegation with voting instructions on all or some of the proposals on the agenda; the identity of the representative designated and the procedures and time limits for the conferral of powers are set out in the notice of call of the Meeting.

The Board of Directors ensures the Shareholders receive adequate information by making available to the public, under the terms and conditions of the law, explanatory reports on the proposals for consideration by the Meeting.

The members of the Board of Directors must attend the Shareholders' Meetings.

The Regulations of the Shareholders' Meeting, approved by the Shareholders' Meeting and available on the Company's website in the Section *Governance/Shareholders' Meetings*, govern the operation of the Shareholders' Meeting.

5. The Board of Directors

Number of meetings during the Year: 9.

Average length of meetings: 2 hours and 30 minutes, approximately.

Average participation: circa 86%.

Number of meetings planned for 2019: 9 (of which 2 already held as at the date of this Report).

5.1 Role, responsibilities and functioning

The Board of Directors is invested with the broadest powers for the ordinary and extraordinary management of the Company. It therefore has the right to perform all acts, including disposals, which it considers desirable for the achievement of the purpose of business, excluding only those that the law expressly assigns to the Shareholders' Meeting.

In line with the principle of centrality of the Board of Directors, Art. 13 of the By-Laws allocates to the competence of this all resolutions concerning:

- merger and demerger with Subsidiaries, in cases permitted by legislation;
- decrease of the share capital, should a Shareholder withdraw;
- amendment of the By-Laws to comply with legal provisions;
- the issuing of non-convertible bonds;
- the acquisition and disposal of shareholdings resulting in changes of composition in the Unipol Banking Group;
- determining the criteria for the coordination and management of companies of the Unipol Banking Group, as well as the criteria for the implementation of the instructions issued by the Bank of Italy.

Pursuant to the law, the By-Laws and the internal policies in force, the Board, inter alia:

- a) reviews and approves the strategic, financial and business plans of the company and the Group, regularly monitoring their implementation;
- b) defines:
 - the system of corporate governance, the corporate structure and the governance models and guidelines of the Group itself. In that regard, it defines the tasks and responsibilities of the corporate bodies and the Company Control Functions, information flows, including their timing, and the nature and frequency of the reports among these departments and corporate bodies and the method of coordination and collaboration, if the areas of control have areas of potential overlap or make it possible to create synergies;
 - the business model, being aware of the risks to which this model exposes the Company and understanding the ways in which the risks are observed and assessed, ensuring that the structure of the Company is consistent with the activity carried out and with the business model adopted avoiding the creation of complex structures not justified for operating purposes;
 - the nature and level of risk consistent with the strategic objectives of the Group, including in its valuations all the risks that may assume importance in light of the medium to long term sustainability of the Company's and Group's business;
- c) evaluates the adequacy of the organisational, administrative and accounting structure of the Parent Company and the Subsidiaries of strategic importance, particularly with regard to the internal control and risk management system. This assessment takes place on the basis of the regular reports of the Chief Executive Officer and Group CEO, the Control and Risk Committee and of the Company Control Functions;
- d) appoints one or more Directors responsible for the internal control and risk management system chosen among its members;
- e) after hearing the opinion of the Control and Risk Committee:
 - identifies the guidelines of the internal control and risk management system, so that the main risks for the Company and its Subsidiaries are correctly identified as well as adequately measured, managed and monitored, ensuring that these risks are compatible with the strategic objectives and the risk appetite agreed, as well as with risk management policies, and are able to understand the evolution of the risk and their interaction;
 - assesses, at least once a year, the current and future adequacy of the internal control and risk management system with respect to the features of the Parent Company and the Group and to the risk appetite defined, as well as its effectiveness and its ability to grasp the evolution of corporate risks and the interaction between them;
 - approves, at least once a year, after consulting the Board of Statutory Auditors and the Appointed Director the working plans prepared by the heads of the Control Functions; With reference to the banking business it also approves the multi-year plan prepared by the Audit Function;
 - describes, in this Report, the main features of the internal control and risk management system and the methods of coordination among the subjects involved in it, providing an assessment of the adequacy of that system;
 - assesses, after consulting the Board of Statutory Auditors, the conclusions set out by the statutory auditor in the letter of suggestions and report on key issues identified during the statutory audit;
- f) requires the prompt reporting of the most significant weaknesses, giving timely directions for corrective measures, of which it later evaluates the effectiveness;
- g) appoints, replaces and revokes, on a proposal from the Appointed Director - after receiving the favourable opinion of the Control and Risk Committee and having heard the Board of Statutory Auditors - the heads of the Control Functions, while respecting the eligibility requirements for the position, in terms of reputation

- and professionalism, established by the company policy in this regard approved by the Unipol board of directors pursuant to regulatory provisions in force (the "Fit&Proper Policy"), ensuring that they are provided with adequate resources to carry out the tasks and defining their remuneration pursuant to the remuneration policies adopted by the Company;
- h) may establish within itself commissions and committees with proposal and advisory functions, as deemed appropriate and necessary for the proper operation and development of the Company and the Group, thereby ensuring that there is adequate and continuous interaction between them, the Top Management and the Company Control Functions;
 - i) approves, ensuring adjustment to the context, the system of delegation of powers and responsibilities of the Group, taking care to avoid excessive concentration of powers in a single person and putting in place monitoring instruments on the exercise of delegated powers, resulting in the possibility of providing for adequate emergency plans (the so-called "contingency arrangements") if it decides to take over the delegated powers itself;
 - j) ensures that there is an adequate and constant interaction between all internal board committees, Top Management and the Control Functions, also by intervening proactively to ensure effectiveness;
 - k) defines, after assessing the proposals of the Remuneration Committee:
 - with reference to the Company, the general policies containing the guidelines for the remuneration of Directors and Key Managers, including the Heads of the Company Control Functions;
 - with reference to the Subsidiaries of strategic significance, general policies containing guidelines for the remuneration of Directors, Key Managers, including the Heads of the Audit, Compliance and Risk Management Functions, and the Risk Takers, to be approved pursuant to the applicable legislation;
 - l) grants and revokes powers to the Chief Executive Officer and Group CEO, defining their limits and operating modes; it also establishes the intervals, which must not, however, be more than a quarter, at which the delegated bodies must report to the Board of Directors about the activities carried out in the exercise of the powers conferred on them;
 - m) determines, after reviewing the proposals of the Remuneration Committee and consulting the Board of Statutory Auditors, the remuneration of the Chief Executive Officer and Group CEO and the Directors holding particular offices - also within the Board Committees - and, unless the Shareholders' Meeting has already taken care of it, the allocation of the global compensation payable to the members of the Board of Directors;
 - n) appoints and removes the members of the Supervisory Body of the Company pursuant to Legislative Decree no. 231/2001; specifies, with the support of the Remuneration Committee, the remuneration of those members; approves, annually and on a proposal from the Supervisory Body, the estimates of expenditure, including on an extraordinary basis, necessary for the performance of the supervisory tasks laid down by the Organisation, Management and Control Model, as well as the statement of expenditure of the previous year;
 - o) assesses the general performance, taking into account, in particular, the information received from the delegated bodies, and periodically comparing the results achieved with those planned;
 - p) resolves - with the support, if requested, of the Related Party Transactions Committee, on the transactions of the Parent Company and/or Subsidiaries, when these transactions have a significant strategic, economic, patrimonial or financial importance for the Company itself, paying particular attention to situations in which one or more Directors have an interest on their own or of third parties and, more generally, to related party transactions. To this end lays down general criteria to identify major transactions and take appropriate measures to require the Subsidiaries to submit for preliminary examination to the Board of Directors of the Parent Company significant transactions for it;
 - q) resolves - with the support, if requested, of the appointed Related Party Transactions Committee, as described in more detail below - on the transactions with Associated Parties carried out by the Parent Company and/or Subsidiaries of the Unipol Banking Group;
 - r) carries out, at least once a year, with the support of the Nomination and Corporate Governance Committee, an evaluation of the operation of the Board of Directors and its Committees (hereafter the "Board Performance Evaluation"), as well as of their size and composition, taking into account factors such as the characteristics of professional managerial experience and the gender of its members, and their seniority in office;

- s) taking into account the results of the assessment referred to in the previous paragraph, gives the Shareholders, before the appointment of the new administrative body, guidelines on the professional figures whose presence in the Board is deemed appropriate;
- t) after review by the corporate committee called Group's Risks Committee:
 - approves the guidelines and policies relevant to the Company and the Subsidiaries required by the industry regulations;
 - defines and approves the Risk Appetite Framework, ensuring it is consistent with the transactions, the complexity and the size of the Group.

Further reservations of competence to the Board of Directors are envisaged by (i) the policies adopted by the Company in relation, amongst other things, to insurance underwriting and investment, reservation and disposal of financial assets, real estate and participatory management of sources of financing and credit as well as (ii) the system of delegation of powers granted to the Chief Executive Officer and Group CEO. This legislation seeks to ensure that the Board of Directors examines and resolves on significant transactions of strategic importance and major amount.

Under Art. 12 of the By-Laws, the Board of Directors will meet at least quarterly and whenever the Chairman, or other person standing for the Chairman, deems it appropriate, i.e. on the written request of at least one third of the Directors in office. The Board of Directors may also be called by the Board of Statutory Auditors, or by at least one member of it, on notice to the Chairman.

The validity of the resolutions of the Board of Directors is regulated by Article 2388 of the Italian Civil Code. In an open vote, in the case of a draw, the Chairman has the casting vote.

At the time of Board meetings held during the Year, the Chief Executive Officer and Group CEO has reported to the Board and the Board of Statutory Auditors on the general performance and foreseeable development, and on transactions which, by their size or characteristics, have had significant strategic, economic, patrimonial or financial importance for it, carried out by the its Company and its Subsidiaries.

The Chief Executive Officer and Group CEO, in particular, has reported regularly to the Board on the progress of individual business sectors of the Group as well as its objectives and activities undertaken, comparing them with the forward-looking plans and expected results.

For the accomplishment of its tasks, the Board has made use of the activities of Board Committees, including:

- the Chairman's Committee, the Nomination and Corporate Governance Committee, the Remuneration Committee and the Related Party Transactions Committee, which have issued supporting opinions and also formulated proposals to be submitted to the Board of Directors in relation to specific matters within their competence;
- the Control and Risk Committee, the Sustainability Committee and the Ethics Committee, which have reported regularly on the analysis and the activities carried out and on the findings and proposals for interventions and actions to be started.

The Board reviewed the adequacy of the organisational, administrative and accounting procedures and, in particular, of the internal control and risk management system of the Company and its main Subsidiaries, with the support of the Appointed Director on the basis of the regular reports of the Control and Risk Committee and the Company Control Functions (in this regard see the relevant chapter).

The explanatory report on the issues discussed is usually submitted to the Directors and Board of Statutory Auditors in the days leading up to meetings with appropriate highlighting of salient aspects of the items on the agenda (Executive Summary) except for cases of urgency and/or precautionary non-disclosure requirements. This documentation is made available electronically (Virtual Data Room): as well as allowing more efficient management both in terms of shorter times and high standards of privacy ensured, this puts in place effective measures for compliance with the requirements set in Legislative Decree no. 231/2001 and in the Code of Conduct.

The Chairman will ensure that the Directors are provided with reasonably adequate advance information on the items on the agenda and arrange for adequate space for the necessary information during the meetings, in particular whether it is not to provide the necessary information with the mentioned advance notice.

5.2 Appointment and replacement of Directors

Pursuant to the law and the By-Laws, the Board of Directors is appointed on the basis of lists submitted by Shareholders who, at the time the lists are submitted, are entitled to vote at the related Shareholders' Meetings, filed at the Company's registered office, no later than the twenty-fifth day before the date of the Meeting. Each list that contains a number of candidates equal to or greater than three must ensure respect of the balance between genders at least to the minimum extent required by the legislation and regulations currently in force.

In order to be valid, each list must include at least two candidates who comply with current legal and regulatory requirements relating to independence; they must be indicated separately.

It is also pointed out that, pursuant to the application criterion 3.C.3 of the Code of Conduct, since the Company belongs to the FTSE MIB index (starting in September 2015), at least one third of the Board of Directors must be made up of Independent Directors. If such a number is not an integer, it shall be rounded down.

Each entity submitting a list, the parties to a material shareholders' agreement for the purposes of Art. 122 of the TUF, regarding financial instruments issued by the Company, the parent company, subsidiaries and those which are subject to common control for the purposes of Art. 93 of the TUF, cannot submit nor participate in submitting more than one list, not even through a third party or a trust company, nor can vote, not even through a third party or a trust company, for lists other than the list they have submitted. Any support and votes cast in breach of such provision shall not be allocated to any list.

Each candidate may feature on only one list; otherwise their candidacy is declared void.

Lists may be submitted by Shareholders who, alone or together with others, are holders of a stake determined pursuant to legal and regulatory provisions in force, as each time notified in the notice of call of the Meeting. With reference to the appointment of the Board of Directors in force by the Shareholders' Meeting of 28 April 2016, said stake, identified by CONSOB in its Resolution no. 19499 of 28 January 2016, was equal to 1% of the ordinary share capital.

The lists will be accompanied by full information regarding the personal and professional characteristics of the candidates, with an indication of their suitability to qualify as independent, and are immediately published on the Company's website.

If during the year one or more Directors cease to hold office, as long as the majority is still made up of Directors appointed by the Meeting, the procedure, pursuant to Art. 2386 of the Italian Civil Code, will be as follows:

- the Board of Directors appoints the deputies from among the candidates belonging to the same list as the departing Directors in order starting with the first non-elected candidate, provided that, if the Deputy must meet the requirements of independence and/or must belong to the less represented gender, the first unelected independent candidate on the same list will be appointed and/or the first unelected candidate belonging to the less represented gender on the same list;
- if the above list does not contain candidates not previously elected, the Board of Directors provides for the replacement of the departing Directors without observing the provisions of point i), while, nevertheless, respecting the gender proportion laid down by the laws and regulations in force.

If there ceases to be a majority of the Directors appointed by the Meeting, the entire Board will be deemed to have resigned and the Meeting must be called without delay by the Directors still in office for the reconstitution of it according to the above schedule.

For the resolutions on the replacement of Directors pursuant to Art. 2386 of the Italian Civil Code, the Meeting acts pursuant to the legal majorities without a commitment to the list, taking care to ensure the presence on the Board of Directors of at least two members who meet the independence requirements prescribed by the applicable laws and regulations and to comply with the gender proportion laid down by the applicable laws and regulations.

5.3 Composition

The By-Laws allocate the management of the Company to a Board of Directors composed of no less than 15 and no more than 25 members, appointed by the Shareholders' Meeting, after having established the number, and meeting the requirements of suitability for the office, as set forth in the applicable laws and regulations.

The Directors hold office for three financial years or for the minimum amount of time established by the Shareholders' Meeting in the context of the appointment and may be re-elected.

The Ordinary Shareholders' Meeting of 28 April 2016 has, most recently, appointed the Board of Directors of the Company, consisting of 22 members, giving them a mandate of three years and, therefore, up to the Meeting called to approve the 2018 financial statements.

Under Art. 10 of the By-Laws and pursuant to current legislation and regulations, the appointment of the members of the Board of Directors took place on the basis of the lists submitted, in accordance with the Law and the By-Laws, one by the Controlling Shareholder at the time, Finsoe, and the other, jointly, by some asset management companies and institutional investors holding a stake of 1.121%. These lists were accompanied, inter alia, by the statements in which the individual candidates declared that there were no grounds for ineligibility or incompatibility, and that the requirements for their respective positions were met, and a by curriculum vitae of their personal and professional characteristics with appropriate indication of their suitability to qualify as independent under the Code of Conduct and Art. 147-ter of the TUF and the existing provisions of law. The lists with the aforementioned statements are available in the Section *Governance/Shareholder's Meetings* of the Company's website.

Furthermore, for the purpose of the mentioned appointment, the Shareholders were able to consider the "Advice for Shareholders on the size and composition of the new Board of Directors", expressed in view of said Meeting of the expiring Board of Directors, with the support of the Nomination and Corporate Governance Committee, taking into account the outcome of the Board Performance Evaluation. In expressing its Advice, the outgoing administrative body had also taken the applicable regulations into account, according to which specific requirements of professionalism, integrity and independence must be met by the individual members of the Board and by the Board as a whole.

The mentioned Shareholders' Meetings of 28 April 2016 authorised - pursuant to Art. 2390 of the Italian Civil Code, within the limits of the law (and, therefore, in compliance with the provisions of Art. 36 of Decree-Law no. 201 of 6 December 2011, converted with amendments by Law no. 214 of 22 December 2011 on the so-called "prohibition of interlocking") - the exercise of concurrent activities by the members of the Board of Directors.

On 22 April 2018, the Shareholders' Meeting confirmed the Director Mr. Massimo Desiderio, appointed by the Board of Directors during the previous year to replace a resigning Director.

The Board of Directors, upon appointment, duly fulfilled the obligations assigned to it by law with regard to the verification that its members meet legal and statutory requirements, in terms of good repute, professionalism and independence, and absence of legal obstacles, of grounds of disqualification and incompatibility situations. This assessment was carried out in compliance with the Fit&Proper Policy adopted by the Company and is also conducted periodically by the administrative body, on an annual basis, most recently at its meeting on 14 June 2018.

Mr. Roberto Giay, Head of Legal Affairs, Shareholdings and Institutional Relations Department, has been elected pursuant to Art. 11 of the By-Laws as Secretary of the Board of Directors.

The structure, composition and any additional information required by the Code of Conduct concerning the Board of Directors are shown in Tables 1 and 2 attached to Report.

The CVs of the Directors currently in office can be found on the Company's website, in the *Governance/Boards and Officials/Board of Directors* section.

5.4 Diversity policy

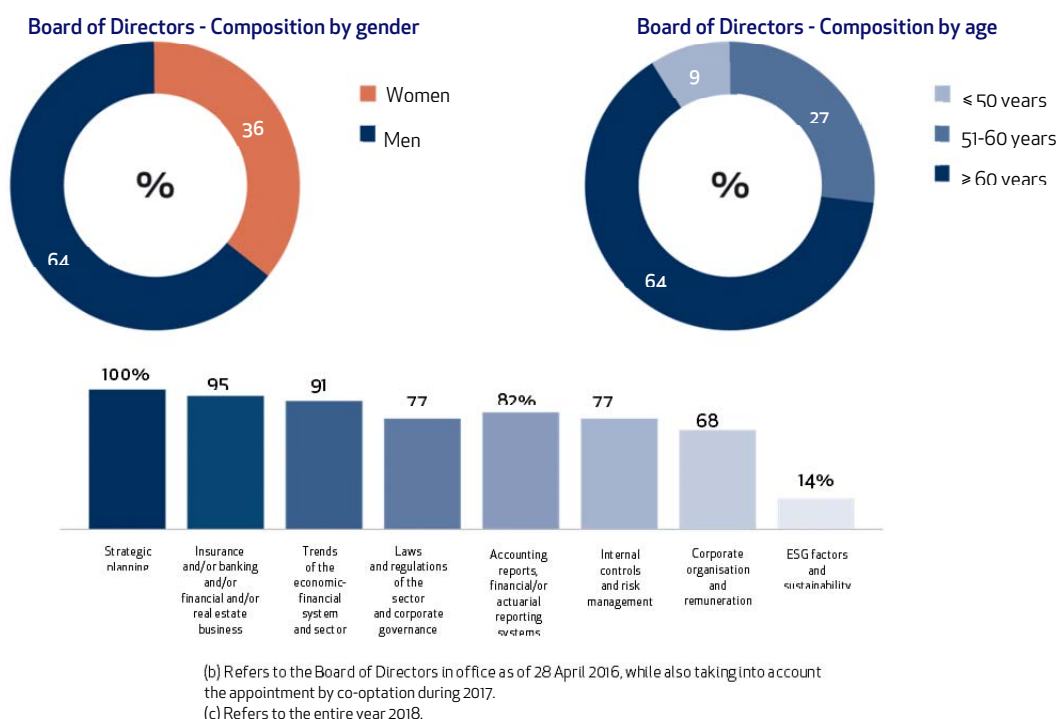
At the meeting of 7 February 2019, the administrative body approved, pursuant to art. 123-*bis* of the TUF and the recommendations contained in this regard in the Code of Conduct, the "Diversity Policy relative to the composition of the Board of Directors and the Board of Statutory Auditors of Unipol S.p.A." (the "Diversity Policy").

With reference to the principles contained in the Policy in question, the following should be noted and highlighted:

- as regards the composition of the administrative body, provided that:
 - as recommended by the Code, the Board of Directors - upon expiry of its mandate and at the time of calling the Shareholders' Meeting to deliberate upon the related resolutions - expresses to Shareholders - also by taking into account the results of the annual assessment of the size, composition and functioning of the Board itself and its committees ("Board Performance Evaluation") - its advice on the size and optimal composition of the new administrative body, with reference, amongst other times, to the managerial and professional figures whose presence is deemed appropriate (the "Advice");
 - by means of this recommendation, the Code of Conduct, in fact, recommends in general terms that the Shareholders of the issuer, at the time of the submission of the candidates' lists for the Board of Directors, assess, also in the light of the Advice expressed by the outgoing Board, the personal characteristics, in terms of experience, also in a management position, and gender of the candidates, in proportion to the size of the company, the complexity and specificity of the business sector in which it operates, and the size of the Board,
- the Diversity Policy intends to provide guidelines for the formulation of this Advice, providing for some indications regarding the composition, both quantitative and qualitative, of the Board of Directors;
- With regard to qualitative aspects in particular, the Policy also provides that:
 - in addition to the provisions of the TUF and in compliance with applicable sector regulations, at least one third of the Directors are in any case in possession of the independence requirements in compliance with the Code of Conduct, thereby allowing for - amongst other items- a heterogeneous composition of the intra-Board committees;
 - also regardless of the provisions of law still applicable to the Administrative Body of the Company in the matter of gender balance, at least one third of the members of this body belongs to the less represented gender, both at the time of appointment of the body itself and during the mandate, with rounding, in the case of a fractional number, to the higher number;
 - a balanced combination of different seniority and age brackets must be ensured within the Board of Directors, thereby expressing the significant value that the experience gained and the knowledge of the Group's activities and dynamics can bring in terms of contribution to the effective functioning of the administrative body;
 - the managerial and/or professional and/or academic and/or institutional profiles of each of the Directors, in accordance with applicable sector regulations, are such as to enable the Board of Directors to retain, as a whole, a series technical skills and experience that are different and complementary for the purposes of fulfilling their tasks.

The Diversity Policy is attached to this Report and is made available according to the timeframes and methods set forth by the applicable laws.

In expressing its own Advice in view of the Shareholders' Meeting of 18 April 2019, the outgoing administrative body took into account the guidelines contained in the Diversity Policy



5.5 Criteria for the holding of offices in other companies

Directors accept office when they feel they can perform their duties diligently for as long as necessary, even taking into account the number of mandates as a Director or Statutory Auditor held by them in other companies listed on regulated markets (including abroad), in major financial, banking and insurance or other large companies.

The Board of Directors, starting from 2009, has adopted a specific Regulation as the guideline for the maximum number of positions of a Director or Statutory Auditor that can be considered compatible with the effective execution of the mandate of Director of the Company, pursuant to the application criteria 1.C.2. and 1.C.3. of the Code of Conduct; it provides for the verification of the number of offices held by Directors to be performed by the Board of Directors every year and disclosed in the report on corporate governance and ownership structures.

The Regulation in question (which can be consulted in the *Governance* section of the Company's website) defines certain general criteria, which take account of the actual role that the Unipol Director holds in other companies, as well as the nature and size of those companies and introduces different limits, respectively, for the role of Chairman, Executive Director, Non-Executive Director or independent Director of Unipol, as well as the procedure to be followed in the case of appointment and any surpassing of the limit to the number of offices held.

The text of the Regulation was changed by the Board of Directors in its meeting of 14 February 2013 for the purpose of aligning it to the prohibitions introduced by Art. 36 of Decree-Law no. 201 of 6 December 2011, converted, with amendments, by Law no. 214 of 22 December 2011 (the so-called Interlocking ban).

The number of offices held by the Directors is verified by the Board of Directors at the time the Directors are appointed and, thereafter, once a year.

In the meeting of 14 June 2018, the Board of Directors conducted the annual assessment of the satisfaction of the requirements with regard to the overlapping of tasks for the Directors, assessing that all the members of the Board of Directors are capable of performing their duties effectively.

Lastly, no situations of so-called "cross-directorship" were identified.

5.6 Induction Program

The Company dedicates adequate attention to the training of its Directors and Statutory Auditors. Pursuant to Art. 5, letter r) of the ISVAP Regulation no. 20/2008 and for the purposes of application criterion 2.C.2. of the Code of Conduct, during the Year specific in-depth courses were carried out on some issues in order to enable the Directors and Board of Statutory Auditors members to acquire an adequate knowledge of the business sector in which the Company and the Group operate, the business dynamics and their evolution and also the regulatory reference framework.

In particular, during the Year, three induction sessions were organized and dedicated to the study of issues related to: i) the agency distribution network, ii) Insurtech and Big Data and iii) the corporate governance system in light of the changes introduced by the Regulation 38 IVASS.

The induction sessions were developed on the basis of presentations by the top management of the Company in charge for the subject, who have described the processes object of the training, focusing on the issues of greatest interest for the corporate bodies.

5.7 Non-executive and independent Directors

The Company, in line with international best practice, placing particular attention on the requirement for substantial independence of its non-executive Directors, adopts a restrictive interpretation of the provisions contained in the Code of Conduct, in order to ensure the interests of all Shareholders, both majority and minority.

Without prejudice to the fact that the Code of Conduct recommends that the Board of Directors of the Company be composed of at least one third independent Directors, taking into account the current shareholding structure of Unipol, all of the following company Directors have been considered as non-independent:

- members of the Management Committee of the shareholders' agreement which binds some Unipol shareholders; or
- prominent representatives of the main shareholder of the Company.

In order again to respect the substantial interests involved and in line with the general prudential approach in question, the Directors who hold the afore-mentioned offices have been assessed as non-independent also pursuant to the TUF.

The current Board of Directors is composed - with the exception of the Chief Executive Officer and Group CEO - of non-executive Directors, i.e. without management powers and not holding strategic or management positions in the Company or the Subsidiaries of strategic importance, as provided for in the Code of Conduct.

It should be noted that the mentioned Fit&Proper Policy provides that the assessment of the independence requirement of a Director should take into account also 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 of the Professional or Consulting Firm of which the same is a partner or shareholder or, at any rate, exceeding the amount of Euro 200,000.

The annual assessment by the Board of Directors - as previously described - of the independence requirements of the non-executive Directors in accordance with the Consolidated Law on Finance and the Code of Conduct was carried out most recently at the board meeting of 14 June 2018.

The outcome of the assessment is shown in Table 1 attached hereto, remembering in this regard that the Company is required to comply with the requirements set for the companies that are part of the FTSE MIB index.

The Board of Statutory Auditors reports on the outcome of the assessments carried out on the correct application of the assessment criteria and procedures adopted by the Board of Directors in regard to the independence of its members in the Statutory Auditors' report.

In compliance with the provisions contained in the Code of Conduct, a meeting of the independent directors was held. At this meeting, issues related to the strategic vision of the Company and the Group and the functioning of the Board of Directors and the board Committees were discussed, among others.

BOARD OF DIRECTORS

The Board of Directors is invested with the broadest powers for the ordinary and extraordinary management of the Company. It therefore has the right to perform all acts, including disposals, which it considers desirable for the achievement of the purpose of business, excluding only those that the law expressly assigns to the Shareholders' Meeting.

COMPOSITION OF THE BOARD OF DIRECTORS APPOINTED BY THE SHAREHOLDERS' MEETING OF 28 APRIL 2016						
<div> <div>○</div> <div>Chairman Stefanini Pierluigi</div> </div> <div> <div>○▲</div> <div>Deputy Chairman Pasquariello Maria Antonietta</div> </div> <div> <div>●</div> <div>AD / Group CEO / DG Cimbri Carlo</div> </div>						
<div>○▲</div> <div>Balducci Gianmaria</div>	<div>○</div> <div>Berardini Francesco</div>	<div>○▲</div> <div>Candini Silvia Elisabetta</div>	<div>○ (a)</div> <div>Cattabiani Paolo</div>	<div>○ (a)</div> <div>Dalle Rive Ernesto</div>	<div>○▲</div> <div>De Luise Patrizia</div>	
<div>○▲ (*)</div> <div>Desiderio Massimo</div>	<div>○▲</div> <div>Ferraboli Anna Maria</div>	<div>○ (a)</div> <div>Ferré Daniele</div>	<div>○▲</div> <div>Gualtieri Giuseppina</div>	<div>○□</div> <div>Levorato Claudio</div>	<div>○▲</div> <div>Morara Pier Luigi</div>	<div>○▲</div> <div>Mundo Antonietta</div>
<div>○</div> <div>Pacchioni Milo</div>	<div>○▲</div> <div>Trovò Annamaria</div>	<div>○</div> <div>Turrini Adriano</div>	<div>○▲</div> <div>Zambelli Rossana</div>	<div>○ (a)</div> <div>Zini Carlo</div>	<div>○</div> <div>Zucchelli Mario</div>	
<div>● Executive</div> <div>○ Non-executive</div> <div>▲ Independent according to the Code and TUF (1)</div> <div>□ Independent only according to TUF</div>						

(1) Indicates if the Director was identified by the Board of Directors as an independent member of the Board, according to the criteria set forth in the Code of Conduct, and who at the same time possesses the independence prerequisites established by Art. 148, paragraph 3, of the TUF.

(a) Director excluded, with reference to the year 2018, from the list of independent Directors after taking into account the current Unipol shareholding structure given that all the following Directors of the Company were deemed non-independent: i) members of the Management Committee of the shareholders' agreement that binds some Unipol shareholders or ii) prominent representatives of the administrative body of the main shareholder of the Company.

(*) Director co-opted by the Board of Directors on 3 August 2017 to replace the resigned Mr. Sandro Pierri, appointed by the Ordinary Shareholders' Meeting of 28 April 2018.

5.8 Lead Independent Director

The Chairman has not been delegated operational powers, and has no specific role in developing corporate strategies. The separation of the roles of Chairman and Chief Executive Officer and Group CEO has not necessitated the appointment of a Lead Independent Director, there not being the conditions pursuant to application criterion 2.C.3. of the Code of Conduct.

5.9 Remuneration

The Shareholders' Meeting of 28 April 2016 resolved on a gross annual remuneration for each Director of Euro 50,000, as well as payment of a gross attendance fee of Euro 1,000 for each Board or Shareholders' Meeting attended, reduced to Euro 500 in case of participation through telephone or audiovisual connection.

This Meeting also resolved to provide insurance coverage, as in the past, for risks related to third party liability arising from the legal and contractual obligations associated with the office of Director and the associated legal protection, with costs borne by the Company, conferring on the Board of Directors and, on its behalf, on the Chairman, the broadest powers for implementation of the resolution, including the power to make any changes to the insurance policy in place that may be appropriate in relation to the terms and conditions, as long as in line with the market.

The Board of Directors, after consultation with the Remuneration Committee and the Board of Statutory Auditors, in its meeting of 30 June 2016, defined the remuneration of the Chairman, Deputy Chairman and Chief Executive Officer and Group CEO for the offices held.

The Board of Directors has also approved a fixed gross fee of Euro 1,000 for the Directors for participation in each meeting of the Board Committees of which they are members, reduced to Euro 500 in case of participation through telephone or audiovisual connection.

The remuneration of non-executive Directors does not depend on the performance of the Company, nor are there any plans for share-based incentives or, in general, those based on financial instruments for members of the Board of Directors. The Chief Executive Officer and Group CEO as well as General Manager, pursuant to normal market practice and taking into account the principles of the Code of Conduct concerning the correlation between the remuneration of top management positions and company results, receives a short and long-term variable remuneration component, calculated by applying the criteria provided for in the variable remuneration system for Group Managers.

At the meeting held on 8 February 2018, the Company's Board of Directors, upon the proposal of the Remuneration Committee, approved the General policy for remuneration of members of corporate bodies and Key Managers of the Company for the financial year 2018; it was presented to the Company's Shareholders' Meeting of 24 April 2018.

The Remuneration Report prepared pursuant to art. 123-*ter* of the TUF - approved by the administrative body in the meeting of 22 March 2018 - was presented to the same Shareholders' Meeting.

In that meeting, the same Board of Directors has finally confirmed the existence of the conditions necessary to proceed with the disbursement of the variable component of short-term remuneration for the 2017 financial year (IBT).

The Board of Directors of 14 March 2019, upon proposal of the Remuneration Committee:

- (i) has formulated the Remuneration Policies, pursuant to the IVASS Regulation 38, substantially in line with previous years;
- (ii) has confirmed the existence of the conditions necessary to proceed with:
 - a. the disbursement of the variable component of short-term remuneration for the 2018 financial year (IBT);
 - b. the disbursement of the first instalment of the variable long-term remuneration for the three-year period 2016-2018 (LTI);
- (iii) has approved the Information Document regarding the update of the compensation plan based on financial instruments, pursuant to Art. 114-*bis* of the TUF, and including the relative regulation of the same plan
- (iv) has approved the Remuneration Report prepared pursuant to Art. 123-*ter* of the TUF which, together with the documents referred to in points (i) and (iii) will be examined by the Shareholders' Meeting called to approve the 2018 financial statements.

Please refer to the documentation mentioned above (available in the *Governance* section of the Company's website) for information on the objectives pursued by the Remuneration Policy, the principles that underlie it, the criteria used to determine the relationship between the fixed and variable component, the performance objectives to which variable components are linked, the terms for the vesting of rights, as well as mechanisms to incentivise the heads of the Company Control Functions; the same document also provides detailed information on the size of the remunerations received, during the Year, by the Chairman, the members of the Board of Directors, by the Chief Executive Officer and Group CEO, as well as the General Manager and total remunerations received by the Key Managers.

5.10 Succession plans

With reference to the recommendations contained in CONSOB Communication no.DEM/110129884 of 24 February 2011 and the application criterion 5.C.2 of the Code of Conduct, note that, in the meeting of 9 February 2017, the Board of Directors resolved not to adopt Succession Planning for Executive directors, in consideration:

- of the consolidation of the Succession Planning for the key managers of the Group;
- of the structure of the executive powers delegated to the first line managers of the Company, which allows the execution of the ordinary business operations of the Company;
- of the stable shareholding structure of control as conditions and instruments that are suitable to promptly face a possible phase of succession of these subjects while guaranteeing the suitable transitional running of the company management.

In this respect, it is pointed out that the Company has continued the activities aimed at implementing the Succession Planning project for Key Managers.

The activity, in line with the model of managerial skills adopted by the Group, is a continuation of the assessment processes already initiated in previous years and has the objective of identifying short, medium and long-term successors for the more prominent organisational positions. The assessment approach envisaged focuses on both the professional skills demonstrated as well as individual potential, also using the direct contribution of management, called upon - through appropriate interview methodologies - to identify a panel of successors not only in the vertical line of responsibility but also in the cross-sectional knowledge of resources belonging to other areas of the company. The methodology adopted also uses, among the reference parameters, the Job Description tool, organising the most significant information to define a clear and easy-to-use network of skills. Finally, the process also takes account not only of the importance of the position currently held by the persons identified, but also those, which could potentially be covered, considering the attractiveness in terms of retention.

5.11 Annual self-assessment

The Board of Directors of the Company conducts an annual evaluation of the size, composition and functioning of the same administrative body and of the Board and intra-Board Committees, while also taking into account elements such as professional, experiential, even managerial, and gender characteristics of their members as well as their seniority levels (the "Board Performance Evaluation").

The self-assessment process is divided into the following phases: *(i)* individual discussion with each Director and Auditor, even on the basis of a self-assessment questionnaire; *(ii)* analysis of indications and comments that emerged; *(iii)* discussion during the Board meeting of the results that emerged during the aforementioned Board Performance Evaluation activities. The questionnaire and the interviews are used jointly for the purposes of defining the aforementioned evaluation. The procedures for conducting the Board Performance Evaluation are suitable for enhancing the individual contribution of each Director.

To perform these activities, the competent Nomination and Corporate Governance Committee which oversees the entire board review process availed itself of the support of Egon Zehnder International S.p.A., an advisor of primary standing in the sector and which also holds the same mandate for UnipolSai. The administrative body had entrusted the aforementioned advisor with a three-year mandate to cover the entire term of office of the Board of Directors and, therefore, follow the evolution of the same during the period 2016-2018: an annual Board Performance Evaluation is carried out, taking into account, on the one hand, the evolution of legislation and the experience of other best practices and, on the other, the work carried out by the Board of Directors over the three years.

The Board Performance Evaluation for the 2017 financial year was presented and shared - following an examination by the Nomination and Corporate Governance Committee - at the Board of Directors' meeting held on 10 May 2018, and during which the assessments in relation to points of strength and areas for improvement were discussed.

With regard to the 2017 financial year, the result that emerged is overall very positive, both in terms of compliance with its regulations and with the recommendations of the Code of Conduct, and with reference to the environment created within the administrative body. In particular, the component represented by the Independent Directors was adequate in relation to the composition of the Board of Directors and the Committees in addition to being suitable to guarantee the composition of the interests of the Shareholders. The Board Performance Evaluation also provided a satisfactory representation of diversity in the administrative body, with reference to the gender, skills and seniority of the Directors.

Given that the mandate of the current administrative body expires on the Shareholders' Meeting called to approve the 2018 financial statements and - in order to address to the Shareholders the opinion referred to in paragraph 5.4 above - the Board of Directors initiated the annual Board Performance Evaluation already at the end of the year; its results were presented and shared, following a review by the Nomination and Corporate Governance Committee, at the Board of Directors' meeting held on 7 February 2019.

With regard to the 2018 financial year, the result continues to be overall very positive, both in terms of compliance with its regulations and with the recommendations of the Code of Conduct, and with reference to the environment created within the administrative body as well as the component represented by independent directors.

The aforementioned Advice was published together with the notice convening the Shareholders' Meeting and is attached to the Explanatory Report of the relative agenda of the day, available on the Company's website in the section Governance / Shareholders' Meetings / Shareholders' Meeting - April 2019.

6. The Chairman

The Chairman of the Company is elected, pursuant to Art. 11 of the By-Laws, by the Board of Directors from among its members, for three years or for the shorter period of office of the Board itself.

After the appointment of the new administrative body for the years 2016, 2017 and 2018, the Board of Directors, in its meeting of 28 April 2016, confirmed Mr. Pierluigi Stefanini as Chairman of the Company.

The Chairman has the power to provide impetus to the actions of the Board of Directors, ensuring the promotion of transparency in the Company's business, and taking care to represent all Shareholders.

In particular, the Chairman ensures continuity of relations between the Board and Directors holding special offices, stimulating their activity and ensuring a fruitful mutual collaboration.

The Chairman ensures that Directors and Statutory Auditors may take part, subsequent to appointment and for the duration of their term of office, in initiatives aimed at providing them with adequate knowledge of the industry in which the Company and the Group operate, corporate dynamics and evolution of the same, as well as the relevant regulatory framework.

The Chairman and Chief Executive Officer and the Group CEO, keeping constant dialogue, identify opportunities and risks of the insurance, banking and finance businesses in general, on which the Chairman keeps the Board of Directors informed, in order for it to be able to take its own decisions regarding the direction and coordination of the Company and Group. The Chairman collects the aspirations of Shareholders for these to be translated into strategic and operational guidelines for the Board of Directors. The Chairman is also responsible for ensuring that transactions, apart from the income and financial results, are qualitatively such as to produce continuity of results, competitiveness in the business and protection of resources and assets.

The Chairman has access to all information within the corporate structure, informing the Chief Executive Officer and Group CEO of information acquired from other sources, for the orderly management of the structure itself.

The Chairman, at the request of one or more Directors, may request the Chief Executive Officer and Group CEO that Managers of the Company and its Subsidiaries, responsible for the relevant corporate functions according to the

subject, attend Board meetings to provide useful information on items on the agenda. During the Year, the Financial Reporting Officer took part in board meetings, also to provide, if necessary, the appropriate details on the topics for which he is responsible included on the agenda. Several Heads of the main business areas also took part.

The Chairman, in consultation with the Chief Executive Officer and Group CEO, is also responsible mainly for:

- planning the work of the Board of Directors, ensuring that the documentation relating to the items on the agenda is brought to the attention of Directors and Statutory Auditors sufficiently in advance of the date of the Board meeting;
- proposing to the Board of Directors - having acquired the opinion of the Nomination and Corporate Governance Committee - nominations for the General Manager and, if applicable, Deputy General Manager of the Company;
- proposing to the Board of Directors - having acquired the opinion of the Nomination and Corporate Governance Committee - nominations for members of the Board Committees of the Company;
- proposing to the Board of Directors candidates for the positions of Director and Statutory Auditor of important companies (whether Subsidiaries with strategic importance or investees) after having submitted such candidates to the Nomination and Corporate Governance Committee.

In terms of remuneration, during the Year the Chairman carried out (and continues to carry out currently) the duties described in the Remuneration Report prepared pursuant to Art. 123-*ter* of the Consolidated Law on Finance, which may be consulted within legal terms in the *Governance* Section of the Company's website.

The Chairman, as a member of the Chairman's Committee, Nomination and Corporate Governance Committee and Sustainability Committee, attends all of their meetings.

7. The Deputy Chairman

The Deputy Chairman is elected, pursuant to Art. 11 of the By-Laws, by the Board of Directors from among its members, for three years or for the shorter period of office of the Board itself.

The Board of Directors, in its meeting of 28 April 2016, confirmed Ms Maria Antonietta Pasquariello as Deputy Chairman of the Company.

The Deputy Chairman, as a member the Chairman's Committee, attends all of its meetings.

The Deputy Chairman replaces the Chairman in his/her absence or impediment.

8. The Chief Executive Officer, GROUP CEO and General Manager

The Chief Executive Officer is appointed by the Board of Directors from among its members, for three financial years or for the shorter period of office of the Board itself.

During its meeting on 28 April 2016, the administrative body of Unipol confirmed Mr Carlo Cimbri as Chief Executive Officer of the Company, attributing him the role of Group CEO, as the main subject in charge of promoting the managing directives and policies of the Unipol Group in Italy and abroad as well as coordinating and monitoring its business operations, giving him the tasks listed below, to be carried out consistently with the general programmatic and strategic policies defined by the Board of Directors:

- ensure the implementation of the resolutions of the Board of Directors and of the Shareholders' Meeting of the Company;
- ensure the ordinary management of the corporate affairs of the Company as well as the governance, supervision and coordination of the entire activity of the Unipol Group;
- promote the corporate policies of the Company and the Unipol Group;
- formulate the proposals relating to the long-term plans and the annual budgets of the Company and the Unipol Group to be submitted to the study and approval of the Board of Directors;

- ensure that the organisational, administrative and accounting structure is adequate for the Company and the Unipol Group;
- set guidelines to draw up the financial statements of the Company; predispose the proposals to be submitted to the Board of Directors on the draft separate and consolidated financial statements and on the interim financial reports.

The Chief Executive Officer and Group CEO - in his capacity as Executive Director of the Company - carries out primarily the following functions:

- a) jointly with the Chairman:
 - identifies strategies regarding the structure of the Company and the Unipol Group to be submitted to the Board of Directors;
 - examines in advance transactions of significant economic and financial importance, according to the criteria established by the Board of Directors, with particular reference to Transactions with Related Parties of “Greater Importance” to be submitted case by case to the Board of Directors;
 - ensures that Directors can carry out their role in an informed and effective manner;
- b) ensures pursuit of the objectives defined by the Board of Directors, issuing the consequent operating directives; ensures implementation of the resolutions of the Board of Directors and operational management of corporate affairs, making recourse to the Top Management of the Company;
- c) defines the guidelines and lines of action of the Group as a whole by ensuring proper operation of the vertical relationships between the Company and the different Group entities;
- d) formulates any proposals to supplement the annual audit plan and may request specific audits not envisaged in the plan itself;
- e) identifies, in agreement with the Chairman, candidates for the position of General Manager and Deputy General Manager of the Company so that the Chairman can submit them to the Nomination and Corporate Governance Committee and propose them to the Board of Directors;
- f) identifies, in agreement with the Chairman, candidates for the offices of Director and Statutory Auditor of important companies (whether Subsidiaries of strategic importance or investees), so that the Chairman can submit them to the Nomination and Corporate Governance Committee and propose them to the Board of Directors;
- g) supervises management of the process of appointing “key Group resources” for the main managerial positions in the different Group entities.

In terms of remuneration, during the Year, the Chief Executive Officer carried out (and continues to carry out currently) the duties described in the Remuneration Report prepared pursuant to Art. 123-ter of the Consolidated Law on Finance, which may be consulted within legal terms in the *Governance* Section of the Company’s website.

If the Chief Executive Officer and Group CEO is in a situation of potential conflict of interest, the functions listed above that are to be carried out by said Chief Executive Officer in agreement with the Chairman, are exercised, in his stead, by the Deputy Chairman.

The Board of Directors has also conferred specific executive powers on the Chief Executive Officer and Group CEO, defining the relevant methods and quantitative limits.

The Chief Executive Officer, as a member of the Chairman’s Committee, attends all of its meetings.

The Chief Executive Officer and Group CEO also has the position of General Manager, as resolved by the Board of Directors pursuant to Art. 15 of the By-Laws, carrying out in such capacity the function of overseeing the management of the Group’s business, in line with strategic planning as defined by the administrative body.

9. Intra-board Committees

The Board of Directors, in order to increase the efficiency and efficacy of its activities, has established specific internal Committees, with advisory and propositional functions, and has defined their relevant tasks also taking into account the criteria set forth in the Code of Conduct.

More specifically, the Board of Directors of 12 May 2016 approved the establishment of the following internal Committees:

- Chairman's Committee;
- Nomination and Corporate Governance Committee;
- Remuneration Committee;
- Control and Risk Committee;
- Related Party Transactions Committee, which is also given the tasks and the functions specified by the regulations issued by the Bank of Italy on risk activities and conflict of interest with "Associated Parties" in its Circular Bank of Italy no. 263/2006;
- Sustainability Committee;
- Ethics Committee.

The members of each Committee were appointed by the Board of Directors and chosen among the members of the latter. These Committees, with the exception of the Chairman's Committee, are composed at least in the majority by independent Directors, as specified in the following paragraphs. The Committees are dissolved at the end of the term of office of the Board of Directors. If one or more Committee members become unavailable for any reason, the Board of Directors chooses a replacement.

In line with the integrations most recently made to the application criterion 4.C.1 of the Code of Conduct, during the Year the Committees required by the Code (i.e. the Nomination and Corporate Governance Committee, the Control and Risk Committee, the Remuneration Committee and the Sustainability Committee) and the Ethics Committee informed the administrative body - during the first meeting that was possible - about the matters dealt with during the meetings of said Committees and any assessments made by them, also when not functional to audits or opinions requested, or in any case preparatory, for the administrative body to pass certain resolutions.

All of the above without prejudice to the assessments implemented during the previous year by the Board of Directors of the Company in relation to the fact that:

- the aspects relating to the risk management that may become significant with respect to medium to long term sustainability are currently being examined by the Control and Risk Committee, which - in accordance with the regulatory and self-regulation framework of the structure of the system of internal controls and risk management adopted by the Company and the Group to implement the regulations in the insurance sector (particularly with regard to the system of the capital requirements of solvency and assessment of the corporate risks) - is part of the framework aimed at defining the annual and forward-looking risk appetite of the Company, sharing the processes and results of the Own Risk and Solvency Assessment (so called ORSA, see below) and the Internal Capital Adequacy Assessment Process (ICAAP, see below);
- the aspects regarding the sustainability issues identified with regard to the interaction of the Company and the Group with their stakeholders are among the tasks of the Sustainability Committee, including that of examining the guidelines and the methodology followed to prepare and monitor the three-year sustainability Plan of the Group.

9.1 The Chairman's Committee

Number of meetings held during the Year: 7.

The Chairman's Committee, appointed on 12 May 2016, is composed of the Chairman of the Board of Directors, the Deputy Chairman, the Chief Executive Officer and Group CEO and the other Directors appointed by the Board of Directors.

The composition of the Chairman's Committee is detailed in the following Table.

	Members	Office held	% attendance	Meetings attended
CHAIRMAN'S COMMITTEE	Stefanini Pierluigi	Chairman	100%	7/7
	Balducci Gianmaria	Member	57%	4/7
	Berardini Francesco	Member	100%	7/7
	Cattabiani Paolo	Member	43%	3/7
	Cimbri Carlo	Member	100%	7/7
	Dalle Rive Ernesto	Member	100%	7/7
	Ferrè Daniele	Member	100%	7/7
	Pacchioni Milo	Member	100%	7/7
	Pasquariello Maria Antonietta	Member	100%	7/7
	Turrini Adriano	Member	71%	5/7
	Zucchelli Mario	Member	100%	7/7

The Chairman's Committee has advisory functions and cooperates in the identification of development policies and guidelines for the strategic and operating plans to be submitted to the Board of Directors, limited in particular on the following topics:

- dividends and/or remuneration of the capital policies;
- transactions of an extraordinary nature under the responsibility of the Shareholders' Meeting, more specifically capital increases and issues of convertible bonds, mergers, demergers, reserves distribution, purchase of own shares and amendments to the By-Laws;
- extraordinary transactions of a relevant strategic interest, or intended to significantly affect the value or structure of the share capital or to significantly affect the price of stocks, such as acquisitions or disposal of relevant shareholdings, aggregations or alliances with other groups as well as significant changes in the structure or composition of the Group;
- multi-year strategic plans and annual budgets of the Company and the Group.

9.2 Nomination and Corporate Governance Committee

Number of meetings held during the Year: 7.

Average length of meetings: about 40 minutes.

Number of meetings planned for 2019: 5 (of which 2 already held).

At its meeting held on 12 May 2016, the Board of Directors appointed the members of the Nomination and Corporate Governance Committee, calling three Directors, all non-executive and mostly independent, to be part of it.

The Chairman of the Committee in question is responsible for drawing up the minutes of the meetings, with the support of the Secretary, whose functions are carried out within the Corporate Affairs and Shareholdings Department.

The Committee guarantees an adequate level of independence of the Directors from management, as it holds a propositional and advisory role in identifying the best composition of the Board of Directors, and in defining the corporate governance system, as a body in charge of the following:

- a) to propose to the Board of Directors the candidates for the offices of Directors in the cases of co-option, if any independent Director must be replaced;
- b) to define times and methods for performing the Board Performance Evaluation;
- c) to inform and update the Board of Directors as regards any developments in the regulations in force and the best practices referring to corporate governance.

The Nomination and Corporate Governance Committee is called upon to express opinions on the following:

- the appointment of the members of the Board Committees of the Company;
- the appointment of the General Manager and, if appropriate, the Deputy General Manager of the Company;

- the names to be submitted for the offices of Directors and Statutory Auditors, as well as those of Chairman, Deputy Chairman, Chief Executive Officer and/or General Manager in the relevant companies (whether Subsidiaries with strategic relevance or investees). To this end, the Chairman is responsible for submitting to the Nomination and Corporate Governance Committee these candidacies, in agreement with the Chief Executive Officer and Group CEO of the Company;
- the implementation of the corporate governance system, the model and the guidelines for Group governance;
- the size and composition of the Board of Directors, along with recommendations as regards the professional roles to be held within the Board of Directors, as well as the maximum number of assignments and derogations to the non-compete clause.

The Committee in question has a budget, approved by the Board of Directors, which is adequate for the performance of its tasks.

In the Year the Nomination and Corporate Governance Committee performed, inter alia, the following activities:

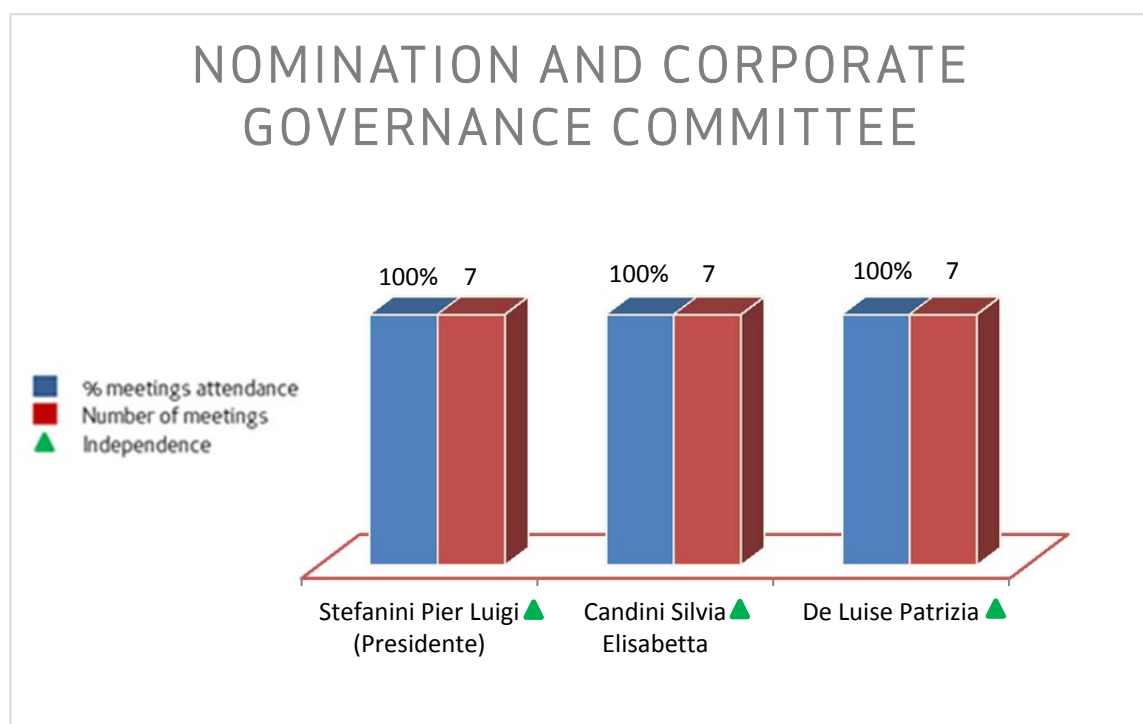
- examined the results of the Board Performance Evaluation with reference to the 2017 financial year;
- reviewed the Annual Report on Corporate Governance referring to 2017.
- defined criteria and methods to carry out the annual Board Performance Evaluation of the Board of Directors, with reference to the year 2018;

With reference to the meetings held to date in 2019, the Nomination and Corporate Governance Committee performed, inter alia, the following activities:

- examined the Annual Report on the application of the Code of Conduct prepared by the Committee for Corporate Governance, consisting of business associations and associations of professional investors, as well as Borsa Italiana.
- examined the results of the annual Board Performance Evaluation process of the Board of Directors and intra-Board Committees;
- has consequently prepared an opinion on the size and optimal composition of the administrative body in order to support it in proposing its opinion to the shareholders in view of the Shareholders' Meeting called to appoint the new Board of Directors;
- reviewed this Report;

The meetings of the Nomination and Corporate Governance Committee were attended, if applicable, by employees of the Company and external parties, upon invitation by the Chairman, in order to provide input on the agenda items.

The table summarizing the Committee with the relative composition is shown below.



9.3 Remuneration Committee

Number of meetings held during the Year: 4.

Average length of meetings: about 1 hour.

Number of meetings planned for 2019: 5 meetings (of which 2 already held, as at this reporting date).

At the meeting of 12 May 2016, the Board of Directors appointed the members of the Remuneration Committee, all independent and two of whom with adequate knowledge and expertise in financial matters or remuneration policies, as assessed by the Board of Directors at the time of their appointment.

The Chairman of the Committee in question is responsible for drawing up the minutes of the meetings, with the support of the Secretary, whose functions are carried out within the Human Resources Department.

The meetings of the Remuneration Committee are attended, by right, by the Chairman of the Board of Statutory Auditors or any other designated Statutory Auditor.

The Remuneration Committee carries out investigative, propositional and advisory functions. In particular, it is in charge of:

- submitting to the Board of Directors proposals regarding general policies for the remuneration of the Directors and the Key Managers (including the Heads of the Company Control Functions) of the Company and of the Subsidiaries with strategic relevance;
- submitting to the Board of Directors proposals for the remuneration of the Chief Executive Officer and Group CEO and the Directors who perform specific duties, as well as for setting up performance objectives related to the variable portions of the remuneration, consistent with the general remuneration policies adopted by the Board of Directors;

- monitoring the implementation of the decisions approved by the Board of Directors, while verifying, in particular, the actual fulfilment of performance objectives;
- periodically assessing the adequacy, the overall consistency and practical application of general policies for the remuneration of the Directors and the Key Managers (including the Heads of the Company Control Functions), within the Company and within the Subsidiaries with strategic relevance, making use, to this end, of the information provided by the Chief Executive Officer and Group CEO and submitting to the Board of Directors proposals in this regard;
- formulating opinions to the Board of Directors regarding the remuneration of the Supervisory Body of the Company pursuant to Legislative Decree no. 231/2001.

The Chairman of the Remuneration Committee is in charge of gathering data and submitting it to the Committee, thus ensuring that all the different topics under examination are accompanied by the information needed to make informed decisions.

No Director or Statutory Auditor attends the meetings of the Remuneration Committee where proposals for the Board of Directors' remunerations are formulated, unless the proposals concern the remuneration of Directors or Statutory Auditors as a whole.

The Chairman and at least one Statutory Auditor of the Board of Statutory Auditors participated in every meeting of the Remuneration Committee.

To carry out the assigned tasks the Remuneration Committee may make use, under the terms and according to the economic resources allocated by the Board of Directors, of external advisers with extensive expertise in remuneration policies as long as (i) these do not provide the corporate structures in charge of human resources management, the Directors or the Key Managers with services of such a significance as to concretely damage the independence of the advisers themselves and (ii) no exceptions of incompatibility of the advisers identified within the overall corporate context are raised by the corporate structures in charge of the management of human resources or by the Chief Executive Officer and Group CEO.

The Remuneration Committee avails itself, for the performance of its tasks, of an adequate budget approved by the Board of Directors.

At the meetings held during the Year and to the date of this Report, the Remuneration Committee carried out mainly the following activities:

In 2018:

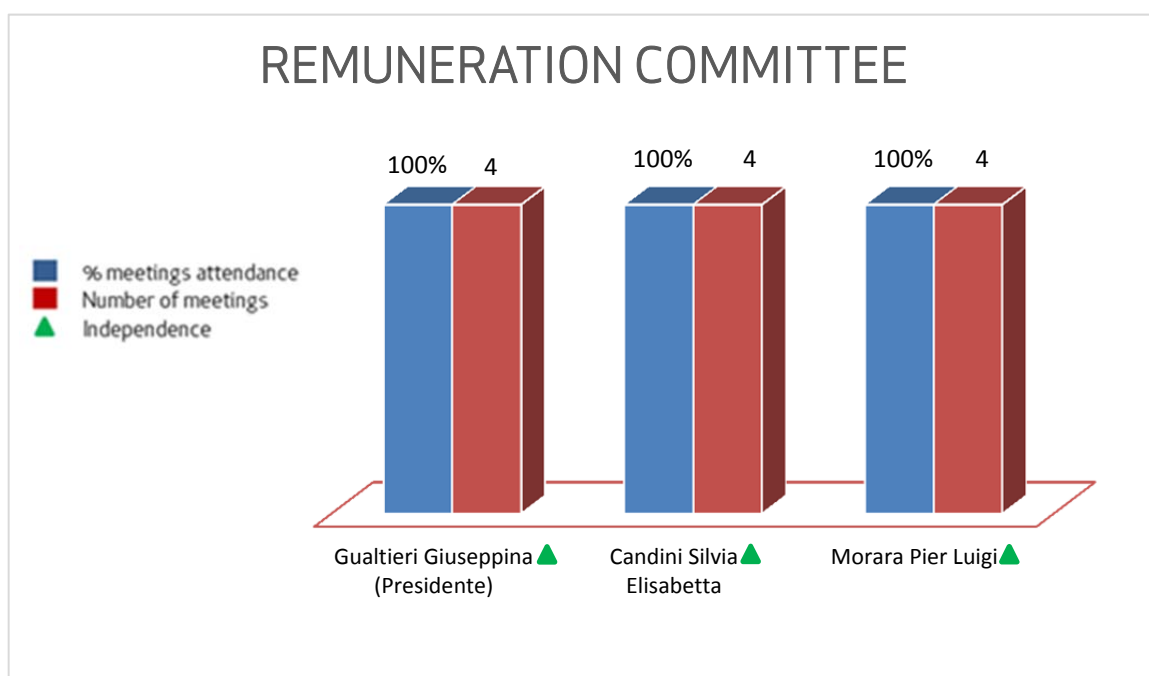
- examined the Remuneration Policies of Unipol and the companies of the Unipol Group for the year 2018, focusing in particular on the additions made to the policies already approved in previous years and noting their substantial continuity;
- examined the Regulations of the remuneration incentive plan of Unipol and of the companies of the Unipol Group for the financial year 2018, noting their substantial continuity with what was already approved in previous years;
- verified the compliance of the Remuneration Policies adopted by Unipol and UnipolSai, with the recommendations made to issuers by the Committee for Corporate Governance of Borsa Italiana, regarding the adequacy of the Remuneration Policies with the pursuit of the objective of sustainability of the company's medium-long term activities;
- compared the objectives assigned to the Chief Executive Officer-Group CEO and General Manager for the financial year 2017, with the results that were actually achieved, noting their full attainment. Following this analysis, the Committee therefore verified the conditions for the full disbursement of the variable component of the remuneration set out in said incentive system in which the Chief Executive Officer-Group CEO and General Manager participates;
- examined the results achieved by the Group in the financial year 2017, focusing in particular on the extraordinary transactions that took place during the same year and assessing their positive effects for the purposes of meeting the conditions necessary for the payment of the short-term variable incentives pursuant to the Regulations of said incentive system;

- examined the draft text of the Remuneration Report prepared pursuant to Art. 123-*ter* of the Consolidated Law on Finance and Art. 84-*quater* of the Issuers' Regulation, noting the correspondence and consistency with the Remuneration Policies adopted by Unipol;

In 2019:

- reviewed and formulated proposals regarding the Group's Remuneration Policies for the current year in compliance with the provisions of IVASS Regulation 38, which fall under the new Business Plan for the three year period 2019-2021 subject to the approval by the competent bodies; it also reviewed the Remuneration Policies of the different businesses of the Group, formulated in accordance with the guidelines provided with regard to the Remuneration Policies of the Group;
- reviewed the results achieved by the Company in 2018 as well as results achieved by the Group at the end of the three year period 2016-2018, with a positive evaluation of the effects with the occurrence of the conditions necessary to proceed with the payment of the short and long-term variable incentives as set forth in the Regulations of the incentive system of the companies of the Unipol Group, formulating proposals regarding the disbursement of said variable components of the remuneration for the executive personnel of the Company;
- compared the objectives assigned to the Chief Executive Officer-Group CEO and General Manager (now defined Group CEO and General Manager) and for the year 2018 with the results that were actually achieved, acknowledging said accomplishment. Following this analysis, the Committee has verified the conditions for the full disbursement of the variable component of the remuneration set forth by the incentive system in which the Group CEO and General Manager participates;
- reviewed the draft Remuneration Report prepared pursuant to Article 123-*ter* of the TUF and article 84-*quater* of the Issuers' Regulation, expressing a favourable opinion and confirming compliance and consistency with the Remuneration Policies adopted.

The table summarizing the Committee with the relative composition is shown below.



9.4 Control and Risk Committee

Number of meetings held during the Year: 10.

Average length of meetings: about 2 hours and 30 minutes.

Number of meetings planned for 2019: 9 (of which 2 already held as at the date of the Report).

At the meeting of 12 May 2016, the Board of Directors appointed the members of the Control and Risk Committee, all independent and one of whom has adequate expertise in accounting and financial matters or risk management policies, as assessed by the Board of Directors at the time of appointment.

At the meeting held on 5 October 2017, the Board of Directors called upon Mr Massimo Desiderio, independent director, to join the Control and Risk Committee to replace Mr Sandro Alfredo Pierri, who resigned from the office of Director on 27 July 2017 effective as of 3 August 2017. Subsequently, on 10 May 2018, Mr. Massimo Desiderio, appointed Director by the Shareholders' Meeting of 24 April 2018, was confirmed as a member of the Control and Risk Committee.

The Chairman is responsible for drawing up the minutes of the meetings, with the support of the Secretary, whose functions are carried out within the Corporate Affairs and Shareholdings Department.

The Committee in question plays a propositional, advisory, investigative and support role to the Board of Directors in relation to the Board's assessments and decisions concerning mainly the internal control and risk management system, as well as to the approval of the regular accounting reports.

As regards the performance of these activities, pursuant to the Regulations applicable to the Committee and to the policies in effect, the Control and Risk Committee carries out in particular the following tasks:

- a) expresses its opinions to the Board of Directors regarding the following:
 - definition of the guidelines for the internal control and risk management system, to correctly identify, measure, manage and monitor the main risks to which the Company and its subsidiaries are exposed, thus assessing the degree of compatibility of such risks with a management of the company in line with the identified strategic objectives;
 - valuation, at least once a year, of the current and future adequacy of the internal control and risk management system with respect to the features of the company and its subsidiaries and to the risk appetite set as well as its effectiveness and its ability to grasp the evolution of corporate risks and the interaction between them;
 - approval, at least once a year, of the work plan prepared by the heads of the Company Control Functions;
 - description, in the annual report on corporate governance, of the main features of the internal control and risk management system and the coordination methods among the subjects involved in it as well as an assessment of the adequacy of that system;
 - after consulting with the Board of Statutory Auditors, assessments of the results provided by the Auditing Company in its letter of suggestions and in the report on key issues identified during the audit;
 - the appointment and removal of the Heads of the Company Control Functions, the availability of suitable resources in fulfilling their responsibility, defining their remuneration in line with the purposely adopted corporate policies (binding opinion);
- b) together with the Financial Reporting Officer, after consulting with the Auditing Company and the Board of Statutory Auditors, assesses the correct application of accounting standards and, with reference to the Consolidated Financial Statements, their consistent use at the Group level;
- c) examines the processes of drawing up the periodic accounting documents prepared by the Group companies in order to prepare the separate and consolidated financial statements;
- d) expresses opinions on specific issues regarding the identification of the main corporate risks; reviews the regular reports containing assessments about the internal control and risk management system, and those of particular relevance, prepared by the Control Functions;
- e) monitors the independence, adequacy, effectiveness and efficiency of the Control Functions;
- f) asks, if applicable, the Audit Function to carry out assessments on specific operational areas and inform, at the same time, the Chairman of the Board of Directors, the Appointed Director, the Chief Executive Officer and Group CEO and the Chairman of the Board of Statutory Auditors about such assignments;

- g) at least every six months, at the time of the approval of the annual and half-yearly financial statements, reports to the Board of Directors on the activities performed and the adequacy of the internal control and risk management system;
- h) establishes functional connections with the Committees created within the companies of the Group;
- i) supports, with a suitable appraisal, the assessments and decisions of the Board of Directors relating to the management of the risks deriving from events of default that the Board of Directors is aware of.

The Control and Risk Committee, also on the basis of the powers attributed by Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016, to the Board of Statutory Auditors in its role as a committee for internal control and audit, is responsible for establishing the necessary operational coordination also with the Board in order to ensure an efficient performance of the activities shared by both bodies and in compliance with the respective areas of competence. To this end, and to contain the cost of controls, in 2018 the Board of Statutory Auditors attended the meetings of the Committee.

In order to perform its tasks, the Control and Risk Committee makes use of tools and information flows provided specifically by the Control Functions of the Company, so as to allow the Committee itself to issue the required assessments within its area of competence. The Control and Risk Committee may also:

- request to the members of the bodies of the Subsidiaries to provide all information, including documents, deemed necessary to the correct performance of the assigned tasks;
- propose, providing its reasoning, the appointment of external consultants who would support the Committee itself for the performance of tasks assigned thereto;
- propose, promote and call joint meetings to establish and maintain proper functional connections with equivalent Committees set up in the companies of the Group and establish reciprocal information flows.

The Control and Risk Committee is also identified as the body competent to examine the information – prepared by the Risk Management Function and subject to the approval of the Board of Directors – concerning intercompany transactions performed by Unipol and the insurance companies controlled by them, which cause the operating limits set in the Policy on intercompany transactions adopted pursuant to IVASS Regulation no. 30 of 26 October 2016 to be exceeded.

The Committee in question has a budget, approved by the Board of Directors, which is adequate for the performance of its tasks.

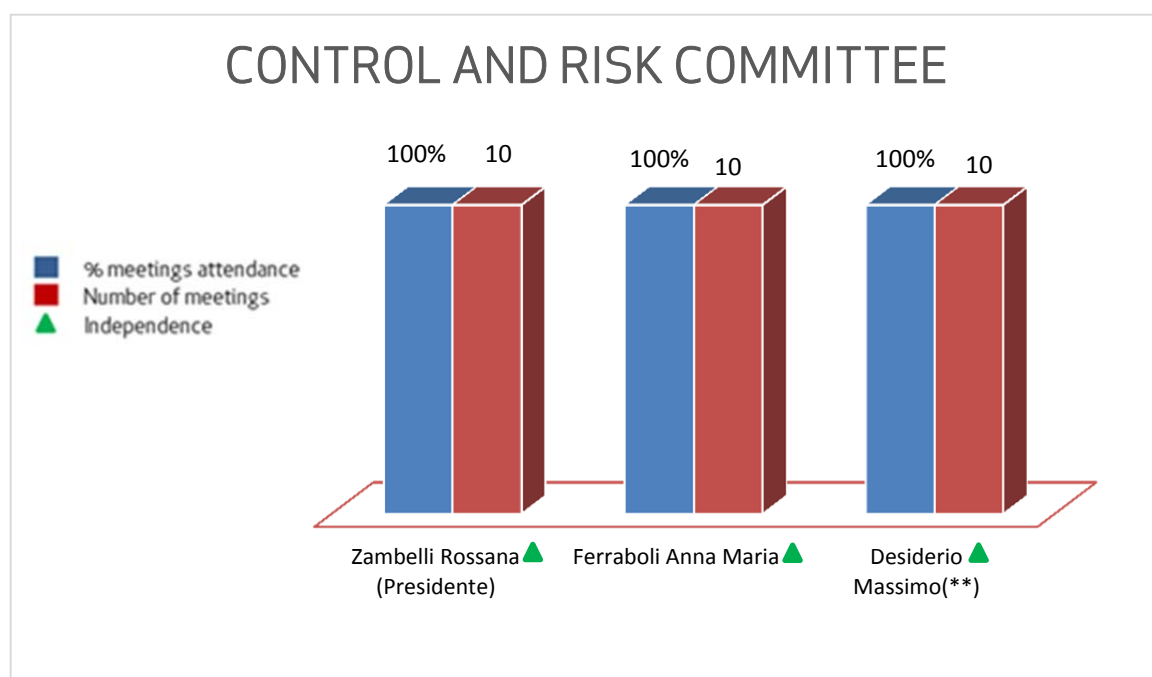
At the meetings held in 2018 and until the date of this Report, the Control and Risk Committee reviewed and evaluated, inter alia:

- the reports on the activities of the Audit Function, including special control activities required by the annual plan and/or outside of said plan and shared with the Committee itself, as well as the corresponding activity plan;
- the reports on the activities of the Risk Management Function and corresponding activity plan, including specific information about the plan for the alignment with the so-called Solvency II regulations;
- the reports on the activities carried out by the Compliance Function, and the corresponding activity plan;
- the reports on the activities carried out by the Anti-Money Laundering Function;
- the reports on the activities carried out by the Actuarial Function and the corresponding activity plan;
- the correct use and consistency in the application of the accounting standards used in the preparation of the consolidated financial statements, as well as the results of the assessments carried out on the internal control systems related to accounting and financial policies (Law 262/2005), through specific meetings with the Financial Reporting Officer and the Auditing Company;
- the proposals related to general policies applied to the remuneration of the Directors and Key Managers of UnipolSai, including the Heads of the Company Control Functions;
- the company's policies, prepared or updated pursuant to the provisions of ISVAP Regulations no. 38/2018 and Bank of Italy Circular no. 285/2013;
- the drafts of the annual Reports on corporate governance and ownership structures referring respectively to 2017 and 2018;
- the results of the audit reports of special significance.

The Committee in question also reported to the Board of Directors on its activities and their results at the time of the approval of the 2017 draft financial statements, interim financial statements as at 30 June 2018 and the 2018 draft financial statements.

The meetings of the Control and Risk Committee were attended by external parties, if applicable, invited by the Committee's Chairman to discuss specific items on the agenda.

The table summarizing the Committee with the relative composition is shown below.



9.5 Sustainability Committee

Number of meetings held during the Financial Year: 2.

Average length of meetings: 1 hour and 30 minutes, approximately.

For the year 2019, 4 meetings are planned (2 of which were already held as at this reporting date).

At its meeting on 12 May 2016, the Board of Directors appointed the members of the Sustainability Committee, the majority of whom are independent.

The Sustainability Committee has investigative, propositional and advisory functions, more specifically carrying out the following tasks:

- examines the sustainability issues identified during the Company's and the Group's interactions with stakeholders, proposing policies for improvement and for the reduction of ESG risks²;
- reviews the guidelines and the methodology adopted for the preparation and monitoring of the sustainability components laid out in the Business Plan;
- evaluates the regular updates on the main activities of preparation for the full achievement of the Group's sustainability objectives;

² ESG risks: environmental, social and governance risks.

- periodically monitors alignment between the indicators of the Sustainability Plan and the activities of the Subsidiaries and the business of the Group;
- reviews the Group's Integrated Report and the UnipolSai Sustainability Report.

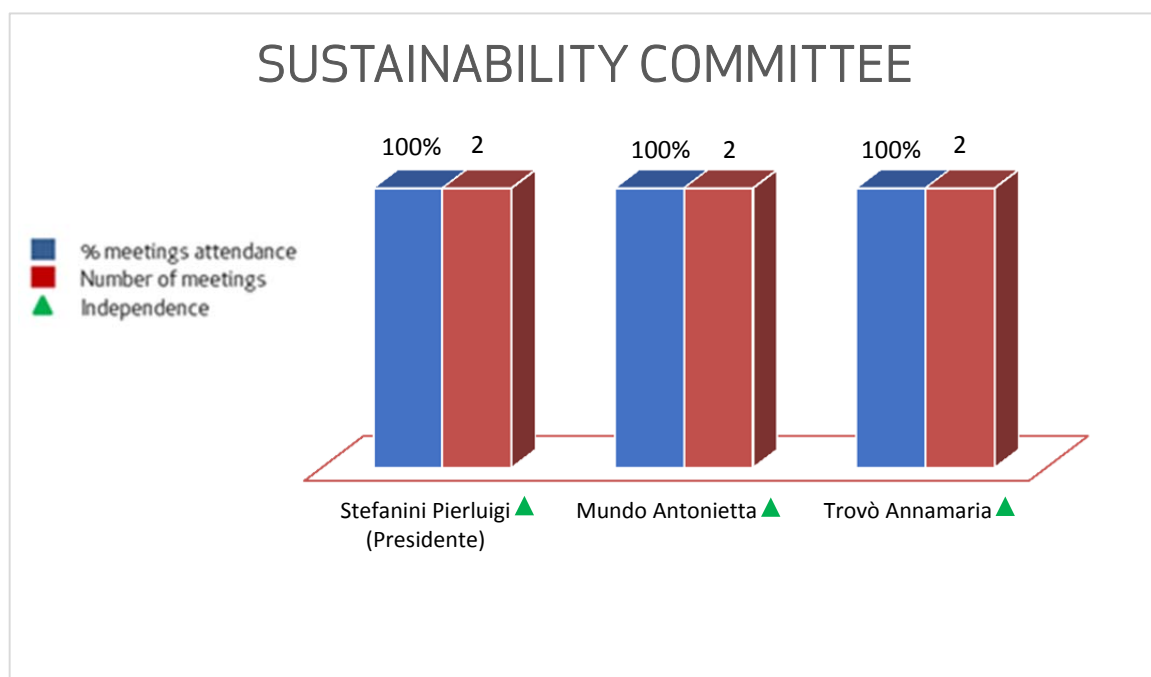
At the time of said meetings, the Sustainability Committee reviewed in particular the activities carried out within the framework of the 2016-2018 Plan and issued opinions and assessments that have contributed to the development of initiatives to improve the strategy, policies and sustainability actions of the Group from a multi-stakeholder perspective. It viewed the monitoring of the Plan KPIs, recognising compliance with the commitments made in this regard.

Particularly important was the adoption of the Sustainability Policy on the part of the Unipol Group as well as the integration of the ESG risk control in the other Policies.

The Committee also reviewed the Unipol Group's 2017 Integrated Report, later approved by the Board of Directors, as well as the 2017 Sustainability Report of UnipolSai Assicurazioni, later approved by the Board of Directors of the latter.

On 5 February 2019 the Sustainability Committee shared the "Communication on Progress" report of the Global Compact, and on 13 March it also reviewed the Integrated Report of the Unipol Group for the financial year 2018 pursuant to Legislative Decree no. 254/16, approved by the Board of Directors in its meeting of 15 March 2019.

The table summarizing the Committee with the relative composition is shown below.



9.6 Ethics Committee

Number of meetings held during the year: 2

Average length of meetings: 1 hour, approximately.

Number of meetings planned for 2019: 2 (of which 1 already held as at this reporting date).

The Ethics Committee meets at least twice a year each time the Chairman or at least two members of the Committee deem it necessary.

At its meeting on 12 May 2016, the Board of Directors appointed the members of the Ethics Committee, all of whom are independent.

The Ethics Committee consists of at least three and at most five members, meeting the independence requirements laid out by legislative and regulatory provisions in force.

The Committee has advisory, propositional and decision-making functions. In particular, that body is given the task of:

- promotion of consistency between the principles of the Code of Ethics and the corporate policies, also interacting with the Supervisory Body, the Control and Risk Committee and the company Departments concerned;
- contributing to the definition of initiatives to promote the knowledge and understanding of the Code of Ethics;
- defining the set-up of the plan of ethics communication, knowledge and awareness-raising in collaboration with the Ethics Officer and with the company Departments concerned;
- monitoring compliance with the Code of Ethics. To this end, through the Ethics Officer, it may carry out assessments on the compliance with the Code of Ethics by the recipients of this, collecting all necessary information and documentation;
- issuing opinions on the more complex reports received by the Ethics Officer of alleged breaches of the Code of Ethics;
- submitting to the attention of the competent bodies of the Unipol Group companies the situations in which violations of the principles laid out in the Code of Ethics have been confirmed so that, in full compliance with legislative provisions and the internal procedures in force over time, such bodies may evaluate the application of any penalty proceedings against those responsible for such violations;
- receiving and reviewing the Ethics Report prepared by the Ethics Officer, handling its publication.

The Ethics Committee has adopted its own regulation for the management of activities and, in particular, as regards the investigatory activities to be carried out in exercising its functions.

The Committee in question has a budget, approved by the Board of Directors, that is adequate for the performance of its tasks.

During its meeting held on 7 February 2019, the Ethics Committee brought to the attention of the Board of Directors of the 2018 Ethics Report and the report of the Board of Directors concerning, inter alia, the general consistency between the principles declared in the Code and company management. The entire Ethics Report was published on the Group's institutional website and a summary version is included in the Group's Integrated Report.

In 2018, the project for education, awareness and training on ethical and value issues - defined in 2016 and launched in 2017 - was continued by the "Unica - Unipol Corporate Academy"; it aims to involve - during the three year period of the Industrial Plan - all Heads (overall about 1,800 managers, officials and mid-level managers) and, progressively, all employees and personnel of the Group Agencies, with the aim of developing joint reflection on the values and principles contained in the Charter of Values of Unipol.

During the course of 2018, it was possible to note how the progress of this training activity was progressively raising awareness on value and ethical issues, thereby creating awareness of the fundamental importance in concretely applying these values in daily operations as well as in relationships with colleagues, collaborators and customers.

At 31 December 2018, a total of 1,118 Heads had been involved. The completion of the project is forecast for 2019.

In order to ensure full transmission of knowledge on the subject and to stimulate greater consistency between Group values and actual behaviours, the Ethics Function has decided - for 2019, and again in collaboration with the Corporate Academy of the Unipol Group (Unica) - to propose the extension of training to all employees and personnel of the Group's agencies; online training methods will be utilized.

The table summarizing the Committee with the relative composition is shown below.



9.7 Related Party Transactions Committee

Number of meetings held during the Year: 11.

Average length of meetings: 1 hour, approximately.

Number of meetings planned for 2019: 6 (of which 3 already held as at the date of this Report).

At the meeting of 12 May 2016, the Board of Directors appointed the members of the Related Party Transactions Committee, all independent and all with adequate knowledge of transactions with related parties, as assessed by the Board of Directors at the time of their appointment. Subsequently, on 5 October 2017, the Board of Directors appointed Mr Massimo Desiderio, appointed as a Director by the Shareholders' Meeting of 24 February 2018 to join the Committee in replacement of Mr Sandro Alfredo Pierri, who resigned from the office of Director on 3 August 2017. Subsequently, on 10 May 2018, Mr Massimo Desiderio, appointed Director by the Shareholders' Meeting of 24 April 2018 was confirmed as a member of the Control and Risk Committee.

The Chairman and at least one Statutory Auditor of the Board of Statutory Auditors participated in every meeting of the Related Party Transactions Committee.

The Chairman of the Committee is responsible for drawing up the minutes of the meetings, with the support of the Secretary, whose functions are carried out within the Corporate Affairs and Shareholdings Department.

The Committee has functions of advice, discussion and proposition with respect to the Board of Directors and the corporate structures of Unipol and its Subsidiaries, on Transactions with Related Parties ("Transactions"), in compliance with the provisions of the Regulations issued by CONSOB with resolution no. 17221 of 12 March 2010, and subsequent amendments, and the internal procedure for carrying out the Transactions in question (the "Related Party Procedure") adopted by Unipol (in this regard, see Chapter 8 below).

More specifically, the Committee:

- expresses to the Board of Directors of the Company an opinion on the methods for the establishment of the registry where the Related Parties are recorded (the “Related Party Register”);
- participates in the investigations and the stage of any negotiations concerning the Transactions of Greater Importance (as defined in the Related Party Procedures); expresses to the competent resolving body, on the basis of complete and timely information provided by the company’s structure during the investigation, and if appropriate, during negotiations, a reasoned opinion on the interest of the Company in the execution of the same Transactions of Greater Importance, as well as on the convenience and substantial correctness of all related conditions;
- expresses to the competent body a reasoned, non-binding opinion about the interest of the Company in carrying out Transactions of Lesser Importance (as defined in the Related Party Procedure), as well as about the convenience and substantial correctness of related conditions;
- expresses to the Delegated Body of Unipol (identified in the Related Party procedure as the Board of Directors or Chief Executive Officer and Group CEO, based on the respective areas of competence and/or delegated powers), required to approve Transactions of Greater and Lesser Importance carried out through the Subsidiaries, a reasoned and non-binding opinion regarding the interest of the Subsidiary and of Unipol in the completion of the Transaction, as well as on the convenience and substantial correctness of all related conditions;
- expresses to the Board of Directors an opinion on the updates made to the Related Parties Procedure.

Moreover, the Related Party Transactions Committee is assigned the tasks and the functions that the provisions of the Bank of Italy Circular no. 263/2006 on “Risk activities and conflict of interest towards related parties” give to the Independent Directors (in this regard, refer to section 8 below).

The Committee therefore carries out the functions of advice, discussion and proposition with respect to the Board of Directors, the corporate structures of Unipol and the other companies of the Banking Group controlled by the latter, on transactions with Associated Parties, in compliance with the provisions of this circular.

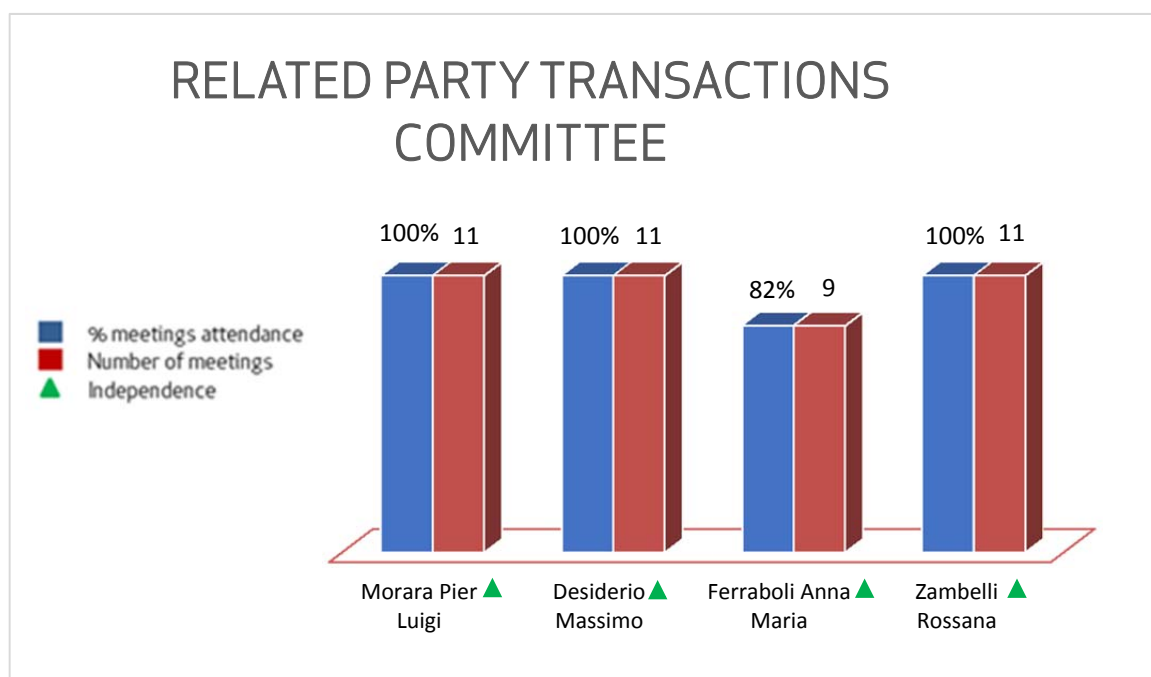
More specifically, the Committee:

- participates in the negotiation and in the investigation of Transactions of Greater Importance (as defined by the Associated Party Procedure);
- expresses to the competent body a reasoned, non-binding opinion on the interest of the Company in the execution of Transactions of Lesser Importance (as defined in the Associated Party Procedure), as well as on the convenience and substantial correctness of their conditions;
- expresses to the competent body, on the basis of complete and timely information provided by the company’s structure during the investigation, and if appropriate, during negotiations, a favourable and reasoned opinion on the interest of the Company in the execution of Transactions of Greater Importance (as defined in the Associated Party Procedure), as well as on the convenience and substantial correctness of all related conditions;
- expresses to the body called upon to resolve on Transactions of Greater/Lesser Importance (as defined in the Associated Party Procedure) carried out by the companies of the Banking Group, with the exception of those carried out by the Bank and its subsidiaries, a reasoned, non-binding opinion on the interest of the Company in the execution of the transactions, as well as on the convenience and substantial correctness of their conditions;
- expresses to the Board of Directors a binding opinion, detailed and reasoned, at the time of substantial amendments or integrations to the Associated Party Procedure and/or the Internal Policy on controls on the risk activities and conflict of interest towards Associated Parties.

The Committee has a budget, approved by the Board of Directors, which is adequate for the performance of its tasks.

Where necessary or suitable, employees, representatives of the Subsidiaries and/or external parties, invited by the Committee’s Chairman, are called to participate and deal with the specific issues on the agenda at the meetings of the Related Party Transactions Committee.

The table summarizing the Committee with the relative composition is shown below.



10. The Board of Statutory Auditors

Number of meetings held during the Year: 21.

Average length of meetings: 1 hour and 30 minutes.

Average participation: 95%.

Number of meetings already held in 2019: 7

The Board of Statutory Auditors attended all meetings of the Control and Risk Committee, the Related Party Transactions Committee and the Remuneration Committee.

10.1 Role and responsibilities

In accordance with Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016, on the statutory audits of the annual accounts and consolidated financial statements (that has made substantial changes to the rules governing the supervisory functions falling under the responsibility of the control body of public interest entities, in which Unipol is included), besides supervising compliance with legal provisions, By-Laws and principles of sound management, the Board of Statutory Auditors is also responsible – also while carrying out its tasks as internal control and audit committee – for:

- informing the administrative body of the Company about the outcome of the statutory audit;
- monitoring the financial reporting process and presenting the recommendations or the proposals aimed at guaranteeing its integrity;
- controlling the effectiveness of the systems for the internal control of the quality and management of the risk profile and internal review as regards the financial reporting of the Company;
- supervising the independent audit of the accounts;

- e) verifying and monitoring the independence of the audit company, especially as regards non-audit services rendered to the Company by the same independent auditors and the entities belonging to the same network;
- f) formulating the proposal of appointment for the audit to be submitted to the Meeting, based on the procedure for the selection of the independent auditors. The Board of Statutory Auditors is also responsible for the fairness of this procedure.

10.2 Appointment

Pursuant to the Law and the By-Laws, the Board of Statutory Auditors is appointed on the basis of lists submitted by the Shareholders who are entitled to vote at the related Shareholders' Meetings at the time of their presentation.

The lists, composed of two sections, one for candidates for the office of Statutory Auditor (maximum three people), the other for the candidates for the office of Alternate Auditor (two nominees) are filed at the Company's registered office by the twenty-fifth day before the date of the Meeting.

Each list that, considering both sections, contains a number of candidates equal or greater than three must ensure compliance with the balance between genders prescribed by the law and other regulations in force (mandatory rules introduced by Law no. 120 of 12 July 2011 in Articles 147-*ter*, Paragraph 1-*ter* and 148, Paragraph 1-*bis* of the TUF and CONSOB Resolution no. 18098 in Art. 144-*undecies* of Issuers' Regulation, concerning equal access by genders to management and control bodies of companies listed in regulated markets).

Each candidate may feature on only one list; otherwise their candidacy is declared void.

The lists can be submitted by entitled Shareholders who, alone or together with other Shareholders, own the stake specified by the law and other regulations in force governing the appointment of the members of the management and control bodies of the companies: with reference to the appointment of the Board of Statutory Auditors in office by the Shareholders' Meeting of 28 April 2016, said stake, determined by CONSOB with Resolution no. 19499 of 28 January 2016, was equal to 1% of ordinary share capital. Those who submit a "minority list" must also be recipients of the recommendations issued by CONSOB with communication no. DEM/9017893 of 26 February 2009.

The lists will be accompanied by full information regarding the personal and professional characteristics of the candidates, a statement of the absence of causes of ineligibility and incompatibility, as well as the satisfaction of the requirements for the holding of positions, including compliance with the limits to the holding of positions established by the current regulations.

The lists, accompanied by information on the characteristics of the candidates, are published in a timely manner on the Company's website.

The election of the members takes place as follows:

1. from the list which has obtained the largest number of Shareholders' votes, according to the progressive order in which they are listed in the sections of the list, two Statutory Auditors and one Alternate Auditor are taken;
2. the remaining Statutory Auditor and the remaining Alternate Auditor are taken from the minority list that obtained in the Meeting the greatest number of votes according to the progressive order in which candidates are listed in the sections of that list. In the event of a tie between the minority lists, the candidates of the list that was submitted by the Shareholders in possession of the largest holding are elected, or, alternatively, by the greatest number of Shareholders.

The presidency of the Board of Statutory Auditors will fall to the person indicated in first place in the minority list.

In case of replacement of a member, he is replaced by the deputy member belonging to the same list, subject, however, to the gender proportion laid down by the laws and regulations in force. In cases where, in addition to the Statutory Auditor elected from the minority list, the Alternate Auditor on this list is also absent, he is replaced by the

candidate placed later belonging to the same list or, failing that, the first candidate on the minority list that came in second in terms of votes, subject, however, to the gender proportion laid down by the laws and regulations in force.

With reference to the rules laid down in Art. 36 of the Decree-Law no. 201 of 6 December 2011 (converted into Law no. 214 of 22 December 2011), which provides for a ban on accepting or performing offices between companies and groups of competing undertakings operating in the credit, financial and insurance markets, the Company checks for any incompatibility of its Statutory Auditors, given that Unipol controls companies in the credit, financial and insurance markets.

10.3 Composition and operation

The Shareholders' Meeting of 28 April 2016 appointed, on the basis of the two lists presented by the Shareholders – of which one jointly presented by the majority Shareholder at the time, Finsoe, and the other, jointly, by some asset management companies and institutional investors holding a total of 1.121% of the ordinary share capital of the Company – the Board of Statutory Auditors currently in office, comprising three Statutory Auditors and two Alternate Auditors, conferring upon the same a three-year mandate and, therefore, until the Shareholders' Meeting called to approve the 2018 financial statements.

The composition of the Board of Statutory Auditors is detailed in the enclosed Table no. 3.

With reference to the CVs of the full members of the control body, said documentation is published on the Company's website.

All members are entered in the register of auditors and audit companies and meet the requirements stipulated by the current law and the provisions of the By-Laws. The verification is carried out by the Board of Directors upon appointment of the control body and subsequently on a yearly basis in compliance with the Fit&Proper Policy.

The Board of Statutory Auditors, at the meeting of 05 February 2019, verified that its members meet the independence requirements set by the Code of Conduct for Directors and observed that its composition is adequate and the above requirements are met by its members.

For its part, the Board of Directors upon appointment and most recently at the meeting held on 10 May 2018 verified that the members of the control body continued to meet the requisites of suitability for the position as well as independence prescribed by Art. 148, Paragraph 3 of the TUF, pursuant to the provisions of Art. 144-*novies* of the Issuers' Regulation, with subsequent amendments by CONSOB Resolution no. 17326 of 13 May 2010.

The current By-Laws do not stipulate any limits to the cumulating of positions beyond those provided for by Art. 144-*terdecies* of the Issuers' Regulation.

The Board of Statutory Auditors meets at least every 90 days.

The members who, on their own or through third parties, have an interest in a particular Company's operation must inform promptly and thoroughly the other members and the Chairman of the Board of Directors about the nature, terms, origin and scope of that interest. In 2018 no situations arose in respect of which the members of the Board of Statutory Auditors had to file such reports.

The Board of Statutory Auditors attended all meetings of the Board of Directors held in 2018.

The Board of Statutory Auditors has supervised the independence of the auditing company, especially as regards non-audit services rendered to the Company and its Subsidiaries by the same auditing company and the entities belonging to the same network.

The Board has not exercised the option to ask the Audit Function to perform checks on specific operational areas or transactions of the Company, having considered exhaustive the findings that the Board itself – in the context of its

supervisory activities – was able to make, in discussion with the mentioned function, about the scope of the activities carried out and the outcome of the findings made.

During the Year, the Board of Statutory Auditors attended as invited meetings of the Control and Risk Committee, acquiring appropriate information for the purposes of coordination of the activities of the Board with those carried out by that Committee. The Board of Statutory Auditors has also participated, upon invitation, in the meetings of the Remuneration Committee and the Related Party Transactions Committee.

10.4 Diversity Criteria and Policies

As mentioned in paragraph 5.4 above, at the meeting of 7 February 2019, the administrative body approved, pursuant to Art. 123-*bis* of the TUF and the recommendations contained in this regard in the Code of Conduct, the Diversity Policy; the latter also refers to some aspects concerning the Board of Statutory Auditors.

In particular - with regard to the qualitative composition of the control body, and given the role of the same and the detailed regulatory norms of the sector envisaged for its members - this Policy is limited to providing for the following:

- also regardless of the provisions of law still applicable to the administrative body of the Company in the matter of gender balance, at least one third of the members of this body must belong to the less represented gender, both at the time of appointment of the body itself and during the mandate;
- in order to ensure the proper execution of their tasks and guarantee the effectiveness of the role, the Auditors must be able to devote adequate time and resources to the execution of their mandate.

The Diversity Policy is attached to this Report and is made available according to the timeframes and methods set forth in the applicable laws.

11. Auditing Company

The Company has engaged PricewaterhouseCoopers S.p.A. as independent auditors. They audit both the separate and the consolidated financial statements, as well as carrying out the limited audit of the half-yearly abbreviated consolidated financial statements.

The aforesaid engagement was conferred, for the 2012-2020 nine-year period, by resolution passed at the Shareholders' Meeting of 28 April 2011.

12. Relationships with the Shareholders

By tradition, the Company pays particular attention to the relationships with its Shareholders and other investors, maintaining a constant dialogue with the financial markets, pursuant to the law and other regulations governing the matter, ensuring at the same time that any press release, financial and corporate documentation or presentations made to the financial community are readily available in the Investors and Governance sections of the Company's website; all of this to provide the Shareholders and the market with adequate and comprehensible information.

The Company manages relationships with its Shareholders through the following centralised offices:

- Shareholder Office, for all issues concerning the exercise of Shareholder rights;
- Investor Relations Office for relationships with the Shareholders/institutional investors (as well as with financial analysts), particularly with regard to:
- the coordination of the process of drafting the Group's institutional presentations;
- the organisation of dedicated occasions for dialogue with such parties.

In particular, the Investor Relations Office dialogues with shareholders/investors in various manners, including:

- face-to-face meetings which may be held at the offices (i) of the Shareholder/institutional investor, (ii) of the Unipol Group, (iii) of financial intermediaries or (iv) where international conferences are taking place;
- conference calls;
- email communications.

In 2018, relations with investors - carried out, due to the Group's structure, together with UnipolSai - were characterized by the finalization and consolidation of the Group's strategic review and restructuring activities launched during the previous year, and concerning the optimisation project for the insurance sector and restructuring of the banking sector.

In this context, the activity of investor relations - which has intensified, despite a certain scepticism and decline in interest on Italian financial securities caused by uncertain market conditions and political turbulence, both globally and nationally - was characterized by:

- more than 180 meetings (in person or through a conference call) with 270 institutional and mainly foreign investors
- participation in 12 public conferences reserved for institutional investors
- participation in 13 road shows, organized by financial intermediaries, in the main international financial centres.

As regards the relationships with the media, the Company also facilitates the attendance of journalists and qualified experts at Shareholders' Meetings.

Relations with investors and financial analysts are managed by the team coordinated by Mr Adriano Donati, Head of the Investor Relations Function, within the Corporate organisation, Strategic Planning and Investor Relations Department (Tel +39 051 5077063 - e-mail: investor.relations@unipol.it, on the website www.unipol.it, Investors Section, "Contacts").





3

PART III

The internal control and risk management system

The internal control and risk management system

Intercompany and Related Party transactions and Directors' interests

The Internal Dealing

Processing of privileged information

Section III

Internal Control and Risk Management System

13. Internal Control and Risk Management System

13.1 Introduction

The internal control and risk management system is a key element in the overall corporate governance system. It consists of a set of rules, procedures and organisational structures aimed to ensure:

- effectiveness and efficiency of corporate processes;
- suitable limits on current and future risks;
- preventing the company's involvement, even involuntary, in illegal activities, particularly those associated with money laundering, and terrorism financing;
- the prevention and correct management of the potential conflicts of interest with Related Parties, as identified by regulatory provisions of reference;
- verification that corporate strategies and policies are implemented;
- safeguarding of company asset values, also in the medium to long-term;
- reliability and integrity of information provided to corporate bodies and the market and of IT procedures;
- adequacy and promptness of the corporate data reporting system;
- compliance of business activities with the law, supervisory regulations, corporate governance regulations and the company's internal measures.

The internal control and risk management system is defined in the related Directives (the "ICS Directives"), approved by the Unipol Board of Directors in December 2008 and periodically updated thereafter, the last update being approved on 21 December 2017.

The ICS Directives define the roles and responsibilities of the parties involved in the internal control and risk management system, as well as the coordination methods and information flows between the different parties involved in this system.

The internal control and risk management system also includes an internal reporting system - used by personnel - of acts or events that may constitute a violation of the regulations governing the implemented activity; it guarantees a specific and confidential reporting channel as well as the anonymity of the reporting party. This system is formalized in the Procedure for reporting violations (so-called "whistleblowing") approved by the Board of Directors of Unipol on 9 August 2018.

The principles and processes of the risk management system as a whole are governed by the following Group policies: "Risk Management Policy", "Current and Forward-looking Risk Assessment Policy", "Operational Risk Management Policy" and "Group-level Risk Concentration Policy". Also, an integral part of the Risk Management System are the policies that outline the principles and guidelines on: (i) management of specific risk factors (e.g. the "Group Investment Policy" for market risk and "Credit Policy" for credit risk), (ii) management of a risk within a specific process, and (iii) mitigation of a risk and (iv) management of risk measurement models.

13.2 Risk Management System

The risk management system is the set of processes and tools used in support of the risk management strategy of the Unipol Group; it provides adequate understanding of the nature and significance of risks to which the Group and individual companies are exposed. The risk management system allows the Group to have a single point of view and a holistic approach to risk management, and is an integral part of the management of the business. Within the risk management system, the risk management process is articulated in the following stages:

- identification of risks, consisting in the identification of risks believed to be significant i.e. those the consequences of which can endanger the solvency or reputation of the Unipol or be a serious obstacle to the achievement of strategic objectives;

- current and forward-looking assessment of risk exposure, the current and forward-looking assessment of risk exposure is performed through methods envisaged in regulations and best practices as regards risks for which measurement is not regulated or defined by high-level principles. With regard to the forward-looking assessment, the Own Risk Solvency Assessment (ORSA) is used to support the strategic decisions of the company;
- monitoring of risk exposure and reporting, a system implemented on the basis of principles of completeness, promptness and disclosure efficiency - to ensure a timely and ongoing monitoring on the evolution of the Risk Profile and the compliance of the Risk Appetite identified. This system guarantees that the quality and quantity of information provided is commensurate with the needs of the different recipients and with the complexity of the business managed, in order for it to be used as a strategic and operating tool in assessing the potential impact of decisions on the company's risk profile and solvency;
- mitigation of risks, which consists in identifying and proposing actions and interventions required and/or useful in mitigating existing or prospective levels of risk not in line with the risk objectives defined at corporate level.

The risk identification, assessment and monitoring processes are performed on an ongoing basis, to take into account any changes in their nature, business volumes and market context, and the insurgence of new risks, or changes in existing risks.

These processes are carried out using methods that guarantee an integrated approach at Group level. The Parent Company ensures that the risk management policy is implemented consistently and continuously within the entire Group, taking into account the risks of each company in the scope of additional supervision and their mutual interdependencies. We continue to apply the proportionality principle, taking into account the nature, the size and the complexity of the risks characteristic of the business activity carried out by the different companies of the Group.

13.3 Risk Appetite and Risk Appetite Framework

The risk management system is designed with an Enterprise Risk Management approach, i.e. based on consideration from an integrated point of view, as shown above, of all current and forward-looking risks to which the Group is exposed, assessing the impact these risks could have on achieving the strategic objectives.

In order to pursue these high-level objectives, the approach adopted considers the need to reconcile the demands of the different stakeholders. In particular, the Risk Management System aims to reflect:

- the need to safeguard assets and reputation;
- the need for security and solvency;
- the objective rating;
- the need to diversify risks and ensure adequate liquidity.

Based on these principles and in order to pursue the assigned objectives, the risk management system is designed around a fundamental concept: Risk Appetite.

The definition of Risk Appetite is based on the following general principles:

- the objective is not to eliminate risks but to manage them in such a way as to ensure sustainable, long-term growth;
- the components of the risk profile most important to guarantee the security and protection of customers, employees and the market are: capital strength, adequate liquidity and a sound reputation;
- it is necessary to create fair relations with all the stakeholders, satisfying their demands and expectations in terms of risk management.

In line with said principles, Unipol and the Subsidiaries concerned maintain adequate levels of:

- capitalisation, to avoid revising strategic decisions;
- liquidity, to be able to meet one's commitments even in periods of stress due to company-specific or market-wide events under reasonable conditions and in a reasonable time;
- monitoring of reputational risk, to minimise the risk of negative events that can damage the image of the Company and/or the Group;
- monitoring of emerging risks to anticipate the arising of risks that can damage the capital strength, and arrange for their management;

- monitoring of operational risk, to ensure, even in the case of extreme events, the continuity of business transactions and the safeguard of the corporate capital.

The Risk Appetite can be established as a fixed target or as a range of possible values and is broken down into quantitative and qualitative elements.

In quantitative terms, the Group's Risk Appetite is determined on the basis of the following elements:

- capital at risk;
- capital adequacy;
- liquidity/ALM ratios.

Quality objectives are defined in reference to compliance, strategic, emerging, reputational and operational risks.

The Risk Appetite is formalised in the Risk Appetite Statement – with different criteria for insurance and banking business pursuant to current regulations – which indicates the risks that the Group and/or individual company intends to assume or avoid, sets the quantitative limits and the qualitative criteria to be taken into account for the management of unquantified risks.

The Risk Appetite forms part of a reference framework - called the Risk Appetite Framework (RAF). The RAF is defined in strict compliance and detailed reconciliation with the business model, the strategic plan, and the Own Risk and Solvency Assessment (ORSA) process for the insurance segment and the Internal Capital Adequacy Assessment Process ("ICAAP") - as well as the Internal Liquidity Adequacy Assessment Process ("ILAAP") - for the banking sector, the budget, company organization and the internal control system. The RAF defines the Risk Appetite and other components ensuring its management, both in normal and stress conditions. These components are:

- Risk Capacity;
- Risk Tolerance;
- Risk Limits (or operational risk limits);
- Risk Profile.

The activity to define RAF components is dynamic, and reflects the risk management objectives associated with the objectives of the Strategic Plan. Verification is performed annually as part of the process of assigning Budget objectives. Further analyses for the preventive control of Risk Appetite, and capital adequacy in particular, are performed when studying extraordinary transactions (mergers, acquisitions, disposals, etc.).

The RAF is structured into several factors of analysis, with the aim of guaranteeing ongoing monitoring of risk and capital adequacy trends. The main factors of the analysis are: individual risk, overall risk, individual company, Group.

The RAF of the Group keeps into account the specific transactions and the corresponding risk profile of each company of the Group, to ensure an integrated and consistent approach.

13.4 The processes ORSA and ICAAP - ILAAP

In the risk management system, the ORSA and ICAAP-ILAAP processes allow the risk profile analysis of the Insurance Group and the Banking Group, whether final or forward-looking, based on strategy, the market context and business development. In addition, ORSA and ICAAP-ILAAP are an element of the assessments made to support operational and strategic decisions.

13.5 Breakdown of control levels

The internal control and risk management system is divided into various levels:

- **line controls** (so-called "first-level controls"), aimed at ensuring transactions are carried out correctly. These are performed by the same operating structures (e.g. hierarchical, systematic and sample controls), also through the different units which report to the heads of the operating structures, or carried out as part of back office activities; as far as possible, they are incorporated in IT procedures. The operating structures are the primary bodies responsible for the risk management process and must ensure compliance with the adopted procedures for implementing the process and compliance with the established risk tolerance level;

- **risk and compliance controls** (so-called “second-level controls”), which aim to ensure, inter alia:
 - the correct implementation of the risk management process;
 - the implementation of activities assigned to them by the risk management process;
 - the observance of the operating limits assigned to the different functions;
 - the compliance of company transactions with the regulations, also self-regulatory;
 - the reliability and adequacy of the calculation of Solvency II technical reserves;

The functions in charge of these controls are separate from the operating functions; they help define the risk governance policies and the risk management process;

- **internal review** (so-called “third-level controls”), verification of the completeness, functionality, adequacy and reliability of the Internal Control and Risk Management System (including the first- and second-level controls) and that business operations comply with the system.

13.6 Corporate bodies

Board of Directors

The Board of Directors is ultimately responsible for the Internal Control and Risk Management System, for which it has to ensure constant completeness, function and effectiveness. In this respect, the Board approves - amongst other things - the top-level organisational structure and the assignment of duties and responsibilities to the Subsidiary units, ensuring appropriate segregation of functions. Subject to the opinion of the Control and Risk Committee, it also defines the guidelines for the internal control and risk management system, performing an annual assessment of system adequacy, effectiveness and actual operations.

Pursuant to the ICS Directives, all parties involved in the Internal Control and Risk Management System exchange information flows as envisaged in current regulations and all other information that may be used to guarantee that the administrative body is fully aware of the significant corporate events and that the other parties involved have all the information needed to perform their duties.

Appointed director

Consistent with the recommendations laid down in the Code of Conduct - and in particular in Art. 7 of the same Code, which provides that the Board of Directors “sets guidelines and assesses the adequacy of the system” and “identifies one or more directors within it, in charge of establishing and maintaining an effective system of internal control and risk management” - the Board of Directors, lastly at the Board Meeting held on 28 April 2016, appointed as Appointed Director - by virtue of his in-depth knowledge gathered on the corporate process and the internal control and risk management system within the Unipol Group - its Chief Executive Officer and Group CEO Mr Carlo Cimbri.

The Board of Directors assigned the following functions, duties and powers to the Appointed Director, in compliance with applicable legal and regulatory measures:

- a) handling the identification of the main corporate risks, taking account of the features of the activities carried out, also as Parent Company of the Unipol Group, regularly subjecting them to review by the Board of Directors;
- b) implementing the guidelines set by the Board of Directors, overseeing the design, implementation and management of the internal control and risk management system, and constantly verifying its adequacy and effectiveness;
- c) ensuring adaptation of the internal control and risk management system to changes in the operating conditions and in the legal and regulatory framework;
- d) requesting that the Audit Function perform audits on specific operating units and of compliance with internal rules and procedures in the execution of corporate transactions, reporting on these to the Chairman of the Control and Risk Committee and the Board of Statutory Auditors;
- e) promptly informing the Control and Risk Committee and the Board of Directors of any problem and critical issue identified during his/her activities or anyway notified, so that the appropriate initiatives may be carried out by said bodies;
- f) with reference to the Heads of the Company Control Functions, formulating proposals to the Board of Directors, after receiving the favourable opinion from the Control and Risk Committee, for:
 - their appointment and removal;
 - the availability of suitable resources in fulfilling their responsibility;
 - defining their remuneration in line with the purposely adopted corporate policies;

- g) formulating to the Board of Directors opinions regarding the work plan prepared by the Heads of the Company Control Functions.

Top Management (*Chief Executive Officer and Group CEO, General Manager and Top Management with tasks of management oversight*³): supports the Appointed Director in designing and implementing the Internal Control and Risk Management System, including therein those deriving from non-compliance with the regulations, in line with the directives and the risk governance policies defined by the administrative body. Specifically, the Chief Executive Officer and Group CEO, also as body with management functions, is in charge of the execution of the strategic guidelines, the RAF and the risk management policies set by the Board of Directors and is in charge of the adoption of all measures required to ensure the compliance of the organisation and the internal control system with the principles and requirements of the regulatory provisions for the sector, providing ongoing monitoring of compliance.

13.7 Key functions (Audit, Risk Management, Compliance and Actuarial Function)

Pursuant to applicable industry legislation, the Company's organisational structure requires that the Key Functions be separated from an organisational point of view, report directly to the Board of Directors and operate under the coordination of the Appointed Director.

The Audit Function reports directly to the Board of Directors; effective as of 16 July 2018, the Risk Management Function reports hierarchically to the Chief Executive Officer - Group CEO and General Manager while the Compliance Function reports hierarchically to General Management for the Governance, Human Resources and Legal divisions. The Actuarial Function reports hierarchically to the General Manager of Administration, Management Control and Operations and enjoys the necessary independence and separation in carrying out its duties so as to avoid conflicts of interest with the Group divisions responsible for the results of technical and operational management. Any situations of potential conflict of interest are resolved through the appropriate diversification and separation of duties within the Actuarial Function itself.

The Audit, Risk Management and Compliance Functions use a method and a reporting system in common, which offer maximum convergence in the description of processes, the assessment of operational risks and assessment of Internal Control and Risk Management System.

In the organisational model, designed in the ICS Directives, in addition to conducting their own activities for Unipol, the Company Key Functions set up at the Parent Company also guide and coordinate the Subsidiaries.

The previously mentioned Fit&Proper Policy also describes the procedure for assessing the eligibility requirements for the position in reference to the Heads of the Key Functions.

1) Audit

The Audit Function assesses the completeness, function, reliability and adequacy of the Internal Control and Risk Management System according to the nature of the business activities and the level of risks undertaken, as well as its updating if necessary, also through support and advisory activities provided to other company functions. The methods of execution of the tasks assigned to the Audit Function are defined and formalised in the document "Audit Function Regulations", attached to the ICS Directives.

The Audit Manager, Mr Andrea Alessandri, was appointed by the administrative body and his assigned duties were defined and approved by Board of Directors resolution, which also established his powers, responsibilities and reporting methods. He is not in charge of any area of transactions.

Personnel assigned to this Function must be granted freedom of access to all company structures and to documentation relating to audit tasks, including information useful in verifying the adequacy of controls carried out by outsourced corporate functions. The structures being audited must also provide accurate and complete information.

³ These Key Managers are those identified for the purposes of the application of the legal and regulatory provisions on intercompany transactions.

Both continuously and in relation to specific needs, and in compliance with international standards, the Audit Function verifies the operations and suitability of the internal control and risk management system by means of an audit plan, approved by the Board of Directors, based on a structured process of analysis and prioritisation of the main risks. The 2018 plan was approved by the Board of Directors on 8 February 2018 after prior examination by the Control and Risk Committee and after consulting the Board of Statutory Auditors and the Appointed Director.

The Audit Function's duties include the following types of activity:

- process audit (insurance, operational, banking, financial and information technology);
- within its competence, the preparation of reports envisaged in regulations and the performance of related activities;
- compliance verification/audit of the insurance agencies, bank branches, financial advisors and claims settlement services;
- verification of internal fraud by employees, trustees and persons pertaining to the sales networks;
- cooperation with the Control and Risk Committee, the Auditing Company, the Board of Statutory Auditors and the Supervisory Body set up according to Legislative Decree no. 231/2001.

As part of its activities, the audits refer in particular to:

- the function of the overall internal control and risk management system as regards risks intrinsic to the processes examined and the identification of anomalous trends;
- compliance with regulations, policies and directives approved by the Board of Directors, organisational procedures and, in general, internal regulations;
- compliance with limits envisaged by delegated power mechanisms and the full and correct use of available information;
- IT system adequacy and reliability in ensuring that the quality of information on which top management bases its decisions is not compromised;
- compliance of administrative and accounting processes with the criteria of accounting accuracy and correct record keeping;
- effectiveness and efficiency of controls on outsourced activities.

At the end of each audit, the corresponding report is prepared for Top Management and the parties concerned. If particularly significant or serious situations are found, these must be promptly reported to the Board of Directors, the Board of Statutory Auditors, the Control and Risk Committee and the Appointed Director, for which the half-year reports on the activity performed are prepared, as a summary of the audits carried out in the period of reference.

The Audit Function is assigned a budget based on its own estimation of needs which, where necessary, can also be supplemented during the year.

II) Risk Management

The Risk Management Function is in charge of ensuring the integrated assessment of the different risks, at the Group level, supporting the Board of Directors, the Appointed Director and the Top Management in the design and assessment of the effectiveness of the risk management system and reporting its findings to the Top Management, the Appointed Director, the Control and Risk Committee and the Board of Directors, highlighting any weaknesses and suggesting remedial measures.

In the risk management system, the Risk Management Function is required to identify, measure, evaluate and monitor on an ongoing basis the current and future risks to which the Company is or might be exposed, at the individual and aggregate level, as well as their interconnections.

In exercising its role, the Risk Management Function is in charge of the development, implementation and maintenance of the risk measurement and control systems. Among these, special relevance is given to the definition and the use of instruments to calculate the capital needed against the risks identified.

In this regard, it should be noted that, with measure dated 24 April 2018, IVASS authorized the use of the partial internal model for the calculation of the group solvency capital requirement, effective as of the assessments implemented in relation to the annual requirement on 31 December 2017. The subsidiaries UnipolSai and Arca Vita S.p.A. are authorized to use the partial internal model for calculating the individual solvency capital requirement, effective as of the valuations of 31 December 2016.

The Risk Management Function is also in charge of:

- monitoring data quality with special reference to the calculation of the solvency capital requirement for Solvency II purposes;
- defining the methodologies for the analysis of the IT risk, in collaboration with the IT Services Division in order to integrate the operational risk profile with the specific aspects of IT processes;
- assessing the impact of operational risk deriving from catastrophic events as specified in the Business Continuity Management Policy and for these objectives it co-operates with the function in charge of the Business Continuity Plan.

The Risk Management Function also contributes to the dissemination of a risk culture throughout the Group.

With specific reference to the banking business, the Risk Management Function takes part in the definition and execution of the RAF and of the corresponding risk management policies, through an adequate risk management process. With reference to the risk management system, in the ICAAP-ILAAP and in the Risk Self-Assessment the results of the assessments carried out, the improvement areas identified and the corrective actions taken are formalised and presented annually to the corporate bodies. The Function reports, within its area of competence, on the completeness, adequacy, functionality and reliability of the internal control system.

III) Compliance

The Compliance Function is in charge of evaluating, with a risk-based approach, the adequacy of procedures, processes, policies, and internal organisation to prevent the risk of non-compliance, i.e. the risk of incurring judicial or administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory rules (laws, regulations, rulings of Supervisory Authorities) and self-regulation (e.g. by-laws, ethics codes, self-governance codes, internal policies and corporate communications).

This risk is found at all levels of the organisation; accordingly its correct management is a major topic and deeply connected with day-to-day transactions, with particular reference to relations with clients. In particular it is strongly characterised by its pervasiveness within the Company and by the involvement of multiple organisational structures.

The Compliance Function operates through:

- the continuous identification of the applicable rules and the evaluation of their impact on business processes and procedures;
- assessing the adequacy and effectiveness of the measures adopted by the Company to prevent compliance risk, and recommending the implementation of organisational and procedural changes aimed at ensuring such risk is effectively monitored;
- the evaluation of the effectiveness of organisational adjustments (structures, processes and procedures) as a result of the suggested changes;
- the provision of direct information flows to the bodies and structures involved.

For this purpose, the methodology used involves different operational and working stages that can be distinguished as:

- ex-ante activities, with the aim of supporting Top Management in the adjustment activity in relation to new products/projects/processes/regulations: the Compliance Function analyses the reference regulations, the impacted corporate processes and the actions identified by management, also supporting in the identification of the most suitable actions/measures to guarantee that the compliance risk is kept within certain acceptable limits and in line with the Risk Appetite of the individual companies, where determined, and of the Group;
- ex-post activities that are aimed at representing the level of compliance of the procedures, the process, the policies and the internal organisation of the individual companies and of the Group to the applicable legislation and the compliance risk.

IV) Actuarial Function

Effective as of 1 January 2016, the Board of Directors of the Company established the Actuarial Function which has the task of coordinating the calculation of technical reserves, assessing the adequacy of the methodologies, models and assumptions on which this calculation is based and evaluating the sufficiency and quality of the utilised data. It expresses an opinion on the global risk assumption policy and on the adequacy of reinsurance agreements; it also

provides a contribution to the risk management system, even with reference to the modelling underlying the calculation of the capital requirement.

In accordance with the Code of Private Insurance, the Actuarial Function is exercised by an actuary registered in the professional register pursuant to Law no. 194 of 9 February 1942, or parties with sufficient mathematical, actuarial and financial knowledge with respect to the nature, extent and complexity of the risks inherent in the company's activities and proven professional experience in the relevant matters for the purposes of fulfilling these duties.

13.8 Financial Reporting Officer

The Financial Reporting Officer is entrusted with the task of contributing to the proper management of the company, arranging, in a strategic area such as that of correct financial information, appropriate organisational measures to ensure the achievement of this objective.

Under Art. 154-bis of the TUF and Art. 13 of the By-Laws, the Board of Directors appoints the Financial Reporting Officer, after consulting the Board of Statutory Auditors, choosing between those who have overall experience of at least three years in the performance of (a) administrative tasks or control or managerial tasks in companies that have registered capital of no less than Euro 10 million or consortia of companies that have a total registered capital of no less than Euro 10 million or (b) professional or academic activities of a legal, economic, financial and technical-scientific nature, closely related to the activities of the Company, or (c) managerial functions in public bodies or public administrations involved in the insurance, financial and credit sectors or in activities closely related to activities of the Company or of the Group headed by the Company.

The Board of Directors has confirmed, most recently at the Board meeting of 28 April 2016, the General Manager of Administration, Management Control and Operations, Mr Maurizio Castellina, as Financial Reporting Officer, also giving him all the powers and responsibilities, which are needed to fulfil his mandate.

The Financial Reporting Officer has an independent staff structure and can request the support of any other structure of the Company and its Subsidiaries; in particular, the Audit, Compliance and Organisation Functions, in cooperation with the Board of Statutory Auditors, the Control and Risk Committee and the Supervisory Body. In addition, he may avail himself of the assistance of the appointed independent auditors for the exchange of information on the system of administrative and accounting control. Twice a year, the Financial Reporting Officer meets the Board of Statutory Auditors to share the results of the monitoring of the control system.

The Financial Reporting Officer may also intervene in respect of Subsidiaries that contribute significantly to the consolidated annual accounts, setting - subject to the independence and prerogatives of those companies - guidelines on approach and method for all functions that could significantly affect the administrative and accounting processes relevant to the statements and certificates that must be issued.

The Financial Reporting Officer attends, as a guest, the meetings of the Board of Directors that approve the separate and consolidated financial statements and other regular accounting reports.

13.9 Methods of coordination among the subjects involved in the internal control and risk management system

It is essential within the internal control and risk management system that interaction is guaranteed between the subjects involved in it, together with a regular flow of information between these subjects and the corporate bodies.

The Board of Statutory Auditors, the Auditing Company, the Key Functions, the Supervisory Body pursuant to Legislative Decree no. 231/2001 and any other board and function assigned specific control responsibilities co-operate with each other, exchanging useful information to perform the tasks assigned to them. To this end, specific reports are required on the activities carried out and on the risk situation, towards the corporate bodies and the Top Management and the Board and corporate Committees, which ensure the involvement of and sharing with all the functions concerned.

In particular, mutual connections are already in place between the various Key Functions, implying:

- participation in the meetings of the Control and Risk Committee and the Supervisory Body;
- disclosure and discussion about the annual planning of the activities of the same Functions;
- periodic meetings aimed at sharing the results emerged from the control activity performed and the assessment of the residual risks and the internal control and risk management system, even through a common application platform, as described below;
- information flows that imply the mutual exchange of the documents produced by the individual Key Functions (such as, for example, the results of the audits performed, the episodes of failed regulatory compliance and regular reports on complaints).

The Key Functions annually submit to the Board of Directors their scheduled activities planned for the reference year and also inform the administrative body every six months on the activities performed and on the main critical elements found and on any actions proposed. In performing the advisory and propositional functions concerning the internal control and risk management system, the Control and Risk Committee and the Board of Statutory Auditors receive the plan of activities and periodic information from the Key Functions with regard to the activities carried out.

The Group has also adopted a common application platform that is accessed by the Audit, Risk Management and Compliance Functions as well as by the other bodies/subjects with control tasks, in order to guarantee an integrated approach to the activities of mapping and analysing processes, risks and controls, for each Group company, and the continuous monitoring of any placement actions communicated to the operating structures following the analyses carried out by the same Functions.

This platform thus allows the latter:

- to share the wealth of information gathered as a result of the analysis/audit activities;
- to attain synergies in order to better monitor all the corporate activities;
- to produce summary reports for Top Management.

13.10 Main features of the current risk management and internal control systems with regard to the financial reporting process, also at the consolidated level

In compliance with the provisions of the TUF - Section V-*bis* "Financial Information", Unipol has implemented a control model, to support the Financial Reporting Officer, for verifying the adequacy and effective application of the administrative procedures relating to accounting and financial reporting.

The "model of financial reporting risk" adopted is based on a process defined in accordance with the following reference framework, generally recognised and accepted internationally:

- I. CoSo Framework (Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Tradeway Commission), widely recognised as the standard of reference for the implementation and evaluation of internal control systems;
- II. CObiT (Control Objective for IT and Related Technology), outline of best practices developed by ISACA (Information Systems Audit and Control Association) and ITGI (IT Governance Institute) which is the standard benchmark for IT Governance.

Specifically, as regards the elements of internal control on financial information set out in the CoSo Report, the Company has adopted the following guidelines:

- control environment: this reflects the attention of the Top Management to the importance of the internal control culture within the organisation and is monitored through the documentation and evaluation of controls Group-wide and for the individual entities (Entity Level Control). In this context, the Unipol Group has also formalised, starting from the Interim Financial Report at 30 June 2008, procedures for the preparation of annual reports and interim reports (Fast Close Calendars), with identification of the persons responsible for the Subsidiary and control activities;
- risk assessment: risk analysis methods at the process level have been defined and implemented, through a preliminary Top-Down analysis, both qualitative and quantitative, which leads to the definition of the relevant processes (Scoping). For these processes an identification and analytical assessment is then carried out of the risks of failure to achieve control objectives, in respect of truthfulness, accuracy, reliability and timeliness of the financial reporting;

- control activities: the activities for proper management and mitigation of risks described earlier have been identified, documented and evaluated;
- information and communication: a process of assessment of the proper management of information flows between the different functions of the Company and the Top Management has been implemented in order to ensure that all parties belonging to the structure execute properly the tasks attributed to them. This evaluation is formalised within the analysis of the components “Control Environment” and “Control Activities”;
- monitoring: the Unipol Group has implemented a process of regular monitoring of the long-term reliability of the internal control and risk management system.

In keeping with the guidelines described above, the process of risk management and internal control of financial reporting, which is implemented by Unipol, is divided into the following stages:

Stage 1 – Definition of the perimeter of analysis: this activity is carried out every year, after the approval of the financial statements, and is structured as follows:

- identification of significant Subsidiaries: the selection is performed on the basis of both quantitative criteria (percentage contribution by the individual company to consolidated assets and consolidated profit) and qualitative criteria, based on the risk profile of the single companies;
- identification of significant items/accounts: for the companies identified, the identification of related items and accounts is performed by defining materiality thresholds;
- matching significant items/accounts with processes: for significant accounts, through the identification of classes of supply transactions, an array of matching accounts – processes is prepared. This array is the tool through which to identify the processes subject to later analysis.

Stage 2 – Evaluation of the Control Environment: annually, the documentation is updated for Company controls (Entity Level Control - ELC) and the assessment of the level of achievement of the control objectives is performed. This analysis makes it possible to:

- verify the adequacy of the control model dimensions not covered directly through the process-level analysis, internal corporate information/communications, monitoring and risk assessment processes;
- illustrate the business context in which the internal control and risk management system operates, thus obtaining useful information to direct the subsequent stages of risk analysis/controls and tests in the context of the processes;
- obtain an immediate picture of the monitoring level of the controls and internal regulations of the companies of the Unipol Group, to support the statements of the Financial Reporting Officer and the Chief Executive Officer.

Stage 3 – Assessment of risks and of the chart of controls at process level: regularly, in the case of revisions of the processes of business structures as a result of organisational changes, the documentation of risks and controls related to the financial reporting process is updated. This documentation is implemented through the provision, for each process identified as relevant in Stage 1 “Definition of the perimeter of analysis”, of the Risk and Control Arrays (Risk & Control Analysis - RCA). In particular, the Risk & Control Analysis is structured as follows:

- definition of the risks through the identification and description of the type of risk;
- identifying the control objectives associated with risk and indication of the financial assertion of the accounts affected;
- control assessment through:
 - the description of the control activities under the control objective and the risk factor identified.
 - identifying the type of control;
 - the evaluation of the adequacy and effectiveness of the audit activities, in terms of risk mitigation, on the basis of the evidence collected;
 - the assessment/presentation of the evidence of the control;
 - an overall judgement by the correlation between the effectiveness of the control and the presence of the relevant check evidence;
- the areas for improvement collected on the control in respect of improvements in control design and/or its documentation.

Stage 4 – Verification of the actual application of controls at the process level: this stage, carried out twice a year, with the annual and half-yearly abbreviated consolidated financial statements, is designed to monitor the effectiveness of the internal control system, and therefore assess its reliability over time.

The test of effectiveness of the controls consists in verifying the effective performance of all "key controls" of a manual nature by the structure involved, as well as the ways in which controls are carried out by the organisational units involved.

During the test, the following activities are carried out:

- definition of the test specimen for the key controls identified;
- performance of the tests according to three procedures, namely Observation, Analysis of evidence and Rerunning the audit activity;
- assigning a relative weight to the issues identified and their evaluation.

The number of the selected sample takes into account the nature of the controls to be tested or types of controls (manual or automated) and frequency.

At the end of the testing phase, after the evaluation and formalisation of the reliability level found, further corrective actions can be identified for the purposes of improving the effectiveness of the control system.

Stage 5 – Claims release process under Art. 154-bis of the TUF: prior to the release of the statements attached to the annual financial statements and the separate half-yearly report, the annual consolidated financial statements and the half-yearly abbreviated consolidated financial statements of the Company, a Report on the internal control and risk management system is drawn up pursuant to the applicable legislation, that highlights, in depth, the features of the internal control system implemented and the findings of the verification and monitoring activities performed. The Financial Reporting Officer sends the Report to the Chairman of the Board of Directors, the Chief Executive Officer and Group CEO, the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee, the Head of the Audit Function and, for information, to the Auditing Company.

The Board of Directors, at its meeting of 14 March 2019, examined the contents of the report of the Financial Reporting Officer prepared with reference to 31 December 2018.

On the basis of the Report highlighted above and the data verification activities carried out by the administrative structures, the Chief Executive Officer and the Financial Reporting Officer will prepare the certificates laid down in Art. 154-bis of the TUF.

In the case of statements concerning communications to the market containing material accounting data, the Financial Reporting Officer, after a verification process, issues the statement of alignment of the data to the results of the accounting books and records.

13.11 The Organization, Management and Control Model

The current Organisation, Management and Control Model (the "MOG" or the "Model") of the Company adopted pursuant to Art. 6, Paragraph 1, letter a) of Legislative Decree no. 231 of 8 June 2001, carrying the "Rules on the administrative liability of legal persons, companies and associations with or without legal status, pursuant to Art. 11 of law no. 300 of 29 September 2000" (the "Decree 231/2001"), was approved by the Board of Directors of Unipol on 27 September 2018, in its updated version.

Unipol has identified risk areas on the basis of the following major offence categories, as set forth in Decree 231/2001, specifically:

1. offences against the Public Administration;
2. corporate offences;
3. offences and misdemeanours of abuse of information, market manipulation and market rigging;
4. receiving stolen goods, money laundering, self-money laundering and offences for the purposes of terrorism or subversion of the democratic order;
5. IT crimes;
6. offences of manslaughter or personal injuries related to violations of occupational health and workplace safety standards;
7. organised crime and cross-border offences;
8. environmental offences;
9. infringement of copyrights;
10. employment of third-country citizens without the required work permits;

11. Incitement not to testify or to provide false statements to legal authorities.
12. illicit brokering and exploitation of labour

The Model, for the General Part only, is available on the Company's website in the section Corporate Governance System.

Unipol has also established the Supervisory Body ("Organismo di Vigilanza" or "ODV") pursuant to Art. 6, Paragraph 1, lett. b) of the Decree 231/2001. The existing MOG provides for the Supervisory Body to consist of five members, identified as follows:

- the three members of the Control and Risk Committee, independent non-executive Directors;
- another two members, chosen among external professionals with adequate competences and professionalism or, alternatively, by Top Managers, in charge of the Audit and/or Compliance Function.

With reference to these last two members, the second alternative mentioned above was chosen. This composition was believed to be the most efficient and appropriate for the performance of the tasks that Decree 231/2001 assigns to that body.

Please note that the Supervisory Body in office was appointed by the Board of Directors at its meeting of 12 May 2016 and subsequently supplemented by the same administrative body at the meeting on 5 October 2017, after having verified that the members meet subjective requirements, in accordance with the Model and the current legislation.

The current composition also takes into account the later changes that took place in the Board.

The composition of the Supervisory Body is shown in the Table below.

	Members	Office held	Member in office since	Member in office until ⁽⁴⁾	Independent ⁽⁵⁾	% Shareholding ⁽⁶⁾
	Zambelli Rossana ⁽¹⁾	Chairman	12/05/2016	31/12/2018	X	100%
	Ferraboli Anna Maria ⁽¹⁾	Member	12/05/2016	31/12/2018	X	100%
Supervisory Body						
	Desiderio Massimo ⁽¹⁾	Member	05/10/2017	31/12/2018	X	100%
	Alessandri Andrea ⁽²⁾	Member	12/05/2016	31/12/2018	X	100%
	Ranieri Pietro ⁽³⁾	Member	05/10/2017	31/12/2018	X	100%

(1) Members of the Control and Risk Committee

(2) Head of the Audit Function

(3) Manager of the Compliance Function

(4) The term of office of ODV is the same as for the Board of Directors.

(5) Independence requirement foreseen in the current Organisation, Management and Control Model.

(6) The percentage was calculated on the basis of the number of meetings attended by the individual member of the Supervisory Body, compared with the number of meetings held during the duration in office.

The Body typically meets at least on a quarterly basis; in 2018, five meetings were held.

In the context of its supervision and control activities, the Supervisory Body, during 2018, has continued to:

- supervise the effectiveness of the Model, verifying the consistence between the Model adopted and actual behaviour;
- examine the adequacy of the Model and its real ability to prevent unwanted conduct and in particular the commission of offences pursuant to Legislative Decree 231/2001;
- verify that the requirements of strength and reliability of the Model are retained over time;
- dynamically update the Model as necessary by formulating specific suggestions and adjustment proposals and through subsequent checks of the implementation and effective functionality of the solutions proposed.

The Supervisory Body, in order to ensure appropriate information flows to the Board of Directors, has also prepared an adequate reporting system, to the Board itself, containing, in addition to the attendance of the meetings held in the period:

- a description of the activity performed;
- any reports received and the consequent surveys carried out;
- any critical issues found;
- any findings to be submitted to the management body to start the actions needed to ensure that the Model is updated, effective and efficient;
- the planning of the activities scheduled in the next period;
- on an annual basis, the demand for freely usable financial means (budget) and the statement on their use made in the previous period.

13.12 Ethical and social responsibility

Since 2008, with the definition of the Charter of the Group's Values, which constituted the basis for the preparation of the Group's Code of Ethics in 2009, marked the beginning of a process aimed to give the Group a stronger, better-shared and clearer identification of values, as part of an important process of reorganisation and integration. In order to take into account the evolution of the Unipol Group in recent years and meet the highest international standards,

the Charter of Values and the Code of Ethics were updated by the Board of Directors on 23 March 2017. Subsequently, the new texts were adopted with resolutions of the respective Boards of Directors by the Group Companies as well.

The Charter of Values identifies five principles for which the Group gives a day-to-day undertaking to its stakeholders:

1. *accessibility:* being open interlocutors ready and willing to provide responses and solutions;
2. *farsightedness:* developing a strategic design and organisational processes so as to guarantee continuously efficient and profitable business management, which excludes all forms of misuse and waste of resources, with a view to long-term sustainability;
3. *respect:* considering people to be part of a stable social relationship that confers dignity, while favouring and supporting listening;
4. *solidarity:* promoting a culture that protects the existence and well-being of people, families and companies and recognising reciprocal support and collaboration as foundational elements to guarantee Company efficiency and development;
5. *responsibility:* becoming individually and jointly accountable for the consequences of our actions with professionalism, transparency and rectitude, without ever betraying the relationship of trust.

The Code of Ethics is the document resulting from a shared process, which describes and summarises the Values of an organisation and the methods whereby it intends to apply them, constituting one of the instruments that orient and enhance the company's commitment of responsibility with respect to its stakeholders. As a primary instrument for promoting and spreading the corporate values, it is made available to all recipients through internal and external communication tools, in any event without prejudice to the important propositional role with respect to its content and purposes played by the Ethics Committee and the Ethics Officer, the first line of responsibility for its promotion, proper interpretation and implementation.

During 2018, the Ethics Officer's Function focused its efforts on the obligations related to its institutional role of reference on compliance with the Charter of Values and the Group's Code of Ethics for all its Stakeholders in addition to the training project in the classroom for circa 1,800 heads of human resources: the latter is managed by "Unica - Unipol Corporate Academy". The Charter of Values and the Code of Ethics are available on the website of the Company.

14. Intercompany and Related Party Transactions and Directors' Interests

14.1 Related Party Transactions Procedure

The Related Party Procedure originally adopted by the Board of Directors of the Company on 11 November 2010, pursuant to CONSOB Regulation no. 17221 of 12 March 2010 and subsequent amendments (the "CONSOB Regulation"), was amended most recently on 8 February 2018 with the favourable opinion of the Related Party Transactions Committee and may be viewed in the Governance Section of the Company's website.

The Related Party Procedure defines the rules, modalities and principles necessary to ensure the transparency and substantial and procedural correctness of the Transactions carried out with Related Parties of Unipol ("Related Party Transactions" or "Transactions"), directly or through Subsidiaries. In particular, this Procedure:

- a) defines the subjective scope of application of the regulation, identifying its recipients in the direct and indirect Related Parties of Unipol, to be identified on the basis of criteria specified by the CONSOB Regulation, extending the status of Related Party also to certain parties other than those specified in the list referred to in IAS 24;
- b) defines the way in which the Register of Related Parties must be created, developed and managed, as a tool to support all business structures of Unipol and its Subsidiaries, to ensure the correct and timely identification of Transactions with Related Parties significant for the purposes of the Procedure in question;
- c) defines the objective scope of application of the regulation, identifying certain categories of transactions as "Exempt", to which the rules, both procedural and informational, do not apply, fully or in part;
- d) defines the investigation and resolution process of the transactions and identifies the rules in the cases where the Company examines Transactions carried out by its own Subsidiaries, as well as the information flows within the Group, aimed at ensuring the transparency of transactions and compliance with procedural rules;

- e) pursuant to the CONSOB Regulation, provides for the approval of Related Party Transactions to be conditional to the prior reasoned opinion of the Related Party Transactions Committee, as described earlier on, that such transactions are in the Company's interest and that the related terms and conditions are correct and represent good value for money.

The rules for the Transactions are articulated differently, both in terms of procedures and in terms of transparency, according to the value of such transactions, with a distinction between (i) "Transactions of Greater Importance", identified by transposing, without modification, the thresholds specified in the CONSOB Regulation and to which more stringent rules apply, and (ii) "Transactions of Lesser Importance", subject to less strict rules.

Without prejudice to any operations falling under the competence of the Shareholders' Meeting, the approval of the Transactions of Greater Importance pertains to the Board of Directors after a favourable reasoned opinion of the Related Party Transactions Committee. The Related Party Procedure also regulates the situation in which this Committee was to express an opinion against the Transaction.

As regards the identification of Transactions of Lesser Importance, the Procedure establishes specific relevance thresholds; as regards the approval process instead:

- in the case of a negative opinion of the Related Party Transactions Committee, the power to make a decision pertains to the Board of Directors;
- in the case of a favourable opinion of this Committee, the decision is made by the competent corporate Function on the basis of the powers mandated to the latter.

With regard to Transactions carried out by the Subsidiaries, taking into account the presence of two listed companies in the participatory chain of the Unipol Group, each of which must comply with these rules, to avoid wherever possible the duplication of procedures, the operation of the subsidiaries of, respectively, Unipol and UnipolSai has been regulated in a coordinated manner.

The Related Party Procedure defines replacement mechanisms (equivalent devices) in the event that one or more members of the Committee is related, by stipulating that, in the case of a relationship of all members, the opinion to be given by it will be expressed by the Board of Statutory Auditors, or, if the relevant provisions cannot be applied, by an independent expert appointed by the Board of Directors.

14.2 Policy on intercompany transactions

On 10 May 2018, the Board of Directors of the Company completed its annual update of the Policy relating to intercompany transactions (the "Intragroup Policy"), adopted pursuant to IVASS Regulation no. 30 of 26 October 2016 (the "IVASS Regulation") and concerning supervisory provisions on intercompany transactions and on the risk concentrations pursuant to Section XV (Group Supervision), Chapter III (Group supervisory tools) of Legislative Decree No. 209 of 7 September 2005 - Code of Private Insurance - amended by Legislative Decree No. 74 of 12 May 2015.

In compliance with the provisions contained in IVASS Regulation, the Intragroup Policy defines:

- a) the internal rules, identified by the Parent Company and aimed at equipping the Group and the insurance companies that are part of it with an internal control and risk management system that includes the processes and procedures for the identification, measurement, monitoring, management and reporting of intercompany transactions;
- b) internal policies on the intercompany transactions of each company, consistently with the relevant strategies and the policies on investments, and particularly:
 - the criteria and the methods for carrying out intercompany transactions;
 - the methods of identifying and classifying intercompany parties;
 - the types of intercompany transactions that characterise company operations, the criteria of significance for their classification and the relevant decision-making and approval processes, considering the corresponding risk profiles;
 - the criteria to verify the reasonableness of the price of the different types of transactions envisaged;
 - suitable operational thresholds that are in line with the features of the different categories of intercompany transactions and relevant counterparties;
 - the management of the transactions that may cause the set limits set to be exceeded;
- c) the obligations to communicate the transactions to IVASS for the Company as the ultimate Italian parent company.

14.3 Associated Party Procedure

On 14 June 2018, the Board of Directors of the Company acting as the Parent Company of the Unipol Banking Group (also the "Banking Group") amended - subject to the favourable opinion of the Related Party Transactions Committee - the Associated Party Procedure adopted pursuant to the Circular. The amended procedure entered into force on 2 August 2018.

The Associated Party Procedure can be examined in the Governance section of the Company's website:

- it integrates the procedural and organizational safeguards already in force within the Unipol Group concerning the operations with Related Parties and the management of conflicts of interest;
- defines, formalises and adopts the principles and the rules that apply to Associated Party transactions in terms of investigation procedures, resolution competencies, reporting and disclosure, valid for all Companies of the Banking Group; more in detail:
 - a) defines the subjective scope of application of the procedure, identifying its recipients in the companies of the Banking Group, excluding the securitisation vehicles;
 - b) identifies the Transactions with Associated Parties, specifying that these are the transactions carried out by each company of the Banking Group with Associated Parties, while the transactions carried out between members of the Banking Group are instead excluded, when these are 100% held, even jointly;
 - c) defines the methods to prepare and update (i) the Register of Associated Parties, as a tool that provides support to all the business structures of the companies of the Banking Group, for a correct and prompt identification of transactions; (ii) the registers of transactions, kept by Unipol and Unipol Banca S.p.A. for the respective recording of the transactions carried out;
 - d) provides for the risk activities of the Banking Group in relation to Associated Parties to stay within pre-set limits as well as, for Unipol Banca, to comply with an individual limit;
 - e) regulates in a unified manner the operation of the respective subsidiaries of Unipol and of Unipol Banca providing in general terms (i) the competence of the Functions and Delegated Bodies of Unipol Banca for the transactions carried out by this and its subsidiaries, (ii) the competence of the Functions and Delegated Bodies of Unipol for the transactions carried out by the Parent Company and its subsidiaries belonging to the Banking Group, excluding Unipol Banca and the subsidiaries of the latter, providing for specific processes of investigation and resolution for the different categories of transactions with Associated Parties.

In addition, the Board of Directors of Unipol, as Parent Company of the Banking Group, amended - on 14 June 2018, and effective as of 2 August 2018 - the internal policy on controls on risk activities and on the conflicts of interest with Associated Parties, in compliance with Title V, Chapter 5, Section IV of the Circular.

The Policy is consistent and integrates the current system of self-regulation in the Unipol Group, with special reference to the Procedure described above, and pursue the following objectives:

- ensuring the identification of the activities and the categories of economic relations in regard to which it is possible to have conflicts of interest;
- defining the levels of risk appetite consistent with the strategic profile and the organisational characteristics of the Banking Group;
- defining the organisational processes for the survey of the Associated Parties and the corresponding transactions in every stage of the relationship;
- defining the best control processes to ensure the correct measuring and management of the risks taken towards Associated Parties and verifying the correct design and effective application of internal policies;
- monitoring the potential risks of conflicts of interest with reference to the so-called "key personnel".

15 Internal dealing

The Company has adopted a procedure which defines the rules for the fulfilment by the Managers and the Relevant Persons (as defined herein), as well as the People Closely Related to them (as defined in the Procedure) and by Unipol of the information obligations to CONSOB and to the market on purchase, sale, subscription or exchange transactions involving Unipol shares or financial instruments linked to Unipol shares carried out by such persons even through a third party (the "Internal Dealing Procedure" or the "Procedure").

Pursuant to the Procedure:

- the term “Manager” refers to:
 - a) the Directors, the Standing Statutory Auditors and the Chief Executive Officer and General Manager of Unipol;
 - b) the other Key Managers of Unipol (different from the persons under letter a) above) - who have regular access to privileged information directly or indirectly concerning Unipol and with the power to take management decisions that may affect the future development and the prospects of the Company - identified on the basis of the organisational roles and the respective responsibilities;
- “Relevant Persons” refers to: anyone who holds a shareholding equal to at least 10% of the share capital of Unipol, represented by shares with voting rights, as well as any other party that controls Unipol.

The Internal Dealing Procedure guarantees adequate transparency and standardisation of information on transactions which - as they were carried out by (i) Managers and Relevant Persons, as parties which actively take part in decision-making processes or who have, in any case, considerable knowledge of the company's strategies, considering the functions performed or the fact that they are shareholders with either a significant or a controlling stake in Unipol, or (ii) the People Closely Related to them - may serve a specific “reporting purpose” for the market regarding the perception that such parties have on the prospects of the Company and its group.

The Internal Dealing Procedure – which is intended to block the possession by such persons of privileged information and its possible misuse (a case that constitutes the offence of insider trading) – thus represents a tool for the pursuit of adequate informational transparency to investors about the possible evolution and future prospects of the Company and its Group.

The system of rules laid down by the Internal Dealing Procedure includes, inter alia:

- (i) the criteria for the identification of the Managers, as parties that carry out Company management functions which, as they have regular access to privileged information and have the power to take management decisions that can affect the evolution and future prospects of Unipol and, accordingly, are required to carry out the communication in question;
- (ii) the definition of “People Closely Related” to the Managers and the Relevant Persons;
- (iii) the arrangements for the implementation by the Managers, the Relevant Persons and the People Closely Related to them, of communication obligations to CONSOB and to the Company of the major operations;
- (iv) the regulation of conditions for the provision by the Managers, the Relevant Persons and the People Closely Related to them of an appropriate task for the Company for the latter to carry out, on their behalf, communications to CONSOB of the major operations carried out by them.

In order to ensure conditions which enable the Company to punctually and properly meet the information obligations as mentioned above, the Internal Dealing Procedure provides that the Managers and the Relevant Persons who have entrusted the task referred to in point (v) above must undertake to communicate to the appropriate Function of the appointed Company all major operations, of any amount, even less than the amount required by the relevant standards, carried out by themselves and/or by people closely related to them, (i) within 2 open market days starting from the date of their performance (for the Managers), (ii) by the end of the tenth day of the month subsequent to that in which the transaction is carried out (for the Relevant Persons).

In accordance with the Procedure, Relevant Transactions are all the transactions performed by or on the behalf of the Managers, the Relevant Persons or the People Closely Related to them concerning the shares or bonds of Unipol or the derivatives or the other financial instruments connected to them, excluding the transactions with a total accumulated amount, without netting, not reaching Euro 20,000 by the end of the year.

In order to prevent potential conflicts of interest and to protect the Company and the Group, the Managers are forbidden to carry out operations on financial instruments issued by Unipol (blocking period):

- in the 30 calendar days before the announcement: (i) of the preliminary results (or, when the Company does not approve the preliminary results, of the draft financial statements and the consolidated financial statements) and (ii) the half-yearly report;
- in the 7 calendar days before the announcement: (a) of periodic financial information in addition to the annual and half-yearly financial report; and (b) the forecasting data.

The Procedure can be examined in the Governance section of the Company's website.

16 Processing of privileged information

In relation to the processing of privileged information, the Company has adopted:

- the "Guidelines on the management and communication of privileged information" (the "Guidelines") adopted in compliance with the current regulatory framework on market abuse - as regulated by Directive 2014/57/EU and by Regulation (EU) no. 596/2014 of the European Parliament and of the Council ("MAR"), as well as the implementing provisions and norms for the adaptation of national legislation and the Consob Guidelines of 13 October 2017 (jointly with MAR, the "Market Abuse Regulation");
- the "Operating instructions for the management and communication of privileged information" (the "Operating Instructions") which supplement, at an operational level, the Guidelines providing support for the performance of the tasks identified therein in addition to identifying the models to be used for the purposes of communications and scheduled registrations.

The Guidelines and Operating Instructions were most recently approved by the Board of Directors at the meeting of 8 August 2018.

Illustrated below are the primary aspects of the Guidelines/Operating Instructions:

- implementation of the rules and principles for the drafting and updating of the list of parties who have access to privileged information ("Insider List") while taking into account that the Market Abuse Regulation provide that registration within the Insider List must be implemented in separate sections and in relation to each type of privileged information that is generated. The insertion of a supplementary section is provided for in the Insider List; it reports the data of the people who always have access to all privileged information (the so-called "permanent insiders");
- establishment and management of the Register of Specifically Relevant Information (meaning specific information which could subsequently and shortly become privileged in nature); it is named the Relevant Information List ("RIL") and identifies structure, content, methods of storage, updating and registration in the relevant sections, including in this case - as in the case of the Insider List - the creation of a permanent section;
- provision for the process of Mapping the types of relevant information as well as the Organizational Functions Subject to Privileged Information ("FOCIP") which are usually in possession of such types of information in order to preliminarily identify the parties which - on the basis of Unipol's organizational structure - are expected to have access to Specifically Relevant Information and/or Privileged Information within the scope of the types of relevant information that were mapped and which, according to the need to know principle, are typically involved or may be involved in the management of both types of information; the mapping process is outlined in the Operating Instructions;
- identification and definition of the organizational function - named the Privileged Information Management Functions ("FGIP") - responsible for managing the organizational process for the fulfilment of obligations relating to the publication of privileged information and the consequent implementing procedures. One of the main tasks of FGIP is to identify the moment in which information becomes privileged and to decide on the timing of publication of the privileged information (i.e. activation or not of the Delay);
- identification and definition of the organisational structure that operates in support of FGIP's performance of its tasks ("Info-Room").

Bologna, 14 March 2019

The Board of Directors





4

ATTACHMENTS

Annexes

TABLE No. 1 – Board of Directors

Name	Office held	Date of birth	Date of first appoint.	In office since	In office until	M/m List(1)	Exec.	Non-Exec.	Indep. as per Code (2)	Indep. as per TUF (3)	% BoD (4)	Number of BoD meetings attended (5)	Other assignments (6)
Stefanini Pierluigi	Chairman	28/06/1953	27/01/2001	28/04/2016	31/12/2018	M		x			100%	9/9	1
Pasquariello Maria Antonietta	Deputy Chairman	29/08/1954	10/02/2015	28/04/2016	31/12/2018	M		x	x	x	100%	9/9	0
Cimbri Carlo	CEO/GM	31/05/1965	29/04/2010	28/04/2016	31/12/2018	M	x				100%	9/9	2
Balducci Gianmaria	Director	08/02/1975	28/04/2016	28/04/2016	31/12/2018	M		x	x	x	89%	8/9	2
Berardini Francesco	Director	11/07/1947	25/06/2009	28/04/2016	31/12/2018	M		x		(b)	100%	9/9	5
Candini Silvia Elisabetta	Director	02/07/1970	28/04/2016	28/04/2016	31/12/2018	m		x	x	x	100%	9/9	1
Cattabiani Paolo	Director	11/07/1958	20/03/2014	28/04/2016	31/12/2018	M		x	(a)	(b)	33%	3/9	1
Dalle Rive Ernesto	Director	02/12/1960	29/04/2010	28/04/2016	31/12/2018	M		x	(a)	(b)	100%	9/9	3
De Luise Patrizia	Director	02/10/1954	28/04/2016	28/04/2016	31/12/2018	M		x	x	x	78%	7/9	0
Desiderio Massimo (*)	Director	29/05/1965	03/08/2017	24/04/2018	31/12/2018	m		x	x	x	100%	9/9	0
Ferraboli Anna Maria	Director	05/07/1947	28/04/2016	28/04/2016	31/12/2018	M		x	x	x	78%	7/9	0
Ferrè Daniele	Director	27/02/1956	28/04/2016	28/04/2016	31/12/2018	M		x	(a)	(b)	100%	9/9	3
Gualtieri Giuseppina	Director	26/05/1957	30/04/2013	28/04/2016	31/12/2018	M		x	x	x	100%	9/9	2
Levorato Claudio	Director	15/02/1949	23/06/1995	28/04/2016	31/12/2018	M		x		x	0%	0/9	1
Morara Pier Luigi	Director	28/02/1955	03/05/2006	28/04/2016	31/12/2018	M		x	x	x	89%	8/9	0
Mundo Antonietta	Director	11/09/1946	28/04/2016	28/04/2016	31/12/2018	M		x	x	x	100%	9/9	0
Pacchioni Milo	Director	04/11/1950	24/02/2006	28/04/2016	31/12/2018	M		x		(b)	100%	9/9	1
Trovò Annamaria	Director	04/12/1963	28/04/2016	28/04/2016	31/12/2018	M		x	x	x	78%	7/9	0
Turrini Adriano	Director	15/11/1956	30/06/2011	28/04/2016	31/12/2018	M		x		(b)	56%	8/9	3
Zambelli Rossana	Director	05/11/1958	30/04/2013	28/04/2016	31/12/2018	M		x	x	x	100%	9/9	0
Zini Carlo	Director	04/06/1955	13/11/2014	28/04/2016	31/12/2018	M		x	(a)	(b)	100%	9/9	2
Zucchelli Mario	Director	23/01/1946	27/04/2001	28/04/2016	31/12/2018	M		x			100%	9/9	1

(*) Director co-opted by the Board of Directors on 3 August 2017 and appointed by the Shareholders' Meeting on 28 April 2018.

(1) This column indicates if the member was elected from a list voted with majority (M) or minority (m) votes.

(2) Indicates if the Director was identified by the Board of Directors as an independent member of the Board, according to the criteria set forth in the Code of Conduct.

(3) Indicates if the Director meets the requirements of independence established by Art. 148, Paragraph 3, of the TUF.

(4) Indicates the attendance, in percentage, of the Director at the meetings of the Board of Directors (in calculating this percentage, the number of meetings attended by the Director is compared with the number of meetings held by the Board during the period or after accepting the assignment).

(5) Indicates the total number of offices held in other companies listed in regulated markets (including foreign markets), or in financial, banking and insurance companies or other large companies. The list of these companies, with reference to each Director, is included in Table 2.

(a) Director not considered as independent, pursuant to the Corporate Governance Code, since he is a member of the Executive Committee of the Shareholders' Agreement

(b) Director not considered as independent pursuant to the TUF since he is a member of the Executive Committee of the Shareholders' Agreement

TABLE No. 2 – List of relevant offices held by the Directors

As regards the provisions set forth in the Code of Conduct, following is the evidence of offices held by the Directors in companies listed in regulated markets (including foreign markets) or in financial, banking, insurance companies, or in large companies, as at the date of this report.

The symbol (*) indicates the companies belonging to the Unipol Group.

Name	Office held in Unipol	Offices held in other companies
Stefanini Pierluigi	Chairman	Deputy Chairman of UnipolSai Assicurazioni S.p.A. ^(*)
Pasquariello Maria Antonietta	Deputy Chairman	--
Cimbri Carlo	Chief Executive Officer and General Manager	Chairman of UnipolSai Assicurazioni S.p.A. ^(*) Director of Rizzoli Corriere della Sera Mediagroup S.p.A.
Balducci Gianmaria	Director	Chairman of Cefla S.c. Member of the Supervisory Board of Consorzio Integra Soc. Coop.
Berardini Francesco	Director	Director of UnipolSai Assicurazioni S.p.A. ^(*) Deputy Chairman of Coop Consorzio Nord Ovest S.c. a r.l. Chairman of Coop Liguria Società Cooperativa di Consumo Director Coop Italia Soc. Coop. Deputy Chairman of SIAT Società Italiana Assicurazioni e Riassicurazioni S.p.A. ^(*)
Candini Silvia Elisabetta	Director	Director of Recordati S.p.A.
Cattabiani Paolo	Director	Director of UnipolSai Assicurazioni S.p.A. ^(*)
Dalle Rive Ernesto	Director	Director of UnipolSai Assicurazioni S.p.A. ^(*) Chairman, Chief Executive Officer and General Manager Nova Coop Soc. Coop. Deputy Chairman Coop Italia Soc. Coop.
De Luise Patrizia	Director	--
Desiderio Massimo	Director	--
Ferraboli Anna Maria	Director	--
Ferrè Daniele	Director	Deputy Chairman of Coop Consorzio Nord Ovest S.c. a r.l. Director Coop Italia Soc. Coop. Chairman Coop Lombardia Soc. Coop.
Gualtieri Giuseppina	Director	Chairman and Chief Executive Officer of TPER S.p.A. Director of Società Emiliana Trasporti Autofiloviari S.p.A.
Levorato Claudio	Director	Chairman Manutencoop Soc. Coop.
Morara Pier Luigi	Director	--
Mundo Antonietta	Director	--
Pacchioni Milo	Director	Chairman and Chief Executive Officer of Assicoop Modena & Ferrara S.p.A.
Trovò Annamaria	Director	--
Turrini Adriano	Director	Director Coop Italia Soc. Coop. Chairman Coop Alleanza 3.0 Soc. Coop. Sole Director of Distribuzione Roma S.r.l.
Zambelli Rossana	Director	--
Zini Carlo	Director	Chairman and Chief Executive Officer C.M.B. Soc. Coop. Deputy Chairman of the Supervisory Board of Consorzio Integra Soc. Coop.
Zucchelli Mario	Director	Chairman of Gruppo Una S.p.A. ^(*)

TABLE No. 3 – Board of Statutory Auditors

Name	Office held	Date of birth	Date of first appoint.	In office since	In office until	M/m List ⁽¹⁾	Indep. as per Code	% BoD ⁽²⁾	Number of BoD meetings attended	% Board of S.A. ⁽³⁾	Number of Board of S.A. meetings attended	Other assignments ⁽⁴⁾
Civetta Mario	Chairman	10/04/1966	28/04/2016	28/04/2016	31/12/2018	m	x	100%	9/9	100%	21/21	16
Chiusoli Roberto	Statutory Auditor	15/09/1964	24/04/2007	28/04/2016	31/12/2018	M	x	89%	8/9	90%	19/21	15
Bocci Silvia	Statutory Auditor	28/04/1967	30/04/2013	28/04/2016	31/12/2018	M	x	100%	9/9	100%	21/21	12

This column indicates if the member was elected from a list voted with majority (M) or minority (m) votes.

As regards the appointment of the Board of Statutory Auditors, two lists were submitted, one by the majority shareholder Finsoe S.p.A. and the other by some asset management companies and institutional investors.

Indicates the attendance, in percentage, by the Statutory Auditor at the meetings of the Board of Directors (in calculating this percentage, the number of meetings attended by the Statutory Auditor was considered compared with the number of meetings held during the year or after accepting the assignment).

Indicates the attendance, in percentage, by the Statutory Auditor at the meetings of the Board of Statutory Auditors (in calculating this percentage, the number of meetings attended by the Statutory Auditor was considered compared with the number of meetings held during the year or after accepting the assignment).

Indicates the number of positions as Director or Statutory Auditor held by the person in other companies.

All members of the Board of Statutory Auditors meet the requirements of experience and integrity as set forth in the applicable legal and regulatory provisions. As regards the personal and professional characteristics of each Statutory Auditor, please see the information posted on the Company's website, Section Governance/Company bodies/Board of Statutory Auditors.

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Share capital
€3,365,292,408.03 fully paid-up
Bologna Register of Companies
Tax No. 00284160371
VAT No. 03740811207
R.E.A. No.160304

Parent company of the Unipol Insurance Group
entered in the Register of the parent companies
at No. 046

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

unipol.it



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DIVERSITY POLICY

WITH REGARD TO THE COMPOSITION OF THE BOARD OF
DIRECTORS AND OF THE BOARD OF STATUTORY AUDITORS
OF
UNIPOL GRUPPO S.P.A.

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UNIPOL GRUPPO S.P.A.

Document approved by the Board of Directors of Unipol Gruppo S.p.A. in the meeting of 7 February 2019

Contents

<i>Foreword</i>	4
1. Board of Directors	4
1.1. Principles	4
1.2. Quantitative composition of the Board of Directors.....	5
1.3. Qualitative composition of the Board of Directors.....	6
1.4. Procedures for implementing the Policy	8
2. Board of Statutory Auditors	8
2.1. Quantitative composition of the Board of Statutory Auditors	8
2.2. Qualitative composition of the Board of Statutory Auditors	8
3. Monitoring the implementation of the Policy and revision thereof	9

Foreword

In accordance with Article 123-*bis*, Paragraph 2, Letter d-*bis*, of Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), the Board of Directors (also the **"Board"** or the **"Administrative Body"**) of Unipol Gruppo S.p.A. (**"Unipol"** or the **"Company"**), after receiving the opinion of the Nomination and Corporate Governance Committee (the **"Committee"**), hereby adopts the present Diversity Policy (the **"Policy"**) with regard, in particular, to the composition of the Administrative Body deemed optimal for it to be able to perform its functions in the most effective manner possible, examining matters under its competence from different perspectives in relation to such aspects as age, gender composition and the educational and professional record of its different members.

In this regard, given that:

- in accordance with the recommendations of the Corporate Governance Code of Listed Companies **"Corporate Governance Code"**), the Board of Directors, at the expiry of its term and on the occasion of the call for the Shareholders' Meeting for passing the related resolutions, hereby expresses to Shareholders - also taking into account the outcome of the annual assessment of the size, the composition and the operation of the Board itself and of its Committees (*"Board Performance Evaluation"*) – its own orientation on the optimal size and composition of the new Administrative Body, also with reference to the managers and professionals whose presence on the Board is deemed appropriate (the **"Orientation"**);
- with this recommendation, the Corporate Governance Code generally expresses the hope that the issuer's shareholders, on the occasion of the presentation of the lists for the appointment of the Board of Directors, will assess, also in light of the Orientation expressed by the outgoing Board, the candidate's personal characteristics, of the experience, including managerial experience, and gender, in relation to the dimensions of the company, to the complexity and specificity of the business sector in which it operates, and to the dimensions of the Administrative Body;
- the Code of Ethics of the Unipol Group (also, the **"Group"**), approved by the administrative body of Unipol, stresses that it is important that the selections and the procedures for the appointment of Directors, in compliance with the regulations in force at the time, refer in particular to professional competence and personal integrity criteria, as well as to independence criteria;
- the Committee shall express indications to the Board of Directors, to support it in the preparation of the Orientation,

the Policy intends to provide guidelines for the formulation of said Orientation.

In addition, in accordance with the aforementioned regulation, the Policy refers to certain aspects pertaining to the Board of Statutory Auditors.

1. Board of Directors

1.1. Principles

In the context described above, the Board hopes that the Shareholders of the Company, in designating and appointing the

Directors, will make their decisions pursuing the objective of integrating different managerial and professional profiles within the Administrative Body, also having regard to a balanced gender representation and to the benefits that can derive from a balanced composition in terms of seniority in office and age ranges.

With regard in particular to the managerial and professional profiles, for the dual purpose of assuring adequate dialectics in the Board of Directors, to promote making well-informed collective decisions, and to assign different duties to the Directors within the Board and in internal board committees, the Board of Directors - also taking into account the applicable regulations, as specified below - must contain a plurality of knowledge, experiences and cultures, general and specialist, because the presence of diversified competencies assures the complementarity of the professional profiles and promotes the efficient operation of the Board and of the committees itself.

In this regard, with reference also to the principles of the Code of Ethics recalled above, the administrative body of Unipol also stresses the importance of maintaining a cohesive, collaborative, dialectic and synergetic climate within it, so as to allow individual Directors to best express their professional skills and to share them in the Company's best interests.

The Chairman of the Board of Directors shall possess such authority as to ensure a correct and transparent operation of the Board itself, while having adequate knowledge of corporate governance matters.

The Company pays adequate attention to training its own Directors. In accordance with Article 71, Paragraph 2, Letter aa), of IVASS Regulation no. 38/2018 (in continuity with the provisions of the previous ISVAP Regulation no. 20/2008) and of the Corporate Governance Code, dedicated *inductions sessions* (attended also by the Board of Statutory Auditors) are periodically organised, during which specific "deep dives" are carried out, to allow the members of the administration and supervision bodies to consolidate, and preserve over time, the necessary technical competencies and an adequate knowledge of the business sectors in which the Company and the Group operate, of the corporate dynamics and of their evolution, as well as of the reference regulatory framework.

1.2. Quantitative composition of the Board of Directors

In accordance with Article 10 ("Administrative Body") of the bylaws in force on the date of the present Policy, the Board of Directors of Unipol shall comprise no fewer than 15 and no more than 25 members.

For the purposes of assessing the quantitative composition of the Board, consideration must be given to different criteria and different needs deriving from the peculiarities of the role as a *holding* company played by the Company and from its fields of operations, as well as from the characteristics of the Group which it heads, trying to meet these requirements in a balanced way.

The dimensions of the Board of Directors shall adequately support the strategic guidance and coordination duties this body is called upon to perform, taking into account the need to structure the delegation of the functions of providing analyses, advisory support and proposals to the committees within the board, also in view of the Group's complexity and of the need to ensure the adequate operation of the committees.

In this regard, in relation to the dimensions and to the managerial and organisational structure of the Group, the following are significant:

- the specific role performed by Unipol as a mixed financial holding company, issuer with shares listed on the Electronic Equity Market managed by Borsa Italiana S.p.A. ("**MTA**"), heading the Unipol Group; the activity carried out by the Company is subjected to deep and penetrating regulation by the authorities supervising the market and the sectors in which the Group operates;

- the presence, along the corporate chain headed by the Company, of UnipolSai Assicurazioni S.p.A. (itself an issuer with shares listed on the MTA, and direct parent of all insurance companies in the Group itself) and of other companies operating in the banking and credit collection sectors; this structure connotes the role of the Company and characterises it in terms of profiles and issues of the guidance and *governance* model that are complex from the operational and organisational viewpoint;
- the diversification of the *businesses* of the Group, which also includes companies instrumental to the exercise of the insurance activity (including those carrying out real estate activities) as well as companies operating in diversified sectors (hotel, healthcare and farming).

These characteristics lead to the adoption of a board composition that is able to assure an adequate contribution to the strategies to be adopted to guide and manage the different activities of the Group, and to have a number of members that would allow the efficient operation of the committees within the board, taking into consideration also the need to ensure efficient balancing of the competencies present within them.

In view of the Shareholders' Meeting called to appoint the Board of Directors, the outgoing Administrative Body of Unipol, after reviewing the opinion of the Committee, shall concretely formulate to the Shareholders its own suggestions on the quantitative composition of the Board within the Orientation, also taking into account the results of the *Board Performance Evaluation* and compatibly with the need for diversification of the competencies deemed necessary, per the following paragraph, as well as with the aforesaid dimensions and complexity of the Company and of the Group.

1.3. Qualitative composition of the Board of Directors

The regulations applicable to the Company prescribe specific requirements of professionalism, integrity and independence that must be met by the members of the Administrative Body, while also identifying certain situations of ineligibility and incompatibility.

In this regard, it is recalled that, given the prevalence of the dimension of the insurance sector within the Unipol Group, in accordance with the combined provisions of Articles 210-*bis*, Paragraph 4, and 212-*bis*, Paragraph 1, Letter c), of Italian Legislative Decree no. 209 of 7 September 2005 (Private Insurance Code, the "**CAP**"), parties performing administration, direction and control functions at Unipol shall be subjected to the provisions pertaining to the requirements of professionalism, integrity and independence, as well as to ineligibility and incompatibility situations, prescribed for parties who exercise these functions at insurance companies¹.

Therefore, with regard to the qualitative composition of the Board of Directors, the present Policy prescribes that:

- the majority of Directors shall be non-executive, able to provide an adequate contribution to board activities, enriching board debates with competencies of a general strategic, or particular technical, nature, also formed outside the Group, in order to analyse the topics to be discussed from different perspectives, thus contributing to foster the debate, which is the distinct prerequisite for a well-considered, well-informed collective decision;
- In addition to the provisions of the Consolidated Law on Finance on these matters and in accordance with applicable sector regulations, at least one third of the Directors is in any case in possession with independence

¹ In particular, Article 212-*bis*, Paragraph 1, Letter c), of the CAP provides that, with reference to supervision on the group, IVASS, inter alia: "(...) c) shall assess the corporate governance system of the group and possession of the requirements per Article 76 by parties who perform administration, direction and control functions in parent companies under Article 210, Paragraph 2 [including Unipol], and of the parties responsible for the fundamental functions within them."

requirements in accordance with the Corporate Governance Code, this allowing - inter alia - a heterogeneous composition of the committees within the board;

- even irrespective of the law provisions still applicable to the Administrative Body of the Company with respect to gender balance, at least one third of its members belong to the less represented gender, both at the time of appointment of the body and during the term of office, rounding off, in case of fraction, to the next higher integer;
- within the Board of Directors, a balanced combination of different seniorities in office and age ranges must be assured, thereby in any case sharing the significant value which the accumulated experience and the knowledge of the Group's activities and dynamics can bring in terms of contribution to the effective operation of the Board;
- to assure the correct performance of their duties and the effectiveness of their office, the Directors are able to dedicate adequate time and resources to the execution of their office;
- the managerial and/or professional and/or academic and/or institutional profiles of each of the Directors, in accordance with the applicable sector regulations, are such as to allow the Administrative Body to have available, in its entirety, different and complementary technical competencies and experiences, in order to perform their duties.

With specific regard to competencies, in identifying the set of those deemed necessary to the Board of Directors in full session for the correct and effective performance of its duties, the following must be taken into account:

- the provisions prescribed on the matter by the referenced domestic regulations applicable to the insurance sector², according to the proportionality principle³, taking into account the mere *holding* activity carried out by the Company, as well as by the Fit&Proper Policy approved by its Administrative Body;
- the indications issued by European institutions and authorities⁴;
- the functions assigned to the Board, of its operation and of the establishment of committees within the Board, as well as of the complexity and size of the Group, the type of activity carried out and the listing on regulated

² At present, the reference sector regulations are provided by IVASS Regulation no. 38/2018, which - in Article 71, Paragraph 2, Letter p) - prescribes that "*the administrative body of the ultimate Italian parent company (which is Unipol) as a whole possesses adequate technical competencies to perform the duties required by the structure, by the activity, and by the risk profile of the group.*"

³ In accordance with Article 30 of the CAP: "*1. The company shall adopt an effective corporate governance system that allows a sound and prudent management of the activity. The corporate governance system is proportionate to the nature, to the scope and to the complexity of the activities of the company.*"

⁴ At the EU level, Article 273, Paragraphs 2 and 3, of Delegated Regulation (EU) 2015/35 of the Commission, of 10 October 2014, which supplements Directive 2009/138/EC (*Solvency II*), provide the following:

"(...)

2. Assessment of a person's competence includes the assessment of his/her professional and formal qualifications, of his/her pertinent knowledge and experience in the insurance sector, in other financial sectors or in other fields of activity and takes into account the duties assigned to that person and, if the case calls for it, of his/her competencies in the insurance, finance, accounting, actuarial and management fields.

3. Assessment of the competence of the members of the administrative, directional or supervisory body shall take into account the duties assigned to individual members so as to ensure an appropriate diversity of the qualification, of the knowledge and of the pertinent experiences, thus assuring that the company is managed and supervised in a professional manner."

markets⁵;

- the *best practices* in the market.

Given the prevalently national character of the Group, the Policy contains no provisions with regard to the Directors' profile and international experience.

In view of the Shareholders' Meeting called to appoint the Board of Directors, the outgoing Administrative Body of Unipol, after reviewing the opinion of the Committee, also taking into account the results of the *Board Performance Evaluation*, indicates in the Orientation whether, in its judgement, in general, its own set-up correctly and adequately reflects the different components (executive, non-executive, independent, gender and age/seniority in office) and necessary competencies, providing specific indications to Shareholders in this regard.

1.4. Procedures for implementing the Policy

The present Policy intends to provide the guidelines for the formulation of the Orientation addressed to the Shareholders upon renewal of the Administrative Body.

The Board of Directors shall also take into account the provisions of the Policy if it is necessary to replace one or more Directors who left office during the term.

2. Board of Statutory Auditors **Quantitative composition of the Board of Statutory Auditors**

In accordance with Article 17 ("Statutory Auditors") of the bylaws in force as of the date of the present Policy, the Board of Statutory Auditor of Unipol comprises three Standing Auditors and two Alternate Auditors.

2.2. Qualitative composition of the Board of Statutory Auditors

The regulations applicable to the Company prescribe specific requirements of professionalism, integrity and independence that must be met by the members of the supervisory body, while also identifying certain situations of ineligibility and incompatibility.

In accordance with Paragraph 1.3 above, Unipol Statutory Auditors are subject to the provisions pertaining to requirements for eligibility for the office prescribed for the persons who perform these functions with insurance companies.

This stated, with regard to the qualitative composition of the Board of Statutory Auditors, given the role of this body and the specific sector regulations prescribed for its members, the present Policy merely provides that:

- even irrespective of the law provisions still applicable to the supervisory body of the Company with respect to gender balance, at least one third of its members belong to the less represented gender, both at the time of appointment of the body and during the term of office;
- to assure the correct performance of their duties and guarantee the effectiveness of their office, the Statutory

⁵ In addition, in accordance with the Corporate Governance Code, at least one member of the Control and Risk Committee and of the Remuneration Committee shall possess, respectively, adequate:

- experience in accounting and financial matters or in risk management;
- knowledge and experience in financial matters or in remuneration policies.

Auditors are able to dedicate adequate time and resources to the execution of their office.

3. Monitoring the implementation of the Policy and revision thereof

The Administrative Body of the Company, with the support of the Committee, shall monitor the implementation of the Policy and - when necessary or appropriate - shall oversee its revision.

The Board of Directors

Bologna, 7 February 2019



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